



**MIJARES ANGOITIA
CORTES Y FUENTES**

EXPANSION OF CRITERIA FOR FOREIGN LEGAL ENTITIES



April 17, 2020

General resolution to extend the criteria for the application of article 17 of the Foreign Investment Law, regarding the establishment of foreign legal entities in the Mexican Republic that intend to provide a service, incorporated in accordance with the laws of the Members of the World Trade Organization

On March 25, 2020, the Ministry of Economy published in the Official Gazette the resolution by which the members of the National Foreign Investment Commission agreed to extend the criteria for the application of article 17 of the Foreign Investment Law regarding the establishment of foreign legal entities in Mexico (the "Resolution").

The purpose of the Resolution is to update and simplify the applicable regulations in order to facilitate the establishment in the Mexican Republic for foreign legal entities to supply a service, incorporated in accordance with the laws of the Members of the World Trade Organization.

For such purposes, the Resolution establishes that, in addition to the Members of the World Trade Organization recognized in Annex 1, it will also be considered as members those who adhere after the entry into force of this Resolution, establishing for such purpose that foreign legal entities seeking to establish themselves in the Mexican Republic to provide a service, incorporated in accordance with the laws of the Members of the World Trade Organization, will not be obliged to obtain the authorization referred to in article 17 of the Foreign Investment Law as long as they file, through their legal representative or attorney-in-fact, a writ declaring under oath the following (the "Writ"):

- Their incorporation or formation documents are not contrary to public order, and must provide the main activity they intend to carry out in national territory, which must be in accordance with the provisions of the Foreign Investment Law;
- They have been established in accordance with the laws of their country of origin;
- In the case of the entities referred to in section I of article 17 of the Foreign Investment Law, that such entities shall establish themselves in the Mexican Republic or have some agency or branch therein, and must provide the corresponding domicile; and,
- In the case of the entities referred to in section II of article 17 of the Foreign Investment Law, that such entities shall have a representative domiciled in the place where they are going to operate, authorized to comply with the obligations they acquire, who must provide the corresponding name and address.

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Regarding the recordation with the Public Registry of Commerce of the authorization established in article 17 of the Foreign Investment Law, the Writ must be filed in, which must contain a stamp, reception date and the corresponding folio granted by the Ministry of Economy.

General resolution establishing the criteria for the application of article 17 of the Foreign Investment Law, regarding the establishment of foreign legal entities in the Mexican Republic, incorporated in accordance with the laws of countries with which Mexico has entered into a Free Trade Agreement with investment chapter

On March 25, 2020, the Ministry of Economy published in the Official Gazette the resolution by which it establishes the criteria for the application of article 17 of the Foreign Investment Law regarding the establishment of foreign legal entities in Mexico, incorporated in accordance with the laws of countries with which Mexico has entered into a Free Trade Agreement with an Investment chapter (the "Resolution").

The purpose of the Resolution is to facilitate the establishment of foreign legal entities in the Mexican Republic, updating and simplifying the applicable regulations.

For such purposes, the Resolution establishes that, Foreign legal entities incorporated in accordance with the laws of the United States of America, Canada, Republic of Chile, Republic of Costa Rica, Republic of Colombia, Republic of Nicaragua, Republic of El Salvador, Republic of Guatemala, Republic of Honduras, Republic of Oriental del Uruguay, Japan, Republic of Peru, Republic of Panama, Australia, New Zealand, Republic of Singapore and the Socialist Republic of Vietnam, are not obliged to obtain the authorization referred to in Article 17 of the Foreign Investment Law, as long as they file, through their legal representative or attorney-in-fact, a writ declaring under oath the following (the "Writ"):

- Their incorporation or formation documents are not contrary to public order, and must provide the main activity they intend to carry out in national territory, which must be in accordance with the provisions of the Foreign Investment Law;
- They have been established in accordance with the laws of their country of origin;
- In the case of the entities referred to in section I of article 17 of the Foreign Investment Law, that such entities shall establish themselves in the Mexican Republic or have some agency or branch therein, and must provide the corresponding domicile; and,

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- In the case of the entities referred to in section II of article 17 of the Foreign Investment Law, that such entities shall have a representative domiciled in the place where they are going to operate, authorized to comply with the obligations they acquire, who must provide the corresponding name and address.

Regarding the recordation with the Public Registry of Commerce of the authorization established in article 17 of the Foreign Investment Law, the Writ must be filed in, which must contain a stamp, reception date and the corresponding folio granted by the Ministry of Economy.

Any questions or comments, we remain at your service.

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