

Dated : June 27, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF ALBERTA, BRITISH COLUMBIA,
MANITOBA, NOVA SCOTIA, ONTARIO, QUÉBEC AND SASKATCHEWAN (THE
"JURISDICTIONS")

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
TELÉFONOS DE MÉXICO, S.A.B. DE C.V. (THE "FILER")

DECISION

BACKGROUND

The securities regulatory authority or regulator in each of the Jurisdictions (the "Decision Maker") has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Filer is not a reporting issuer (the "Exemptive Relief Sought").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Ontario Securities Commission is the principal regulator for this application;
and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

INTERPRETATION

Terms defined in National Instrument 14-101 - *Definitions* have the same meaning if used in this decision, unless otherwise defined.

REPRESENTATIONS

This decision is based on the following facts represented by the Filer:

1. The Filer is a company (*sociedad anónima bursátil de capital variable*) organized in 1947 under the laws of Mexico. Its registered and principal offices are located at Parque Vía 190, Colonia Cuauhtémoc, 06599 Mexico, D.F., Mexico.
2. The Filer is registered with the Public Registry of Commerce of Mexico City under number 5229.
3. The Filer, together with its subsidiaries, provides telecommunications services throughout the country of Mexico. The Filer does not have any operations in Canada.
4. The Filer is a reporting issuer in each of the Jurisdictions and is not in default of any of the requirements of the Legislation in each Jurisdiction.
5. The Filer first became a reporting issuer in the Jurisdictions by filing a prospectus dated May 11, 1992 in connection with an offering in Canada of American Depositary Shares ("ADSs") each representing 20 L Shares (as that term is defined below) as part of a global offering of L Shares.
6. As at February 29, 2012, the Filer had the following shares outstanding:
 - 7,839,596,082 Series AA Shares (the "AA Shares");
 - 361,823,758 Series A Shares (the "A Shares"); and
 - 9,828,080,160 Series L Shares (the "L Shares", and together with the AA Shares and the A Shares, the "Shares").
7. Neither the AA Shares nor the A Shares were ever offered publicly or on a private placement basis to Canadian resident investors. Only the L Shares were offered publicly in Canada as part of the ADS offering described under representation number 5 above.
8. As at February 29, 2012, the Filer had the following debt securities outstanding:
 - 5.50% Senior Notes due 2015, CUSIP 879403AS2, of an outstanding aggregate principal amount of U.S.\$554,823,000 (the "2015 Notes");
 - 8.75% Senior Notes due 2016, of an outstanding aggregate principal amount of Mexican Pesos 4,500,000,000 (the "2016 Notes"); and
 - 5.50% Senior Notes due 2019, CUSIP 879403AV5, of an outstanding aggregate principal amount of U.S.\$377,382,000 (the "2019 Notes", and together with the 2015 Notes and the 2016 Notes, the "Notes").

9. The following types of offerings were used for each outstanding series of Notes:
- a) the 2015 Notes were originally sold in the U.S. pursuant to Rule 144A (referred to as a "Rule 144A Offering") under the U.S. *Securities Act of 1933* (the "1933 Act") to Qualified Institutional Buyers (as defined in the 1933 Act) and outside the U.S. pursuant to Regulation S under the 1933 Act (referred to as a "Regulation S Offering"), and were subsequently registered with the U.S. Securities and Exchange Commission (the "SEC") in compliance with contractual registration rights;
 - b) the 2016 Notes were originally sold in a public offering registered with the SEC; and
 - c) the 2019 Notes were originally sold in the U.S. pursuant to a Rule 144A Offering to Qualified Institutional Buyers and outside the U.S. pursuant to a Regulation S Offering, and were subsequently registered with the SEC in compliance with contractual registration rights.
10. To the extent that any of the Notes were initially distributed to Canadian residents, in accordance with the normal course of business for such financings, the Notes would have been issued only to accredited investors pursuant to exemptions from the prospectus and registration (if applicable) requirements of the Legislation.
11. The Filer also has six series of Mexican senior notes (*Certificados Bursátiles*, or the "*Certificados*") denominated in Mexican Pesos, of an outstanding aggregate principal amount of approximately Ps. 16.9 billion.
12. All *Certificados* were originally offered and sold in Mexico through Mexican intermediaries and are currently listed on the *Bolsa Mexicana de Valores* (the "BMV"). The Filer has not engaged, either directly or indirectly, in any public offering or private placement of *Certificados* outside of Mexico. In order to purchase *Certificados*, an investor needs to open an account with a Mexican broker-dealer and trade in the Mexican market in Mexican Pesos. The Mexican tax regime applicable to the *Certificados* discourages investment by non-Mexican residents by imposing a withholding tax on interest payments at a rate of at least 4.9%. That tax, which is withheld by Mexican intermediaries, makes investment in the *Certificados* less profitable for non-Mexican investors.
13. None of the Filer's securities are or have been listed, traded or quoted on a marketplace in Canada as defined in National Instrument 21-101 - *Marketplace Operation*, and the Filer does not intend to have its securities listed, traded or quoted on such a marketplace in Canada.
14. The Filer's outstanding Shares are listed for trading on a major foreign stock exchange, being the BMV in Mexico. The Filer is not in default of any of the requirements of the BMV.

15. The 2016 Notes were delisted from trading on the New York Stock Exchange (the "NYSE") on or about January 31, 2012 and are not listed for trading on any other exchange. The 2015 Notes and the 2019 Notes are currently listed on the unregulated market of the Luxembourg Stock Exchange (the "Luxembourg Exchange"). The Filer is not in default of any of the applicable requirements of the Luxembourg Exchange.
16. In a news release dated November 22, 2011, América Móvil, S.A.B. de C.V. ("América Móvil") announced that, pursuant to certain tender offers for all outstanding classes of the Filer's Shares (the "Offers"), it had acquired 92.99% of the Filer's outstanding Shares. Since the completion of the Offers, América Móvil has purchased additional Shares, bringing its total ownership level to approximately 97.2% of the Filer's outstanding Shares as of March 29, 2012. As a result, as of March 29, 2012, the public float in respect of the Shares consists of approximately 508.4 million Shares, or 2.8% of the issued and outstanding Shares.
17. On January 31, 2012, the Filer and the NYSE each filed a Form 25 with the SEC, pursuant to which the last day of trading of the L Shares ADSs and the 2016 Notes on the NYSE, and the A Shares ADSs on NASDAQ was on such date.
18. The Filer intends to file a Form 15F with the SEC to deregister and terminate its reporting obligations in the U.S. Until such time as it deregisters, the Filer will remain an "SEC foreign issuer" as defined under National Instrument 71-102 - *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.
19. The only official sources for information regarding holdings of the outstanding 2.8% of the Filer's issued and outstanding Shares that are not owned by América Móvil are the Filer's own share register and S.D. Indeval, *Institución para el Depósito de Valores, S.A. de C.V.* ("Indeval"), the securities depository that serves as a clearinghouse for transactions on the BMV (similar to how a Canadian transfer agent and intermediaries serve Canadian public companies).
20. The Filer has undertaken a thorough and diligent examination of its share register. The Filer also made inquiries in Mexico with Indeval, who in turn made relevant inquiries of participants holding positions in the Filer's Shares. These inquiries related to all classes of the Filer's Shares and revealed that there were no holders of Shares resident in Canada.
21. The ADS issuance books and accounts were permanently closed at the close of business on December 28, 2011 and no new ADSs were issued after such date. The ADS transfer books were permanently closed at the close of business on January 30, 2012 and no transfers between holders were accepted after such date. After the close of business on February 29, 2012 (the "ADS Closing Date"), JPMorgan Chase Bank, N.A. ("JPMorgan"), depository for the ADSs, was entitled to sell all Shares underlying the ADSs for cash proceeds to be held for the accounts of existing ADS holders who did not previously tender their ADSs. After the ADS Closing Date holders of ADSs only have the right to claim the cash proceeds held for their accounts by JPMorgan upon surrender of any ADSs and

payment of applicable fees. As such, the ADS program has been terminated and no ADSs remain outstanding, and consequently the Filer has not undertaken the same efforts (or expended the same time, money and resources) to determine the number of direct and indirect holders of ADSs in Canada as it did to determine the number of direct and indirect holders of Shares resident in Canada and their holdings.

22. The 2015 Notes and the 2019 Notes were each issued in the form of registered global notes, with the Depository Trust Company ("DTC"), in the name of DTC's nominee, CEDE & Co., as the registered holder, on behalf of the brokers, other custodians and DTC participants who hold their positions on the book-entry system of DTC.
23. The Filer made inquiries with DTC, depository for the 2015 Notes and the 2019 Notes. Based upon the Filer's review of the participant position listings provided to it by DTC, the Filer is able to confirm the following as at March 7, 2012:
 - a) in respect of the 2015 Notes, all of the DTC participants are based in the United States, other than four DTC participants based in Canada that together hold U.S.\$4,503,000 aggregate principal amount of the 2015 Notes; and
 - b) in respect of the 2019 Notes, all of the DTC participants are based in the United States, other than one DTC participant resident in Canada that holds U.S.\$500,000 aggregate principal amount of the 2019 Notes.
24. Based on the information provided by DTC, as far as the Filer is able to determine, as at March 7, 2012, there were, at most, 89 DTC participants holding the 2015 Notes and/or the 2019 Notes worldwide, five of whom are located in Canada and who hold, in aggregate, U.S.\$5,003,000 (or approximately 0.5%) of the aggregate principal amount of 2015 Notes and 2019 Notes outstanding.
25. The DTC participant position listings do not identify the residency of beneficial owners, thereby making it theoretically possible, for example, that a Canadian beneficial owner could hold securities through a DTC participant not located in Canada or that a non-Canadian beneficial owner could hold securities through a DTC participant located in Canada. The foregoing would reasonably suggest that there are relatively few, if any, beneficial owners of 2015 Notes or 2019 Notes located in Canada.
26. Certain features of the European central depository systems make it practically impossible for the Filer to confirm the number of Canadian beneficial owners of 2016 Notes unequivocally. The Filer has nonetheless exercised its best efforts in attempting to ascertain whether there are any Canadian beneficial owners of the 2016 Notes.
27. Specifically, the Filer consulted with The Bank of New York Mellon, trustee (the "Trustee") for the Notes, including the 2016 Notes, held through Clearstream Banking, Société Anonyme and Euroclear Bank S.A./N.V. (together,

"Euroclear"), to determine whether it was possible to obtain information about the ownership of the 2016 Notes. From this effort, the Filer understands that Euroclear refuses to disclose the identity of the registered holders of the 2016 Notes in order to respect the confidentiality of the participants and beneficial owners for whom they hold the notes. However, upon further inquiries with Euroclear, the Filer was able to obtain information regarding the number and the geographical distribution of the Euroclear participants and confirm that there are no Canadian Euroclear participants that hold 2016 Notes. Additionally, the Filer consulted with Indeval, which advised the Filer, based on recent records relating to interest payments paid in respect of the 2016 Notes, that interest payments are remitted in respect of approximately 80% of the outstanding 2016 Notes to holders who are Mexican residents. Although the information that the Filer was able to obtain does not identify the residency of the non-Mexican beneficial owners of the 2016 Notes, the foregoing would reasonably suggest that there are no beneficial owners of 2016 Notes located in Canada.

28. The Filer made inquiries in Mexico with Indeval, who in turn made relevant inquiries of participants holding positions in the Filer's *Certificados*.
29. The Filer believes that the inquiries described above were reasonable, given that (i) its share register and Indeval are the only official sources of information on holders of the Filer's Shares, (ii) DTC and Euroclear are the only official sources of information on holders of the Filer's Notes and (iii) Indeval is the only official source of information on holders of the Filer's *Certificados*.
30. The Filer has not undertaken any inquiries with any intermediaries or other parties in Canada given that, owing to the nature of the securities that are outstanding and the manner in which they were distributed and are held, it is not likely that any party in Canada would have any additional information regarding beneficial holdings of either the Shares or the Notes. With respect to the Shares, as noted above, only the L Shares were offered publicly in Canada as part of the ADS offering. The ADS program has been terminated and any ADS holders would either have tendered their ADS interests in exchange for L Shares or cash, and exchanges for L Shares would have been registered through Indeval. The inquiries made of Indeval, as mentioned in representation #20 above, revealed no holders of L Shares resident in Canada. The Filer believes that given the results of these inquiries and the *de minimis* nature of the public float of the Shares outstanding following the acquisition of Shares by América Móvil, it was appropriate not to make further inquiries.
31. Based on the Filer's diligent inquiries described above,
 - (a) as of March 9, 2012 there are no holders of Shares resident in Canada,
 - (b) as of May 11, 2012 there are no holders of *Certificados* resident in Canada,
 - (c) as of May 22, 2012 there are no holders of 2016 Notes in Canada, and

- (d) as of March 7, 2012 there are, at most, a *de minimis* number of holders of 2015 Notes and 2019 Notes resident in Canada.
32. Accordingly, based on the foregoing and considering the Shares, the Notes and the *Certificados*:
- (a) residents of Canada do not, directly or indirectly, hold or beneficially own, as applicable, more than 2% of each class or series of outstanding securities of the Filer worldwide; and
 - (b) residents of Canada do not, directly or indirectly, comprise more than 2% of the total number of securityholders of the Filer worldwide.
33. The Filer is unable to rely on the simplified procedure set out in CSA Staff Notice 12-307 - *Applications for a Decision that an Issuer is not a Reporting Issuer* in order to apply for the Exemptive Relief Sought because its Shares are listed on the BMV and its 2015 Notes and 2019 Notes are listed on the Luxembourg Exchange.
34. The Filer is subject to all applicable requirements of Mexican law and applicable rules of the BMV, which is a major foreign exchange. The Filer is not in default of any of the requirements of Mexican law applicable to it.
35. The Filer is subject to a reporting covenant under the note indenture for each series of Notes, pursuant to which the Filer is required to file with the SEC, and provide to the Trustee, its annual report and other certain information, documents and periodic reports as specified in the U.S. *Securities Exchange Act of 1934* even if the Filer no longer has any legal obligation to make such filings with the SEC. Therefore, the Filer will be bound by this reporting covenant even after the Filer's legal reporting obligations with the SEC are terminated following the filing of a Form 15F with the SEC mentioned in representation #18 above.
36. Pursuant to its general reporting obligations to the market under Mexican law, the Filer is required to provide periodic and timely disclosure to holders of its Shares and its *Certificados* through filings with the BMV as long as the Shares or *Certificados* are listed on the BMV. These disclosure obligations are satisfied by making filings with the BMV, which filings are accessible through the BMV's website at www.bmv.com.mx, and include, among other things: the requirement to file annual audited financial statements and annual reports; quarterly financial statements; and timely information relating to material events (such as shareholders meetings, corporate restructures and mergers) as well as other information that may affect the price or value of the issuer's securities (referred to collectively as the "**continuous and timely disclosure filings**").
37. The Filer undertakes to make available to holders of its securities resident in each of the Jurisdictions, English translations of its continuous and timely disclosure filings by posting such English translations on its website at www.telmex.com, for as long as the Filer's Shares are listed on the BMV.

38. The Filer has not taken steps to create a market for its securities in Canada in the past 12 months and, in particular, has not conducted a prospectus offering in Canada nor has it established or maintained a listing on a Canadian marketplace or exchange.
39. The Filer has no plans to conduct a public offering or private placement of its securities in Canada.
40. The Filer has provided advance notice via press release that it has applied to the Decision Makers for a decision that it is not a reporting issuer in the Jurisdictions and, if that decision is made, the Filer will no longer be a reporting issuer in any jurisdiction in Canada.

DECISION

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.


Commissioner
Ontario Securities Commission


Commissioner
Ontario Securities Commission