

BASHAM¹⁹¹²

Doing Business in Mexico

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Introduction

With a population of almost 130 million, a rich cultural history and diversity, and abundant natural resources, Mexico is among the 15 largest economies in the world and the second-largest economy in Latin America. The country has solid macroeconomic institutions, is open to trade, and has a diversified manufacturing base connected to global value chains.

Over the last three decades, Mexico has underperformed in terms of growth, inclusion, and poverty reduction compared to similar countries. Its economic growth averaged just above 2 percent a year between 1980 and 2022, limiting progress in convergence relative to high-income economies.

The Mexican economy grew by 3.1% in 2022, after a bounce back of 4.7% in 2021, and a 8.0% fall in 2020 due to the COVID-19 pandemic. The economy has recovered its employment and Gross Domestic Product (GDP) pre-pandemic levels. Mexico's stable macroeconomic framework, the U.S. dynamism, and solid manufacturing base will support economic growth.

To accelerate sustainable economic growth and poverty reduction over the medium term, Mexico needs to address structural constraints such as limited access to finance, insecurity, informality, regulatory burdens, and infrastructure bottlenecks. Tackling these challenges is essential to fully seize the opportunity that nearshoring represents in the current international environment.

*The World Bank



1. BUSINESS ENTITIES

There are different structures that investors may use for investment vehicles in Mexico. They range from setting up or acquiring a Mexican entity, or branch to forming a joint venture or a trust.

Corporations

The General Corporation Law recognizes seven types of commercial organizations or structures. However, in daily corporate practice in Mexico, the types of companies most utilized are (a) limited liability stock corporations or “Sociedad Anónima” and (b) the limited liability company or “Sociedad de Responsabilidad Limitada.”

Any of these types of companies may be organized with variable capital, which allows the business to alter its capital (the variable portion) with minimum formalities.

The main characteristics of a these entities are as follows:

- A. Management: Mexican entities are legally required to have a management body, which can consist in one or more managers or directors, as well as any number of officers, all of whom can be Mexican nationals or foreigners.
- B. Partner Liability: Liability is limited to the monetary value of the partners’ equity contributions to the entity.
- C. Minimum Initial Equity: There is no statutory minimum equity.
- D. Partners: Mexican entities must have at least two partners (except for the Sociedad por Acciones Simplificada entity, which is a specific structure for very small companies), who may be national or foreign individuals or entities. There is no minimum equity percentage for each partner, any of them can have a nominal interest in the entity solely for compliance purposes.

(a) “Sociedad Anónima”

The “Sociedad Anónima” is Mexico’s most used business structure. It operates as a corporation under a company name, and its ownership is represented in the form of shares in the company’s capital. Liability is limited to the monetary value of the shareholders’ contributions to the entity.

Creating a Sociedad Anónima requires a minimum of two shareholders and no minimum capital for setting up the company. The authorized capital must be fully subscribed to within one year of the company’s establishment.

The corporation's management is entrusted to a sole director or a board of directors and the company must have a statutory auditor. Although this is not required by law, officers may be appointed, which would have the faculties indicated by the shareholders or board of directors.

This type of entity has specific requirements that must be complied with under law, such as to hold annual shareholder's meetings where the financial situation of the company is presented, to have certain quorum and notice requirements at meetings and to respect formalities regarding capital variations.

This type of entity is intended for companies that have many shareholders and require additional rules on how the company will be managed. Specific rules on the operation of the entity are included in the company's bylaws.

Although the Sociedad Anónima permits certain flexibility in the rules included in the company's bylaws, another type of entity the "Sociedad Anónima Promotora de Inversión" is the type of entity that permits and regulates additional rights of shareholders such as "tag along" and "drag along" rights. This other type of entity is for companies that are in the process of possibly becoming public companies and thus they are regulated to promote increase in investments and shareholders.

(b) "Sociedad de Responsabilidad Limitada"

The Sociedad de Responsabilidad Limitada is a limited liability company that is formed by members/partners whose obligations are limited to the payment of their contributions to the company's capital but in which ownership interests cannot be represented by negotiable certificates, either in "registered" or "bearer" form. Such contributions are transferable only in the specific cases provided by the General Corporation Law.

After the Sociedad Anónima, the "Sociedad de Responsabilidad Limitada" is Mexico's most commonly used business structure.

The main advantages of this type of entity are: (1) being subject to minimal regulations, which facilitates corporate compliance; and (2) the entity may be considered as a pass-through entity for US tax purposes.

A limited liability company must have at least two partners but may not have more than 50. The company's capital must be divided into "parts" or "interests," which may be unequal in value and rights but must always represent one peso or a multiple of such amount. As in the case of the limited liability stock corporation, there are no minimum capital requirements for incorporation.

This is the type of entity that is most convenient for wholly owned subsidiaries, since these entities have less administrative obligations (for example, it is not mandatory to have a statutory auditor), and is intended for it to be used for entities with fewer amount of owners.

Incorporation and Powers of Attorney

Incorporation Procedure

In general terms, the process to incorporate any kind of Mexican entity ("Newco") is as follows:

- I. Investor provides information for new entity (name, owners, capital, etc.)
- II. Authorization to use the Newco's corporate name is requested to Mexican authorities, which is granted based on name availability.
- III. The Newco's partners grant special powers of attorney to individual in Mexico (detailed procedure described below) to appear before a Mexican Notary Public to execute the certificate of incorporation. This is the most cumbersome part of the process; please see section "B" below for in-detail explanation.
- IV. Newco's bylaws are drafted.
- V. Newco's partners provide beneficial ownership information (discussed in detail below).
- VI. Newco's physical place of business is identified (discussed in detail below).
- VII. Certificate of incorporation is issued by Notary Public.

VIII. Certificate of incorporation is recorded in Public Registry of Commerce.

IX. Newco obtains its initial registrations:

- A. Tax authorities to obtain Tax ID and official e-signature.
- B. Labor and social security authorities (if it will have employees).
- C. Foreign Investment Registry (if it has foreign capital).
- D. State Taxpayer Registration (if it will have employees).

After these steps, the entity exists and has legal capacity to carry out basic operations (i.e. open bank accounts, hire employees, execute agreements, receive payments, pay taxes, etc.).

Powers of Attorney for Incorporation

In case a Mexican entity has foreign companies as partners or shareholders, these entities will need to grant powers of attorney (POAs) to individuals who will appear before a Mexican Notary Public to execute the certificate of incorporation.

The specific requirements for the POAs will depend on the identity and nationality of the partners. However, in general terms the procedure is as follows:

- I. Investors provide basic corporate information of the partners:
 - A. Documents evidencing incorporation and good standing, as applicable according to the partners' local jurisdiction.
 - B. Current bylaws.
 - C. Documents evidencing the authority of the corporate body or officer granting the POA.
 - D. A POA is drafted according to information provided.
 - E. Once reviewed and approved, POA is executed before a local Notary Public in the place of execution.
 - F. The POA and attachments must be then authenticated and legalized in its place of origin to be valid in Mexico.
 - G. The POA and attachments are translated into Spanish by a Mexican certified translator and notarized with a Mexican Notary Public.

Beneficial Owner Information

Under regulations recently enacted in Mexico, the partners of any newly incorporated Mexican entity must provide personal information of its beneficial owners, that is, the individuals up the corporate chain who ultimately control and benefit from the business.

Physical Address

In order to register for a Tax ID and to open bank accounts, Newco will need a physical address.

Opening Bank Accounts Procedure

In general terms, the process to open a corporate bank account in Mexico is as follows:

- I. Submit the aforementioned documentation to the bank.
- II. The bank will review and validate the documentation. In case of issuing a positive opinion, then the formal opening of the bank account is proceeded.
- III. Within the account opening process, the bank will apply a KYC questionnaire to know, among others, the corporate purpose and activities of the company, the origin of the capital with which it was founded, the general information of its partners, as well as beneficial owner information similar to that discussed above.

The opening of a bank account generally has no cost; however, there is usually a minimum balance to open it and each bank has a different policy in relation to its fees for various operations.

Powers of Attorney in Mexico

In Mexico, apparent authority is not recognized, thus powers of attorney ("POAs") must be specifically granted to any individual that will represent a Mexican company. The following are some of the types of PoAs that are recognized under Mexican law and regularly granted to employees within an entity:

- I. General Power of Attorney for Acts of Administration.
- II. Special Power of Attorney for Labor Matters.
- III. General Power for Litigation and Collections.
- IV. Special Power of Attorney for Banking Operations.
- V. Special Power of Attorney for Exchange Operations.
- VI. Special Power of Attorney to Appear before Authorities.

Each POA may optionally be granted with restrictions to secure a proper corporate control of the company. This will depend on the level of authority included in each POA and the level of trust in each attorney-in-fact. Any of these restrictions can be tailor made to any of the abovementioned types of POAs.

Registrations, Licenses and Permits

In order to operate, any Mexican entity must register before the tax authority and any other applicable authority (such as the Mexican Social Security Institute) and obtain the necessary licenses and permits for its operation.

The Branch of a Foreign Corporation

The General Corporation Law provides that a foreign company may acquire legal capacity when it sets up branches in Mexico and records them in the Public Commercial Registry where it intends to set up the branch. To do so, it must obtain the prior authorization of the Foreign Investments Registry. To obtain such permissions, among other requirements, the foreign company must provide evidence that it incorporated following the laws of its own country and that its charter and by-laws contain no provisions contrary to Mexican law.

Trust or "Fideicomiso"

Following Mexican law, a trust is a contract whereby a person, known as the settler, uses the particular property for a specific lawful purpose, entrusting the achievement of the goal to a trustee. The person benefiting from the trust is the beneficiary. Some businesses are implemented through a trust figure.

Only banks and certain other financial institutions may act as trustees in Mexico. Individuals or legal entities are prohibited by law from acting as trustees, except for stockbrokers, in connection with investing trust funds in securities.



2. CURRENCY EXCHANGE INFORMATION.

In accordance with Mexico's currency legislation, the official unit of the country's monetary system is the "peso". This law establishes the legal framework for the operation of the central bank and addresses several key aspects of Mexico's financial and monetary system.

Additionally, the General Law for Auxiliary Organizations and Activities for Credit (Ley General de Organizaciones y Actividades Auxiliares de Crédito) recognizes the existence of two organizations authorized for usual currency exchange activities, which are Exchange Centers and Money Services Business.

Exchange Centers are organizations who habitually and professionally carry out the purchase and sale of banknotes, coins, and base metals. They deal in legal tenders issued in the country, traveler's checks, coined metal pieces in the form of currency and demand documents denominated and payable in foreign currency. These companies must be incorporated as a Stock Corporation (Sociedad anónima) or Limited Liability Company (Sociedad de responsabilidad limitada), and must obtain registration in the Registry of Currency Exchange Centers and Money Transmitters (Registro Centros Cambiarios y Transmisores de Dinero) by the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores or NBSC). These types of companies are allowed to carry out currency exchange activities limited to the daily amount of USD \$10,000.00 (ten thousand pesos 00/100 legal currency of the United Mexican States) per client.

Money Services Business facilitates the sending and receiving of money between individuals or entities, providing money transfer services that encompasses both nationally and internationally transactions. They can be financial companies, banks, currency exchange offices, or other institutions authorized by regulatory authorities to conduct these operations.

Likewise, these organizations must be incorporated as a Stock Corporation or Limited Liability Company, and must obtain registration in the Registry of Currency Exchange Centers and Money Transmitters (Registro Centros Cambiarios y Transmisores de Dinero) of the NBSC, that in exchange for a consideration, commission, benefit or gain, receives rights or resources in national currency or foreign currency, by any means, in the national territory, in order to transfer them abroad or to another location within the national territory.

Both organizations must collect information from their clients for Anti-Money Laundering (Ley Federal para la Prevención e Identificación de Operaciones de Recursos de Procedencia Ilícita or AML) purposes. This involves gathering essential details to verify the identity of clients, assess the risk associated with financial transactions, and comply with regulatory requirements.



3. MERGERS, ACQUISITIONS, AND BUSINESS COMBINATIONS

Mergers

There are two different kinds of mergers provided for in the General Corporation Law: (i) a merger in which simultaneously a new company is created, and one or more merging companies lose their separate legal existence, and (ii) a merger in which one or more companies are absorbed into the surviving company.

The shareholders must approve any merger of Mexican companies in an extraordinary shareholders meeting of each company involved, which must then be notarized and recorded with the Public Registry of Commerce to have legal effect.

For a merger to occur, a plan is usually set up between all areas involved where each step to achieve the merger is considered (tax implications, transfer of employees, operational considerations, among others)

The merger is formalized through notarized meeting minutes where the merger agreement and balance sheet of each merging entity is included. This is registered before the Public Registry and notified to all relevant authorities.

Acquisitions

Under Mexican law, it is possible to acquire a business by (i) the purchase of or subscription for shares of stock in a company or (ii) the purchase of the business's assets. In Mexico, acquisitions of Mexican entities by foreign investors are very common and are usually carried out with the goal of expanding a foreign company's business in Mexico through an entity that is already operating and has a position in the Mexican market.

In these types of transactions, the parties generally agree on terms of the acquisition and the buyer entity carries out a due diligence process of the target company to be acquired.

For acquisitions to be performed, the parties execute a purchase agreement which includes all relevant agreements, terms and conditions between the parties including and conditions, post-closing actions or other items. Additional agreements and corporate resolutions relating to such acquisition are prepared and negotiated between the parties.

For this process, it is important for the entities involved to have a continuous coordination and to prepare a plan on how the acquisition will be completed.

All relevant regulations must be taken into account, considering any authorizations and notices that will need to be obtained for such purposes from the corresponding authorities. Also, it is important to obtain the necessary approval from the Anti-trust authorities when applicable.

Business Combinations

The current regulatory framework relating to business combinations in Mexico consists of the following laws: (i) The Federal Antitrust Law; (ii) The Foreign Investment Law; (iii) The General Corporation Law; (iv) NAFTA and other treaties to which Mexico is a party.

Prior notice to the Federal Antitrust Commission of combinations, joint ventures, mergers, and acquisitions may be required to comply with the Federal Antitrust Law, depending upon the amount involved.

Antitrust / Anti-Competition Law in Mexico

The Federal Antitrust Law is intended to promote free competition. It regulates concentrations and absolute and relative monopolistic practices similarly to antitrust law in the United States, upon which Mexico's antitrust law is based.

The Commission may penalize concentrations and monopolistic practices as follows: (i) order the suspension, alteration, or ending of a concentration or monopolistic practice; (ii) order the reverse, partially or totally, of a concentration; (iii) levy fines on those engaging in prohibited activities.

Real Estate

Below is a general overview of the main aspects to be considered to acquire real estate in Mexico.

I. Restricted Zones

Foreign nationals (individuals and entities) are prohibited from owning property within 100 km from an international border, and 50 km from the coastline (restricted zones). Inside of the restricted zones, foreigners may only own land through a trust (fideicomiso), under which the foreign investor can enjoy the benefits of ownership while the trust holds actual title. Outside of those zones, foreign nationals can freely own property with a title issued in their name.

Mexican entities, even with 100% foreign equity, can also freely own property anywhere in Mexico.

II. Due Diligence

Prior to purchasing any property, it is advisable to perform due diligence over the land and building.

A typical due diligence review includes:

- A. Review of property title deed and trust agreement (if applicable, it is common in industrial parks for the property to be incorporated in a trust).
- B. Review status of property Tax registration and payments.
- C. Title search at the Public Registry of Property, which includes the review of the property's history to confirm validity of title over property, to ensure that the seller has good and marketable title of property and become acquainted of any title disputes that may arise.
- D. Review property records to confirm the existence or lack of any liens or encumbrances, including to secure an official certificate from the Public Registry of Property attesting to the liens and encumbrances status of the property.
- E. Review land zoning, allowed uses, building restrictions, and types of permits and authorizations required in the land for the intended purpose.
- F. Coordinate the performance of a "Phase I" Environmental Study to confirm land

environmental status.

Additional items may be necessary depending on the specific project.

Furthermore, when the property to be purchased includes constructions, it is also important to carry out the relevant structural and engineering studies to confirm the status of such constructions.

III. Agrarian Land ("Ejidos")

Ejidos are agrarian communities that own certain lands for their personal farming use. Title to the land resides in the community as a whole, who assigns the use of plots and other associated rights to specific members of the community, while retaining title. Rights in individual plots of Ejidos are usually passed down from generation to generation within the community members.

Therefore, Ejido properties may not be freely sold and purchased by private parties. However, it is possible to emancipate plots from the Ejido to be sold to private parties. Once separation of the plot has been duly carried out, such plot becomes available for anyone to buy and sell. The process is complex, requiring special timing considerations and the intervention of our specialists in agrarian law.

IV. Preliminary Documents

Although not necessary or mandatory, it is common that the parties to a real estate transaction may desire to execute a preliminary document setting forth a preliminary commitment and outlining the final agreement, such as a letter of intent ("LOI") or memorandum of understanding ("MOU").

These types of documents are typically intended to be non-binding. However, due to particularities of Mexican law, it is possible that the parties can inadvertently become committed to executing a definitive transaction. Therefore, it is essential to carefully review such aspects, as well as the terms and conditions to be agreed.

V. Notary Public

In Mexico it is mandatory for some acts, including those related to real estate, to be executed before a Notary Public. The Notary Public also withholds taxes from both parties, when applicable, and makes the corresponding payments to tax authorities.

VI. Industrial Parks

For manufacturing projects, it is common for investors to seek properties located in an industrial park, due to the benefits these offer, such as infrastructure, facilities and services, preferable locations with access to transport and shipping, among others.

However, it is important to carefully review and negotiate the commitments and conditions that will be imposed by the administration of the industrial park, such as the maintenance fees, utilities allowed in them, and others.

VII. Utilities

When investing in a property, it is important to consider the utilities that will be needed for the company's process and confirm that such property has the option to provide (or to be established) the required utilities.

A. Electrical capacity: Such capacity, measured in KVAs, is assigned by the state-owned electricity utility Federal Electricity Commission (Comision Federal de Electricidad - "CFE"), according to the use and availability of the location. It is strongly recommended to confirm how many KVAs are available to be used at the site, and if these will be

acquired, assigned or leased.

B. Energy supply: Once capacity availability is secured, the actual supply is typically provided directly through CFE, although private parties can also supply electricity from renewable energy projects. The process with private parties is complex, requiring special timing considerations and the intervention of our specialists. It is also viable to complement regular supply with solar panels installed at the property which are typically owned by the company or a private vendor.

C. Water: This utility is provided directly through the local government-owned water utility. Certain locations in Mexico may experience water shortage from time to time. Therefore, in case the company's process involves water consumption (apart from the regular office and non-industrial usage), it will be important to secure the use of a water well and/or water treatment infrastructure.

D. Other utilities: Natural gas, internet, telephone and other utilities are provided through private parties.



4. REAL ESTATE

The Mexican Federal Civil Code (Código Civil Federal Mexicano) provides that any sale of real property exceeding the amount of \$75,715.60 (seventy-five thousand seven hundred fifteen pesos 60/100, legal currency of the United Mexican States), must be formalized in writing before a notary public. Consequently, adherence to this formality is requisite for any real property transaction. Additionally, the public deed transferring title to real property requires registration with the Public Registry of Property of the State where the real property is located; otherwise, the sale will not be effective concerning third parties. It is important to point out that federal law also provides that the offices of the Public Registry of Property are to be located in the seats of the judicial districts of each Mexican state. As a result, there is not a singular federal Public Registry of Property; instead, there are numerous offices around the country where real property and related matters are recorded. Given these considerations, a search in the Public Registry of Property is a crucial step in the due diligence review before acquiring any real estate property.

As all real property must be registered before the corresponding Public Registry of Property, the latter is responsible of providing information on the status of the property in question, this includes, without limitation any guarantees, liens or mortgages that may impact the property.

With respect to the leasing of industrial real estate, a careful consideration of local practices and legal requirements is essential, as these may vary depending on the property' location. Key factors include the need for placement of insurance and bonds, along with the payment of a rent deposit, and compliance with other applicable local dispositions. Some local regulations may mandate the registration of lease agreements, as well as obtaining operation permits. Successfully navigating this process hinges on a comprehensive understanding and strict adherence to the distinct requirements of the respective locality.

As to Real Estate Transfer Taxes

In many states, the acquisition of real estate is taxed. The scope of this tax usually encompasses all transfers of real estate and rights to it. The entity assuming ownership of any property, whether through purchase, donation, inheritance, in-kind capital contribution, merger, spin-off, liquidation, etc., is responsible for bearing transfer taxes. The tax rates vary, falling within the range of 2% and 4.8% of the property's appraised value or the transaction price, whichever is higher.

Regarding the ownership, use and enjoyment of real estate, the Mexican Foreign Investment Law (Ley de Inversión Extranjera) establishes a specific framework to allow foreign investors to acquire and enjoy real estate within the designated "Restricted Zone" (100 kilometers along

land borders and 50 kilometers along the coastline). This framework is outlined as follows:

A. For Mexican business entities with foreign shareholders:

a. Outside the Restricted Zone: Real estate may be acquired without any restriction.

b. Within the Restricted Zone: For residential purposes: ownership to and enjoyment of real estate may be acquired only through a trust, where the trustee holds direct ownership, but the foreigner has the right to use and enjoy the property. The maximum term for this kind of trusts is 50 years and they are required to be formed before a Mexican financial entity.

For non-residential purposes: real estate may be directly acquired, provided such acquisition is registered with the Department of Foreign Affairs (Secretaría de Relaciones Exteriores o SRE).

B. For foreign individuals and foreign business entities.

a. Outside the Restricted Zone: Real estate may be directly acquired, with the SRE's prior authorization.

b. Within the Restricted Zone: For residential purposes and non-residential purposes, real estate may only be acquired and enjoyed through a trust.

c. The duration of a trust for the purpose set out above is 50 years but may be extended for another 50 years. As can be seen, real estate in the Restricted Zone to be used for industrial and tourist purposes may be held directly by Mexican entities with foreign shareholders without the need for a trust. Existing trusts may be canceled for such entities to own real estate now.

C. Deemed approval

Permits are to be approved or disapproved by the SRE within 30 business days following the application filing, and registrations are to be approved or disapproved within 15 business days following the filing thereof, failing which, the permit or registration will be deemed granted.

Real Estate Investment Trusts (Fideicomisos de Inversión en Bienes Raíces o FIBRAs)

FIBRAs in Mexico are investment vehicles focused on the acquisition or development of real estate for leasing or marketing. Investors obtain profits from the appreciation of the real estate in these trusts, as well as from the rental income they generate.

It is one of the options available to invest money in real estate, but instead of being bought or managed by the investors, money is invested in FIBRAs for a return.

FIBRAs include different real estate assets such as apartments, shopping centers, industrial buildings, healthcare real estate, hotels, office buildings, forestry land and warehouses. Public and private infrastructure facilities, such as cell phone towers, communication or energy distribution networks, can also be added.

In order for investors to invest in this sector, these trusts generate financial instruments that trade as shares on the Mexican Stock Exchange (Bolsa Mexicana de Valores o BMV).

FIBRAS are based on the Real Estate Investment Trusts (REIT) model. Basically, they are financial instruments for real estate investment in the international market, mainly in the United States of América.

These vehicles have been very popular internationally, since they allow individual investors to participate in the real estate market in its different presentations and in different regions.

When listed on the Mexican Stock Exchange, they allow the investing public to purchase securities through any brokerage firm registered and approved by the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores o CNBV).

FIBRAS are obliged by law to invest at least 70% of their capital in real estate, as well as to distribute 95% of their taxable income.

Some common sectors FIBRAs usually invest in are:

- Shopping centers.
- Office buildings.
- Residential buildings.
- Industrial facilities.
- Public and private infrastructure.
- Health centers.
- Warehousing.
- Forestry land.
- Communication infrastructure facilities.



5. FOREIGN INVESTMENT CONSIDERATIONS

Foreign Investment Regime

According to the Foreign Investment Law (Ley de Inversión Extranjera), any Mexican corporation or partnership with foreign shareholders or partners may engage in any business or participate in new fields of economic activity, manufacture new product lines, open and operate establishments, and enlarge or relocate already existing establishments, provided the corporation or partnership does not engage in economic activities reserved for the state or Mexicans, whether individuals or corporations or is subject to other specific restrictions. The only requirement is that otherwise applicable laws and regulations be observed.

Furthermore, the Foreign Investment Law also includes provisions regarding the obligation to register before the National Registry of Foreign Investment (Registro Nacional de Inversión Extranjera) for various situations related to investments and participation in Mexican companies. Generally, the entities and individuals mentioned, such as Mexican companies with foreign investment, those engaging in commercial activities in Mexico, and trusts conferring rights to foreign investment, are required to complete the necessary registration process.



6. THE TAX REGIME

Taxation of Corporations

Income Tax

Legal entities and corporations resident in Mexico, in accordance with the Mexican tax law (including other legal frameworks such as joint ventures recognized as corporations for tax purposes), are required to fulfill their income tax obligation at the rate of 30% of their net profits. The determination of net profits involves subtracting the authorized deductions, as stipulated by law, from the total taxable income earned in the fiscal year. The law allows, among other things, the deduction of the cost of the sale of goods, expenses, investments (such as fixed assets) and interest.

The Mexican Law sets forth several requirements to allow a deduction, such as:

- Deductions must be strictly necessary for the purposes of the taxpayer's activity.
- Deductions must be supported by tax invoices; and payments for more than \$2,000.00 pesos (two thousand pesos 00/100 legal currency of the United Mexican States) must be made by wire transfer of funds from a taxpayer's account open in a member institution of the financial system and the entities authorized for that purpose by Mexico's Central Bank; a check from the taxpayer's account with a specified payee; by credit, debit, or service card; or through an electronic wallet authorized by the Tax Administration Service (Servicio de Administración Tributaria).
- Deductions must be duly entered in accounting records and may be claimed only once.
- To meet the obligations set forth in the Income Tax Law concerning withholding.
- Submission of the informative tax return set forth in article 76 of the Income Tax Law (Ley del Impuesto Sobre la Renta).
- Withholding and payment obligations concerning value added tax set forth in the corresponding statute shall be met, when applicable.

Also, the Mexican Law prohibits the deduction of several items, just to mention a few:

- Gifts, courtesies, and similar expenses, except for those directly related to the sale of products or the provision of services and offered to customers or clients in general.
- Penalties, compensation for damages and lost profits or contractual penalties. Compensation for damages and lost profits, as well as contractual penalties may be deducted when payment thereof is legally required because of created risks, strict liability, acts of God, force majeure, or acts committed by third parties, unless the damages and losses or the underlying cause of the contractual penalty are attributable to the taxpayer.
- Goodwill, even when acquired from third parties.
- Payments made to related parties or through structured agreements when the counterparty's income is subject to a preferential tax regime.
- Penalties, compensation for damages and lost profits or contractual penalties. Compensation for damages and lost profits, as well as contractual penalties may be deducted when payment thereof is legally required as a result of created risks, strict liability, acts of God, force majeure, or acts
- committed by third parties, unless the damages and losses or the underlying cause of the contractual penalty are attributable to the taxpayer.
- Goodwill, even when acquired from third parties.
- Payments made to related parties or through structured agreements, when the counterparty's income is subject to a preferential tax regime.

Should the amount of the authorized deductions exceed the gross income, a tax loss is incurred, which may be carried forward up to ten years and set off against profits in those years.

Mexican taxpayers are required to submit their annual tax returns within three months following the closing date of the fiscal year, typically spanning from January 1 to December 31.

Corporations are obligated to compute monthly estimated tax payments during the fiscal year, which are then offset against annual income tax. No provisional payments are mandated during the fiscal year of incorporation.

In addition to the income tax, corporations must pay their employees a 10% share of their profits. The determination of this participation is grounded in taxable profits, but there are variations in its calculation. For example, it is possible to deduct 100% of fringe benefits to employees.

Regarding the distribution of dividends, there are two different taxes to be considered:

a) Corporate Dividend Tax. Dividends paid out of profits the company has already paid the relevant corporate tax are tax-free in Mexico from the corporate dividend tax. For this purpose, companies should create an "after-tax profits account" or "Cuenta de Utilidad Fiscal Neta" ("CUFIN"). If the dividends do not come from the CUFIN, the corresponding corporate income tax on that dividend must be paid. For this purpose, the paid dividend will be multiplied by the factor of 1.4286, and the result thereof shall be multiplied by the rate of 30%. The payment shall be definitive and shall be made no later than on the 17 day of the month immediately following that in which dividends or profits are paid. Such tax can be used as a credit to offset the legal entity's income tax for the fiscal year in which the tax is paid or in the immediately following two years to offset the annual tax and the monthly payments of estimated income tax of those years.

b) Individuals or Foreign Resident Dividend Tax. A 10% withholding tax on dividends will be triggered on dividends paid to individuals or foreign residents.

Mexico has implemented thin capitalization regulations concerning debts incurred with a foreign-related parties, establishing a 3:1 debt-to-net equity ratio; otherwise, interest associated

with the excess is not deductible. Additionally, in specific scenarios such as back-to-back loans, interest not paid under arm's length conditions, interest conditioned on profit, interest payments by Mexican companies to related parties may be treated as dividends.

Earning stripping regulations are also in place to safeguard against the erosion of the tax base through interest. According to these regulations, the year's net interests in excess of an amount equal to the adjusted tax profit (similar to EBITDA) multiplied by 30% are not deductible in the year. The amount of a year's net interests that is not deductible may be deducted throughout the next ten years until exhausted. These regulations shall only be applicable whenever the amount of non-deductible interests, is greater than the amount calculated pursuant to the thin capitalization rules, in such case, the latter shall not be applicable.

Mexican transfer pricing regulations apply to business transactions entered by and among related parties. Said provisions are based on the arm's-length standard, as Mexico has adopted most of the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations regulations.

In general terms, value-added tax is paid at a rate of 16% by those who sell goods, provide services, grant the temporary use of goods, or import goods or services into Mexico. Value-added tax must be passed on to the person who acquires the goods or receives the services until the ultimate consumer finally pays it.

Taxation of a Branch or Permanent Establishment

A branch operating in Mexico usually constitutes a permanent establishment in Mexico. In general terms, tax treatment applicable to a permanent establishment is the same as for a Mexican corporation, and it must comply with various tax requirements arising from its operations in the country, such as filing income tax returns and issuing invoices meeting tax requirements, among others.

Profits obtained by the establishment will be subject to a 30% tax on the gain. Yield is calculated by deducting from all taxable income earned in the fiscal year attributable to the permanent establishment the deductions applicable to the operations of the permanent establishment, whether amounts have been paid in Mexico or abroad. Only income earned from business carried out by the permanent establishment is deemed income attributable to the permanent establishment and subject to corporate tax in Mexico.

Foreign tax residents with no permanent establishment in the country are obligated to pay taxes in Mexico only on income earned from Mexican sources.

Excise Tax & Tax on Hydrocarbons

The excise tax is levied on specific goods or services, and the tariff will vary depending on the goods/services rendered.

As part of the Energy Reform enacted in Mexico, special tax provisions were passed by the Hydrocarbons Law (Ley de Hidrocarburos) and the Hydrocarbons Revenues Law (Ley de Ingresos por Hidrocarburos), including special tax provisions for governmental and nongovernmental entities entering into agreements for the extraction and exploration of hydrocarbons and a new hydrocarbons tax applicable to the entities.

State and Local Taxes

In addition to federal, state and local taxes are enforced by each State or municipality where the company and the establishment, branch, store, or premise are located. The most common taxes are as follows:

Payroll. This tax is levied on the total amount of salary payments made during the year, and, in general, the 3% tax rate applies.

Real estate tax. This annual tax is applied to the value of the real estate.

Property Transfer tax. In many states, the acquisition of real estate is taxed. The scope of this tax usually encompasses all transfers of real estate and rights to it. Further, it is borne by the entity that becomes the property owner, whether by purchase, donation, inheritance, in-kind capital contribution, merger, spin-off, liquidation, etc. The tax rates range between 2% and 4.8% of the property's appraised value or the transaction price, whichever is higher.

Green taxes. En recent years, several States have implemented taxes with the intention of protecting the environment. Typically, these taxes levy charges on the emission of gases into the atmosphere, the storage of waste, and pollution of the soil, subsoil, and water. This is a trend that will continue in the future.

Tax Treaties

Mexico has entered double taxation agreements with over 61 countries. Some of these countries are: Germany, Australia, Austria, Argentina, Barbados, Belgium, Brazil, Canada, Korea, Chile, China, Denmark, Ecuador, Spain, United States, Finland, France, Greece, Indonesia, Ireland, Iceland, Israel, Italy, Japan, Luxembourg, Norway, New Zealand, The Netherlands, Poland, Portuguese Republic, United Kingdom, Czech Republic, Russia, Singapore, Sweden, Switzerland, Romania, The Slovak Republic). The treaties are usually based on the Organization for Economic Cooperation and Development ("OECD") Model Convention and provide tax relief to avoid double international taxation.

However, Mexico, as a developing country, has reserved the right to withhold taxes at the source on various passive incomes, such as interests and royalties.

Mexico is part of the Multilateral Instrument of the OECD, so for the implementation of any bilateral tax treaty to avoid double taxation, it is necessary to thoroughly analyze whether the MLI changes anything in what was agreed upon in the bilateral agreements.



7. INTELLECTUAL PROPERTY REGIME

Trademarks

Under Mexican legislation, a trademark is any symbol perceptible through the senses that distinguishes products or services from other products or services of the same species or class. This includes wordmarks (only words and/or numbers), design marks (only non-word elements), three-dimensional (packages and other three-dimensional elements), sounds, scents, holograms, trade dresses or composite marks (a combination of any of the preceding types).

Unlike other countries, in Mexico the exclusivity over a trademark is obtained through registration. To obtain the registration of a trademark, a written application must be filed with the Mexican Industrial Property Institute (Instituto Mexicano de Propiedad Industrial or MIIP). If the application is completed correctly, it is examined in depth from both a formal and novelty standpoint to verify whether the trademark is eligible for registration in terms of the Federal Law for the Protection of Industrial Property (Ley Federal de Protección a la Propiedad Industrial or FLPIP). This is without prejudice to the fact that any third party that considers that the trademark should not be registered will be afforded an opportunity to oppose. If the examiner considers that there is a substantive or formal issue that should keep the trademark from registering or if an opposition is filed, an office action will be issued to the applicant, who will then have a term of approximately four months to reply.

In most cases, if no office actions are issued, registration will normally be issued in 4–6 months for national applications or 18 months for designations of international registrations. If office actions are issued, the proceeding may take an additional year to year and a half.

Mexico is a party to the Paris Convention for the Protection of Industrial Property. As such, the applicant may claim a priority if the same mark has been filed with the offices of other convention members within a 6 month term. Merely indicating the filing date, office and serial number is enough to claim the priority. No copies of the foreign application are required. The priority will only be recognized over the products or services covered by the foreign application.

The MIIP issues a registration certificate for each accepted application as evidence of being granted a trademark registration. For national applications, registrations will be in force for ten years that are counted from the date that the registration was issued, which is indicated in the registration certificate itself. For international registrations, the protection is determined by the renewal date of the international registration.

For trademark applications filed in co-ownership, it is important to consider that a covenant

between the co-owners establishing the conditions for use, cancellations, limitations and licenses must be submitted. For applications comprising a trade dress, sound, scent or other non-traditional marks, a detailed description explaining what the marks consists in must be provided in the application forms.

To maintain the right of exclusive use, it is very important to consider that use needs to be declared within three months of the third year after registration is issued. For example, for a registration issued on November 6, 2023, use must be declared between November 6, 2026, and February 6, 2027. The declaration of use must list under oath the products or services covered by the registration in which use has been made in Mexico. Protection over unused products or services will be eliminated. No evidence is required to support the declaration.

For registrations derived from national applications, the trademark owner must request a renewal of a trademark registration within six months before its expiration date, although without having to demonstrate its continuous and uninterrupted use. However, the renewal must be submitted along with a statement of use, listing under oath the products or services covered by the registration that have been used in Mexico. Protection over unused products or services will be lost. No evidence is required to support the statement of use.

For international registrations, in order for a renewal to take effect in Mexico, use must be declared within three months after the MIIP is informed of the renewal of the international registration by WIPO. This demands a constant review of the database of the MIIP and thus, it is advisable to contact counsel in Mexico when the renewal of an international registration is submitted, so that the deadline may be carefully monitored.

A trademark registration will lapse when the trademark is not renewed or, for international registrations, when use is not timely declared after the renewal. In addition, it is important to consider that any trademark registration will become vulnerable to cancellation for lack of use upon the third year of issuance. Therefore, if a registered trademark is not used in Mexico for three consecutive years, its registration is vulnerable to cancellation for lack of use. Whenever a potential opposition, infringement claim or other enforcement action is being evaluated, it is important to consider if the respective trademark is being used in Mexico.

Slogans and trade names

The FLPIP provides that slogans are any phrase to announce products, services, or an establishment. The right to their exclusive use is equally granted by obtaining registration with the MIIP. Trademark provisions also apply to slogans, and they follow the same registration process.

As for trade names, they are the visible names by which a particular establishment is known. This name is protected in the "effective zone of clientele" of the establishment, which means that it would not be covered in areas where the establishment is not known. Its protection does not require registration or any other formality. However, the owner may apply for its publishing by the MIIP, which means that the adoption of the trade name will be presumed to be in good faith. Trade names are scarcely used nowadays since service marks can provide roughly equal protection with the added advantage that such security comprises the whole country and not just the "effective zone of clientele". In almost any case, a trademark registration will be a better form of protection. Trademark provisions also apply to trade names.

Opposition System in Mexico

Within ten days after its filing, each trademark application will be published in the Industrial Property Gazette (Gaceta de la Propiedad Intelectual). Once the application is published, any

person who considers that the respective trademark incurs any of the prohibitions outlined in the FLPIP may express opposition to the granting of such application in a writ that may be filed along with the payment of the respective fees and supporting documentation. The deadline is of one month counted from the publishing and it is not extendable.

Regardless, the MIIP shall not be exempt from examining the respective application and determining if the same will be granted or refused, communicating such a decision to the opponent. The opposition is not binding upon the examiner. The application can be granted even if it was opposed, and it can be refused even if it was not opposed.

If registration is granted despite the opposition, the opponent will be barred from filing a challenge against the resulting trademark registration, if the challenge is based on the same arguments and evidence as the opposition.

Once the opposition is filed, the examiner will issue an office action to communicate the opposition to the applicant, along with any formal or substantive objection that the examiner may want to raise ex officio. The applicant will then have a term of approximately four months to reply. If no reply is filed, the application will be abandoned. Otherwise, the examiner will inform the opponent of the reply and grant both parties a term of five days to file their closing arguments and then, the case will be decided.

Licensing of Industrial Property Rights

The owner of a trademark may issue licenses to authorize its use to third parties. The license can be recorded with the MIIP. A recorded license has effects against third parties such as creditors, assignees or heirs of the parties. Although it is optional, recording a license can be very helpful in defending a registration from a challenge for lack of use.

Technology Transfer Agreements

All industrial property rights (patents, utility models, industrial designs, trademarks, trade secrets) can be licensed or assigned, partially or totally.

The transfer of rights and obligations under an assignment or licensing agreement are entirely governed by the terms of the agreement between the parties. Thus, the parties may establish the terms and conditions they consider suitable for their agreement, as long as such terms do not contravene legal provisions.

In the case of trademarks, if assigned only partially joint ownership is established within which the co-owners can set out the rules governing the way the mark can be used among them.

Any license or assignment of industrial property rights must be in writing and recorded before the MIIP to be legally effective and binding on third parties (except trade secrets). If it is not recorded, the assignment has full effects and is enforceable only between the parties.

In order to record a license or an assignment, an original document, or a duly certified and legalized copy, should be submitted. All documents come in foreign language shall be submitted with the corresponding translation into Spanish language. It is possible to register a short version of the agreement for recordal purposes including only some minimal information required by the FLPIP. For example, the license or assignment must include name and address of assignor and assignee, rights subject to the assignment including registration or application numbers.

No register is available for trade secret agreements. In fact, there is no prescribed way to transfer confidential information or industrial secrets in Mexico, but a written agreement is recommended.

Patents, Utility Models, and Industrial Designs

In Mexico, inventions are defined as any human creation that allows the transformation of the matter or energy in nature for their use by humanity and the satisfaction of specific needs. New inventions resulting from an inventive activity and susceptible of industrial exploitation may be subject to a patent.

However, the law provides that a) discoveries, theoretical or scientific principles; b) mathematical methods; c) aesthetic creations, as well as literary or artistic works; d) schemes, plans, rules, and methods for conducting mental acts, games, or businesses; e) computer programs; f) forms of presenting information; g) biologic and genetic material as found in nature; and h) the combination or mixture of known inventions, variations in their use, form, dimensions, or materials, unless the result is not obvious for an expert in such field cannot be considered inventions.

For this purpose, an invention is new when it is not in the "state of the art," which is understood as the technical information that has become publicly available by any means, including all patent applications that have been filed before the date in which the new patent application is filed unless such patent application has a priority as provided by the Paris Convention or the Patent Cooperation Treaty. The prior disclosure of an invention does not form part of the state of the art, as long as the patent application is filed within the twelve months following the disclosure.

An invention will be considered to be the result of an inventive activity when a person skilled in the field of the invention could not have deduced the invention from the state of the art.

As for industrial exploitation, this requisite is fulfilled when the invention is subject to practical use or can be manufactured or used in any particular field of economic activity for the purposes described in the patent application.

The FLPIP expressly excludes particular inventions from patent protection, such as the following:

A. Inventions which commercial exploitation is contrary to public order or contravenes any legal provision, including those which exploitation must be prevented to protect the health or life of people, animals, or plants, or to avoid serious damage to the environment. Including in particular:

- cloning procedures of human beings and their products;
- modifying procedures of the germinal genetic identity of human beings and their products, when these imply the possibility of creating a human being;
- use of human embryos for industrial or commercial purposes; and
- modifying procedures of the genetic identity of animals that cause suffering without substantial medical or veterinary utility for humans or animals.

B. Plant varieties and animal breeds, except microorganisms.

C. Essentially biological processes for obtaining plants or animals, and the products resulting from the same.

D. Methods for surgical or therapeutic treatments or diagnosis for the human body or animals (although second medical uses can be obtained using Swiss-style and/or EPC 2000 formats).

E. The human body and its parts, including the mere discovery of one of its elements as the partial or full sequence of a gen.

A patent grants a right of exclusive use over an invention for twenty years counted from the filing of the patent application. For PCT applications, the effective filing date in Mexico is the date of filing of the international patent application.

When the invention that is patented consists of a product, the owner of the patent has the right to halt all use, manufacture, sale, or import of the patented product. If the invention consists of a process, then the patent owner has the right to halt all use of the patented process and the use, manufacture, sale, or import of the product directly resulting from such patented process. There are exceptions, such as using proprietary products or processes for academic or scientific research or an exhaustion of rights arising from a first sale.

To obtain a patent, the applicant must submit a duly completed patent application and accompanying documents, such as the invention description, drawings, and claims.

Once filed, the MIIP will verify that the patent application and the documents detailed above fulfill all formal requirements. Afterward, the in-depth examination starts automatically without a formal request and it will determine if the invention is eligible for patent protection. Up to four substantive official actions can be issued by the MIIP.

The MIIP has implemented PPH pilot programs to recognize examinations by the:

- United States Patent and Trademark Office (USPTO).
- European Patent Office (EPO).
- Japanese Patent Office (JPO).
- Spanish Patent and Trademark Office (OEPM).
- Korean Intellectual Property Office (KIPO).
- State Intellectual Property Office (SIPO) of the People's Republic of China.
- Austrian Patent Office (APO).
- Industrial Property Offices of the Pacific Alliance (Colombia, Chile and Peru).
- National Institute of Industrial Property (INPI) of Portugal.
- Canadian Intellectual Property Office (CIPO).
- Intellectual Property Office of Singapore (IPOS).

The PPH speeds up the examination process if a patent is granted in one of these offices if substantive examination has not started in Mexico.

To maintain a patent, it is necessary for the owner to pay the annuities and to exploit the patented invention or process. If a patented is not used, it may be possible to request a mandatory license and, in some circumstances, even its cancellation due to non-use, although a one-year grace period to exploit the patented invention is granted.

The rights granted over a patent may be assigned or encumbered, but such acts must be recorded with the MIIP to be enforceable against third parties. Use made by a duly registered licensee is considered as if made by the owner for all maintenance purposes.

On the other hand, utility models are any object, utensil, or apparatus modified in its disposition, configuration, structure, or shape and thus offer different functions or are more valuable. Utility models may constitute a fifteen-year right of exclusive use counted from the application date. The process for their registration is almost the same as the procedure for obtaining a patent.

Industrial designs are drawings or models that provide products with a new aesthetic quality. Industrial designs may be divided into two categories: industrial pictures, which are drawings

applied to products, and industrial models, which are molds or any other three-dimensional form used as a pattern for making products. Industrial designs may be registered for a protection period of up to twenty-five years counted from the filing date of the application. The procedure for obtaining their protection is almost identical to obtaining a patent.

Schemes for Drawing Integrated Circuits.

Schemes for drawing integrated circuits may be subject to a right of exclusive use as long as registration is requested within the two years counted from the beginning of their first commercial exploitation, regardless of the country.

This right of exclusive use allows the owner to halt any reproduction of the protected integrated circuit and any import, sale, or distribution of the same or any other course that comprises the protected integrated circuit or any good incorporating these.

The right of exclusive use granted over an integrated circuit lasts ten years from the application date. The procedure for obtaining its registration is almost identical to obtaining a patent.

Industrial Secrets

Industrial secrets are confidential information of a commercial or industrial character that allows its owner to gain or maintain a competitive or economic advantage over third parties, as long as the owner has taken sufficient means or systems to preserve its confidentiality and the information and has kept legal control over it.

Also, the confidential information must be recorded in documents, discs or any other physical or electronic means. Information already in the public domain cannot constitute an industrial secret.

The unauthorized disclosure or misappropriation of an industrial secret will, in most cases, constitute a criminal offense. Thus, in most scenarios, it is helpful to adapt confidentiality clauses and non-disclosure agreements to fit them into the concept of industrial secrets. Moreover, it is important to have policies in place for the protection of confidential information so as to show that sufficient means or systems have been implemented to preserve their confidentiality.

Industrial secrets are protected without any form of registration or other acts from any authority and are enforceable as long as they fulfill the above requisites.

It shall also be mentioned that any employer who hires an individual for the purpose of obtaining access to an industrial secret of a third party is jointly liable for the undue use or disclosure of the industrial secret.

Under the law, when disclosing an industrial secret in a legal proceeding, the judge or government officer handling the proceeding must take appropriate measures to preserve its confidentiality and the parties to the proceeding (nor any witnesses or experts thereof) cannot use or disclose the industrial secret.

According to the FLPIP, misappropriation of an industrial secret will not be considered if the information that is claimed as a trade secret was independently discovered or created; the information was deduced from the observation, study, disassembly or testing of a product or object that has been placed on the market or made available to the public; or the information was lawfully acquired from a person without a confidentiality legal obligation.

Copyright and Related Rights.

Mexico recognizes Copyright to any work from the moment it is fixed upon any tangible support,

including electronic support. Such rights do not require any formality for their recognition and enforcement. However, works or any agreements or other legal acts involving copyright can be recorded with the Mexican Copyright Office (Instituto Nacional de Derechos de Autor). Such recordings can facilitate enforcement, as the certificates issued by the Mexican Copyright Office can easily demonstrate the existence of the work and the ownership of the copyright.

It is essential to mention that copyright law in Mexico is considered of Public Order and Social Interest, which means that any agreement to the contrary is null and unenforceable by operation of law.

In Mexico, Copyright can be divided into Moral and Pecuniary prerogatives.

Moral prerogatives are granted in perpetuity to the author. They may not be assigned, transferred, or seized in any manner whatsoever. They may be exercised solely by the author, the author's heirs, or, in their absence, by the Mexican Government. Moral prerogatives comprise the following:

- A. The right to be recognized as the author of the work or to use a pseudonym or determine the anonymity of the work.
- B. The right to oppose any mutilation, modification, or deformation of the work, as well as any act that may damage the work's reputation or the authors.
- C. Determine if the work is to be published.
- D. To take the work out of commerce. The author would have to pay any damages resulting from such a decision.
- E. To oppose his naming as being the author of a work that is not of his authorship.

Pecuniary prerogatives may be transferred, but only through a written agreement that compensates the author (not necessarily money) and for a specific and limited period. Unless the parties agree otherwise, the law presumes that the assignment will comprise five years. For works other than software, a period longer than fifteen years may be convened only if the magnitude of the exploitation of the work justifies it. In practice, agreements can be longer than fifteen years if the parties call to this fact. Pecuniary prerogatives last one hundred years counted from the first of January that follows the author's death or a hundred years after the publishing of the work in the case of pseudonymous and anonymous works.

In addition, the author and the author's heirs enjoy a non-renounceable but transferable right to receive royalties for any public communication of the work. These royalties are to be paid directly to the rightsholder or the collective rights management organization representing them. The Mexican Copyright Office can, at the requests from the associations of users or rightsholders, issue general amounts of royalties to be paid for specific uses. Also, Mexico partially recognizes *droit de suite*, and authors are entitled to receive additional compensation for the re-sale of their plastic works, works of photography, and original manuscripts, as long as they are made in a public auction, a commercial establishment, or by a commercial agent.

On the other hand, Mexico is part of the Rome Convention. It recognizes related rights to performers (including performers not following a written script), phonogram producers, radio broadcasters, book editors, and videogram producers. This protection is independent of copyright and allows the related right holders to oppose using their performances, phonograms, videograms, editions, or broadcasts. Authors, heirs of authors, pecuniary prerogative holders, and related right holders are usually organized into collective rights management organizations tasked with verifying the use of their works, performances, etc., and collecting royalties. Usually, the use of work performance, etc., is allowed by these societies if royalties are paid. These

royalties are typically fixed and non-negotiable. Unlike in other countries, more than one association may exist per artistic branch; music authors, music performers and record companies are organized in different societies.

Copyright may be enforced by bringing a copyright infringement action with the MIIP, whose procedure is similar to a trademark infringement action. In addition, civil actions can be attempted as well in order to obtain an award for the damages caused by an alleged copyright infringement. Certain forms of copyright infringement can also constitute crimes.

Reservation of Exclusive Use Right

Notwithstanding copyright protection, the Mexican Copyright Law (Ley Mexicana de Derechos de Autor) provides an additional form of security over the titles of publications and broadcasts, the names, physical and psychological traits of characters, artistic names, and even commercial offers called "Reservations to Exclusive Use."

These reservations can grant a right of exclusive use over the following genres:

- A. The title of a periodic publication, such as a magazine. This right lasts one year, is counted upon grant, and may be renewed for equal periods.
- B. The title of a periodic broadcast, such as a radio program. This right lasts one year counted upon grant and may be renewed for equal periods.
- C. The name, physical, and psychological characteristics of a character. This right is granted for five years counted from its grant and is renewable for equal periods.
- D. The name of artistic groups that will last for five years counted upon grant and may be renewed for equal periods.
- E. The names and characteristics of commercial offers, exact that last five non-renewable years counted upon grant.

It shall be mentioned that these rights may only be renewed if the use of the subject matter of the reservation is demonstrated by submitting evidence. Otherwise, the renewal will be refused. This evidence may include websites that are accessible from Mexico. The use must be made "exactly as granted" and any variation is subject to a new reservation.

Computer Software

Computer software is protected as a literary work. It is worth mentioning that the copyright holder in respect to software is also entitled to permitting or refusing any reverse-engineering process over the software and also any rental of the software.

Moreover, when a software created by an employee as part of an employment agreement, the pecuniary rights in the software and its documentation will belong to the employer.

Nevertheless, it is worth mentioning that computer-implemented inventions are eligible for patent protection in Mexico. The MIIP criteria for assessing the patentability of computer-implemented inventions tend to be like those of the European Patent Office. Practice shows that computer-implemented inventions having technical character and making a technical contribution are patentable in Mexico.

Image rights

In Mexico, an individual has the right to authorize the use of his personal image. This right is universal and does not require the individual to be famous or publicly relevant. The right will

last for the lifetime of the individual and for 50 years after death. The authorization to use an individual's image can be revoked at any time unless a payment was made in exchange. The courts have ruled that the authorization to use the image of an individual must be narrowly construed and uses not expressly foreseen cannot be permitted.

This right extends not only to photographs, but also to video, drawings, paintings and even imitators impersonating other individuals. To depict an individual's image in Mexico, authorization is required.

The unauthorized use of an individual's image can be prosecuted in an infringement proceeding before the MIIP and in civil proceedings for damages before a civil judge.

It is very important to consider that for images of individuals used in advertising, the authorization to use the individual's image cannot be granted for more than three years. This means that once the respective advertising is publicly communicated, a term of three years will start running, after which additional authorization of the individual depicted will need to be obtained again.

Liability of online service providers

Similarly to other jurisdictions, the law in Mexico contains a safe harbor provision that exempts online service providers from liability in respect to copyright infringements. The following conditions must be met by the online service providers:

- A policy must be in place to terminate the accounts of repeated infringers and it must be made known to the users.
- They must quickly and effectively eliminate or remove access to infringing contents upon receipt of a notice by the rightsholder or an order from the Mexican government. Reasonable efforts must be taken to avoid the same content being uploaded again.
- To the extent they have the right and capacity to control the infringing conduct, the online service providers must not obtain a financial benefit from it.
- They must not interfere with reasonable technological protection measures.
- A system must be implemented to permit copyright holders to issue a notice in connection with infringing contents. Upon receipt, the online service provider must delete or remove access to the infringing content and inform the user who uploaded the content. This user is then permitted to submit a counter-notice to justify the use of the allegedly infringing content. If such counter-notice is issued, the online service provider must reinstate the content, unless the copyright holder shows that a legal proceeding has been initiated within fifteen days counted from the date in which the copyright holder was informed of the counter-notice.

Making false statements in a notice or counter-notice is punishable by a fine.

Traditional cultural expressions

It is very important to consider that through a legal reform dated January 24, 2020, works of folklore and other traditional cultural expressions are no longer in the public domain. Essentially, any cultural expressions incorporating elements of the identity of the Native American communities protected by article 2 of the Mexican Constitution (Constitución Política de los Estados Unidos Mexicanos) is protected and its use requires the authorization of the respective community.

In addition, it is very important to point out that a new Law for Protecting the Cultural Heritage of Indigenous and Afromexican Peoples and Communities (Ley Federal de Protección del Patrimonio Cultural de los Pueblos y Comunidades Indígenas y Afromexicanas) was published on January 17, 2022. This law protects the languages, knowledge, objects and other elements

which constitute the culture and territory of Native American and Afromexican communities and subjects their use to authorization by the respective community. The law clarifies that the community must issue this authorization through their respective customary authorities. The rights over such cultural heritage cannot be assigned or waived and belong collectively to the respective community in perpetuity. The use cannot be authorized for more than five years.

The unauthorized use of the cultural heritage mentioned in the prior paragraph can be subject to severe fines and, if made for commercial purposes, it can also constitute a crime punishable by up to ten years of prison.

Monuments.

The laws of Mexico classify certain objects and buildings as monuments. In general these can be divided as follows:

- a) Archeologic monuments: all objects, buildings and remains of pre-Columbian civilizations.
- b) Historic monuments: buildings constructed during the XVI-XIX centuries, especially those built for religious purposes, as well as documents from the same centuries related to the history of Mexico.
- c) Artistic monuments: Objects or buildings of particular aesthetic significance as declared by the National Institute of Fine Arts, including the works made by any Mexican national worldwide declared as monuments by the aforementioned Institute.

Monuments can only be replicated for commercial purposes (including advertising) with authorization from either the National Institute of Fine Arts (artistic monuments) or the National Institute of Anthropology and History (archeological or historic monuments). The unauthorized reproduction, transport, sale or exhibition of monuments is a crime punishable by up to ten years of prison.

Franchising

The FLPIP establishes that a franchise exists when a trademark license includes know-how and technical assistance to enable the franchisee to deliver goods and services in a manner consistent and uniform and by the operating, commercial, and administrative methods (policies and procedures) established by the trademark owner (franchisor), all to maintain quality, goodwill and the image of the products/services.

Franchise agreements must be registered with the Institute for purposes of existence to third parties.

Enforcement

The FLPIP contains broad protection of intellectual property rights and makes enforceability of these rights more efficient and faster. Under the FLPIP, patents and trademarks are protected for twenty and ten years, respectively. In addition, protection is given to trade secrets, infringement of which is considered a criminal offense that may result in imprisonment of two to six years.

In general terms, the FLPIP severely penalizes unfair competition and any intellectual property infringement. Seizure of goods is available as a means of immediately stopping an infringement without having to obtain a prior decision from the Institute or an investigation by the public prosecutor. The MIIP carries out this seizure.



8. ARTIFICIAL INTELLIGENCE

Technology always offers development opportunities for society and countries, and regarding Artificial Intelligence ("AI"), it promises to transform our era, turning it into the industrial revolution of the 21st century.

Although AI is not something new and the topic has been in the table topic since the 1970s, the dissemination and popularity of tools such as CHAT GPT, which was massively distributed during 2022, the topic has become increasingly relevant, not only from the aspect of technological use, but also the legal implications that this technology will have.

The main economies in the world have included the regulation of this relevant issue in their legislative agendas. Since April 2021, the European Commission proposed the first regulatory framework of the European Union for AI, however, this has not been replicated in other countries, as in the case of the United States, due to the constant evolution of technology in different areas, such as entertainment, health, information, work, environmental, among others. Notwithstanding the above, in November 2021, the 193 Member States of the General Conference of UNESCO adopted the Recommendation on the Ethics of AI, this being the first global regulatory instrument on the subject.

According to UNESCO, this instrument seeks to promote human rights, human dignity, to be an ethical guide and a global normative base that allows building a solid respect for the rule of law in the digital world.

In the case of Mexico, there is no single regulation or substance that serves to promote the orderly development and safe use of AI. Notwithstanding the above, the issue has been discussed in the Congress through several proposals in order to include the regulation of this technology, mainly in the health field. Although it is not expected that in the near future our country will have a single regulation for AI, today there are various proposals to modify laws in the areas where it will have a relevant implication, the main ones being health issues, technology, environment and work.



9. LABOR AND EMPLOYMENT

The Federal Labor Law regulates non-governmental employment relationships in Mexico. It applies to all individuals rendering subordinated services anywhere in the Mexican Republic (both Mexican and foreign nationals), and Mexican nationals in Mexico hired to perform personal services abroad.

The law provides two general types of employment relationships: individual and collective. An individual employment relationship is created upon a person being hired to render services in a subordinated position, whether on a temporary, task specific, season, initial training, or permanent basis. Collective employment relationships are established when the employees are organized representing their interests before the employer.

A. Individual Employment Relationship

In Mexico, an employment relationship is deemed to exist, even without a contract or formal offer, under any arrangement or understanding where an individual has the obligation of performing personal subordinated services.

Employment in Mexico is presumed to be permanent, except in certain cases where a temporary employment is justified, such as seasonal engagements or covering for temporary absences, among others. Specific instances where non-permanent employment is permitted must be confirmed case-by-case. As such, employment-at-will does not exist in Mexico.

B. Statutory Non-Waivable Employee Benefits

The following are the minimum, non-waivable benefits that must be provided by the employer to all its union and non-union personnel from the moment of employment:

- (i) **Minimum Wage:** Law mandates payment of a minimum wage payable weekly to all employees in cash, without deductions or withholding (with certain limited exceptions). The current general minimum wage in 2023 is \$207.44 pesos per day for all the Mexican Republic, except for regions bordering the US, that have a minimum wage of \$312.41 pesos per day.
- (ii) **Maximum Work Shift and Overtime Pay:** The maximum daily and weekly hours an employee may be required to work without overtime pay, is:
 - (a) Day Shift (6 A.M. to 8 P.M.) – 48 (forty-eight) hours per week.
 - (b) Night Shift (8 P.M. to 6 A.M.) – 42 (forty-two) hours per week.
 - (c) Mixed Shift (shifts overlapping day and night shifts with no more than 3½ night hours

per day; shifts exceeding 3½ night hours are deemed night shifts) – 45 (forty-five) hours per week.

Companies must pay overtime for work performed exceeding the maximum hours for a shift. For the first 9 hours of overtime per week, 200% of base wage must be paid. Overtime exceeding 9 hours per week is paid at 300% of base wage.

(iii) Weekly Rest Day and National Holidays: An employee is entitled to at least one full day of paid rest per week, Sunday being the legally preferred day of rest. Work performed on a Sunday is subject to a 25% premium over the normal daily wage if employer and employee agree to have a different weekly rest day. Employees who work on their weekly rest day are entitled to double pay.

Employees may enjoy the following legally mandated paid holidays: (a) January 1; (b) the first Monday of February; (c) the third Monday of March; (d) May 1; (e) September 16; (f) the third Monday of November; (g) December 25; (h) Presidential Inauguration Day; and (i) election days. Employees working on public holidays are entitled to triple pay.

(iv) Vacation and Vacation Premium:

Years of Seniority	Vacation Days
1	12
2	14
3	16
4	18
5	20
6-10	22

2 additional days per five years of rendered services

Employees are entitled to the following days of paid vacation for a full year of services:

Employees are also entitled to a vacation premium of 25% over normal salary during their vacation period.

(v) Year-End (Christmas) Bonus: Employees are entitled to an annual year-end bonus of fifteen days of wages. This bonus is payable before December 20 of each year.

(vi) Profit Sharing: Employees are entitled to a pro-rata portion of 10% of their employer's fiscal year pre-tax profit. 50% of the distributable amount is divided in proportion to the number of days worked during the employer's fiscal year by each employee, and the other 50% is divided based on each employee's wage. Payment of the distributable amount must be made within the 60 days immediately following the date for filing the employer's year-end income tax return.

Payment of profit sharing is capped at the highest of: (a) the average payment of the past three years; or (b) 3 months of employee's base salary.

(vii) Health and Safety: Employers must provide a safe and healthy working environment. A Health and Safety Commission conformed by representatives of the employer and employees must be established to investigate causes of work-related illnesses or accidents and to propose means to avoid them.

(viii) Paid Maternity / Paternity Leave: Pregnant employees are entitled to 6 weeks paid maternity leave prior to the approximate delivery date and 6 weeks thereafter. During the leave period, provided the employee has been properly registered with the Mexican Social Security Institute, the latter covers all maternity expenses and the employee's compensation during the leave periods. Likewise, male employees have 5 business days paid paternity leave.

C. Social Security Benefits

Employers are legally required to enroll all employees with the Mexican Social Security Institute (Instituto Mexicano del Seguro Social – "IMSS"). Both employer and employee are then required to pay contributions to IMSS, which are based on the employee's consolidated daily wage, capped to a certain amount. Likewise, contributions are calculated based on the risk that the employees are exposed to as a result of their employment; higher risk activities trigger a higher contribution.

Benefits arising from enrollment with IMSS include: (i) medical care insurance; (ii) maternity insurance; (iii) pension for non-occupational illness; (iv) severance and pension for occupational illness and accidents; (v) retirement pension; (v) death benefits (caused by work and unrelated causes); (vi) childcare benefits; and (vii) widowhood pension. Medical expenses are conveyed to the employer.

D. Mandatory Employee Housing Fund ("INFONAVIT")

INFONAVIT is a government agency charged with operating housing funds for employees. Employers are obligated to make bimonthly contributions to INFONAVIT at 5% of the consolidated daily wage (with certain exceptions) of each employee.

If an employee obtains a loan from INFONAVIT for the purchase of a residence, the employer must withhold from the employee's compensation the required installments under such loan.

E. Retirement Savings System ("SAR")

SAR is a government agency charged with operating retirement funds for employees. Employers must make bimonthly contributions to SAR computed at 2% of the consolidated daily wage of each employee capped to a certain amount.

F. Termination of Employment and Severance Payments

Employment may be terminated without liability only under specific termination causes provided under law, except for employees in management positions who may be terminated for "loss of trust" when there are reasonable grounds for it.

Mexican labor law tends to be highly protective of employees. As a result, regardless of the existence of a justified termination cause, employee terminations must be carried out according to certain procedures and formalities in order to be considered justified. Likewise, the employer must have proper evidence of the termination cause. If such procedures and formalities are not followed, or the justified cause is unable to be proven, the termination is deemed unjustified. We do not recommend terminating a Mexican employee without counsel from our specialists.

G. Collective Labor Relationships

Collective relationship exists when the work force is organized under a union and a collective

bargaining agreement has been entered into between such union and one or more employers or employer associations.

All unions must obtain a representation certificate to enter into a collective bargaining agreement. Representation certificates are granted by labor authorities and are valid for up to six months.

Two unions can file a request for the representation certificate. The union with most votes, will be the one to bargain and enter into a collective bargaining agreement with the employer. The collective bargaining agreement must be legitimized.

Collective bargaining agreements and their revisions must be registered with labor authorities.

A collective bargain relationship can also be terminated only for specific reasons, as the termination of an individual labor agreement.

H. Internal Regulations

Internal regulations are mandatory provisions for employees and employers for the performance and development of the labor relationship. Such internal rules are formulated by a commission consisting of representatives of the employer and employees. The regulations must be printed and distributed to the employees, as well as posted in visible areas of the workplace (such as bulletin boards).

I. Subcontracting

Mexican companies are required to directly employ all personnel who performs activities related to the company's core business. Subcontracting or outsourcing such personnel is prohibited.

Subcontracting is only allowed for the following specific services:

- (i) Intermediary services that can include recruitment, selection and training, when the service provider does not act as the employer-of-record.
- (ii) So-called "specialized services", consisting in services that are not part of the corporate purpose or main business activity of the company.
- (iii) Back-office services.

Specialized services providers are required to register with labor authorities; such registry is known as "REPSE".

The use of simulated schemes for the rendering of specialized services or subcontracting personnel are considered as aggravated tax fraud. Penalties in these cases depend on the amount of the fraud, including imprisonment.

10. IMMIGRATION LAW

Compliance with Mexican immigration requirements is the starting point for doing business in Mexico, since such requirements establish that it is not possible for a foreign national to do business of any kind in Mexico without having a visa.

According to Mexican Immigration Act, a foreign national can enter Mexico temporarily to perform a gainful or non-gainful activity, as long as it is legal, and falls under one of the following general conditions:

- When the foreign national is planning to live during his/her stay, with resources brought from abroad;
- When his/her purpose is analyzing investment alternatives;
- When she/he performs scientific, artistic, technical, advising or sport activities, including human rights observation and election processes;
- When she/he pretends to occupy confidential employee positions;
- When she/he pretends to attend Board of Directors meetings and assemblies;
- Any other legal activity.

Foreign nationals may enter Mexico either temporarily to conduct business or to live and work, provided they are in possession of the appropriate visa and/or immigration document authorizing the activities that they will carry out while in Mexico. It is also important to bear in mind the substantial discretion that Mexican immigration authorities have in applying immigration law and regulations, and the information provided below should be viewed with this limitation in mind.

On 2012, there was published in the Federal Official Gazette an executive order issuing the new Immigration Act and its Regulations.

According to these major immigration reforms as well as Mexican immigration policy, foreign nationalities are classified into three groups: i) unrestricted; ii) regulated and; iii) restricted, with different rules applying to each category.

NEW VISAS AND IMMIGRATION DOCUMENTS

Temporary Visitor Visa.

Citizens of countries that the Department of the Interior, in coordination with the National Immigration Institute, considers as "unrestricted entrance nationalities" do not require a previous visa to enter the country as tourists or business persons, provided that their stay in the country do not exceed 180 calendar days.

On the other hand, individuals holding a restricted nationality must request a visa at a Mexican Consulate, prior to their trip to Mexico.

In general terms, this type of visa is valid for a maximum period of 180 calendar days following the entry date into the country and in specific cases, may be granted for up to 10 years.

The 10-year visa may be granted to foreign nationals in any of the following situations, among others: (a) frequent traveler; (b) economically solvent person; (c) permanent supervisor of a foreign company having an affiliate in Mexico; (d) executive of an affiliate or business office of Mexican company abroad, or (e) person holding an invitation from a public or private entity or a government or private institution to participate in non-gainful activities in the country.

Moreover, the visa allows the foreign national to attend conferences and seminars; hold business meetings with private institutions, individuals, employees or representatives from Mexican or foreign companies, seeking for investment opportunities or potential clients; advise and consult colleagues on specific projects and provide training, conduct interviews and negotiation of deals and agreements (*provided that the foreign individual does not sign any legal document in representation of the company in Mexico*).

The visa holder may also request the issuance of a similar for his/her spouse, common-law partner, minor children, and children of legal age subject to guardianship.

Temporary Resident Visa

This visa allows the holder to reside in the country for a minimum period of 180 calendar days and a maximum of four years. The foreign individual must be sponsored by a Mexican or foreign entity, or a government or private institution in order to render services in Mexico.

It is of the outmost importance to determine whether the foreign individual will perform the activities under the wing and subordination of a foreign or local company, since such circumstance will trigger labor, social security, tax and immigration implications both for the company and the foreign individual.

The visa holder may also request the issuance of a similar for his/her spouse, common-law partner, minor children, and children of legal age subject to guardianship due to the family bond.

Permanent Resident Visa.

This visa allows the holder to reside in Mexico for an indefinite period of time, and has the Mexico.

The holder ought to maintain a regular temporary immigration status during four consecutive years, or by having family ties in Mexico (Mexican spouse, children, etc.)

REGISTRATION CERTIFICATE

Mexican companies hiring foreign personnel must be registered at the National Institute of Migration (INM), by means of an official ruling known as "Employer's Registration Certificate" (CIE).

POINTS AND QUOTA SYSTEM

Immigration proceedings will be subject to a points and quota system, established within the Immigration Act and its Regulations:

Quotas. – List of occupations, geographical regions, immigration status (authorized activities) and/or the combination thereof.

Immigration authorities will verify whether the “threshold” of a particular occupation within an immigration status has been reached.

Points.– To be based on educational level, job experience, proposed investment amounts, Spanish language fluency, knowledge of the Mexican culture, international awards, and others.

The Regulations do not specify the type of categories, the point’s allocation system or minimum point score necessary to obtain permanent residence, though it is provided that the points will be revised every three years.

The points and quota systems are not yet specifically defined and are to be published in the Federal Official Gazette.

Immigration 2

Compliance with Mexican immigration requirements is the starting point for doing business in Mexico, since such requirements establish that it is not possible for a non-Mexican to do business of any kind in Mexico without having a proper immigration document.

In Mexico, immigration laws and regulations are highly codified. The laws are applied and enforced by the National Immigration Institute (known as the ‘Instituto Nacional de Migración’ or ‘INAMI’).

All foreign nationals who wish to enter and visit or reside (i.e. either temporarily or permanently) must comply with the provisions of the applicable law and regulations, and are subject to the endorsement of the INAMI. On 25 May 2011, the Federal Official Gazette published a reform to immigration laws and regulations, which came into effect in November 2012. This provided for a new immigration system and the publication of new Handbooks on Immigration Standards and Procedures. These reforms detail modifications in application formalities and procedures and incorporate the use of new technology and the application of visa waiver programs.

Visas are necessary to travel to and enter Mexico for foreign nationals who wish to enter as tourists, temporary visitors, business visitors or to reside temporarily or permanently in the country.

Visas are issued to foreign nationals who fulfil certain requirements to obtain approval to enter Mexico, regardless of the purpose or capacity in which they do so. These foreign nationals must first comply with the requirements set by the Mexican Government to obtain a valid visa to travel to Mexico.

The following visas are relevant for those travelling for business purposes:

a) Business Visitor visa

The Business Visitor visa applies to foreign nationals wishing to enter Mexico to conduct business activities, i.e., to hold business meetings with private institutions, individuals or officials from Mexican businesses, employees or representatives of foreign businesses, along with other similar activities.

The purpose of this visa is essentially to allow business people to come to Mexico temporarily for short periods (no longer than 180 days). The business visa includes an Entry and Exit Registration.

The Immigration officer will keep the Entry registration for multiple entries and is not renewable.

There are two different categories of business visa applications:

- *Unrestricted nationalities.* Nationals of countries with 'unrestricted entrance' or 'freeaccess' do not require prior permission to enter the country as tourists or business persons, provided the stay does not exceed 180 calendar days. When entering the country, these nationals need merely present a completed application (i.e. the Multiple Immigration Form, 'Forma Migratoria Múltiple', 'FMM') and passport.
- *Restricted or Regulated Nationalities.* Nationals of countries considered as 'restricted' must first obtain a travel visa at the closest Mexican consulate, prior to entry to Mexico. They must then complete the FMM and present their passport with the visa issued by the Mexican consulate upon entry to Mexico.

b) Long-Term visitor visa with no permission to render gainful activities

This visa may be granted to those with sufficient means, frequent travelers, supervisors or executive staff of foreign companies. An application for a long-term visa can be submitted to the nearest Mexican Consulate. The visa has a maximum validity of ten years and may be renewed. It allows multiple entry and departure.

c) Temporary Resident visa

A Temporary Resident visa applies to foreign nationals with the purpose of entering and visiting Mexico for a maximum of 180 days for business, tourism, recreational, or leisure activities.

A temporary resident visa with no permission to perform 'gainful activities' is available for foreign nationals who are neither receiving income in Mexico nor have a labor relationship with a Mexican entity. This visa is valid for up to 180 days. The visa allows the holder to perform activities in Mexico for a maximum of six months or 180 days, but not to receive payment. It ensures the holder's legal status in Mexican territory during the validity of the visa.

A temporary resident visa with permission to work applies to foreign nationals entering the country to render services in Mexico as independent contractors or to work for Mexican companies or subsidiaries. Holders are considered as temporary visitors for a maximum period of six months or 180 days and are entitled to receive a salary or financial compensation in Mexico for that period.

The various visas differ in terms of what they entitle the holder to do. Therefore, applicants need to consider what they need the visa for (i.e. business, tourism, recreational or leisure activities). The business visitor visa, for example, does not allow the holder to receive any type of economic compensation, payment, fee or wages from a Mexican company with respect to activities carried out in Mexico.

Foreign Nationals who require a visa must apply for one and obtain it prior to entry, at a Mexican Consulate. These foreign nationals must first comply with the additional requirements established by the Mexican Government and obtain a valid visa to travel to Mexico. The National Immigration Institute (the 'Instituto Nacional de Migración' or 'INAMI') is the body with the authority to approve the entry of foreign nationals into Mexico.

Due to the different visa waiver programs and treaties to which Mexico is a party, certain foreign nationals are exempt from requiring a consular visa before travelling to Mexico for a short period of time (no longer than 180 days).

Foreign Nationals who do not require a consular visa should submit a Digital Multiple Migration Form ('FMMD') upon entry. This is the immigration document issued to all foreign nationals entering Mexico. It is provided to the foreign national at the airline counter prior to arrival in Mexico directly by crewmembers of the airline or flight attendants or may be obtained at the Mexican airport upon arrival. It must be surrendered by the time of departure at the port of exit. The FMM allows the foreign national to stay as a tourist or business person (not engaged in paid activities) for a period not exceeding 180 calendar days.

The FMMD has an Entry and Exit Registration and the immigration authority will keep the Entry Registration. The foreign national must carry the Exit Registration at all times, as proof of lawful stay in the country.

The FMM enables the foreign national to submit residence applications in Mexico after any appropriate immigration procedures. The FMMD will be exchanged for a resident visa, within 30 days of entry into the country.

Foreign nationals with either temporary or permanent residence status may request the corresponding authorization for entry or immigration status for a spouse, partner, children and/or parents (i.e. economic dependents).

Economic dependents are not authorized to work or conduct any activities other than those related to their lives as economic dependents and in accordance with age and school equivalence from the country of origin.



11. SECURITY INTERESTS UNDER MEXICAN LAW

Security interests play a crucial role in commercial transactions, establishing a legal framework to secure obligations and safeguard creditors' interests. Mexican law recognizes various types of security interests in property, including:

Pledge

A pledge agreement provides a personal property right to secure (a) the payment of an obligation and (b) the preferential right to such payment. The pledge may be granted without transfer of possession, meaning the pledged property may remain with the pledger to use in the regular course of business. In case of a breach by the debtor of the obligations secured by the pledge, the creditor may sell, following the proceedings established by law, the pledged assets and apply the proceeds to the payment of the secured obligations.

In that regard, the most common pledge agreements utilized in Mexico are the following:

A) Non-possessory Pledge Agreements were the debtor grants to the creditor security interest over movable property without the need for the transfer of possession to the creditor. This means that the debtor can retain possession of the pledged property while still providing it as collateral to secure an obligation.

B) Stock or Equity Interest Pledge Agreement, in which the pledgor pledges its ownership interest in a company's stock or equity as collateral to secure a debt or obligation owed to the pledgee or creditor. This type of agreement is common in the context of financing transactions and business arrangements where a company's shares or equity serve as valuable assets.

Mortgage

A mortgage grants in favor of a creditor (mortgagee) a right over property, whose possession remains with the mortgagor, to be paid out of the proceeds of the disposition of the property in the event of a failure to comply with the obligations being secured. A mortgage is generally established over real estate but can also be granted over personal property attached to real property, businesses, or ships. Mortgages may be granted unilaterally, meaning the mortgagor may give the mortgage without the mortgagee's participation.

Surety Bond

A surety bond is an agreement where a guarantor (obligor) agrees to pay

the debtor's obligations if default occurs, acting as a financial guarantee, ensuring that the principal fulfills its contractual or legal obligations.

Guarantee Trust

This type of trust is an agreement whereby a settlor transfers to a trustee the ownership of a specific property to secure compliance with an obligation owed to the creditor or beneficiary. Generally, the trustee will only act after receiving instructions from the creditor or beneficiary. Only banks and certain other financial institutions may act as trustees in Mexico.

Equipment or Operating Loan

This agreement obligates the debtor to use the loan for acquiring raw materials, equipment, and covering operational expenses. The loan is secured by the acquired assets or produced goods.

Financing Loan

There are multiple uses for this type of loan: (i) to purchase tools, instruments, farming implements, fertilizer, cattle, or breeding stock; (ii) to develop farms or raise crops, either seasonal or permanent; (iii) to open land for cultivation; (iv) to purchase or install machinery and construct or develop working equipment necessary to carry out the debtor's day to day business. This loan is secured, simultaneously and separately, with the assets and the products and proceeds, whether pending or already obtained, of the business for which the loan was obtained.

Creating and Perfecting Security Interests

In the context of Mexican law, a security interest is perfected when all of the applicable steps required by law have been taken. Typically, this occurs at the time of signing the security agreement. To formalize this process, in most cases, it is necessary to execute the agreement before a notary public. Additionally, for real estate property, the agreement must be duly registered with the appropriate Public Registry of Commerce and Property. Conversely, in the case of personal or moveable property, the registration before the Sole Registry of Movable Assets will be required. These registration procedures play a crucial role in guaranteeing the validity of the security interest and preserving its priority, ensuring compliance with legal standards and facilitating the enforceability of the agreement.

Concerning stock/equity interest pledge agreements under Mexican law, it is not necessary to register them with the Sole Registry of Movable Assets. This type of contract is perfected upon the delivery of the endorsed share certificates to the pledgee and the registration of the pledge in the shareholders' or partners' registry book. However, in certain instances, the pledgee may opt to request registration with the Sole Registry of Movable Assets to establish legal certainty regarding the date of the transaction.



12. ENVIRONMENTAL LAW IN MEXICO

The regulatory framework governing environmental matters in Mexico encompasses a complex system of federal and local regulations, posing compliance challenges that could result in penalties for non-compliance.

I. Federal Environmental Legislation:

At the federal level, Mexico's environmental statutes and regulations include:

- The General Law for Ecological Balance and Environmental Protection and its associated regulations.
- The General Law for Prevention and Management of Wastes and its corresponding regulations.
- The Federal Law for Environmental Liability.
- The National Water Law along with its regulations.
- The General Law on Climate Change.
- The General Law for Sustainable Forest Development and its associated regulations.
- The Federal Criminal Law, addressing environmental offenses.

II. State-Level Regulations:

Each state in Mexico has jurisdiction over environmental regulations within their territory. They enact laws, regulations, and local standards enforcing environmental matters within their jurisdiction.

III. Judicial and Administrative Oversight:

Environmental disputes are typically resolved in judicial and administrative courts specializing in environmental cases.

IV. Federal Environmental Agencies:

The Environmental Protection and Natural Resources Department (by its acronym in Spanish "SEMARNAT") spearheads federal environmental policy and issues permits for projects under federal jurisdiction, except in the hydrocarbon industry. It is supported by agencies such as:

The Federal Environmental Protection Agency (by its acronym in Spanish "PROFEPA"): Responsible for enforcing federal environmental regulations, conducting inspections, audits, and imposing administrative sanctions.

The National Water Commission (by its acronym in Spanish "CONAGUA"): Manages national water resources, grants authorizations for water use, and oversees activities related to water bodies.

The National Agency for Industrial Safety and Environmental Protection in the Hydrocarbon Industry (by its acronym in Spanish "ASEA"): Regulates and supervises safety and environmental policies within the hydrocarbon industry.

V. Local Environmental Agencies

States have their agencies overseeing regional environmental policies and enforcing local regulations.

VI. Required Permits and Authorizations:

Projects in Mexico require several federal and local permits, licenses, and approvals related to environmental matters. Common authorizations include Environmental Impact and Risk Authorizations, Operating Licenses, Wastewater Discharge Permits, among others.

VII. NAFTA's Environmental Cooperation:

Post-NAFTA, an Environmental Cooperation Commission promotes collaboration among member countries to ensure the effectiveness and compliance with environmental laws and fosters technical cooperation.



13. FOREIGN TRADE CUSTOMS

Mexico has entered into free trade agreements and organizations which eliminate most tariffs and non-tariff barriers on the trade of goods from and into Mexico with most economically developed countries. This includes the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation (APEC), G-20, Organization for Economic Cooperation and Development (OECD), United States – Mexico – Canada Agreement (USMCA), Trans-Pacific Partnership (TPP), Pacific Alliance, among other free trade agreements with nearly 100 countries.

Any company that will be engaged in foreign trade transactions and seeks to import assets, goods, materials or supplies for its operation, is required to obtain a General Importers Registry issued by tax authorities. In addition, when the company uses materials such as steel, iron, or chemical products, among other type of products considered as “sensitive” by the Mexican authorities, it is required to apply to a Specific Sectors Importer Registry.

Aside from the above, the use of an authorized customs broker is mandatory in Mexico to perform customs clearance and other import operations. It is important to consider that Mexican Customs Brokers are limited to operating on four customs ports. Thus, more than one broker may be required.

Mexico is part of the Harmonized Commodity Description and Coding System, known as Harmonized System (“HS”). As part of the import process, the company must comply with the specific tariff (duties) and non-tariff regulations (import permits, Mexican Official Standards, among others), when applicable, in accordance with the tariff item classification of the good to be imported.

Imports into Mexico are subject to a 16% of the value added tax (“VAT”) rate. However, VAT paid on imports may be credited against the VAT charged on a subsequent sale of the goods in Mexico or claimed as a refund.

Mexico has implemented promotion programs to increase the competitiveness of companies by reducing import duties for raw materials, parts, and components to be incorporated into a good that will be exported, as well as the simplification of administrative procedures by the Mexican government. There are three Programs that include benefits for companies who engage in foreign trade transactions, the IMMEX and PROSEC Programs and the VAT and Tax Excise Certification.

I. IMMEX Program

IMMEX Program is an authorization granted by the Department of Economy that allows companies to import goods, such as raw materials, on a temporary basis to use them in their manufacturing process in Mexico under the condition that such finished goods must be exported within a certain time frame, be transferred to another Mexican company with IMMEX Program or to change the status of the imported goods from “temporarily” to “definitive” status

with the applicable payment of duties ("Maquila Companies").

Furthermore, Maquila Companies have the option to defer the payment of import duties which varies by industry and goods/materials, among other benefits. To obtain such incentive, the Mexican company must produce goods, directly or indirectly, that will be exported.

To use the benefits mentioned above, Maquila Companies are subject to have regulatory audits, therefore, they require certain record keeping and inventory controls for traceability.

Before requesting the authorization for an IMMEX Program, it is important to verify the sourcing, operational business model and other factors to determine if this is a feasible for the company.

II. VAT and Excise Tax Certification

VAT and Excise Tax Certification allows Maquila Companies to have a 100% credit on VAT and Excise Tax related to temporary imports.

For obtaining a VAT and Excise Tax Certification, specific benefits and its terms depends on certain characteristics, such as how long the company has been operating in Mexico, number employees, number of temporary importations that end up being exported.

The benefits that VAT and Excise Tax Certification gives to the companies depends on a three-tier rating system: A, AA and AAA. This system is used to assess Maquila Companies compliance.

A. "A" Certification Benefits:

- Immediate credit for VAT on temporary imports.
- Certification will be valid for one year. Renewal possible with continued compliance and by filing notice of renewal prior to expiration of certification.

B. "AA" Certification Benefits:

- Immediate credit for VAT on temporary imports.
- Period of 30 days to perform a correction of any irregularities in tax or customs declarations.
- Certification will be valid for two years and is subject to renewal with continued compliance and filing the corresponding notice prior expiration of certification.

C. "AAA" Certification Benefits:

- Immediate credit for VAT on temporary imports.
- Period of 60 days to perform a correction of any irregularities in tax or customs declarations.
- In case any tax or duty obligation is omitted by the company, customs authorities will send to the company an "invitation letter", which allows the company to self-correct such irregularities prior to an audit.
- Allows to file consolidated customs declarations (pedimentos) on a monthly basis.
- Customs clearance available from domicile.
- Certification will be valid for three years and is subject to renewal with continued compliance and filing the corresponding notice prior expiration of certification.

Before requesting the VAT and Excise Tax Certification, it is important to verify the sourcing,

operational business model and other factors to determine if this is a feasible for the company.

III. PROSEC

The PROSEC Program allows companies that produce or manufacture goods of certain industrial sectors, to import goods, machinery and/or equipment to be used in their productive process with a preferential ad-valorem tariff or duty, regardless of whether the finished goods are destined to be exported or for the domestic market. The medical equipment industry is part of the sectors covered by PROSEC. However, the specific items to be imported and manufactured need to be reviewed in order to confirm eligibility.

IV. Local Tax Incentives

Some local governments grant tax incentives on property and payroll taxes, as well as financially assist with the installation costs associated with the operation startup (e.g. street pavement, water and electricity installation, discounts upon the purchase of government property, etc.).

Recently, the Mexican government approved several Income Tax and VAT incentives for Mexican entities operating in the norther border region of Mexico, which is a strategic location for cross-border transactions with the United States. The mentioned tax incentives involve the reduction of Income Tax from 30% to 20% and VAT from 16% to 8%, subject to certain conditions being met.



14. ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

Mexico is evolving quickly from an ESG standpoint due to the global growth of the ESG landscape. Although there is a lack of frameworks of ESG standards and clear processes for implementation, disclosure and comparability, the country's business dynamics and commercial environment are advancing faster than the framework.

A focus on sustainability has developed in Mexico in recent years. This includes advances regarding the uniformity of sustainability information and metrics. There is also much more comprehensive regulation in this subject than social and governance regulation in Mexico.

Stakeholders responsible for financial and regulatory policies are actively advocating for the integration of these concerns into their business operations and risk assessment models and it is becoming more and more common that multinational companies that have business interests in Mexico request that Mexican companies with whom they have relationships with comply with certain levels of ESG standards.

Companies that will do business in Mexico also must consider ESG issues such as sustainable finance, green projects, and bonds, as well as financial inclusion, consumer protection, digital corporate responsibility, governance and compliance, supply chain issues, and avoidance of greenwashing.

The increasing need for Mexican entities to meet ESG requirements, and the global multiplication of ESG regulation in many countries indicates that sophisticated regulation of these areas will be coming in the near future. Companies doing business in Mexico will not only have to comply with local regulations, but also requirements that are imposed from a business perspective, which are causing many companies to have to implement corresponding policies and procedures.



15. AVIATION LAW

Foreign investment in a company engaged in any of the following businesses is permitted up to a maximum of 49% of its total capital:

- Domestic air transportation (regular and non-regular),
- Air taxi transportation, and
- Specialized air transportation.

The above percentages cannot be exceeded, either directly or indirectly, for example, by using a trust, unless Neutral Investment is agreed among the parties and prior authorization from the Ministry of Economy, in which the foreign investment, exceeding such 49% would only have economic rights (profits and losses) but would have restricted voting rights regarding the management of the Company. Foreign investment, however, is permitted without restriction in companies engaging regular ¹ and non-regular ² (chartering and air taxi) international air transportation.

Air transportation in Mexico is predominantly regulated by the Civil Aviation Law ("CAL") and the Air Transportation Law Regulations. The purpose of the latter is to clarify certain aspects of the CAL such as the requirements that must be complied with to obtain the concessions and permits necessary for operating air transportation services in Mexico.

The legal framework applicable for concessions and permits is, in brief, as follows:

The federal Infrastructure, Communications and Transportation Department (by its acronym in Spanish "SICT") is responsible for granting concessions and permits to provide air transportation services through the re-named specialized agency, the Mexican Civil Aviation Agency (by its acronym in Spanish "AFAC").

Concessions are granted only to provide domestic scheduled public air transportation services and may only be given to Mexican corporations complying with the foreign investment limitations previously mentioned. Such benefits may be for up to 30 years. They may be extended several times for the same period if the concession holder has fully complied with its obligations under the concession during this period. Foreign corporations are not allowed to directly provide domestic transportation.

¹ Also considered as scheduled flights.

² Also considered as non-scheduled flights.

Permits are granted to provide:

- Domestic non-scheduled services (including charter and air taxi),
- International scheduled services,
- International non-scheduled services (including charter and air taxi) and
- Air services to third parties (inclusive of specialized air transportation flights). ³

A permit to provide domestic non-scheduled air transportation services will only be granted to Mexican corporations complying with the foreign investment limitations previously mentioned. Permits, however, for operating international scheduled air transportation services, international non-scheduled air transportation services, and air services to third parties may be granted to both Mexican and foreign corporations. All of these permits are issued for an indefinite period, in the event that the country of origin of the foreign international scheduled service provider does not have an international treaty for these purposes, the permit will be issued for a one year period, without renewal restrictions.

Airports Law

Companies having foreign shareholders may invest in Mexican airports and airfields, provided that no more than 49% of the total capital stock of the company is in foreign hands.

Nevertheless, companies having foreign investment exceeding this amount may do so if authorization from the Foreign Investment Commission is first obtained.

The Airports Law and the Airports Law Regulations that deal with the concessions and permits that may be granted by the SICT predominantly regulate airports in Mexico.

Concessions may only be granted to Mexican corporations for the administration and operation and, if applicable, for the construction of airports. Such benefits may be in effect for up to 50 years. They may be extended several times for the same period, provided that the concession holder has fully complied with its obligations under the concession.

Permits may be granted to Mexican individuals or corporations for the operation of private airports and only to Mexican corporations for the operation of public airports. In either case, these permits may only be granted for a maximum period of 30 years. This period, however, may be extended.

Ground Transportation

Foreign investment in entities engaged in domestic ground transportation, whether of passengers, tourism, or cargo, is prohibited, and the business is exclusively reserved for Mexican individuals or corporations, unless Neutral Investment is agreed among the parties and prior authorization from the Ministry of Economy, in which the foreign investment, can participate, nevertheless, such foreign investment would only have economic rights (profits and losses) but would have restricted voting rights regarding the management of the Company. However, this prohibition does not include the provision of courier services.

Foreign investment in corporations engaged in the provision of international ground transportation, either of passengers, tourism, or freight, has no restriction by NAFTA.

The provision of ground transportation services on highways and federal roads in Mexico is predominantly regulated by the Federal Roads, Bridges, and Motor Vehicles Transportation Law and the Motor Vehicles Transportation and Auxiliary Services Regulations. The SICT is responsible

³ Air services to third parties are considered among others the profitable services rendered to third parties others than the owners or possessors of an aircraft, including among other the leasing of aircrafts, specialized services, aerial photography, aerial topography, commercial advertising, aerial spraying, artificial rainfall induction, training and coaching, workshops.

for granting permits to provide ground transportation services, as well as for the installation of interior load terminals, verification units, the provision of Courier transportation services, the provision of hazardous materials / waste transportation services (provided the environmental approvals must be obtained as well) among others. These permits are issued for an indefinite period.

Railways

Foreign investment in companies that provide public railway services is permitted up to a maximum of 49% of total capital stock. This percentage may be relaxed, however, by a favorable resolution from the Foreign Investment Commission.

The Railway Service Regulatory Law and Railway Service Regulations predominantly regulate railway transportation services in Mexico.

These laws establish that a concession granted by the SICT is required to provide public railroad transportation; a concession may be in effect for up to 50 years and may be extended once again for up to the same period, provided that the concession holder has fully complied with its obligations under the concession during such term.

In addition, the SICT may grant permits for the provision of ancillary services such as:

- Passengers terminals,
- Cargo terminals,
- Transfer of liquids,
- Maintenance workshops,
- Supply centers for the operations of railroad equipment.

Notwithstanding the above, a concession holder may provide the abovementioned services without a further permit.

Maritime Law

Foreign investment in companies engaged in any of the following businesses is permitted up to a maximum of 49% of their capital stock:

- Companies engaged in the provision of pilotage services for internal navigation in Mexico,
- Companies engaged in domestic or internal navigation, except tourist cruises, dredgers and, maritime artefacts used in seaport construction, conservation, and operation.

For the following activities, while companies having more than 49% of their capital stock held by foreign shareholders may generally not engage in the provision of such services, it is possible to obtain authorization from the Foreign Investment Commission to do so:

- Companies engaged in the provision of seaport services to vessels within internal waters of Mexico, such as towage and moorage,
- Companies engaged in international navigation.

The Navigation and Maritime Trade Law and the Navigation and Maritime Trade Law Regulations predominantly regulate maritime transportation services in Mexico.

The legal framework applicable for maritime transportation services is, in brief, as follows:

Mexican and foreign companies are allowed to provide international sea-going navigation services. However, internal ("cabotage") and domestic navigation can only be carried out by Mexican corporations or individuals with Mexican ships, although a temporary 90-day permit

may be obtained either by a foreign Company operating a foreign flagged vessel or a Mexican shipowner operating a Mexican flagged vessel, provided that there is no Mexican ship with the characteristics required for the provision of the particular service.

In addition to the above, a permit granted by the Mexican Ministry of the Marine (by its acronym in Spanish "SEMAR") is mandatory to provide the following services:

- Passenger transportation and tourism cruises,
- Nautical tourism,
- Salvage, security, or assistance navigation with unique vessels.
- Towage, maneuvers in port unless an agreement with the seaport administrator has been concluded.

Ports Law

Companies with foreign shareholders holding up to 49% of the capital may act as port administrators. This percentage cannot be exceeded, either directly or indirectly, unless Neutral Investment is agreed among the parties and prior authorization from the Ministry of Economy, in which the foreign investment, can participate, nevertheless, such foreign investment would only have economic rights (profits and losses) but would have restricted voting rights regarding the management of the Company.

The Ports Law and the Ports Law Regulations predominantly regulate ports in Mexico.

The legal framework applicable for concessions and permits is, in brief, as follows:

The SEMAR grants concessions and permits for operating ports, terminals, and marinas.

Concessions for ports administration can only be granted to Mexican corporations with the foreign investment limitations previously mentioned. Concessions for operating a marine terminal outside a port and permits to provide port services may only be granted to Mexican individuals and corporations.

Concessions may be in effect for up to 50 years. They may be extended once again for the same period, provided that the concession holder has fully complied with its obligations under the concession during this period.



16. TELECOMMUNICATIONS

As a consequence of recent reforms, the telecommunications sector in Mexico has liberalized to allow private and foreign investment in this sector. This increase in private investment has both driven and reflected rapid growth in the industry.

Further, Foreign Investment Law only restricts foreign investment in telecommunications in accordance with the reciprocity provisions in the country of origin of the Controller shareholder or economic agent, therefore, the thresholds may differ from jurisdictions..

In the event that due to reciprocity provisions, thresholds are imposed, Foreign investors may invest in the capital stock of Mexican companies engaged in the restricted businesses referred to above provided they do so complying with the thresholds as minority shareholders or hold shares with limited voting rights, and in either case, agree to consider themselves as Mexican nationals with respect to their interest in the company and not to invoke the protection of their own government in the event of a dispute, under penalty of forfeiting their interest to the state for violation of the agreement.

The Federal Telecommunications and Radio Broadcasting Law (enacted as of 2024) is the governing law in Mexico that regulates the use of the radio-electric band, telecommunications networks, and satellite communications. Subject to the limitations mentioned above, any individual or Mexican company may obtain a concession to provide the following services, among others: (i) public local and long distance telephone service; (ii) data transmission; (iii) restricted television; (iv) use of orbital resources.

Additionally, the current Federal Telecommunications and Radio Broadcasting Law also considers the following permits, (i) to establish and operate a telecommunications service reseller; (ii) to land, operate and exploit a transmitter Satellite Ground Station; (iii) to install telecommunications devices and cross-border transmitting devices; (iv) to exploit broadcasting and reception rights related to foreign satellite systems within Mexico; and (v) to use frequencies for diplomatic visits.

One of the main characteristics of the telecommunications services reseller is that the Mexican Company in contrast to the concession is that the reseller does not own, possess or operates telecommunications infrastructure, therefore, the reseller only acquires bandwidth capacity from authorized concessionaries.

Wireless Devices

In Mexico there are some free-use frequencies that corresponds to the most usually used by Bluetooth and Wi-Fi devices. Notwithstanding the fact that such frequencies does not require a permit nor authorization for its use, the devices must comply with the corresponding Official Standards depending on the specific frequency and technical specs of the devices, prior any use either for marketing, advertisement, customer testing or commercial purposes.

In order to certify that such devices comply with all the applicable requirements, the Homologation procedure must be carried out. As a result of such procedure the Mexican Telecommunications Institute will issue a Certificate of Homologation, triggering the possibility of using such devices for commercial, advertisement, marketing or testing purposes within Mexico.

17. ENERGY, ELECTRICITY AND MINING

Mexico possesses a diverse array of energy resources, notably oil and natural gas, alongside an emerging emphasis on renewable energy sources. The country is a key player in the global oil market, harboring significant reserves primarily in offshore fields within the Gulf of Mexico.

In tandem, Mexico boasts substantial natural gas reserves, predominantly in the Burgos Basin and the Southeast basins. These reserves underpin Mexico's efforts in gas exploration and production, catering to both domestic demand and exports.

Historically, Mexico's energy industry was monopolized by state-owned enterprises, principally PEMEX in the oil and gas domain and the Federal Electricity Commission (CFE) in electricity generation and distribution. However, several reforms in 2013-2014 sought to revolutionize the industry, opening it up to private investment and competition.

These reforms included constitutional amendments and secondary legislation aimed at fostering a competitive marketplace. They facilitated private entities' participation in hydrocarbon exploration, production, and electricity generation. Regulatory bodies such as the National Hydrocarbons Commission (by its acronym in Spanish "CNH") and the Energy Regulatory Commission (by its acronym in Spanish "CRE") were established to oversee the industry and ensure compliance with regulations.

Mexico's energy infrastructure comprises an extensive network of pipelines, refineries, power plants, and transmission grids. The nation has witnessed a surge in infrastructure development, especially in the renewable energy industry, attracting substantial domestic and foreign investments.

Recent years have seen a notable expansion of renewable energy projects, particularly in wind and solar power generation. Investments in modernizing existing infrastructure and constructing new facilities have been instrumental in meeting escalating energy demands and integrating renewable sources into the grid.

Mexico's energy regulatory framework, post-reforms, revolves around ensuring fair competition, operational transparency, and compliance with environmental standards. The National Hydrocarbons Law and the Electric Industry Law delineate the legal framework for the energy industry, defining rights, obligations, and mechanisms for oversight and enforcement.

The Energy Regulatory Commission (by its acronym in Spanish "CRE") oversees electricity regulation, including market operations, tariffs, and licensing. Meanwhile, the National Hydrocarbons Commission (by its acronym in Spanish "CNH") regulates the exploration and extraction of hydrocarbons, managing contract bidding rounds and overseeing the adherence to contractual obligations.

Mexico has demonstrated a resolute commitment to renewable energy, striving to diversify its

energy mix and mitigate environmental impacts. The country possesses abundant potential for renewable resources and has embarked on ambitious initiatives to harness them effectively.

Government incentives, auctions, and regulatory frameworks have spurred private industry involvement in renewable energy projects. Notably, Mexico has set aggressive targets for clean energy adoption, aiming to substantially augment the share of renewables in its electricity generation.

Hydrocarbons:

Mexico boasts substantial hydrocarbon reserves, primarily consisting of crude oil and natural gas. The country's oil reserves are chiefly concentrated in offshore fields within the prolific Gulf of Mexico, contributing significantly to its status as a prominent global oil producer.

The Burgos Basin and the Southeast basins hold significant reserves of natural gas, supporting Mexico's endeavors in gas exploration and production. These resources serve as a crucial component of the nation's energy portfolio, meeting both domestic demand and enabling export activities.

The regulatory framework governing the hydrocarbons industry in Mexico underwent significant transformations post-reforms. The National Hydrocarbons Commission (by its acronym in Spanish "CNH") was established as an autonomous regulatory body overseeing the industry's exploration and extraction activities.

Key legislation, including the Hydrocarbons Law, delineates the rights, obligations, and operational guidelines for companies involved in hydrocarbon exploration and production. This framework aims to ensure transparency, efficiency, and adherence to environmental standards throughout the industry's operations.

Mexico's Hydrocarbons industry continues to evolve, driven by technological advancements, regulatory frameworks, and market dynamics. While maintaining a focus on hydrocarbon production, the country is concurrently diversifying its energy portfolio by emphasizing renewable energy sources.

Electricity:

Mexico's electricity industry is a crucial component of the nation's infrastructure and economic development.

Mexico's electricity generation mix comprises various sources, including fossil fuels, hydroelectricity, nuclear power, and an increasing focus on renewable energy. Fossil fuels, particularly natural gas and oil historically dominated the electricity generation landscape. However, recent years have witnessed a significant expansion in renewable energy capacity, specifically in wind and solar power.

Mexico's electricity industry was traditionally overseen by the state-owned Federal Electricity Commission (by its acronym in Spanish "CFE"). However, reforms in the early 2010s aimed to introduce competition and open the market to private participation, leading to the emergence of independent power producers and a more diversified landscape.

Mexico's electricity infrastructure includes a network of power plants, transmission lines, substations, and distribution networks. The expansion and modernization of this infrastructure has been pivotal in meeting growing energy demands and integrating renewable energy sources into the grid.

The electricity industry underwent significant regulatory reforms, introducing a competitive market model. The Energy Regulatory Commission (by its acronym in Spanish "CRE") oversees electricity regulation, promoting fair competition, setting tariffs, granting licenses, and ensuring compliance with market rules.

The Electric Industry Law and associated regulations provide the legal framework for the electricity industry, outlining the rights, obligations, and market mechanisms for both public and private entities engaged in electricity generation, transmission, and distribution.

Mining:

Mexico is abundant in mineral resources, boasting a rich geological landscape. The country ranks among the world's leading producers of several minerals, including silver, gold, copper, lead, zinc, and others. The abundance and diversity of mineral deposits across the country have contributed significantly to Mexico's status as a global mining powerhouse.

Silver, historically one of Mexico's primary minerals, remains a key component of the country's mining output. Additionally, gold production continues to hold substantial importance, while copper, lead, and zinc contribute significantly to Mexico's mining portfolio.

The Mexican mining industry encompasses a broad spectrum of activities, ranging from large-scale industrial mining operations to smaller, artisanal endeavors. Mining activities are spread across various regions in Mexico, with significant concentrations in states like Sonora, Chihuahua, Zacatecas, and Durango.

Industrial-scale mining companies, both domestic and international, play a vital role in the extraction and processing of minerals. These operations involve a range of techniques, from open-pit mining to underground extraction methods, depending on the nature and location of the mineral deposits.

Mexico's mining industry operates under a comprehensive regulatory framework designed to ensure responsible mining practices, environmental protection, and community engagement. The General Mining Law governs mining activities, outlining exploration and exploitation rights, concession processes, and environmental compliance.

The Ministry of Economy oversees mining regulation and concessions, ensuring adherence to legal requirements and sustainable mining practices. Additionally, environmental agencies enforce standards to mitigate the ecological impact of mining activities, promoting reclamation and restoration initiatives.

Overview:

The introduction of exploration and extraction activities has significantly impacted the upstream industry, with the participation of new private companies in the three rounds overseen by the National Hydrocarbons Commission (by its acronym in Spanish "CNH"). Contracts for exploring and extracting resources from both offshore and onshore oil and gas fields have commenced commercial exploitation, representing crucial investments in Mexico's energy landscape.

Moreover, PEMEX has undertaken farm-out agreements for certain oil fields awarded in Round Zero, allowing private companies the opportunity to collaborate with PEMEX in these areas through tenders administered by the National Hydrocarbons Commission (by its acronym in Spanish "CNH").

In parallel, the downstream and midstream industries have witnessed substantial investment inflows aimed at developing associated projects in Mexico. Forecasts indicate a continued influx of investments in the coming years, primarily directed towards expanding transportation and storage infrastructure.

Within the electric market, the National Energy Control Center (by its acronym in Spanish "CENACE") has orchestrated electric auctions, witnessing robust participation from private companies vying through economic proposals to market their products. Simultaneously, the Federal Electric Commission (by its acronym in Spanish "CFE") has initiated multiple bidding procedures, aiming to enhance its distribution and transportation infrastructure.

The restructured energy legal framework has provided the industry with a foundation of legal certainty across all related activities. Concurrently, government support and public policies persistently strive to attract an extensive array of companies to invest in Mexico's burgeoning energy industry.



18. REORGANIZATION- BANKRUPTCY AND PROCEEDINGS

Insolvency in Mexico is regulated by “Ley de Concursos Mercantiles” (“**LCM**” from its acronym in Spanish).

The main benefit of the insolvency proceeding is to allow the debtors that have incurred in a general inability of its obligations to comply with its payment and negotiate with its creditors an agreement in order to continue with the ordinary course of business and generate resources to repay its debts, and in the event of bankruptcy to make payments to creditors with the debtor’s estate, if possible, under its particular situation.

According to LCM , insolvency proceedings can be initiated either by debtor, debtor’s creditors (including Tax Authorities), the Institute of Property and Assets Administration (“Instituto de Administración de Bienes y Activos”) or the deputy Attorney General Office (“Ministerio Público”), based on debtor current or potential (understood as to happen within the following ninety days of the petition) general inability to comply with its payment obligations. Under LCM, a general inability occurs when debtor is in default of payment obligations of two or more different creditors, provided that:

- a)** The unpaid obligations represent thirty five percent or more of debtor’s total payment commitments on the date in which the request for insolvency is filed.
- b)** Debtor does not have enough assets to cover, at least, eighty percent of its due and payable obligations. Such assets are: **i)** cash and deposits payable on demand; **ii)** investments payable within ninety days following the date of filing for insolvency; **iii)** accounts receivable payable within ninety days following the date of filing; and **iv)** securities that can be sold within thirty business days from the date of filing for insolvency.

In the event that the company has more than two creditors and the requirements set forth in letters a) and b) are met, a request for insolvency can be filed before a Federal Court.

Stages of Insolvency Proceeding.

LCM entrusts to a federal specialized entity (“Instituto Federal de Especialistas en Concursos Mercantiles” – “IFECOM”) the appointment of individuals (Examiner, Bankruptcy Referee or Trustee, depending on the stage of the proceeding) to carry out specific tasks throughout the proceeding.

The stages of the proceeding are the following ones:

1.- Audit ("Visita")

Upon the admission of the request for processing, the judge will request IFECOM the appointment of an Examiner who is entrusted to determine and inform whether the requisites to be declared insolvency mentioned before in letters (a) and (b) are met. For this purpose, the Examiner must be granted access to the company's accounting and papers. If the legal requisites are confirmed to be met by the Examiner, the judge would declare the company insolvent or, if requested in the initial petition, bankrupt.

During the first stage, an order to stay comes into effect as a matter of law, which prevents creditors, including Tax Authorities, to seize debtor's assets and the enforcement of judgements rendered against it (exception made to labor claims); unsecured debts cease to generate interest; debtor is forbidden to make payments of prior debts, and can only make payments that are necessary for the ordinary course of business.

2.- Reorganization ("Conciliación")

This stage has the objective to preserve debtor's business while procuring a settlement with the majority of its recognized creditors.

After the company is declared insolvent, the reorganization stage begins. IFECOM appoints a Bankruptcy Referee, whose main activities are to carry out the recognition of creditors, rank them for payment and procure a settlement to enable debtor to recover from insolvency; all of which should be made in a conciliation period of 365 natural days, which can be extended for another 180 natural days.

The Bankruptcy Referee, based on debtor's accounting records and creditors requests of recognition of credits, prepares a list of creditors containing information of the amount owed, as well as the ranking and priority of payments, which is the basis of the judgment of recognition and allowability of creditors.

Creditors are ranked as follows: **1)** singularly privileged creditors (consisting of those arising from burial expenses and medical bills of the deceased merchant); **2)** labor and tax credits; **3)** secured creditors (consisting of those with agreed upon warranties); **4)** special privileged creditors (consisting of those creditors with retention benefits by law); **5)** common creditors (consisting of those with no warranties or retention benefits); and **6)** subordinated creditors.

During the reorganization stage, debtor continues administering its business under the vigilance of the Bankruptcy Referee and is allowed to make payments strictly necessary to preserve the company running, which shall be reported to the court. Consistently, within the Bankruptcy Referee's activities, a report containing the amounts paid by debtor's in ordinary course of business (among other content) shall be filed to the court on bimonthly basis.

Payments and Bankruptcy Referee's reports are made available by the court to debtor's creditors in order for them to be able to file objections. If an objection of a payment is raised for not being strictly necessary, for representing a fraudulent conveyance, or for any other cause, an ancillary proceeding is initiated and its decision will rule on whether it was properly made. If not, the court could order creditor to reimburse the monies received.

For a settlement agreement to be approved by the court, it shall be executed or accepted by at least 51% of common, subordinate, secure, and special privileged recognized creditors, and can contain remission of credits, waiting periods, among other conditions.

When a settlement is reached, it is filed to the court and creditors are given a term to accept or object it. If approved by the court, it is binding to all creditors regardless of if they participated in, or accepted the agreement; in which case, debtor is declared out of insolvency.

3.- Liquidation.

This stage is declared if no settlement is reached or if it was initially requested. Its objective is to sell debtors assets to pay off its recognized creditors up to the value of its estate.

If during the reorganization no agreement is reached, a bankruptcy judgment is passed and its main effects are: **i)** to suspend debtor's capacity to administrate its business; **ii)** entrusting legal representation of the company to a Trustee appointed by IFECOM; and **iii)** initiate the process of selling debtor's business as a whole, or its separate units or assets, in order to payoff recognized creditors up to the value of its estate, which is carried out by Trustee as well.

If bankruptcy is declared, debtor's ability to manage its business is suspended and any act shall be authorized in written by the Trustee, under warning of being null and void, which effect, in the case of payments, is reimbursement of monies received without proper authorization. Similarly, to objections of payments made during the conciliation, decision shall be made followed of an ancillary procedure.

According to LCM the insolvency proceeding terminates when: **i)** the settlement agreement reached in the reorganization stage is approved by the Judge; **ii)** full payment is made to recognized creditors; **iii)** payment is made to recognized creditors through the insolvency quota of debtors obligations and there are no more assets to be realized; **iv)** it is proved that debtors assets are insufficient to cover credits against the estate ("créditos contra la masa"); **v)** if in the insolvency stage an insolvency agreement is reached with creditors; and **vi)** at any time if requested by creditor and the totality of recognized creditors.

In addition, LCM establishes specific rules for insolvency proceedings involving: **i)** Business that provide concessioned public services; **ii)** Financial Institutions; and **iii)** Auxiliary Credit Institutions.



19. ANTI-CORRUPTION

In May 2015, a major constitutional amendment occurred with the approval of the Anti-corruption National System (SNA). The SNA integrates isolated policies and laws with the objective of eradicating corrupt practices in Mexico, aiming to function as a mechanism that provides coordination among governmental entities, auditing bodies, and public units responsible for controlling public resources.

The main highlights of the constitutional amendment include:

- The obligation for public officers to file personal estate and conflict of interest statements.
- The granting of additional powers to the Federal Superior Auditor (ASF) to conduct 'real-time' audits.
- The establishment of a new system to determine liability for public officers, as well as for individuals or companies involved in committing administrative offenses.

At first glance, the SNA boasts features designed to prevent, detect, and sanction corrupt acts. These include: (i) the ASF overseeing the use of public federal resources and the debt of Mexican states in cases where the federation acts as a guarantor; (ii) the SNA initiating claims for unlawful actions with the anticorruption prosecutor and administrative courts; (iii) the ASF investigating corruption offenses and bringing them to court; and (iv) the Federal Administrative Court adjudicating corruption cases, imposing sanctions on public officers and private entities through specialized courtrooms. The anticorruption reforms also constitutionally empower the imposition of sanctions on individuals involved in the commission of administrative offenses.

The constitutional reform in the realm of anti-corruption gave rise to secondary legislation, notably the General Law of Administrative Responsibilities, which became effective in 2016.

This legislation seeks to allocate responsibilities across government tiers to delineate the administrative accountabilities of public officers and private entities, specifying their obligations and the sanctions applicable to their actions or omissions.

In this sense, this law distinguishes between severe and non-severe administrative offenses. The former involves the failure or neglect of duties by a public officer, while the latter encompasses acts of corruption such as bribery, embezzlement, misappropriation of public resources, abuse of functions, acting under a conflict of interest, improper hiring, hidden enrichment, or concealment of a conflict of interest, influence peddling, cover-up, contempt, and nepotism.

Now, the General Law of Administrative Responsibilities also provides for sanctions for private individuals in cases related to severe administrative offenses. The severe administrative offenses for private individuals outlined in the law include bribery, unlawful participation in administrative proceedings, influence peddling, use of false information, collusion, misuse of public resources, and improper hiring of former public servants.

The law also mandates companies to implement an Integrity Policy, including:

- An organizational manual defining roles, responsibilities, and chains of command.
- A widely socialized code of conduct among all members.
- Effective systems for monitoring integrity compliance.
- Internal reporting mechanisms and clear consequences for violations.
- Training programs on integrity measures.
- HR policies preventing high-risk individuals from joining the organization.
- Mechanisms fostering an integrity culture.

While the Integrity Policy is optional, its existence is considered by authorities when penalizing a company for severe administrative offenses.

Finally, if a company commits a severe administrative offense, the following sanctions are envisaged: (i) economic penalty; (ii) temporary disqualification from participating in acquisitions, leases, services, or public works; (iii) temporary suspension of activities; (iv) compensation for the damages caused to the Federal Public Treasury and; (v) dissolution of the respective company.



20. PRIVACY AND DATA PROTECTION

In 2009, the Federal Constitution was amended to include as a fundamental right the protection of personal data. Consequently, in 2010, 2011 and 2013, respectively, the 'Federal Law on Protection of Personal Data Held by Private Parties (Ley Federal de Protección de Datos Personales en Posesión de los Particulares)' the 'Regulations of the Federal Law on Protection of Personal Data Held by Private Parties' (Reglamento a la Ley Federal de Protección de Datos Personales en Posesión de los Particulares) and the 'Guidelines for the Privacy Notice'(together, the "Data Protection Law") were enacted, which means that Mexico now has a comprehensive data protection legislation.

The Data Protection Law has the purpose of regulating the legitimate, controlled, and informed processing of personal data and of ensuring the right to privacy and the right to informational self-determination of individuals, and it applies to all individuals or private legal entities that process personal data, except (i) credit bureaus that are governed by the Credit Information Companies Act and other applicable laws, and (ii) individuals carrying out the collection and storage of personal data exclusively for personal use, without purposes of disclosure or commercial use.

General Information

"Personal Data" is defined as all information concerning an identified or identifiable individual, whereas "Sensitive Personal Data" is personal data that refers to the most intimate areas of a data subject's life or which misuse might lead to discrimination or involve a severe risk to the data subject. In particular, data that may reveal racial or ethnic origin, present and future health condition, genetic information, religious, philosophical, and moral beliefs, union membership, political views, and sexual orientation. "Processing" is the collection, use, disclosure, or storage of personal data. Use covers any action of access, management, exploitation, transfer, or disposal of personal data.

Some of the essential obligations established by the Data Protection Law about the processing of personal data are (i) the making available of a privacy notice to all data subjects (clients/ consumers, employees, Internet users, etc.) before the processing of their data; (ii) collecting consent from data subjects for the processing of their data; (iii) maintaining physical, organizational and technological security measures to protect personal data against unlawful processing, disclosure or access; (iv) transferring personal data in compliance with applicable requirements; and (v) appointing a person or department of Personal Data.

Rights of Data Subjects

The Constitution and the Data Protection Law provide that data subjects have the right to access, rectify, or cancel their data, to oppose the processing of such data, to limit its use and disclosure, and to revoke the consent they have provided for the processing of their data.

Sometimes, the exercise of such rights may not be possible. Still, data controllers need to facilitate ownership movement at all times by establishing mechanisms that are easily accessible to data subjects.

Breach Notification

Data controllers must immediately notify data subjects of security breaches that affect their property or rights so they can take appropriate actions to defend their rights or property. It is not necessary to notify the Data Protection Authority of the data breach.

Enforcement

The Data Protection Authority, i.e., the National Institute of Transparency, Access to Information and Protection of Personal Data (Instituto Nacional de Transparencia, Acceso a la Información y Protección de Datos Personales or INAI for its acronym in Spanish), is responsible for the enforcement of the Data Protection Law, either acting ex officio or upon a complaint from the data subject.

Failure to comply with the Data Protection Law may result in fines of up to 320,000 days of the minimum wage in Mexico City (103.74 Mexican pesos in 2023) and up to five years of imprisonment. If sanctions are imposed due to failure to comply with the Data Protection Law when processing sensitive personal data, fines and criminal penalties may double.

Electronic and Online Privacy

The Data Protection Law also regulates the processing of personal data through behavioral advertising and tracking technologies, such as cookies and web beacons.

Cloud Computing

The Data Protection Law also regulates the processing of personal data by cloud providers that use contracts of adhesion with their customers.

FIRM OVERVIEW

Managing Partners: Eduardo Kleinberg

Number of partners worldwide: 33

Number of associates worldwide: 78

Counsel: 3

Of Counsel: 2

THE FIRM

Basham, Ringe y Correa is one of the leading full-service law firms in Latin America. Established in Mexico 1912, Basham draws a century of experience assisting its clients in conducting business throughout Mexico and abroad. The Firm's clients include prominent international corporations, many of them on the Fortune 500 List, financial institutions and individuals.

The Firm's large group of lawyers and support staff are committed to maintaining the highest professional and ethical standards. Constantly exposed to the international legal system, many of Basham, Ringe y Correa's lawyers and other professionals have completed graduate studies at foreign universities and have worked in companies and/or law firms abroad.

Basham's preventive and strategic advice on all types of law allows the Firm to offer its clients effective, complete and timely solutions to their concerns. The Firm's in-depth knowledge and insight into the international as well as the domestic market, including economic trends and current affairs, give the Firm a solid base and perspective in order to offer fully-integrated and tailored solutions to every client.

Every client expects objective and efficient solutions which can be trusted and relied upon. Basham's lawyers are highly experienced and recognized leaders in their fields.

The Firm has regulatory and practical expertise in all areas of modern practice and advises clients on investment, joint ventures, domestic and international tax planning, estate planning and asset protection, in-bond manufacturing (maquiladoras), tax, consultancy and litigation, mergers and acquisitions, corporate and contracts, antitrust, banking and finance, securities, bankruptcy, trusts, insurance, business organizations, international trade, USMCA and WTO matters, anti-dumping duties, intellectual property, administrative law, public bidding, privatizations, government regulations, immigration, labor, social security, consumer protection, environmental law, life sciences & pharmaceutical, energy, telecommunications, air, land and maritime transportation, tourism, civil and commercial litigation, arbitration, criminal law, estate planning, real estate and agrarian matters, among others.

ASSOCIATIONS:

Basham, Ringe y Correa has been selected as Mexican Representative of the International Associations of Lex Mundi, World Services Group (WSG), Club de Abogados, Ius Laboris and ICC Fraudnet.

HONORS AND RECOGNITIONS:

Basham has been distinguished as a leading firm in pro bono work, as recipient of the “Pro Bono Leading Light”, recognition by Latin Lawyer magazine consistently since 2012 and until 2018. In addition, our lawyers have been internationally recognized in different publications such as Chambers Latin America, Chambers Global, Latin America Corporate Counsel Association, Best Lawyers, The Legal 500 and IFLR 1000, among others.

SERVICES

- Aerospace
- Anticorruption, Compliance & Investigations
- Aviation & Airports Law
- Arbitration
- Administrative Law
- Antitrust
- Banking & Finance
- Cannabis Law
- Capital Markets
- Civil & Commercial Litigation
- Contracts
- Consumer Protection
- Copyrights
- Corporate
- Corporations
- Criminal and Counseling on Crime Prevention
- Environmental Law
- Estate Planning & Asset Protection
- Fintech Law
- Foreign Investments
- Franchising
- Gaming & Sweepstakes
- Government Biddings & Privatizations
- Health and Life Sciences
- Human Capital
- International Trade Customs
- Immigration
- Information Technology
- Infrastructure
- Industrial Creations
- Industrial Secrets
- Intellectual Property
- Labor, Consulting & Litigation
- Labor, Employment and Social Security
- Luxury Law
- Mergers & Acquisitions
- Mining
- Oil & Gas
- Privacy & data Protection
- Private Equity
- Project Financing
- Real Estate
- Renewable Energies & Electric Power
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- Social Security
- Tax, Consulting & Litigation
- Transfer Pricing
- Trucking & Railroad
- Trusts

AWARDS



Basham, Ringe y Correa S.C.

CHAMBERS & PARTNERS GLOBAL

6 Areas Recommended
10 Lawyers Recognized



IFLR 1000

3 Areas Recommended
6 Lawyers Recognized



THE LEGAL 500

4 Top Tier Firm Rankings
13 Ranked Departments
20 Leading Individuals



WHO'S WHO LEGAL

Law Firm of the Year
2022
13 Thought Leaders
6 Ranked Departments
13 Ranked Lawyers



LEADERS LEAGUE

17 Areas Recommended
30 Lawyers Recommended



Basham, Ringe y Correa S.C.

CHAMBERS & PARTNERS LATIN AMERICA

7 Ranked Departments
17 Ranked Lawyers
1 Associate to Watch



Basham, Ringe y Correa S.C.

CHAMBERS & PARTNERS HIGHT NET WORTH 2024

1 Ranked Department
1 Ranked Individual



BEST LAWYERS 2023

Tax Firm of the Year
35 Areas Recommended
36 Lawyers Recognized



LACCA APPROVED

11 Lawyers Recognized
2 Thought Leaders



WORLD TRADEMARK REVIEW

Trademarks Tier 1
3 Lawyers Recognized



IP STARS

4 Ranked Departments
2 Trademark Stars
3 Ranked Individuals



LATIN LAWYERS

11 Areas Recommended
18 Lawyers Recognized



IAM PATENT
2 Areas Recommended
3 Lawyers Recognized



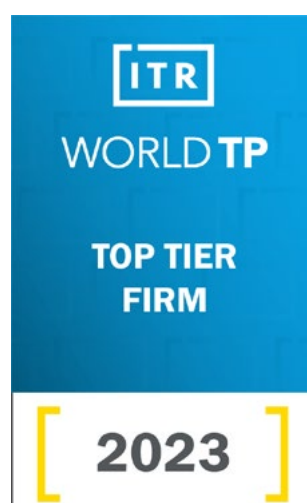
EXPERTS GUIDES
8 Areas recommended
15 Lawyers Recognized



BENCHMARK LITIGATION
4 Litigation Stars
1 Litigation Future Star



WORLD TAX
3 Ranked Departments
7 Ranked Lawyers



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GLOBAL NETWORKS



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