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This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to surveys that the Foundation conducted on the application of IFRS around the world. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

Profile last updated 24 September 2014

### PARTICIPANT IN THE IFRS FOUNDATION SURVEY ON APPLICATION OF IFRS

Organisation Consejo Mexicano de Normas de Información Financiera, A.C. (CINIF) [The Mexican Financial Reporting Standards Board]

Role of the organisation CINIF is the official standard-setting body in Mexico.

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### COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards? Yes.

Has the jurisdiction made a public commitment towards IFRS as that single set of high quality global accounting standards? Yes.

What is the jurisdiction's status of adoption? Mexico has adopted IFRS for all listed companies other than financial institutions and insurance companies.

Additional comments provided on the adoption status?

IFRS were adopted by the Comisión Nacional Bancaria y de Valores (CNBV) [the National Banking and Securities Commission of Mexico] for listed companies other than financial institutions and insurance companies effective for annual reporting periods beginning on or after 1 January 2012. Early application was allowed since 2008. This applies both to entities that prepare consolidated financial statements and to entities that are not required to prepare consolidated financial statements because they do not have subsidiaries.

Companies belonging to the financial and insurance sectors use Mexican Financial Reporting Standards (MFRS) plus certain requirements established by the CNBV and the National Insurance and Bonding Commission (CNSF).

In addition, CINIF has a convergence project to eliminate differences between MFRS and IFRS. When completed, CINIF expects that MFRS applied by domestic companies whose securities are not publicly traded will be 'very similar' to IFRS. CINIF has published an analysis of the main differences between MFRS and IFRS.

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If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS in your jurisdiction.

Not applicable.

## EXTENT OF IFRS APPLICATION

### *For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS in their consolidated financial statements?

Yes.

If YES, are IFRS REQUIRED or PERMITTED?

Required.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All companies whose securities trade in a public market except for financial institutions and insurance companies, which must follow Mexican Financial Reporting Standards (MFRS) plus additional requirements adopted by the securities and insurance regulators.

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Are IFRS also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS required or permitted in separate company financial statements of companies whose securities trade in a public market?

Permitted.

Some entities continue to prepare their separate financial statements under Mexican Financial Reporting Standards (MFRS) in order to measure their investment in subsidiaries under the equity method for the purpose of determining income available for dividend distribution.

For instance, are IFRS required or permitted for companies whose securities do not trade in a public market?

Domestic companies whose securities are not publicly traded are allowed to use IFRS, without reconciliation to MFRS. In practice most of them use MFRS; however, some big unlisted groups have converted to IFRS or are currently analysing whether they will move to IFRS.

If the jurisdiction currently does NOT require or permit the use of IFRS for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS for such companies in the future? Not applicable.

**For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:**

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS in their consolidated financial statements?

Yes.

If YES, are IFRS REQUIRED or PERMITTED in such cases?

Either IFRS or US GAAP is required. If a foreign company presents its financial statements using US GAAP, it must explain the differences with IFRS.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

**IFRS ENDORSEMENT**

Which IFRS are required or permitted for domestic companies?

IFRS as issued by the IASB, ie standards and amendments are adopted automatically as and when issued by the IASB.

The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:

IFRS.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS and the jurisdiction's GAAP)?

No.

Are IFRS incorporated into law or regulations?

IFRS are incorporated by reference in the Mexican Securities Market Law through the CNBV regulation requiring IFRS.

If yes, how does that process work?

No process beyond the initial CNBV regulation requiring IFRS.

If no, how do IFRS become a requirement in the jurisdiction?

Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS (including Interpretations) in place

No.

If yes, what is the process?

Not applicable.

If no, how do new or amended IFRS become a requirement in the jurisdiction?

No process beyond the initial CNBV regulation requiring IFRS. Mexican companies that use IFRS apply the official English version of the standards approved by the IASB.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS and/or made any modifications to any IFRS?

No.

If yes, what are the changes?

Not applicable.

Other comments regarding the use of IFRS in the jurisdiction? None.

## TRANSLATION OF IFRS

Are IFRS translated into the local language? Yes, they are translated and the translation is provided / coordinated by the IFRS Foundation.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS? Mexican companies who use IFRS apply the official English version of the standards approved by the IASB. The IFRS bound volume is acquired by interested parties directly from the IASB or from authorized dealers. There is a Spanish translation of IFRS, Interpretations and other IASB material which has been approved by a Review Committee appointed by the IFRS Foundation. A member of the CINIF Advisory Council participates in this committee.

## APPLICATION OF THE IFRS FOR SMEs

Has the jurisdiction adopted the IFRS for SMEs for at least some SMEs? No.

If no, is the adoption of the IFRS for SMEs under consideration? No.

Did the jurisdiction make any modifications to the IFRS for SMEs? Not applicable.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

Which SMEs use the IFRS for SMEs in the jurisdiction, and are they required or permitted to do so? Not applicable.

For those SMEs that are not required to use the IFRS for SMEs, what other accounting framework do they use? There are no restrictions for SMEs in Mexico to use any accounting standards such as MFRS, IFRS, or US GAAP. Traditionally, MFRS have been used by most SMEs.

Other comments regarding use of the IFRS for SMEs? CINIF has not adopted the IFRS for SMEs. CINIF has stated that it does not believe that different recognition and measurement criteria from full IFRS are appropriate for SMEs. CINIF has a project to create a Reduced Disclosure Regime for SMEs.