

Amendments to the Federal Law for the Prevention and Identification of Operations with Resources of Illicit Origin

Mexico City, July 24, 2025

On July 16, 2025, the Federal Executive published in the evening edition of the Federal Official Gazette, the Decree that reforms and adds several provisions to the Federal Law for the Prevention and Identification of Operations with Resources of Illicit Origin (the "Law"), and amends Article 400 Bis of the Federal Criminal Code (the "Decree")¹. In this regard, below is an executive summary with some of the main modifications established by the Decree.

Executive summary

The Decree establishes the obligation for all business corporations to identify their Beneficial Owner, who must always be a natural person -an individual- (see annex for the full definition). It also imposes the obligation for those carrying out a Vulnerable Activity to collect information on the controlling beneficiary of their clients.

Additionally, the Decree includes at Law level that real estate developments are a Vulnerable Activity and adds that persons facilitating alternative dispute resolution mechanisms are also bound under the Law.

It also establishes that any person or individual acting through trusts, or any other legal entity are bound under the Law, provided they carry out a Vulnerable Activity through these trusts or any other corporate vehicle. In this sense, full compliance with the regulation is required, including, among other aspects, the designation of a compliance officer and registration on the Ministry of Treasury and Public Credit (the "Ministry" or "SHCP", per its acronym in Spanish) portal.

The scope of the Vulnerable Activity related to virtual assets and virtual asset service providers is expanded. As set out by the Decree, this obligation applies even to operations carried out from abroad (any country) as long as involves Mexican persons. Furthermore, the Law

¹ Available at:

https://www.dof.gob.mx/nota_detalle.php?codigo=5763161&fecha=16/07/2025#gsc.tab=0

incorporates the duty to transfer information between obligated parties about the originator, the recipient, and, if applicable, the Beneficial Owner of virtual asset operations, aligning with the “Travel Rule” provided in Recommendation 16 of the Financial Action Task Force (FATF). For this Vulnerable Activity, two thresholds are also established for the submission of notices to the authorities: one when the client’s operations have a value equal to or greater than 210 UMAs², and another when the service provider collects a fee for the service provided equal to or greater than 4 UMAs.

Besides, new obligations are also introduced, such as conducting a risk-based evaluation of their activities, having automated monitoring mechanisms and intensified monitoring of Politically Exposed Persons, developing processes for personnel selection and mandatory training programs, as well as the obligation to perform internal or external audits annually (internal audits may apply when the obligated party’s risk is low or medium, and external audits when it is high). The obligation to submit Notices within 24 hours in case of suspicion or when there are facts or indications that resources related to acts or operations may come from or be destined for the commission of Crimes of Operations with Illicit Resources is elevated to the level of Law, even if the act or operation was not carried out or completed.

Regarding prohibitions on cash operations, it is clarified that this restriction applies even when the cash payment is made through a financial institution (e.g., cash deposits in banks). Likewise, “payment consignments” related to acts or operations subject to cash restrictions under the Law are included within such restrictions.

Regarding sanctions, suspension of operations is contemplated at the request of the SHCP, the classification of culpable offenses i.e. negligence including only by error without intent³ for providing false information⁴ to obligated parties, as well as the modification or alteration of information intended to be incorporated in Notices or responses to authority requirements, or submission of illegible information*.

An important aspect is that Article 55 was reformed to state that the authority will refrain from sanctioning the Law offender on a one-time basis, provided they spontaneously comply with their obligations prior to the start of an inspection by the authorities and expressly acknowledge the infraction during the initial stage of the inspection visit.

The reform came into effect on July 17, 2025, generally for all obligations established in the Decree except for the obligations regarding (i) risk-based evaluation, (ii) internal policies manual,

² Unit of Measure and Update (*Unidad de Media y Actualización*, UMA per its acronym in Spanish).

³ Before the reform, crime was only considered as such when there was intent- *dolo*.

⁴ *Information, documents, data or images.

(iii) personnel selection processes and training programs, (iv) automated mechanisms, and (vi) audits, which depend on deadlines to be set by the General Rules to be issued by the SHCP within the next 12 months. However, for audits and training, the publication of the rules is expected before the end of the year, since the authority indicates that the first period for performing them will begin on January 1st of the year following the publication of the Decree, i.e., January 1st, 2026.

The annex below details some of the mentioned aspects.

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Annex

➤ **Beneficial Owner.** The definition is modified to specify that the Beneficial Owner must always be a natural person (individual); likewise, in the definition of “control”, the percentage of shareholding that a person or group of persons must have to control a legal entity is reduced from 50% to 25% of the share capital.

A Beneficial Owner is defined as the natural person (individual) or group of natural persons (individuals) who:

- a. Directly or through a Client or User ultimately derives the benefit of enjoyment, use, advantage, or disposal of the good or service resulting from the performance of an act or operation with a party conducting a Vulnerable Activity; or
- b. Ultimately exercises effective control over the legal entity which, in its capacity as Client or User, performs acts or operations with a party conducting a Vulnerable Activity, including those on whose behalf such acts or operations are carried out.

A person or group of persons is deemed to exercise ultimate effective control over a legal entity when, through the ownership of securities, contractual arrangements, or any other legal instrument, and in accordance with the applicable General Rules, such person or group may:

- i. Impose, directly or indirectly, any resolution (or decision) at general shareholders', partners', or equivalent meetings, or appoint or remove the majority of directors, managers, or equivalent governing officers performing similar functions (regardless of whether such person or group holds at least 25% of the equity interest);
- ii. Hold rights (i.e. ownership), that directly or indirectly allow them to vote more than 25% of the entity's share capital; or
- iii. Conduct, directly or indirectly, the entity's management, business strategy, or principal policies.

It is worth noting that the reform equates the concept of “Beneficial Owner” with those of “ultimate beneficial owner or ultimate beneficiary” and “real owner,” in line with international recommendations on the matter.

- **Vulnerable Activities.** The following Vulnerable Activities are added at the Law level:
 - i. *Real Estate Developments*: the receipt of resources for Real Estate Developments (when these developments are for sale or lease);
 - ii. *Facilitator Persons*: the activities carried out by facilitator persons referred to in the General Law of Alternative Dispute Resolution Mechanisms, and
 - iii. *Virtual Assets*: the scope of this activity is expanded to include operations carried out from abroad when involving Mexican persons, and the obligation to transfer information of the originator, recipient, and, if applicable, the Beneficial Owner is incorporated.
- **Trusts.** The Decree specifies that those who perform Vulnerable Activities and act through trusts or any other legal figure will be considered bound by such law (obligated parties). Therefore, the obligations provided in the Law must be fulfilled even when performed through trusts.

Therefore, those who carry out Vulnerable Activities through trusts or any other legal figure must designate before the Ministry a person as Representative Responsible for Compliance with the obligations derived from the Law. Until such designation is made, said function will correspond to the settlor or their representative. Said Responsible person must receive annual training, and their identity must be kept confidential by the authorities.

- **Use of the Unit of Measurement and Update (UMA).** References are harmonized to the Unit of Measurement and Update instead of the minimum wage in force in Mexico City. Thresholds were modified only for some vulnerable activities such as notary public services and virtual assets.
- **New Obligations.** The obligations of those performing vulnerable activities have been modified and expanded, the most relevant being:
 - i. *24 hour notices upon Suspicion*: in case of suspicion or possessing information based on facts or indications that the resources related to acts or operations could come from or be destined for the commission of the Crimes of Operations with Illicit Resources, a Notice must be submitted within 24 hours after having

knowledge of such information or the suspicion arose, even if the act or operation was not carried out;

- ii. *Risk-Based Evaluation*: carrying out an evaluation with a Risk-Based approach, expected to be similar to the obligation already established for financial institutions;
- iii. *Internal Policies Manual*: this obligation is already established in the general rules and it was elevated to Law level;
- iv. *Personnel Selection and Training*: development of processes for personnel employment, as well as the adoption of annual training programs;
- v. *Operation Monitoring*: implementation of automated mechanisms to monitor operations not meeting the transactional profile of the Client or User and intensified monitoring of Politically Exposed Persons or High-Risk Persons; and
- vi. *Internal and external Audits*: having internal reviews when the risk of the entity performing the activity is low or external auditor review when the risk is high.

➤ **Cash Operation Prohibitions.** Article 32 specifies that this restriction applies even when the cash payment is made through a financial institution (e.g., cash deposits in banks). Likewise, within the cash payment restriction is included the “payment consignment” related to acts or operations that have cash restrictions under the Law.

➤ **Sanctions.** The Decree also provides modifications to the sanctions established by the Law, which consist of:

- i. *Suspension of Operations*. The authority can order the suspension of operations with certain Clients or Users until its investigations or procedures are concluded;
- ii. *Culpable Offenses*. The modification and incorporation, respectively, of the offense of altering, modifying, or incorporating illegible data or images in notices submitted to the Ministry in notices or in requirements, can be committed culpably (i.e. by simple error); and
- iii. *Self-Correction*. The possibility of spontaneous self-correction for the purpose of avoiding the application of sanctions.

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