

## **Effects of Reforms to the Federal Economic Competition Law on M&A Transactions in Mexico.**

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In July 2025, a decree was published in Mexico's Official Federal Gazette amending several provisions of the Federal Economic Competition Law (the "Law"), and therefore the legal framework that regulates competition practices in Mexico significantly changed. These reforms will not only impact economic agents but will also transform the legal framework under which companies structure their corporate operations in Mexico, particularly regarding mergers and acquisitions ("M&A"), seeking to enhance transparency in the processes.

### **A new authority.**

One of the most significant changes is the replacement of the authority responsible for economic competition matters. The Federal Economic Competition Commission ceases to exist, and all its duties, including those of surveillance, promotion, and guarantee of competition and concurrency in favor of consumers, are transferred to the new National Antitrust Commission ("CNA"). This body, attached to the Mexican Ministry of Economy, will have greater powers to supervise transactions that may impact market competition.

In addition, the CNA also assumes the duties of the Energy Regulatory Commission and expands its scope to oversee sectors such as telecommunications and broadcasting. With these powers, the CNA consolidates its position as an authority with enhanced supervisory, regulatory, and sanctioning capabilities in the matter.

### **Key changes to the economic concentration regime.**

Beyond the creation of the CNA, one of the main aspects of the reform is the strengthening of the control regime of economic concentration. These changes aim to prevent certain corporate structures from harming the competitive environment:

1. **Lower notification thresholds:** A greater number of transactions will need to be notified and obtain prior authorization, as the threshold for requesting CNA approval has been reduced.
2. **Broader and more comprehensive assessment:** The CNA will continue to analyze direct acquisitions, as well as indirect effects, complex corporate structures, cross-shareholdings, veto rights, substantial rights, or any other element that implies control or which may affect competition. The purpose is to ensure that each merger or acquisition complies with the guidelines of a healthy economic competition.
3. **Conditioning and preventive measures:** The reform enhances and expands these measures. The authority now has the power to temporarily suspend ongoing concentrations or impose structural and behavioral conditions as a requirement for approval. In addition, documentary requirements are increased, including meeting minutes, market studies, business plans, and information on customers and competitors, to comprehensively evaluate the effects of the transaction on the market.
4. **Resolution deadlines:** Previously, resolutions were issued within 60 (sixty) days, extendable to 40 (forty) more days. Now, if a transaction does not pose competition risks, the new authority may approve it in just 20 (twenty) business days. Whenever a more in-depth analysis is needed, the timeframe may be extended to a maximum of 100 (one hundred) business days, allowing for faster resolution of simple cases and more in-depth review of complex ones.
5. **More rigorous contractual review:** What used to be common market practice is now legally binding. M&A contracts must include suspensive condition clauses that condition the transaction's closing to the obtention of the CNA's authorization if the established thresholds are exceeded. No transaction that surpasses these thresholds can be completed or executed without a prior favourable resolution from the authority.

6. **More severe sanctions:** Mergers that require authorization and proceed without it may face stricter sanctions. For instance, the fine for failing to notify a concentration can reach up to approximately 200,000 UMAs (a unit of measurement and update, approximately MxP\$22,628,000 or U.S.\$2,262,800), regardless of the company's size. Additionally, engaging in anticompetitive practices can lead to legal repercussions, including potential criminal liability.

In today's increasingly regulated environment, the reforms to the Law mark a significant shift in competition policy in Mexico. Companies, investment funds, and legal advisors involved in M&A transactions, must adapt their processes and adopt a more preventive approach. Corporate transactions can no longer be considered solely contractual or financial matters; they must be integrated into a legal strategy that anticipates regulatory impact and actively manages the associated risks.

As a specialized firm, we are committed to supporting our clients in adjusting to this new legal framework, designing transactions that are solid, efficient, and compliant with the law.

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