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Mexico
Lending & Secured Finance

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This country-specific Q&A provides an overview of lending & secured finance laws and regulations applicable in Mexico.

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Mexico: Lending & Secured Finance

1. Do foreign lenders (including non-bank foreign lenders) require a licence/regulatory approval to lend into your jurisdiction or take the benefit of security over assets located in your jurisdiction?

Mexican Law sets forth that only duly authorized credit institutions (Banks) may provide banking services , however, lending that does not involve public deposit-taking is not considered a banking service under this definition. Therefore, no license or regulatory approval is required under Mexican Law for foreign or non-bank lenders to extend credit or take security in Mexico.

2. Are there any laws or regulations limiting the amount of interest that can be charged by lenders?

Under Mexican law, specifically the Federal Civil Code (Código Civil Federal, "CCF") and the Commercial Code (Código de Comercio, "CoCom"), the statutory interest rate is set at 9% (nine percent) per annum for civil matters and 6% (six percent) per annum for commercial matters. However, parties to an agreement may freely establish a different interest rate, whether higher or lower than the legal rate. If, however, the agreed interest rate is so excessively high that it appears to take unfair advantage of the debtor's financial distress, inexperience or lack of knowledge, the debtor may ask a judge to intervene. In such cases, the judge may, considering the specific circumstances, reduce the agreed interest rate to a fair level, potentially down to the legal rate provided above.

Additionally, under Mexican Law, there are no explicit provisions prohibiting usury as such, however, international treaties to which Mexico is a party, as well as binding precedents or judicial rulings issued by the competent courts of Mexico, particularly those concerning human rights prohibit usury, that is, the charging of excessive or abusive interest, as well as any other form of exploitation of one person by another.

3. Are there any laws or regulations relating to the disbursement of foreign currency loan proceeds into, or the repayment of principal, interest or fees in foreign currency from, your jurisdiction?

Under Mexican Law, there is no restriction regarding the disbursement of a foreign currency in loans, however, under Mexican Law, any payment obligation expressed in a foreign currency and payable in Mexico must also reflect the equivalent value in Mexican Pesos, likewise, the payment can be discharged by paying the equivalent amount in Mexican Pesos at the exchange rate published in the Official Gazette of the Federation (Diario Oficial de la Federación) by the Bank of Mexico (Banco de México). This means that while parties may contract in USD or other currencies, the debtor has a legal right to satisfy the debt in Pesos at the official rate when payment is due.

4. Can security be taken over the following types of asset: i. real property (land), plant and machinery; ii. equipment; iii. inventory; iv. receivables; and v. shares in companies incorporated in your jurisdiction. If so, what is the procedure – and can such security be created under a foreign law governed document?

In Mexico, assets that may serve as collateral for the purpose of securing obligations are broadly classified into two categories: (i) real estate (bienes inmuebles); (ii) and movable property (bienes muebles), which includes, among others, machinery, equipment, inventories, accounts receivables, shares (including equity interests), negotiable instruments or any rights. The applicable formalities and registration requirements vary depending on the nature of the asset, and compliance is essential to ensure the validity and enforceability of the security interests against third parties.

Real estate may be granted as collateral through a mortgage (hipoteca). A public deed is required for the mortgage to be valid, and it must be registered with the Public Registry of Property(Registro Público de la Propiedad, "RPP"). Compliance with these formalities is essential for the mortgage to be enforceable against third parties.

Separately, movable property may also serve as collateral under Mexican law, including:

• Machinery, equipment, inventories, accounts receivables: These are typically secured through a

floating lien, by means of a non-possessory pledge agreement (prenda sin transmisión de posesión), which, depending on the amounts must be formalized or ratified before Mexican Public Notary followed by registration before the Sole Registry of Movable Assetts (Registro Único de Garantías Mobiliarias, "RUG") to ensure enforceability against third parties.

• Shares/Equity Interest/Negotiable Instruments: The security interest granted over shares/equity interests/negotiable instruments must be granted by means of an ordinary commercial pledge (prenda ordinaria mercantil). While the underlying legal structure is an ordinary commercial pledge, in the case of shares or equity interests, a stock/equity interest pledge agreement must be executed and recorded in the company's corporate books—specifically on the shareholders'/partners Registry book—and, also, the stock certificates must be duly endorsed in favour of pledgee. Although notarization and registration in the RUG are not mandatory for the validity of the pledge under Mexican law, they may be required contractually or for purposes of publicity and enforceability against third parties. Further Compliance with corporate governance formalities is critical to the effectiveness of the pledge under Mexican law.

Separately, security interests over assets located in or registered in Mexico—regardless of the nature of the asset—must be created and governed by Mexican law to be valid and enforceable. This requirement stems from the fact that in rem rights (derechos reales) are subject to the mandatory legal formalities of the jurisdiction where the asset is located or recorded. While the underlying credit agreement may be governed by foreign law, the security agreement itself must comply with Mexican law to ensure its enforceability within Mexico.

5. Can a company that is incorporated in your jurisdiction grant security over its future assets or for future obligations?

Yes, under Mexican law, a company may grant valid and enforceable security interests over future assets and future obligations. The non-possessory pledge over movable assets allows the creation of security interests over assets and obligations that are either existing or future, provided that they are sufficiently described or determinable at the time of execution. Although the pledged assets or obligations may not yet exist when the agreement is executed, the security interest becomes effective once the assets are incorporated into the guarantor's estate, or the obligations become due. To ensure perfection against third parties, the pledge must be registered with the RUG, explicitly indicating that both present and future assets are encumbered, even if such assets are not part of the guarantor's estate at the time of execution.

This structure is commonly used in revolving credit facilities, asset-based lending, and securitizations. In the case of pledges over shares or equity interests, it is also possible to secure future obligations; however, enforcement is only possible once the obligation becomes due. Additionally, restrictions under corporate bylaws or shareholders' agreements may require prior corporate authorization, particularly if the pledge involves future-issued shares. In such cases, it is advisable to include an obligation requiring the borrower or guarantor to formalize the pledge once the shares are issued, include covenants to the guarantor to update corporate books, endorse and deliver certificates (if applicable), and comply with any necessary corporate approvals once the shares are formally issued. Failure to complete these steps once the future assets materialize may affect the enforceability of the security interest under Mexican law.

6. Can a single security agreement be used to take security over all of a company's assets or are separate agreements required in relation to each type of asset?

Under Mexican law, it is feasible to create a single security agreement covering multiple types of a company's movable assets—such as inventory, equipment, receivables, and intellectual property—through a non-possessory pledge, provided the assets are clearly identifiable and the agreement is properly registered with the RUG. However, when it comes to other asset classes such as real estate, equity interests, or contractual rights, separate agreements are typically required due to differing legal formalities.

For example, real estate must be secured through a mortgage granted in a public deed before a notary and registered with the local RPP. Pledges over shares require registration in the company's Share Registry Book and share certificates duly endorsed, and personal guarantees such as sureties must be granted by separate agreement. Additionally, for complex transactions, it is common to use a guarantee trust (fideicomiso de garantía), which allows both movable and immovable assets to be transferred to a trustee under a single structure. Therefore, while a single agreement may suffice for movable assets, a combination of instruments is generally required to cover all asset types under Mexican law.

7. Are there any notarisation or legalisation requirements in your jurisdiction? If so, what is the process for execution?

Yes, in Mexico, notarisation and formalisation requirements apply depending on the type of collateral being granted. For pledges over shares, the shares must be represented by a physical share certificate and endorsed in guarantee and must also be recorded in the company's Share Registry Book to be enforceable against third parties. While the pledge agreement may be executed in a private document, it is common to formalise it before a notary public in high-value transactions, and registration in the RUG may also be required where applicable.

For non-possessory pledges over movable assets such as machinery, equipment, inventory, or receivables, the agreement must include a maximum secured amount, execute the agreement in a public deed or ratify the signatures before a notary public and register the agreement in the RUG.

In the case of mortgages over real estate, the security must be formalised in a public deed before a Mexican notary public and registered with the RPPC where the asset is located. Without registration, the mortgage is not effective against third parties.

Personal guarantees, such as sureties (fianzas) and bonds (aval), do not require notarisation or registration to be valid under Mexican law. However, in practice, sureties granted by individuals are often notarised, while bonds are executed directly on negotiable instruments in accordance with the requirements of the law.

In all cases, although notarisation may not be strictly required, it is a customary practice and often used to provide greater legal certainty and facilitate enforcement.

8. Are there any security registration requirements in your jurisdiction?

Yes, as mentioned above, security interest granted over movable property must be registered before the RUG, and for mortgages they should be registered before the RPP. Security interests over shares or equity interests must be recorded in the corporate books, and registration with the RUG is not mandatory; however, it is sometimes requested by the lender.

In Mexico, it is essential to keep internal records in the corporate books of companies, especially in the case of guarantees affecting shares or corporate decisions.

These book entries are not substitute for public records but are necessary for the validity and enforceability of certain legal acts, such as the pledge of shares or the authorisation to create guarantees. When a pledge over shares is granted, it is required to be registered in the Stock Registry Book of the issuing company. Without this registration, the pledge has no effect against third parties, or the company itself as mentioned in our responses on question 4 above.

Likewise, if the creation of a security interest was approved by the board of directors or by a meeting of partners or shareholders, such a decision must be recorded in the corresponding Minute Book.

9. Are there any material costs that lenders should be aware of when structuring deals (for example, stamp duty on security, notarial fees, registration costs or any other charges or duties), either at the outset or upon enforcement? If so, what are the costs and what are the approaches lenders typically take in respect of such costs (e.g. upstamping)?

Yes, in México, when structuring secured transactions, lenders must anticipate various material costs that may arise both at the inception of the loan and during its execution. To protect themselves, creditors usually include clauses that oblige the debtor to reimburse any expenses anticipated by the creditor and established from outset a maximum guaranteed amount covering principal, interest, commissions and possible penalties, thus avoiding additional costs for subsequent modifications to the contract.

Among the main ones are notary fees, registration costs, local taxes, and expenses arising from judicial or extrajudicial proceedings. Additional notarial and registration fees should be considered.

Although there is no federal tax, some states charge local taxes for registration. Judicial enforcement can generate significant costs, such as legal fees and procedural expenses, although structures such as guaranty trusts allow for more efficient extrajudicial enforcement. If the guaranteed amount increases, upstamping may be required, which implies new costs; therefore, lenders usually provide for a maximum guaranteed amount from the outset and pass on all these expenses to the borrower through the loan agreement.

10. Can a company guarantee or secure the obligations of another group company; are there limitations in this regard, including for example corporate benefit concerns?

Yes, a company may guarantee or secure the obligations of another entity within the same corporate group. However, there are important legal limitations and considerations, particularly regarding the company's corporate purpose (objeto social), corporate benefit, and internal corporate approvals.

In that regard, it is important to consider that the guarantee must fall for the corporate purpose of the guarantor as defined in its bylaws. If the guarantee does not align with the stated purpose, it may be deemed as outside the legal authority of the company and therefore invalid. Moreover, the company granting the guarantee must obtain some form of benefit—direct or indirect—from the guaranteed obligation.

In addition, the guarantee must be duly authorized in accordance with the company's bylaws. This typically requires approval by the board of directors, and in most cases—particularly where the transaction is material or involves related parties' approval by the shareholders' meeting may also be required.

Failure to observe these requirements may result in the guarantee being declared null or unenforceable or could give rise to the director's liability.

11. Are there any restrictions against providing guarantees and/or security to support borrowings incurred for the purposes of acquiring directly or indirectly: (i) shares of the company; (ii) shares of any company which directly or indirectly owns shares in the company; or (iii) shares in a related company?

Mexico does not explicitly prohibit financial assistance as a matter of statutory law. Therefore, leveraged acquisition finance –where a company provides financial support to fund the acquisition of its own or related shares– is not per se unlawful. However, these types of transactions must be structured carefully to mitigate legal and commercial risks, especially in insolvency scenarios.

Additionally, while leveraged buyouts and financial assistance are not prohibited in Mexico, such transactions should be supported by proper corporate resolutions, legal due diligence, and valuation/fairness analysis, and should always align with the company's interests. Failure to comply with these principles could expose the transaction to legal challenges, reputational risks, or potential liability for directors.

12. Can lenders in a syndicate (or, with respect to private credit deals, lenders in a club) appoint a trustee or agent to (i) hold security on the lenders's behalf, (ii) enforce the lenders' rights under the loan documentation and (iii) apply any enforcement proceeds to the claims of all lenders in the syndicate?

Yes. Lenders in a syndicated loan or private credit deal may validly appoint a trustee or agent, including a security agent, to carry out said activities. The appointment of a security agent or trustee is typically governed by the intercreditor agreement or the loan agreement itself. These agreements commonly authorize the agent to declare events of default, exercise remedies, initiate enforcement proceedings, and otherwise act on behalf, and in benefit, of the syndicate or lending group.

The intercreditor agreement plays a crucial role in defining the agent's authority and regulating the relationship among creditors.

13. If your jurisdiction does not recognise the role of an agent or trustee, are there any other ways to achieve the same effect and avoid individual lenders having to enforce their security separately?

N/A

14. Do the courts in your jurisdiction generally give effect to the choice of other laws (in particular, English law) to govern the terms of any agreement entered into by a company incorporated in your jurisdiction?

Yes, under Mexican law, the choice of a foreign law (i.e. English law) is a valid stipulation; however, no foreign law will be applied by Mexican courts if: i) the choice was made to avoid Mexican fundamental legal principles; or ii) it contravenes principles of Mexican public policy (article 15 of the CCF).

15. Do the courts in your jurisdiction generally

enforce the judgments of courts in other jurisdictions (in particular, English and US courts) and is your country a member of The Convention on the Recognition and Enforcement of Foreign Arbitral Awards (i.e. the New York Arbitration Convention)?

Yes, pursuant to article 1347-A of the CoCom, Mexican courts would enforce foreign judgements, included those rendered by English and U.S. courts provided that:

(i) The request for enforcement complies with formalities established in international treaties signed and ratified by Mexico related to letters rogatory. In the absence of an applicable treaty, the request must fulfil the requirements set forth in article 571 of the Federal Code of Civil Procedures( );

(ii) The foreign judgment was rendered on an "action in person am", and not in an "action in rem"( );

(iii) The court issuing the judgement had proper venue pursuant to internationally recognized rules compatible with those of CoCom, if the parties did not submit exclusively to the jurisdiction of Mexican courts;

(iv) Service of process was personally made to defendant in order to satisfy the due process principle( );

(v) The judgement is a final, non-appealable decision ("res judicata");

(vi) The cause of action which originates the judgement is not the subject matter of a pending lawsuit between/among the same parties in Mexico;

(vii) The claim (s) do not contravene matters of Mexican public policy;

(viii) The judgement satisfies the requirements needed to be deemed as authentic; and

(ix) Notwithstanding the fulfilment of the above, enforcement may be denied if it is proven that, in the jurisdiction where the judgement was passed, foreign decisions are not enforced.

Yes, Mexico is a member of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (Convención sobre el Reconocimiento y la Ejecución de las Sentencias Arbitrales Extranjeras), commonly known as the New York Convention. Mexico adhered to the Convention on April 14, 1971, with no reservations, and it entered into force on July 13, 1971.

16. What (briefly) is the insolvency process in your jurisdiction?

The insolvency process in Mexico is governed by the Mexican Insolvency Law (Ley de Concursos Mercantiles, "MIL"). This is a complex matter considering: the number of parties involved and their individual interests; the participation of different officials, namely: trustee or receiver, conciliator and creditor's overseer; the agent of the Attorney General Office; and of course, the federal district judge, and with this note, the process can be summarized as follows:

(i) It begins with the request for declaration of insolvency. This can be filed by the insolvent debtor (article 20 of MIL), or the Attorney General Office or any creditor (article 21 of MIL), before a federal district judge, with the assistance of the Federal Institute of Experts on Commercial Insolvency (Instituto Federal de Especialistas de Concursos Mercantiles), which appoint court-certified experts to oversee and assist in the proceedings.

(ii) Pursuant to article 2 of MIL, this process comprises two stages: a) Conciliation, aimed at preserving the business as an ongoing concern, promoting a restructuring agreement between the debtor and its recognized creditors, and b) bankruptcy should conciliation fail. This phase involves the liquidation of the debtor's assets and distribution of proceeds in accordance with statutory priority rules.

Upon the declaration of insolvency: (i) debts denominated in Mexican pesos cease accruing legal interest and are converted into "Unidades de Inversión" (UDIs), a unit of account indexed to inflation as published by Banco de Mexico, (ii) foreign currency debts are first converted into pesos at the applicable exchange rate published by Banco de Mexico, and then into UDIs, and (iii) the use of UDIs serves to preserve the real (inflation-adjusted) value of claims during the insolvency process, which is often lengthy.

On average, insolvency proceedings in Mexico can extend beyond one year, depending on the complexity of the case and the attitude of debtor and creditors to reach a restructuring agreement.

17. What impact does the insolvency process have on the ability of a lender to enforce its rights as a secured party over the security?

When a debtor is declared insolvent, the ability of a secured creditor to enforce its rights on the collateral is suspended. This suspension stems from the general

"stay" of enforcement actions imposed by MIL which applies from the date of the declaration of insolvency.

In fact, according to article 43 of MIL, the declaration of insolvency must contain: the order for debtor to suspend all payments, except for those which are essential for the ordinary operation (paragraph VIII); the order to suspend any attachment or enforcement on the assets of debtor, except payment of salaries (paragraph IX). The foregoing is confirmed in article 65 of MIL.

Said stay prevents creditors—secured and unsecured alike—from initiating collection proceedings against the debtor or its assets, including the foreclosure of collateral. This measure is intended to preserve the integrity of the estate while the conciliator attempts to negotiate a restructuring agreement with creditors. Should this agreement be reached, secured creditors will collect based on the terms of said agreement, or if they did not participate in the agreement, they can initiate or follow-up the enforcement of their security.

18. Please comment on transactions voidable upon insolvency.

Pursuant to article 113 of MIL any fraudulent conveyance is voidable. Examples of these transactions are: gratuitous acts; purchases at a price significantly higher, or sales at a price notoriously lower than current prices; forgiveness of debt; payment of obligations not yet due made by debtor; granting of securities not contemplated in the original agreement or increasing those which were agreed.

The relevant period to assess whether these transactions are voidable is the look-back period (fecha de retroaccion), which normally is 270 calendar days prior to the declaration of insolvency. This period may be extended up to three years in certain cases.

Actions to challenge voidable transactions may be brought by the conciliator, the trustee, and the creditors' overseer, or even by a portion of the recognized creditors (article 113 Bis of MIL). These remedies are aimed at protecting the integrity of the estate and ensure equitable treatment to all creditors.

19. Is set off recognised on insolvency?

MIL is silent in regard to set offs agreed during the look-back period; thus, based on the principle that transactions beneficial to the estate of the insolvent are valid, those transactions should not be nullified. This interpretation is consistent with article 90 of MIL, since this provision allows to set off for example, mutual rights and obligations arising from: financial derivatives, securities repurchase agreements, and tax credits in favour or against debtor, after the date of the declaration of insolvency.

20. Are there any statutory or third party interests (such as retention of title) that may take priority over a secured lender's security in the event of an insolvency?

Yes, as is the case of: (i) labour claims for salaries accrued in the year prior to the bankruptcy judgement, and indemnifications; and (ii) expenses associated with the administration and preservation of debtor's estate and assets which will have first ranking priority over any other credit (article 224 of MIL).

21. Are there any impending reforms in your jurisdiction which will make lending into your jurisdiction easier or harder for foreign lenders?

As of today, there are no legislative reforms currently pending that would significantly alter the lending landscape for foreign creditors in Mexico.

22. What proportion of the lending provided to companies consists of traditional bank debt versus alternative credit providers (including credit funds) and/or capital markets, and do you see any trends emerging in your jurisdiction?

The Mexican corporate lending market has been –historically– dominated by traditional banks, particularly major domestic financial institutions and a few well-established international banks operating locally. These institutions have typically provided working capital loans, revolving credit facilities, and project finance, especially for large corporates and infrastructure projects.

However, over the past years, there has been a marked rise in the participation of alternative credit providers. These include private credit funds, structured finance vehicles, non-bank financial institutions (SOFOMEs and SOFIPOs), and international debt funds, many of which are targeting mid-market borrowers and sectors underserved by traditional banks (such as real estate development, renewable energy, and fintech).

Additionally, some Mexican companies have increasingly

turned to the capital markets, particularly through local debt offerings (certificados bursátiles) and structured investment vehicles like CKDs and CERPIs, to diversify their funding sources and access more flexible terms.

23. Please comment on external factors causing changes to the drafting of secured lending documentation and the structuring of such deals such as new law, regulation or other political factors

Between 2025 and 2026, the most influencing external factors in our perspective are:

– The most structurally relevant development is the ongoing implementation of a constitutional judicial reform that, beginning in 2025, introduced a system of popular elections for judges at all levels of the federal judiciary, replacing the previous merit-based appointment process. The reform also restructured the bodies responsible for judicial oversight and discipline.

While proponents argue that the reform enhances democratic legitimacy and reduces corruption, market participants have noted that it introduces a degree of uncertainty regarding the consistency and predictability of commercial court decisions. In response, foreign lenders have increasingly favored robust international arbitration clauses and, where possible, foreign governing law provisions to reduce reliance on domestic courts for dispute resolution and enforcement of security interests.

– The AML/CFT (Anti-Money Laundering/Combating Financing of Terrorism) landscape has seen notable activity during this period. At the international level, U.S. regulatory authorities took enforcement actions against certain Mexican financial institutions in connection with money laundering concerns, prompting Mexico to respond with a significant reform to its own anti-money laundering legislation in mid-2025. The reform expanded the scope of activities subject to AML reporting obligations — notably incorporating certain real estate financing activities — and introduced more stringent transaction monitoring and KYC (Know Your Customer) requirements.

For foreign lenders, these developments have reinforced the importance of thorough counterparty due diligence, particularly when selecting Mexican financial institutions to act as trustees, account banks, or paying agents in secured transaction structures. They have also prompted the inclusion of enhanced AML-related representations and covenants in credit documentation.
The convergence of the foregoing factors has led lenders to take a more cautious approach in structuring secured transactions in Mexico. In practice, this has resulted in a greater emphasis on international arbitration and foreign governing law clauses; more detailed AML representations and covenants; enhanced due diligence on financial intermediaries involved in transaction structures; careful structuring of collateral packages in regulated sectors; and a more granular analysis of borrower exposure to trade policy risk.

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