

September 6, 1992

3. For purposes of the proper administration of the capital limits in the Schedule of Mexico, the following provisions shall apply:

i. Each Foreign Financial Affiliate shall have a paid-in capital not less than that authorized by Mexico at the time of approval of its establishment. The authorized capital shall be determined by Mexico. After the time of establishment, Mexico may permit authorized capital to exceed paid-in capital. Authorized capital shall not be reduced by any measure of Mexico (other than prudential measures) below paid-in capital. The maximum size of the operations of each Foreign Financial Affiliate shall be determined, on a national treatment basis, as a function of the lesser of its capital or its authorized capital.

ii. Mexico reserves the right to impose limitations on transfers of assets or liabilities by Foreign Financial Affiliates that have the effect of evading the capital limits set forth in the Schedule of Mexico. This subparagraph does not apply to bona fide transfers of funds to make overnight deposits or bona fide transfers of banking liabilities.

4. A Foreign Financial Affiliate shall not issue subordinated debentures, except to its parent outside of Mexico.

5. The aggregate of the authorized capital of all Foreign Financial Affiliates of the same type, measured as a percentage of the aggregate capital of all financial institutions of such type in Mexico, shall not exceed the percentage set forth in the chart in this paragraph 5 for that type of institution, except for the case of insurance which is addressed in paragraph 6 of this Part B. Beginning one year after the entry into force of the Agreement, these initial limits shall increase annually in equal increments so as to reach the final limits specified in the chart in this paragraph 5 at the beginning of the last year of the Transition Period.

| <u>Type of Financial Institution</u> | <u>Percentage of Total Capital</u> |                |
|--------------------------------------|------------------------------------|----------------|
|                                      | Initial<br>Limit                   | Final<br>Limit |
| Commercial banks                     | 8%                                 | 15%            |
| Securities firms                     | 10%                                | 20%            |
| Factoring companies                  | 10%                                | 20%            |
| Leasing companies                    | 10%                                | 20%            |

Any capital in existence as of the date of signature of this Agreement of a foreign bank branch established in Mexico prior to such date shall be excluded from each of the aggregate capital limits referred to in the Schedule of Mexico.