

Mexico

Employment

Labor Concerns	Employee entitlement claims are becoming more common. Standard waiver and consent provisions may be unenforceable.
Communications	Translation of option plan documents for employees is not required, but it is recommended. Government filings must be made in Spanish. Under certain conditions, the electronic execution of award agreements is acceptable.

Regulatory

Securities Compliance	In general terms, there are no applicable securities compliance requirements provided that the offer of securities is a private offer. To qualify as a private offer, the offer must be made through a plan applicable in general form to employees or groups of employees of the Issuer or entities controlled by it, or entities that control such Issuer.
Foreign Exchange	There are no foreign exchange restrictions applicable to option plans.
Data Protection	<p>An employer is obligated to inform an employee of the information that the employer receives and the purposes for which such information is being obtained (through a physical or electronic privacy notice). Transfer of personal data of the employee among entities controlled by the same entity (e.g., affiliates, subsidiaries, holding companies) or any other entity within the same group as the recipient of personal data that operates under the same internal processes and policies is permitted and will not require an express consent by the employee. Conversely, financial information or sensitive information (i.e., such information of the owner if misused could cause discrimination or pose a risk to the owner) may only be transferred with the owner's prior consent.</p> <p>Data Protection Rules are not applicable to business cards (e.g. (i) surnames and last names; (ii) the functions performed or positions held; (iii) physical domicile; (iv) e-mail address; and (v) telephone and fax numbers).</p>

Tax

Employee Tax Treatment	<p>It is not clear under Mexican law if the employee will be taxed on grant. Employees will be taxed on the spread at exercise. The employee will be subject to tax at the time of sale on the difference between the sale price and the exercise price.</p> <p>If the underlying Stock is traded through the Mexican Stock Exchange, any profits derived from its sale may be exempt from Mexican taxes. Any sale of Stock traded through the Mexican Stock Exchange, carried out by a person or a group of persons that directly or indirectly hold 10% or more of the Stock of an issuer, whenever in a 24-month period such person or persons sell 10% or more of the Stock of the relevant issuer in one or more simultaneous or subsequent transactions is not exempt from taxes. The exception will not be applicable either for the person or persons that having control of an issuer, sell it through one or more simultaneous or subsequent transactions in a 24-month period.</p>
Social Insurance Contributions	Benefits received under options plans may be subject to social security contributions. However, in most cases, the relatively low social security ceiling will have been exceeded through regular salary.
Tax-Favored Program	None.
Withholding and Reporting	The Subsidiary may be required to withhold taxes and report the benefits received under the option plan.
Employer Tax Treatment	A deduction may be permitted provided the cost of option plan benefits is reimbursed by the Subsidiary to the Issuer.

This summary is intended to reflect local law and practice as at 1 May 2013. Please note, however, that recent amendments and legal interpretations of the local law may not be included in these summaries. In addition, corporate governance, administration, and option plan design facts that are specific to your company may impact how the local laws affect the company's equity based compensation plans.

With these matters in mind, companies should not rely on the information provided in this summary when implementing their stock plans.