1991, the 1,500 so called "L", neutral or non voting shares, representing 14.1% of TELMEX's capital, were sold on international stock exchanges for an amount totalling over $2 billion. Grupo Carso itself bought 5% of the firm's capital in "L" shares for distribution among its personnel. The Mexican government still holds 8.4% of TELMEX's capital and is expected to keep it for at least another 180 days.

The government has therefore become a minority partner, foreign investors are able to hold up to 49% of the company, although this maximum has not yet been reached, while Mexican private investors, with a marginal participation (4.4%) of the Telephone Workers Union, are majority owners of the company. This move is expected to attract new capital that is needed to improve services and delivery, to expand the present network and to invest in R&D.

The State will retain authority over the telecommunications sector, through the legal network standards and regulations. TELMEX will control local and long distance telephone service based on a new concession. Concessions in new technologies, such as fiber optics and cellular telephones, have been granted to private investors. Other services are open to competition, such as the construction and operation of complementary public telephone networks, radiotelephone service, installation and operation of telephone booths, high quality private networks, private satellite services and the manufacture and distribution of equipment, among others.

The privatization and concession of TELMEX was subject to the following conditions in 1989:

1. That the state retains authority over telecommunications through the definition of the regulatory framework for TELMEX and the supervision of the company's operations. The regulatory framework will be based on the existing General Communications Law. The new concession, valid for 30 years, will be reviewed every five years. SCT also will review and approve the tariffs for TELMEX's services to promote efficiency and international competitiveness. This integral telecommunications system will be open to competition in those areas not exclusively concessioned to TELMEX based on two criteria: efficient service and financial balance of TELMEX.

2. That TELMEX improves telephone service significantly through the expansion and modernization of the telephone network in order to provide both households and commercial establishments greater access to high quality telephone service. By 1994, TELMEX is required to: provide long distance telephone service to all towns with more than 500,000 inhabitants (10,000 locations have no phone at present); to increase to 100,000 the number of public telephones to reach 2 for every 100 inhabitants (vs 40,000 at present); to reduce the number of lines out of order; to speed up