

CIRCULAR S-9.5.1 INFORMING INSURANCE AND MUTUAL COMPANIES AND REINSURANCE BROKERS THE INTERNATIONAL RATING AGENCIES AND MINIMUM RATINGS REQUIRED FOR PURPOSES OF THE REGISTRATION OF FOREIGN REINSURANCE COMPANIES WITH THE REINSURANCE REGISTRY

On July 23, 2008, the Ministry of the Treasury and Public Credit (*Secretaría de Hacienda y Crédito Público*) (“**SHCP**”) issued Circular S-9.5.1 with the rating agencies and minimum ratings required for purposes of the registration with the General Registry of Foreign Reinsurance Companies to take Reinsurance and Rebonding in Mexico (“**RGRE**”). Circular S-9.5.1 became effective on July 24, 2008 and repeals Circular S-9.5.1, published in the Official Gazette of the Federation on July 5, 2001.

The Circular provides that the authorized rating agencies are: (i) A.M. Best, (ii) Fitch, (iii) Moody’s, and (iv) Standard & Poor’s. The Circular also provides the minimum ratings required by the National Insurance and Bonding Commission (*Comisión Nacional de Seguros y Fianzas*) (the “**CNSF**”), as follows:

Rating Agencies	Minimum Ratings	Definitions
A.M. Best	A + + , A + A , A - B + + , B +	Superior Excellent Very Good
Fitch	AAA AA + , AA , AA - A + , A , A - BBB + , BBB , BBB -	Superior Excellent Good Adequate
Moody’s	Aaa Aa1 , Aa2 , Aa3 A1 , A2 , A3 ,	Superior Excellent Good

	Baa1, Baa2, Baa3	Adequate
Standard & Poor's	AAA AA+, AA, AA- A+, A, A- BBB+, BBB, BBB-	Superior Excellent Good Adequate

The minimum ratings required for purposes of the registration of mortgage insurance companies with the RGRE are the following:

<u>Rating Agency</u>	<u>Minimum Rating</u>	<u>Definitions</u>
A.M. Best	A++, A+ A, A-	Superior Excellent
Fitch	AAA AA+, AA, AA-	Superior Excellent
Moody's	Aaa Aa1, Aa2, Aa3	Superior Excellent
Standard & Poor's	AAA AA+, AA, AA-	Superior Excellent

With regard to financial guaranty insurance companies, the minimum ratings required for purposes of their registration with the RGRE are the following:

<u>Rating Agency</u>	<u>Minimum Rating</u>
A.M. Best	A++, A+
Fitch	AAA
Moody's	Aaa
Standard & Poor's	AAA

In connection with the registration or renewal registration of foreign reinsurance companies with the RGRE, the following information must be filed in connection with the ratings:

- (a) Full name address and telephone number of the Rating Agency.
- (b) Company rating criteria.
- (c) Certificate evidencing the rating.
- (d) Rating date and duration.

Any rating lower than those contained in the Circular are deemed inadequate and, therefore, foreign reinsurance companies that do not comply with the minimum ratings would cease to qualify for purposes of their registration with the RGRE.

Jáuregui, Navarrete y Nader, S.C., has published Articles about the following legal matters that may be of your interest:

Price Discrimination Law in Mexico (2008)

Draft Resolution Modifying the Provisions on Broker-Dealers (2008)

Minimum Capital Requirements for Insurance and Surety Companies (2008)

Difficulties in drafting an arbitration clause in credit syndicate or credit restructuring agreements (2008)

The place of the arbitration, a comparative analysis in Latin America (March 2008)

Deregulation of Credit, Financial Leasing and Factoring Activities in Mexico (May 2006)

Amendments to the Insurance Law (April 2006)

New Mexican Securities Market law (January 2006)

The Articles abovementioned may be consulted at the web page:

<http://www.jnn.com.mx>

Should you have any question in connection with the matters of this Bulletin, we will gladly give you additional information or legal consultancy for your specific case.

In case of requiring additional information, please contact any partner of Jáuregui, Navarrete y Nader, S.C., listed below. In case you want to receive via e-mail Bulletins or Articles distributed by Jáuregui, Navarrete y Nader, S.C., in the future, please send us your data including your e-mail address to jnn@jnn.com.mx.

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This publication of Jáuregui, Navarrete y Nader, S.C., contains information and comments about legal and actual matters that may be of interest for our clients and friends.

The foregoing is not a thorough investigation of the matter nor may it be considered as legal consultancy. The reader must, in all cases, require legal consultancy about his particular case before carrying out any action related with the matters referred herein.

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