

**LEGAL NOTE**

---

March 2018

For: Clients and Friends

Re: Law for the Regulation of Financial Technology Institutions – “Fintech Law”

---

On March 9, 2018, the Law for the Regulation of Financial Technology Institutions (“Fintech Law”) was published in the Official Gazette of the Federation.

The Fintech Law is based on the principles of financial inclusion and innovation, promotion of competition, consumer protection, preservation of financial stability, prevention of illicit operations and technological neutrality.

This new statute expressly regulates financial technology institutions (ITF), which are crowdfunding institutions and electronic payment funds institutions, and require an authorization granted by the National Banking and Securities Commission (the “NBSC”) to carry out their activities. Likewise, Fintech Law regulates virtual assets and innovative models.

**1. Financial Technology Institutions**

**A. Crowdfunding Institutions.** Crowdfunding institutions will carry out intermediation activities aimed to access (applicants) and provide (investors) funding through internet applications, interphases, webpages or other electronic or digital media, including:

- Crowdlending: investors grant loans, credits, or any other type of financing resulting in a direct or contingent liability for applicants.
- Equity Crowdfunding: investors acquire instruments representing the capital stock of entities that participate as applicants.
- Crowdfunding of Assets or Royalties: investors and applicants enter into joint venture or other type of agreements pursuant to which investors acquire a portion or share of a present or future asset, or the income, profits, royalties or losses resulting from projects developed by applicants.

**B. Electronic Payment Institutions** Electronic payment institutions will provide services consisting in the issuance, management, redemption and transfer of electronic payment funds through software, interphases and websites or any other electronic or digital media.

Pursuant to the Fintech Law, “electronic payment funds” are funds that are recorded in an electronic registry of transactional accounts kept by an electronic payment institution, and that: (i) are assigned a monetary value equivalent to an amount in Mexican pesos or, with the prior approval of the Mexican Central Bank, in foreign currency or a number of virtual assets; (ii) result in a payment obligation against the

electronic payment institution; (iii) are issued against receipt of an amount of money or virtual assets; and (iv) are accepted by a third party as money.

## **2. Virtual Assets**

Pursuant to the Fintech Law “virtual assets” are the representation of a security electronically registered and used by the public as a means of payment for all types of legal acts, and whose transfer can only be made through electronic means.

## **3. Innovative Models**

Innovative models are those implemented to provide financial services using tools or technological means with modalities different from those currently existing in the market. To carry out regulated activities through innovative models, it is possible to obtain a special authorization from the NBSC for a period not to exceed 2 years.

## **4. Entering into Force**

Pursuant to the Sole Transitory Article of the Decree publishing the Fintech Law, such Decree shall enter into force and effect on the day following its publication in the Federal Official Gazette, with the exceptions provided in the Transitory Provisions.

The first paragraph of the Eighth Transitory Provision provides that: *“Persons carrying out activities regulated by the Law upon its entry into force must file for an application from the National Banking and Securities Commission in the terms set forth in the generally applicable regulations setting forth the requirements to apply for the relevant authorization to be issued for such purposes, in a term that shall not exceed twelve months following the entry into force of such provisions. Such persons may continue carrying out their activities until the National Banking and Securities Commission resolves their application; however, they must disclose through their website that their authorization is under review; therefore, their activities are not surveilled by Mexican authorities. The National Banking and Securities Commission will deny the authorization if the applicants do not comply with the publishing obligation provided in this paragraph.”*

\* \* \* \* \*

For more information regarding the content of this document and the regulation of the fintech industry, you may contact the following members of our Financial Law team specializing in this matter:

**Alfonso Razú**

+52 (55) 1167-3027

[alfonso.razu@creelabogados.com](mailto:alfonso.razu@creelabogados.com)  
[www.linkedin.com/in/alfonsorazu/](http://www.linkedin.com/in/alfonsorazu/)

**Mariagabriela Botello**

+52 (55) 1167-3000

[mariagabriela.botello@creelabogados.com](mailto:mariagabriela.botello@creelabogados.com)  
[www.linkedin.com/in/mariagabriela-botello](http://www.linkedin.com/in/mariagabriela-botello)