

TEMPORARY SUSPENSION OF SETTLEMENT OF INSTRUCTIONS ON MEXICAN DOMESTIC CORPORATE DEBT INSTRUMENTS

The evolution of the current Mexican tax legislation leads Cedel Bank to review the conditions of acceptance of Mexican domestic corporate debt instruments. As a result of the new legislation, settlement of transactions may expose investors to an increased tax liability in cases where the custodian is not in possession of the details required to calculate the capital gain. In order to protect the interests of investors and customers, Cedel Bank is therefore temporarily suspending settlement of all instructions involving Mexican domestic corporate debt instruments.

custody

This immediate suspension will continue at least until the Mexican Tax Authority publishes the specific regulations applying the new legislation, which is expected in March 1997. Cedel Bank will inform customers of further details when published and of any changes of procedures that may result.

Further Information

For further information, please contact your Customer Service Officer or Commercial Officer.

custody

custody

10.01.1997

No. A001

Luxembourg Head Office
67 Bd Grande-Duchesse
Charlotte
L-1331 Luxembourg
Tel: +352 44 99 21
Fax: +352 44 99 28 20C

Dubai Regional Office
City Tower 2, 9th floor
Sheikh Zayed Road
PO Box 27250 Dubai
Tel: +971 (0) 4 310644
Fax: +971 (0) 4 316973

Hong Kong Regional Office
1107 Two Exchange Square
8 Connaught Place
Central, Hong Kong
Tel: +852 2523 0728
Fax: +852 2523 7796

London Regional Office
Alban Gate
125 London Wall
London EC2Y 5AS
Tel: +44 (0) 171 216 7000
Fax: +44 (0) 171 216 7001

New York Regional Office
One World Trade Center
Suite 9051
New York NY 10048
Tel: +1 (1) 212 775 1900
Fax: +1 (1) 212 775 1907

Tokyo Regional Office
Sanbancho KB-6 Bldg. (5th Fl.)
6-1, Sanbancho
Chiyoda-ku, Tokyo 102
Tel: +81 (0) 3 5276 4391
Fax: +81 (0) 3 5276 4393

Mexico: Withholding tax procedure

custody

Clearstream Banking Luxembourg ('CBL') is pleased to provide details on the tax certification procedure for beneficial owners resident in Finland, France, Singapore or the United Kingdom in order to benefit from an exemption from withholding tax on Mexican equities.

Outline of the withholding tax procedure

Mexican government debt securities are exempt from Mexican withholding tax. Therefore beneficial owners will receive interest payments gross without having to submit any further certification.

Mexican corporate debt securities are currently suspended in CBL for regulatory purposes.

Since 1 January 1999, the standard rate of withholding tax on Mexican equities is 5%. This rate is increased by Mexican corporate tax of 35%, which makes the effective rate of withholding tax 7,6925% (as shown in "Appendix 1. Example of calculation").

Relief at source is available if the beneficial owner qualifies for the benefit of a reduced rate of withholding tax in accordance with a Double Taxation Treaty ('DTT') between its country of residence and Mexico.

custody

A reclaim of withholding tax is available if no relief at source has been obtained by a beneficial owner eligible for relief.

Currently, only beneficial owners that are residents of Finland, France, Singapore or the United Kingdom can benefit from relief at source from withholding tax or a reclaim of withholding tax in accordance with the DTT between its country of residence and Mexico. (See "Appendix 2. List of double taxation treaties signed by Mexico" and currently in force).

Residents of Finland, France, Singapore or the United Kingdom.

An exemption at source from withholding tax or reclaim of withholding tax is available if the beneficial owner is a resident of Finland, France, Singapore or the UK in accordance with the DTT between its country of residence and Mexico.

To obtain such an **exemption at source**, the following documentation must be submitted to CBL:

A. If the customer is the sole beneficial owner of all Mexican equities in the account:

- a "Request for application of a lower rate of Mexican Withholding Tax on Dividends". This is a One-time certificate, which provides certain statements regarding the beneficial owner of the securities. It must be provided by the customer at least one business day prior to the record date of the first relevant dividend payment by 10:00 Central European Time (CET).
(See "Appendix 3. Request for application of a lower rate of Mexican Withholding Tax on Dividends")
- a "Certificate of Residence" with the customer's full name and address issued by the customer's tax authorities. It must be provided by the customer at least one business day prior to the record date of the first relevant dividend payment

custody

by 10:00 CET. The certificate of residence is valid only for the calendar year in which it was issued and therefore must be renewed annually.

B. If the customer is not the sole beneficial owner of all Mexican equities in its account:

custody

- a "Request for application of a lower rate of Mexican Withholding tax on Dividends". This is a One-time certificate, which provides certain statements regarding the beneficial owner of the securities. It must be provided by the customer at least one business day prior to the record date of the first relevant dividend payment by 10:00 CET. (See ["Appendix 3. Request for application of a lower rate of Mexican Withholding Tax on Dividends"](#).)
- a "Certificate of Residence" per beneficial owner with the beneficial owner's full name and address issued by the beneficial owner's tax authorities. It must be provided by the customer at least one business day prior to the record date of the first relevant dividend payment by 10:00 CET. The certificate of residence is valid only for the calendar year in which it was issued and therefore must be renewed annually.
- a "List of beneficial owners - Mexican equities" which indicates each beneficial owner's name, tax residence, the applicable lower rate, the holding on which the lower rate is to be applied and other relevant information. This list has to be provided at least one business day prior to the record date of each dividend payment to which it relates by 10:00 CET. (See ["Appendix 4. List of beneficial owners - Mexican equities"](#)).

A **reclaim of withholding tax** is available if the beneficial owner eligible for relief has not obtained an exemption at source. The customer can reclaim withholding tax on behalf of the beneficial owner through CBL by submitting the following documentation:

custody

- a "Certificate of Residence" per beneficial owner with the beneficial owner's full name and address issued by the beneficial owner's tax authorities. It must be provided by the customer to CBL at least one month prior to the statutory deadline.
- a "Credit Advice" identifying dividend payment details including the security type, gross amount of payment, date of payment and amount of tax withheld. The credit advice must reconcile with the information in the "Letter of Request for Reclaim to CBL". The credit advice should be obtained from the intermediary financial institution closest to the beneficial owner. It has to be provided to CBL at least one month prior to the statutory deadline.
- a "Letter of Request for Reclaim to CBL". This letter has to be provided to CBL at least one month prior to the statutory deadline.
- a "Power of Attorney" if the customer or a third party is completing the letter of request on behalf of the beneficial owner. This power of attorney has to be provided to CBL together with the "Letter of Request for Reclaim to CBL".

The refund claims must be filed within five years after the day the withholding tax was paid.

custody

Please note that CBL cannot give any guarantees about the estimated time for receiving a refund. Although CBL will assist its customers with the reclaim applications, it would like to urge its customers to try to avoid having to apply for a refund as the practical implications of the refund procedure are still uncertain.

Further Information

For further information, please contact your Customer Service Officer or your Customer Relationship Manager.

Appendix 1. Example of calculation

If a company intends to pay a dividend of 100 MXN per share, the calculation of the withholding tax for dividends paid after 2000 is as follows:

Calculation of basis for amounts to be withheld from dividends (in MXN)

• Pre-tax Profits (Basis for calculating withholding tax)	153.85
• Less Corporate tax paid by the company	– 53.85
	<hr/>
• Gross dividend announced by the paying company	= 100.00
	<hr/>

Calculation of withholding tax amount (gross-up basis)

• Gross-up basis for calculating withholding tax	153.85
• multiply 5% withholding tax	x 0.05
	<hr/>
• amount of tax to deduct from gross dividend	7.6925
	<hr/>

Application of withholding tax

• Gross dividend announced by the paying company	100.00
• Less 5% withholding tax on gross-up basis	– 7.6925
	<hr/>
• Net dividend received on payment	= 92.3075
	<hr/>

Appendix 2. List of double taxation treaties signed by Mexico

Country	Rate as prescribed under the DTT Dividends (%)	Tax refund available under the DTT Dividends (%)
Standard Rate	7.6925	–
Belgium	15	–
Canada	15	–
Chile	10	–
Denmark	15	–
Finland	0	7.6925
France	0	7.6925
Germany	15	–
Ireland	15	–
Israel	10	–
Italy	15	–
Japan	15	–
Korea	15	–
Netherlands	15	–
Norway	15	–
Singapore	0	7.6925
Spain	15	–
Sweden	15	–
Switzerland	15	–
U.K.	0	7.6925
U.S.A.	15	–

Appendix 3. Request for application of a lower rate of Mexican Withholding Tax on Dividends

Clearstream Banking Luxembourg
67 Bd Grande-Duchesse Charlotte
L-2967 Luxembourg

Attention: Domestic Markets, Mexico

Subject: Request for Application of a lower rate of Mexican withholding tax on dividends

Dear Sir/Madam,

The undersigned customer of Clearstream Banking, société anonyme, Luxembourg ('CBL') hereby declare that we hold or may hold in the future Mexican equities (hereafter referred to as the 'Securities') in our Account _____ (hereafter referred to as the 'Account') with CBL.

We hereby request the application of a lower rate or an exemption of Mexican withholding tax and certify:

Please check (✓) one of the following boxes:

- ☐ we are and will be the beneficial owner of all Securities held in our Account in CBL for which we request the application of a lower rate of Mexican withholding tax at source in accordance with the Double Taxation Treaty in place between Mexico and our country of residence and that we are resident for fiscal purposes in _____. In compliance with the applicable Mexican tax laws, we undertake to provide you, prior to the respective deadlines and before any dividend payment is due, with a 'certificate of residence' as proof of our fiscal residence as indicated on this form. As the certificate is valid only for the calendar year in which it was issued, we undertake to renew it annually.
- ☐ we are not the sole beneficial owner of the Securities for which we request the application of a lower rate of Mexican withholding tax at source in accordance with the Double Taxation Treaty in place between Mexico and the relevant country of residence of the beneficial owner(s) of the Securities. In order for the lower rate to be applied at source, we undertake to provide you, prior to the respective deadlines and before any dividend payment is due, with a 'List of Beneficial Owners - Mexican Equities' (including ourselves should we beneficially own any of the Securities in question), stating the names, residence for fiscal purposes and nominal holdings of the beneficial owners, together with a certificate of residence per beneficial owner (including ourselves should we beneficially own any of the Securities in question).

We hereby appoint irrevocably CBL and CBL's depository as our attorney-in-fact with the authority to collect and submit to the competent Mexican authorities, including the Mexican tax authorities, this certificate or a copy hereof and any document submitted to CBL pursuant to this certificate as well as the balances of Mexican Securities in our Account, in connection with any administrative or legal proceedings or official inquiries for which this certificate is or would be relevant.

We hereby accept full responsibility in case of any claims made for additional taxes, interest thereon, or penalties levied by tax authorities in connection with any payments made subject to this certificate or the list of beneficial owners, we indemnify CBL in respect of any penalties, taxes and interest thereon, levied by the Mexican Tax Authorities or any other authority, and in respect of any other costs incurred in connection with any action taken in reliance upon the contents of this Certification for Mexican Withholding Tax Purposes.

We understand that, in order to obtain any dividend payment with respect to the Securities either subject to withholding tax at reduced rate or exempt from withholding tax according to a Double Taxation Treaty concluded with Mexico, it may be necessary for CBL to provide certain information to CBL's depository in Mexico, the issuer of the Securities and the Mexican tax authorities. We understand that the Mexican authorities may forward the information received from us in connection with this procedure to the tax authorities of the countries of residence of the beneficial owners.

We hereby undertake to notify CBL promptly upon receipt of any information that would render any statement in this certificate, including any list of beneficial owners entitled to tax relief, untrue or incomplete.

For and behalf of:

Name of customer:

Residence for tax purposes:

(full address)

By (authorised signatories):

<div>Signature</div> <div></div>	<div>Signature</div> <div></div>
<div>Name (Print)</div> <div></div>	<div>Name (Print)</div> <div></div>
<div>Date</div> <div></div>	<div>Date</div> <div></div>

Company stamp:

Appendix 4. List of beneficial owners - Mexican equities

This list can be returned by mail, tested telex or authenticated SWIFT message and is to be received by Clearstream Banking no later than one business day prior to the record date of the dividend payment.

Name of Clearstream Banking customer

Common code or ISIN

Account number

Record date

Issuing company

Dividend payment date

Gross dividend per share

Name and address of beneficial owner	Country of residence	Tax rate % ^a	Number of shares	Gross amount (MXN)	Tax withheld (MXN)	Net dividend amount (MXN)
Total net dividend amount (MXN)						

a. Please enter the applicable (lower) rate of withholding tax, as per the double taxation treaty

By (authorised signatories):

Signature

Signature

Name (Print)

Name (Print)

Date

Date

Company stamp

announcement - 15 April 2002

clearstream
Banking



Mexico: Abolition of withholding tax on dividends

custody

Clearstream Banking¹ is pleased to inform customers that, effective

1 January 2002

dividends on Mexican equities are no longer subject to withholding tax. Hence customers receive dividend payments gross without having to submit any certification.

Prior to 1 January 2002 dividend payments were subject to 5% Mexican withholding tax. As this rate was increased by Mexican corporate tax of 35%, the effective resulting rate of withholding tax was 7.6925%.

Further Information

For further information please contact your Customer Service Officer or Customer Relationship Manager.

custody

custody

1. Clearstream Banking in this Announcement refers collectively to Clearstream Banking Frankfurt (CBF) and Clearstream Banking Luxembourg (CBL).

Mexico: New tax legislation on debt instruments

Clearstream Banking¹ advises customers that the Mexican authorities have introduced Miscellaneous Resolutions to the new tax legislation, *Ley de Impuesto Sobre la Renta*, published on 30 December 2002 in the *Diario Oficial*.

As a result, effective

immediately

the following securities will not be eligible in Clearstream Banking until the implications of the new tax legislation are clarified:

- Mexican Government debt instruments issued on or after 1 January 2003;
- Mexican Government debt instruments (*Bondes*, *BREMS* and *BPAs*) issued before 1 January 2003 and with a floating rate.

Further information

For further information, please contact your Customer Service Officer or Customer Relationship Manager.

1. Clearstream Banking in this Announcement refers collectively to Clearstream Banking Frankfurt (CBF) and Clearstream Banking Luxembourg (CBL). CBF and CBL are Deutsche Börse Group companies.

Mexico: Update to new tax legislation on debt instruments

Clearstream Banking¹ advises customers that further to Announcement A004 dated 15 January 2003, effective

immediately

the following securities will now be eligible in Clearstream Banking:

- Mexican Government debt instruments issued on or after 1 January 2003;
- Mexican Government debt instruments (*Bondes*, *BREMS* and *BPA*s) issued before 1 January 2003 and with a floating rate.

Clearstream Banking will provide customers with further clarification on the overall impact of the new tax legislation as it becomes available.

Further information

For further information, please contact your Customer Service Officer or Customer Relationship Manager.

1. Clearstream Banking in this Announcement refers collectively to Clearstream Banking Frankfurt (CBF) and Clearstream Banking Luxembourg (CBL). CBF and CBL are Deutsche Börse Group companies.

Mexico: Further update to new tax legislation on debt instruments

Clearstream Banking¹ advises customers that, further to Announcements A004 dated 15 January 2003 and A022 dated 20 March 2003, following the recommendations of Clearstream Banking and its depository Banamex, the Mexican tax authorities published a new Miscellaneous Fiscal Resolution for 2003 (Resolución Miscelánea Fiscal para 2003) on 31 March.

This resolution grants an exemption from withholding tax on income paid on Mexican government fixed income instruments to foreign investors and has ended the discussions on the taxability of Mexican government debt instruments for foreign investors.

Further information

For further information, please contact your Customer Service Officer or Customer Relationship Manager.

1. Clearstream Banking in this Announcement refers collectively to Clearstream Banking Frankfurt (CBF) and Clearstream Banking Luxembourg (CBL). CBF and CBL are Deutsche Börse Group companies.