

RITCH MUELLER



BANKING AND FINANCE NEWSFLASH

Changes to the Derivatives Transactions Rules

On January 7, 2025, Banco de México published in the Official Gazette of the Federation Circular 1/2026 amending Circular 4/2012 (on derivatives transactions). The amendments mainly add LEI Code⁽¹⁾ and eligible counterparty obligations to the initial margin exchange obligations.

The most relevant modifications are:

- A new requirement for investment funds, Sofomes, General Deposit Warehouses and Insurance Companies to have a LEI Code, when previously it was only required for banks, broker dealers and the *Financiera Rural*.

(1) Circular 14/2015 defines the LEI Code as the legal entity identifier code (referred to as the "Legal Entity Identifier", and referred to as the LEI), established under the parameters of the Swiss Confederation's association known in English as the "Financial Stability Board" and referred to as FSB, as a reference code issued by a Local Unit to uniquely identify legal entities that may carry out Operations, as well as trusts and, where appropriate, legal figures through which Transactions with Financial Institutions can be concluded, and which, in accordance with the Global System, may have said Code, except for natural persons.

- The threshold from which trusts and non-financial entities must have an LEI Code is reduced. Previously, the threshold was reached when the aggregate notional amount of all derivative transactions with the same financial institution was 35 million UDIS (around 17. million USD), and now it has been reduced to 3 million UDIS (around 1.5 million USD).
- The requirement to include the LEI Code in the confirmations of derivative transactions for the above listed entities.
- State -owned public companies (such as Pemex and CFE) are now not included in the general exemption for the Federal Government of Mexico, from the initial margin exchange and variation obligations. Therefore, the derivative transactions entered into by financial institutions with state-owned public companies must comply with the margin exchange obligations. Such public entities will be considered as non-financial entities for these purposes.

We advise financial institutions on establishing mechanisms to comply with such modifications and mitigate potential contingencies. Should you require assistance, please contact our banking and finance experts.

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