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## **Compliance services.**

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The term *Compliance*, as known in the corporate world, is commonly used to describe a group of procedures and good practices that must be adopted by companies to identify, report, and monitor the potential operational risks and legal transgressions that they may face due to their ordinary operations, with the purpose of designing and maintaining internal mechanisms that will prevent, supervise, and control such risks. Studying and applying this sort of compliance-related practices allows Mexican companies to identify and avoid conflicts derived from misconduct, negligence, and failure to comply with the law, which could result in fines or legal actions against them by third parties.

We, at JATA, have the necessary knowledge and experience to advise Mexican companies in the creation and implementation of internal compliance policies, and to design a plan of action in accordance with the Mexican regulation to identify, prevent and contend against bad practices and non-compliance of the applicable laws to each company. Some compliance-related subjects are:

- Anti-Corruption;
- Supply Chain;
- Internal Policies;
- Privacy and Data Protection;
- Economic Competition;
- Conflict of Interest;
- Due Diligence; and
- Consumer Protection.

### **Anti-Corruption.**

An important aspect to consider regarding compliance is the prevention of corruption and money laundering. To mitigate cases of corruption within companies, the government of Mexico created the National Anti-Corruption System (*Sistema Nacional Anticorrupción*). The creation of this system also implied the creation of new laws, such as the Federal Law for the Prevention and Identification of Operation with Resources of Illicit Origin (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*), also known as Anti-Laundering Law, and the General Law of Administrative Responsibility (*Ley General de Responsabilidad Administrativa*). Part of these laws' requirements are that Mexican companies shall have an integrity policy, thus, it is important for the managers and directors of those companies to verify that their company complies with its legal obligations.

### **Supply Chain.**

Within the operational aspect of a company, activities such as the import, export, transportation, and distribution of goods, or the provision of services are regulated by several

norms. Therefore, it is crucial that the company ensures that its supply chain complies with the legal standards for those ends. Such standards are mainly present in the Federal Labor Law (*Ley Federal del Trabajo*), Federal Tax Code (*Código Fiscal de la Federación*) and decrees issued by the executive power. When necessary, our firm can advise its clients regarding the duties to which they are legally bound, so they may prevent the authorities from interrupting or shutting down the daily activities of the companies.

#### Internal Policies.

Internal policies are the guidelines that a company must follow to achieve its goals. They allow all efforts to go towards one same objective and at the same time to keep harmonious relationships between the individuals that form part of the organization. The code of conduct, internal manual, and confidentiality policies are some examples of the rules contained in these guidelines. The policies must also include a system of complaint and enforcement, so that these policies are effective, having to also cover the bad practices of third parties. Keeping a series of good practices and daily requirements is another way of preserving a friendly work environment. Our firm can help its clients to create internal processes and policies that bring a positive corporate culture and comply with existing regulation.

#### Privacy and Data Protection.

Another compliance-related aspect to consider for companies, are those related to data protection and privacy. Mexican regulation includes the Federal Law on Protection of Personal Data in Possession of Private Entities (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares*), which regulates how companies can make use of personal information. Companies that use the personal information of private individuals must give them enough information on how their data will be used, as well as obtain their express consent for it. On the other hand, the company must be aware of the information distribution channels for important or confidential information, so they avoid the non-compliance of an agreement with a client or a supplier, or the disclosure of trade secrets with third parties. Our firm can help its clients create their data protection notices so that they comply with those laws.

#### Economic Competitiveness.

Within economic competitiveness, public entities have created policies and principles with the goal of promoting a fairer environment and guaranteeing fair competition process and free of vices. To achieve this, laws against monopolistic practices have been created as well as distribution agreements and commercial associations for companies to comply with, when applicable, so that the country's supply-demand chain is not affected. Our firm is ready to advise its clients about the regulations created by the Federal Competitiveness Commission and other public entities covered by the Federal Law of Economic Competitiveness (*Ley Federal de Competencia Económica*), so that they can create and implement systems or plans of action to prevent that the company shuts down its operations for failure to comply with the existing regulations.

#### Conflict of Interest.

Sometimes, companies' directors or employees may find themselves in a situation where, by external circumstances, they could influence or change the course of an operation or transaction to obtain a personal benefit. A conflict of interest is not illegal, but an individual's actions or inactions following that premises could derive in illegal acts or reprisals against

the company, such as lawsuits by third parties or the estrangement of potential clients or suppliers. Our firm can help its clients create internal policies to define, identify and address cases of conflict of interest to prevent the issues listed here.

### Due Diligence.

Legal audits, also known as *due diligence*, are day-to-day actions in all corporate legal practices, but especially in matters of financial markets and acquisitions. Doing a due diligence process with a team with the necessary expertise, such as the firm's, helps to identify and counter risks within the administrative, financial, operational, and work-related processes of an organization.

### Consumer Protection.

Consumer protection laws and regulations affect many aspects of a company, from its publicity and marketing practices to the privacy and security of clients' information. The Commission for the Defense of the Users of Financial Services, or CONDUSEF for its acronym in Spanish, (*Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros*) and the Office of the Federal Prosecutor for the Consumer, or PROFECO for its acronym in Spanish, (*Procuraduría Federal del Consumidor*) are entities created by the government to regulate the consumer relations emerged from the supply chain of goods and services. Based on those regulations, our firm can deliver advice to ensure that all company's documents and commercial processes comply with the corresponding legislation and analyze its agreements with suppliers so that they comply with the Federal Consumer Protection Law.

Not all companies are subject to all the issues mentioned in this memo, and some may need to consider additional ones. We will gladly discuss the specific requirements of each case for the proper fulfillment of these and other obligations and ensure the compliance of all corresponding regulations. Please let us know if we can be of any assistance.

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