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Authorization to render services related to clearing houses through innovative business models

Through Circular 5/2019, published in the Federal Official Gazette on March 8, the Bank of Mexico (Banxico) established the criteria and requirements for financial institutions, other than financial technology companies, to obtain authorization to offer routing, clearing or settlement services, or any combination of these, by way of innovative business models (“Provisions”).

According to the Law to Regulate Financial Technology Institutions (“Fintech Law”), an innovative business model is that which, in the provision of financial services, uses tools or technological means different from those that exist already in the market by the time the authorization is granted.

Through the Provisions, effective as of March 9, Banxico seeks to empower financial institutions (“Institutions”) to design and implement innovative business models likely to reproduce more efficient processes in clearing houses, as well as lower costs for clients, as long as sufficient risk control measures are enforced, particularly in terms of cybersecurity and operational continuity of the Institutions themselves.

To this end, Provisions state that Institutions interested in operating with innovative business models in clearing houses should request previous authorization before the Management of Authorizations and Consultation of Central Banking of Banxico. Applications must meet the requirements set out in the Provisions and be sent by email.

Where the application meets all requirements, Banxico will communicate such fact to the Institution within 20 banking days after its submission. In the absence of confirmation, it shall be understood that the authorization has been denied.

Authorized Institutions are obliged to render Banxico all the information that it may request, as well as to complete and deliver, every 6 months, the report referred to in article 89 of the Fintech Law, which must comprehend the following:

1. Number of operations performed during reported period.
2. Number of current clients or users to the date of the report.
3. Risk situations that may have risen.
4. Additional information required by financial authorities.

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On the other hand, 30 days after authorization ceases to be valid, Institutions must submit a final report with total figures of the information regarding the preceding points.

Finally, Banxico may carry out inspection visits to authorized Institutions, as well as require them to undergo evaluations by independent third parties.

In the event of non-compliance, Banxico may revoke authorizations and impose the applicable sanctions, regardless of any other penalty or responsibility arising from such breach.

**For information regarding this subject, please do not hesitate to contact us at 9178 7000 or through the following e-mail:
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