

ANTITRUST LAW AMENDMENT

AMENDMENTS TO THE FEDERAL ECONOMIC COMPETITION LAW
AND THEIR IMPACT ON THE MEXICAN REAL ESTATE MARKET

On July 16, 2025, the decree amending several provisions of the Federal Economic Competition Law (the "FECL") was published in the Official Gazette of the Federation the main modification being the disappearance of the Federal Economic Competition Commission ("COFECE") as a constitutionally autonomous body and the creation of the National Antitrust Commission ("NAC") as a decentralized public agency of the Federal Public Administration under the Ministry of Economy (the "Amendment")

Below please find bullets summarizing the relevant aspects of the Amendment that have an impact to the Real Estate Market in Mexico:

A

National Antitrust Commission. The NAC assumes all the tasks and resources (including digital platforms) of COFECE and the Federal Institute of Telecommunications in antitrust matters. Furthermore, the NAC's board shall be composed of five commissioners (unlike COFECE, which has seven commissioners). The NAC will take over the direction of antitrust policy in Mexico as soon as all the members of the NAC's board have been ratified

B

Gun Jumping. The procedure related to gun jumping investigations is now included within the FECL

C

Thresholds Reduction. The thresholds that trigger the obligation to notify a transaction before the NAC have been reduced as it follows:

- Transaction Value. The first threshold has been reduced from 18 to 16 million UMAs (~USD\$97.5 million)¹
- Target Value. The second threshold now sets forth the obligation to perform a pre-merger filing when the acquisition of 30% (previously 35%) or more of a target's shares or assets takes place and the target's assets or annual sales exceed 16 million UMAs (previously 18 million UMAs).
- Size of the Parties. Any transaction whose amount exceeds 7 million UMAs (previously 8.4 million UMAs), equivalent to ~USD\$42.6 million, and in which the parties have combined assets or annual sales in Mexico exceeding 40 million UMAs (previously 48 million UMAs), equivalent to ~USD\$243.9 million

D

Notification Exemptions. The following exemptions for not carrying out a pre-merger filing when the applicable transaction exceeds the above-mentioned thresholds are eliminated:

- Acquisitions related to shares, partnership interests, or trusts verified abroad, with the participation of companies not resident for tax purposes in Mexico, were not notifiable as long as control over assets or companies in Mexico was not acquired
- The acquisition by investment funds of shares, partnership interests, participation certificates or trusts was not notifiable when:
 - It was carried out for purely speculative purposes
 - It represented the fund's entry into the relevant applicable market

¹ All amounts expressed in dollars were calculated using today's exchange rate (MXP\$18.5570)



H

Antitrust Compliance Programs. Another interesting point included in the Amendment is the incorporation of the possibility that, prior to the payment of fees, the NAC may certify companies' antitrust compliance programs. The certification will be valid for three years and may be considered by the NAC as a extenuating factor in proceedings before NAC that may result in the imposition of a sanction. In this regard, FECL Regulations and the regulatory provisions to be issued on this matter will set forth the applicable terms and conditions for the obtainment of the certification

E

Transactions that do not exceed thresholds. The period for a transaction that did not exceed the notification thresholds to be investigated by the NAC for any reason established in the FECL was increased from one to three years

F

Deadlines' Reduction. There was a significant reduction in NAC's deadlines for issuing resolutions and/or conducting investigations. Regarding pre-merger filings, NAC's deadline for issuing a resolution was reduced by 50%, from 60 to 30 business days

G

Increase in fines. The NAC will have a wide range of enforcement tools at its disposal to achieve its antitrust policies, since, in addition to amendments to align Mexico's antitrust policy with practices carried out abroad, the applicable penalties were increased by an average of 50% as of the Amendment. It is important to mention that the penalty applicable in cases of gun jumping (the most applied penalty in the real estate market) was established within a range of a minimum of 50,000 UMAs (~USD\$304,897) and a maximum of 8% of the accumulated income of the parties involved



It is important to clarify that,

- The impact of the Amendment on the Mexican Real Estate Market was significantly mitigated by the elimination of the previously proposed pre-merger filing obligation regarding the execution of any joint venture, regardless if the notification thresholds were met by celebration of the joint venture; included in initial drafts of the Amendment
- The Amendment does not imply a breach of the provisions of the United States-Mexico-Canada Agreement (USMCA).

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