

REPORT by the CHIEF EXECUTIVE OFFICER

For the Mexican financial industry, 2001 was a year that will be remembered for sweeping changes in two of the laws that regulate its activity: the Securities Market Act and the Mutual Funds Act.

Perhaps for this reason the drafting of significant amendments to the Income Tax Law did not seem so important at the time, but conceptually it introduced major changes in the type of regime that had been applied up until that time to taxing investment proceeds in Mexico.

Those amendments paved the way for a fundamental change in the tax laws governing many types of financial investment, but because they did not take effect until 2003, the year 2002 was a year of intense negotiations, during which the laws were continually modified and augmented to create a new taxation platform for the future.

Considering the huge amount of detail and difficulty involved in our negotiations and applications to the various market authorities and members of Congress in order to define the regime that ultimately prevailed, we feel justifiably proud of our contribution toward building a more modern fiscal system, consistent with international practices.

After all, one of the biggest challenges Mexico has faced for some time in its move toward higher standards of economic development is encouraging its citizens to pay taxes on a regular basis and to raise awareness of the reasons and foundations of what it means to be a taxpayer. This is a necessary part of today's focus on what a good citizen must be, and underscores the human importance of demonstrating social solidarity through the taxes we pay to the government. In addition, in Mexico's current situation, taxes are crucial to maintaining a permanent policy of social development.

A year ago AMIB had not been officially recognized as a self-regulatory organism, although we had been acting as such since 1997.

Neither did we have a Certifying Center, which is in operation today. We are preparing for even greater challenges, having proven that there is always room for improvement. A case in point is the Securities Market Educational Center, which this year showed its capacity for adaptation by becoming an area aimed at the general public, leaving behind its former phase of concentration on training financial executives. In the new model, professional training of financial industry personnel is handled by countless new and existing institutes that cover the demand from thousands of candidates to become promoters of financial products in the securities market and mutual funds.

One year ago, the creation of an official area for publication and dissemination was more of an ideal than a concrete plan. We could not have anticipated the form and scope with which these ideas would crystallize, in our bulletin called "Valores" (which in Spanish means both values and securities) whose motto is "Toward a Stronger Mexico."

For more than a year now, we had in fact been planning to design a new image, and when this was finally launched, we were highly pleased how quickly and effectively people inside and outside of the organization positioned us with a new "face" more consistent with the times in which we live.

AMIB has been rejuvenating, and this vitality can be felt by all who work here. This is not mere chance: it reflects the work of all the people who make up the securities industry and AMIB's working team, who support it in all of its collective duties.

Mutual Fund Managers had some difficulties last year adapting to the structure demanded of them by new legislation in the area of financial brokerage.

Despite these transitional problems, we also take great pride at having participated in the creation of a new climate, one which will encourage more families and individuals to build their equity and their futures on a more objective vision of the economic climate that surrounds them, through financial mechanisms and instruments more in keeping with the needs of today.

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Mexico's mutual funds now offer a more encouraging scenario in this regard.

AMIB played a fundamental role in creating this new environment, and specifically in defining issues essential for the promotion and consolidation of the mutual funds branch, thanks to the help of industry associations and the support of the many individuals involved in financial activity and who collaborate with our institution.

A year ago, no one could have imagined that the wave of scandals among major international companies would ultimately clear away prejudices against investing in emerging countries. But these were undoubtedly the catalyst for a number of actions taken to make attitudes and practices more responsible in financial centers throughout the world.



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In Mexico, we felt the repercussions of these events, and we have had the good fortune to be able to learn from others' experiences. From now on, there is no doubt that "going public" will involve more difficulty and commitment than before. At the same time, the growth and further development of our economy is more urgent than ever.

On this last idea, we can sum up the challenges facing us in the near future. Mexico needs to grow, and many companies have not yet found the formula to guarantee they will have enough resources to sustain this growth, at least at the pace they require.

This is the reason why AMIB is so valuable as an institution: our securities market has a long way to go in its development, working together with thousands of individuals that must participate as new investors, and the hundreds of potential issuers that ultimately make up the market.

Mexico faces a long road toward achieving the standards that other countries enjoy in terms of the involvement of individuals and companies in its financial markets, whether as investors or as issuers, with all the commitments this implies. But all around the world, at least at the moment, this is the direction in which things are heading, and this makes it all the more important to have intermediate bodies like AMIB involved in the process.

In order to promote new publicly-owned companies and increase their capacity for seeking financing, we will soon have a new Comprehensive Corporate Bulletin, which could not be completed in 2002 but will reflect the arduous work that went into creating it during that year.

As we look back on our accomplishments of the past year, we must bear in mind those whose fruits will be seen in the near future, the most notable of which is perhaps the Comprehensive Bulletin for Brokerage Firms and the Comprehensive Leverage Project. When complete, these will also represent significant progress for all the activities of our industry.

When reflecting on the appropriate content of a message such as this, one inevitably experiences some hesitation and internal debate, but one thing is clear: these achievements could not have been possible without the presence and commitment of all of those interested in the development of the Mexican securities market. For this reason, I would like to thank the authorities of the National Banking and Securities Commission, the Ministry of Finance, Banco de México, the National Retirement Savings Council, the Counsel for the Protection of Financial Service Users and the Federal Commission for Regulatory Improvement, as well as all the representatives of our associates and members, who have personally taken part in the various collegiate bodies that are created within AMIB. We are grateful for the support of all of these institutions.

On behalf of the employees and executives of AMIB, I would like to reiterate this message of gratitude to all those who work in brokerage firms, mutual fund managers and other financial intermediaries, for their dedication and patience to the voluntary work of supporting an organization like AMIB.

Finally, I would like to express my deepest thanks to all who make up this great team of individuals that work together with the Mexican Securities Industry Association.

Sincerely,



Efrén
del Rosal
Calzada

Chief Executive Officer