AMENDMENT TO THE MEXICAN NATIONAL WATER LAW



AND NEW GENERAL WATER LAW

On December 11, 2025, Mexico's new water legal framework was published in the Official Gazette of the Federation, consisting of the enactment of a new General Water Law and a comprehensive amendment of the National Water Law ("NWL"). Below is a summary of the most relevant points.

NEW GENERAL WATER LAW

Firstly, a new regulatory law is created under Article 4 of the Constitution, whose main purpose is to guarantee human right to access, availability, and sanitation of water, a natural resource essential for life. This is in compliance with the provisions of the 2012 reform of said article of the Constitution, that elevated this right to constitutional status. This new law is being introduced on the basis that the NWL, enacted on December 1, 1992, and amended several times over the years, regulated mainly the administrative management of water, while the General Water Law seeks to modernize the legal framework to guarantee the water human right and strengthen the integrated management of the resource.

Its general guidelines include: prioritizing domestic use and access to the minimum vital amount of water, promoting a culture of water conservation, and avoiding the total suspension of water service to individuals.



AMENDMENT TO THE NATIONAL WATER LAW

Secondly, various amendments are made to the NWL which, in accordance with the Federal Executive's explanatory memorandum, seek to:

- Strengthen the State's stewardship of national water resources and administration
- Eliminate water rights transfers between private individuals
- Review uses and destinations of existing concessions
- Implement a National Water Registry to replace the current Public Registry of Water Rights in order to promote greater control and transparency of the concession and allocation regime
- Strengthen the system for detecting non-compliance with obligations and the sanctions regime, including a catalogue of water crimes that complement the sanctions scheme

Among the most relevant changes with the amendment of the NWL (the "Amendment") are:

A. Transfer restrictions of concessions

Although Article 28, Section IV of the NWL provided for the right of concessionaires to transfer their concessions in accordance with the law, the Amendment expressly states that "the rights covered by concessions and assignments shall not be subject to transfer", thereby repealing the entire legal framework that regulated the transfer of titles between private individuals.

Instead, under the Amendment, in the event that ownership of a property associated with a concession title is transferred, individuals must follow a procedure referred to in the law as "volume reassignment", whereby the water authority ("CONAGUA") will, after analysis and authorization, issue a new concession or assignment title in favor of the purchaser and new owner.

As a result, concession or assignment rights can no longer be transferred between individuals, eliminating the possibility of carrying out transactions through legal instruments such as purchase agreements or the assignment of rights. Instead, a request for reassignment must be made to the authority.

In addition to these modifications, CONAGUA shall resolve the reassignment of volumes within a period not exceeding 20 business days (expedited procedures - Article 37 Bis 1) for the following cases:

- Transfer of ownership of a property associated with a concession title
- Mergers and spin-offs of civil and commercial companies
- Cases in which inheritance rights are proven

For these three cases, it is expressly provided that CONAGUA will issue a new concession title in favor of the person who proves the rights of ownership, representation, or inheritance, retaining the same volume and use, as well as the remaining term of the title in question.

The Amendment adds as violations of the law (Article 119), among others:

- Transferring, supplying or exchanging for payment in kind, or otherwise providing to third parties water for use other than that for which it was granted, in violation of the law
- Transferring titles and/or permits
- Changing the use of water for which it was granted in violation of the law

For these purposes, fines ranging from ~MXN\$244,382.40 to ~MXN\$3,394,200, as well as the temporary or permanent, partial or total closure of wells and works or intakes for water extraction and the suspension or revocation of titles.

B. Prohibition of provisional use of concessioned water

The NWL (Article 23 Bis) allowed concession holders to provisionally grant third parties total or partial use of concessioned water without permanently transferring rights or modifying the conditions of the title, subject to prior notification to CONAGUA.

The Amendment repeals these provisions, eliminating the possibility of provisionally allowing the use of concessioned water to third parties.

In the event of non-compliance, the same penalties mentioned in the previous section would apply.

C. Restrictions on changes in water use

Article 25 of the NWL provided for the possibility of changing the use of concessioned water, in whole or in part, with prior notice or authorization (as applicable) from CONAGUA, establishing a procedure by which the change of use was feasible.

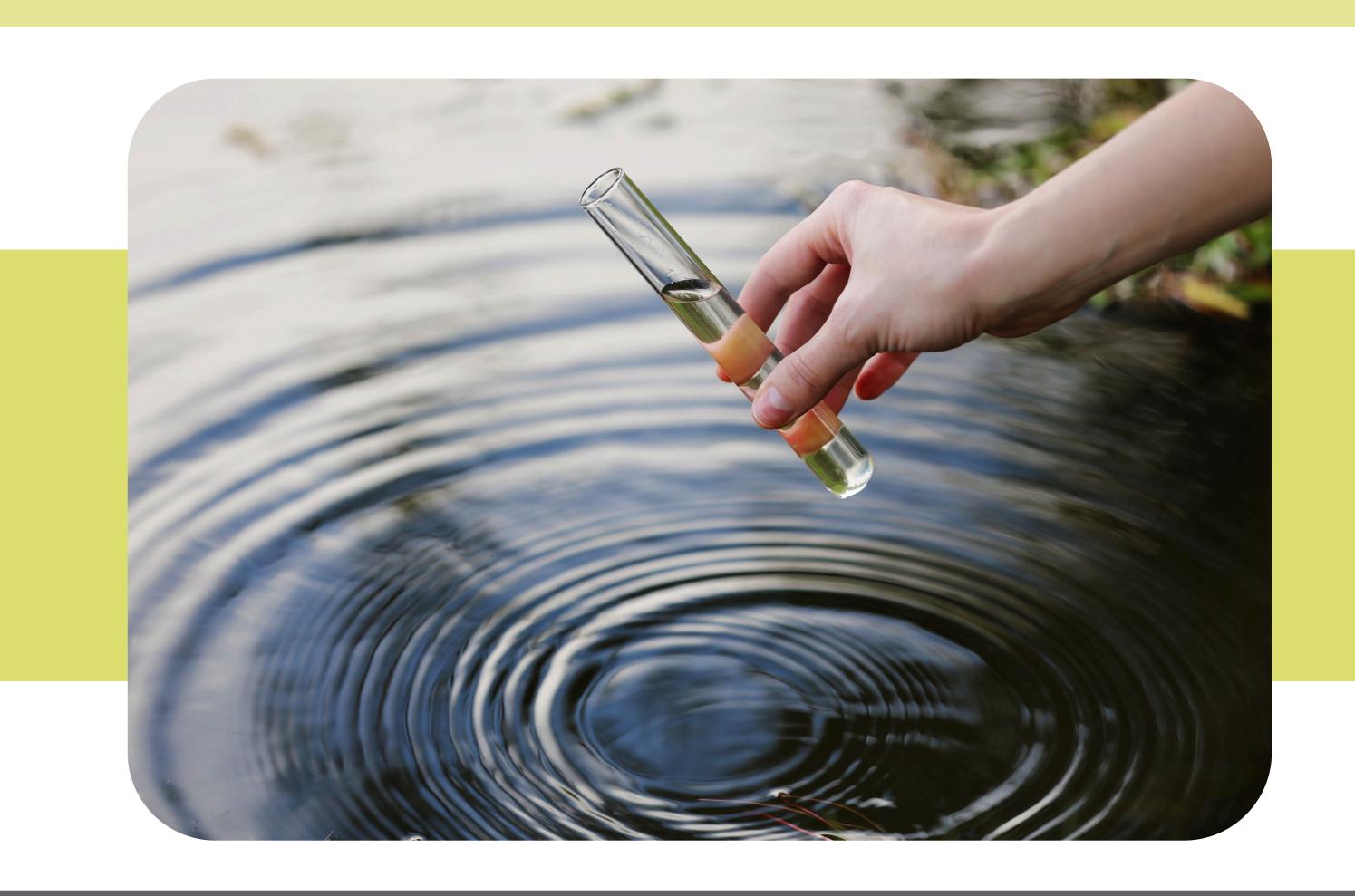
The Amendment repeals any possibility of altering the authorized use in concessions, stating that changing the use of water for which it was granted will be considered an infraction and same penalties mentioned above will apply.

NEW PUBLIC REGISTRY AND RESERVE FUND

It was also amended that the current Public Registry of Water Rights would be replaced by the National Public Water Registry, with the aim of creating a tool that would more efficiently promote control and transparency in the concession and allocation system. All acts related to and information on concession titles, allocations, and discharge permits will be registered there.

Similarly, the "water banks" will be replaced by the "National Water Reserve Fund" managed by CONAGUA, which will be made up of volumes from the expiration of concession or allocation titles and for the purposes of volume reallocation procedures (regulated in Article 37 Bis and in the NWL Regulations).

This new scheme will require reviews and inspections of currently valid titles in order to ensure that all concessions are fully regularized.



INCREASE IN PENALTIES

Finally, in addition to the fines and other penalties mentioned above, a catalog of crimes against national waters has been created, which are prosecutable ex officio and carry penalties ranging from fines to prison sentences.

Crimes include (Article 123 Bis 2 – 123 Bis 6):

- The malicious transfer of national waters for profit
- The alteration, diversion or obstruction without authorization of national waterways or flows

ENTRY INTO FORCE

The transitional provisions of the Amendment establish that the maximum period for issuing the corresponding regulatory provisions shall be 180 calendar days from its entry into force on December 12, 2025. However, until the regulatory provisions are issued, the provisions of the NWL in force prior to the Amendment shall continue to apply, with the exception of transfers and changes of use.

On the other hand, it is expressly mentioned that the volume reallocation procedure will be applicable 180 calendar days after the Amendment's publication.

Any procedures pending resolution by CONAGUA must be resolved in accordance with the regulations prior to the entry into force of the Amendment and in force at the time of their submission.



CONCLUSION

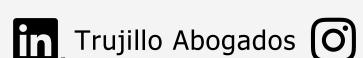
The enactment of the new General Water Law and the amendment of the NWL represent a comprehensive change in water management in Mexico, moving toward a system of greater administrative control.

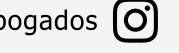
In particular, the elimination of the possibility of transferring concessions between private individuals, provisional use, and changes in water use, as well as the creation of new registries, funds, infractions, and criminal offenses, introduce stricter regulations that must be taken into account when planning real estate and corporate operations involving water use rights.

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