

BIVA ? The New Mexican Stock Exchange

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On August 29, 2017, the Mexican Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*) granted *Central de Corretajes* (“CENCOR”) a new concession to operate a new stock exchange in Mexico. This new stock exchange will be called *Bolsa Institucional de Valores* (“BIVA”).

It is anticipated that BIVA will initiate operations in early 2018. With BIVA’s arrival and the rapid growth of private equity investment funds, it is estimated that approximately 50 new stock issuers will be listed within the next three years. Currently the Mexican Stock Exchange (*Bolsa Mexicana de Valores* or “BMV”) lists 145 issuers.

BIVA’s concession title, delivered by President Peña Nieto, is the second concession title granted in the sector, with the first one being granted to the Mexican Stock Exchange (“BMV”) in 1933. During BIVA’s concession ceremony, José Antonio Meade Kuribreña, Minister of Finance and Public Credit, referred to the government’s four-pillar strategy to achieve growth in the Mexican stock market, which consists of: (i) amendments to the Mexican Securities Markets Regulations; (ii) incentivizing Mexico’s development banking industry; (iii) amendments to the Mexican Pension Funds and Insurers Investment Regulations; and (iv) education to develop a new financial culture.

Regarding the first pillar, the Minister announced revisions to Underwriting, the International Quotation System (*Sistema Internacional de Cotizaciones* or “SIC”) and the Issuers Regulations, in part to consolidate equity requirements for both banks and underwriters. The Minister also referred to SPACs (Special Purpose Acquisition Companies that raise money through IPOs offerings to acquire companies or invest in specific projects) as an instrument to help expand investments in infrastructure.

With respect to the third pillar, amendments to the Pension Funds and Insurers Investment Regulations will focus on developing good and long term investments and requiring independent third party evaluation of the Pension Funds’ investments portfolios. The amendments will most likely reduce the amount of investment required to be maintained by such funds in structured instruments issued by FIBRAs or CKDs.

Currently BIVA is in the process of setting up its operating system, and so far 10 out of 36 Mexican registered underwriters have reached out to interconnect with BIVA’s system. However, the grant of the concession is likely to increase requests for interconnection in the upcoming months.