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NEWSLETTER & BOLETIN

VON WOBESER Y SIERRA, S.C.

Mexico

Contents

Versión en español en el reverso

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EDITORIAL

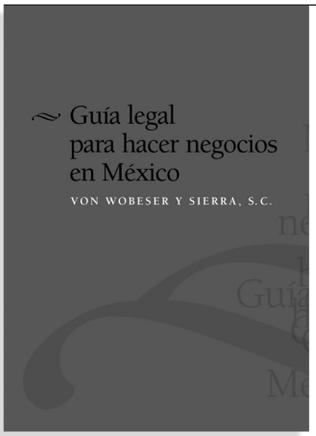
This past January, with the participation of important figures in the political, academic, and business life of our country, and before a large number of clients and friends of the firm, Von Wobeser y Sierra, S.C. presented in the Industrialists Club the book *Guía legal para hacer negocios en México* (*Legal Guide for Doing Business in Mexico*).

The idea of this *Guía* arose from the interest of the firm in offering to everyone who is doing or plans to do business in Mexico, and particularly our valued clients, a book with useful, reliable, and clear information on the legal conditions for such activity.

The result is a book that covers, in twenty-two chapters divided into specific topics, practically all the legal aspects of the creation and operation of a company in Mexican territory.

In chapters on matters such as foreign investment, labor law, the tax and immigration regimes, foreign trade, financial guarantees, and industrial property, the reader can find answers to specific questions or obtain a more complete and articulated view of certain matters related to the nature of their business or projects.

Since its presentation a little more than a month ago, the *Guía legal para hacer negocios en México* has been available as a courtesy to our clients and friends, and we recently had the satisfaction of delivering the last copy of the first printing which, given the nature of the book and the publishing standards of our country, was quite large. In the coming weeks a



Von Wobeser y Sierra, S.C. is pleased to make available to it's clients and friends the book *Guía legal para hacer negocios en México*, which was published recently on the occasion of the firm's 20th anniversary.

Our aim with this guide is to facilitate the work of companies and people that do business in Mexico, by offering them clear, useful, and precise information on the main legal aspects of their activities.

If you are interested in receiving a complimentary copy of the book please call us at 52 50 10 00.

Soon, the *Guía legal para hacer negocios en México* will also be available in German and English.

first reprint will be issued and, in the coming months, the editions in German and English, with which we will respond directly to the interest shown by our foreign clients.

The work done by the lawyers of the firm in preparing the *Guía legal para hacer negocios en México* is in a certain sense similar to and, therefore, parallel to what we do in each issue of this *Newsletter* / *Boletín*: provide to our clients a synthesis of legal information that, based on our experience, we know will be useful to them in making decisions in their daily activities.

It is a service that, without attempting in any way to be exhaustive or replace personalized advice, is intended to address the needs of our clients in a holistic and ongoing manner.

Sincerely,

Claus von Wobeser

CORPORATE

ANALYSIS

INVESTMENT PROMOTION STOCK CORPORATION (SOCIEDAD ANÓNIMA PROMOTORA DE INVERSIÓN, SAPI)

The SAPI is a type of Stock Corporation (Sociedad Anónima, or S.A.), and therefore the provisions of the General Law of Commercial Companies (Ley General de Sociedades Mercantiles, LGSM) are applicable to it, save for the exceptions established by the new Securities Market Law (nueva Ley del Mercado de Valores, NLMV).

Although the original purpose for creating the SAPIS in the NLMV was to promote the Mexican venture capital market, forming an intermediate type of company between S.A.s and Stock Market Corporations (Sociedades Anónimas Bursátiles, SABS), the NLMV does not establish limitations on the incorporation of the SAPIS or on the adoption of the SAPI regime by already existing S.A.s, and therefore this new type of company can be used for purposes other than to promote the venture capital market.

The exceptional regime established in the NLMV for SAPIS provides greater flexibility to their shareholders with respect to voting rights and stronger minority rights, among other benefits that will be described briefly below:

1. The by-laws of SAPIS may stipulate:

    a) The establishment of any type of limitation on the transfer of shares or rights with respect to the shares of a particular series or class, different from those established in article 130 of the LGSM;

    b) In addition to the provisions of the LGSM, the establishment of causes for the exclusion of shareholders, the exercise of the right of withdrawal or of separation or the redemption of stock, and the setting of the price or the mechanism for determining the price of the shares in such cases;

    c) The possibility of issuing shares: without voting rights (without cumulative and preferred dividend), with limited or restricted voting rights, with corporate rights other than voting, that

only confer voting rights (and no other corporate rights), that limit or broaden the profit-sharing right or that grant other special economic rights as an exception to article 17 of the LGSM, and that confer a veto right;

d) Mechanisms to end deadlocks;

e) Expansion, limitation or elimination of the right of preferential stock subscription referred to in article 132 of the LGSM;

f) Limitations on the liability of the members of the board of directors;

g) The possibility of a buyback of its own shares by the SAPI.

2. SAPI shareholders can execute agreements stipulating:

a) Rights and obligations that establish put or call options, such as the following:

i. One or more shareholders may sell all or part of their shares only when the purchaser also agrees to purchase all or part of the shares of other shareholders in equal conditions (tagalong / piggyback);

ii. One or more shareholders can require another shareholder to sell all or part of its shares when the former accept(s) a purchase offer in equal conditions (drag-along);

iii. One or more shareholders have the right to sell to or purchase from another shareholder, who will be obligated to sell or purchase all or part of the shares;

iv. That the shareholders are obligated to subscribe to and pay for a certain number of shares representing the capital stock;

b) Sale or transfer and other legal acts related to the ownership, transfer, or exercise of a preferential right;

c) Resolutions for the exercise of voting rights;

d) Resolutions for the sale of shares in a public offering;

e) Non-compete agreements.

3. A SAPI can choose to adopt either of the following management and oversight governing regimes:

a) Board of directors and examiner, responsible for the management and oversight, respectively, as in a typical S.A.;

b) Board of directors responsible for both the management and oversight of the SAPI, in which it will be supported by one or more corporate practice and audit committees, a general director, and an independent external auditor.

In choosing between the above-mentioned governing regimes, the specific needs of each SAPI, its size, and the division of the shares held in its capital stock should be taken into account.

4. The shareholders of the SAPI have the following minority rights:

a) Those holding, individually or jointly, 10 percent of the voting capital stock, including restricted or limited stock, may appoint and revoke one member of the board of directors and one examiner, request the calling of a shareholders' meeting, and request the postponement of a meeting vote one time only;

b) Those holding, individually or jointly, 15 percent of the capital stock, including restricted or limited stock, or nonvoting stock, can exercise a liability action against the shareholders or the examiner;

c) Those holding, individually or jointly, 20 percent of the capital stock may judicially challenge the resolutions of the meetings, provided they have voting rights in the corresponding matter.

5. SAPIS will be exempt from the requirement of publishing their financial statements.

6. SAPIS are not subject to the oversight of the National Banking and Securities Commission.

Although the SAPI does represent an innovative and timely type of company in the area of joint ventures, it will be necessary to evaluate the advisability of adopting this governing regime for each particular case, depending on the needs and the future prospects of each company.

SECURITIES

NOTE

AMENDMENTS TO THE ISSUERS CIRCULAR

As a result of the entrance into effect of the new Securities Market Law (Ley de Mercado de Valores, NLMV), published in the *Official Federal Gazette* on December 30, 2005, it was necessary to amend the "General Rules Applicable to Issuers of Securities and Other Participants in the Securities Market", or Issuers Circular ("Disposiciones de carácter general aplicables a las emisoras de valores y a otros participantes del mercado de valores" or Circular Única).

In general, the purpose of the amendments is to update both the references to the articles of the NLMV and the contents of the Issuers Circular to reflect changes in the NLMV.

Among the most relevant amendments are the following:

1. In view of the creation of the Stock Market Investment Promotion Corporation (Sociedad Anónima Promotora de Inversión Bursátil, SAPIB), which can register its shares with the National Securities Registry (Registro Nacional de Valores, RNV) for quotation on the stock market, it was necessary to incorporate into the Issuers Circular the requirements for registering its shares, the information that issuers must reveal to the public investors, and the requirements for maintaining the registration of the shares.

2. The Issuers Circular includes a list of "relevant events" that could influence the prices of the securities registered with the RNV, and about which the issuers must inform the public investors. This list was previously included only in the Internal Regulations of the Mexican Stock Exchange.

3. As a result of the changes that the NLMV incorporates into the RNV regarding the disappearance of the securities and special sections, and the fact that as of December 25, 2006, public offers abroad are no longer registered —although the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores, CNBV) must be informed of such offers for statistical purposes only— the provisions contained in the Issuers Circular regarding the RNV were amended.

4. In addition to the obligations established in article 28, section III, of the NLMV, article 71 of the Issuers Circular requires issuers to obtain an independent expert opinion on the reasonability of the market price and conditions of the transaction, when such transaction will be carried out with related parties in the circumstances set forth in the aforementioned article 28.

TAX

ANALYSIS

FEDERAL TAX CODE REFORMS

The purpose of these comments is to briefly explain the principal and most important amendments to the Federal Tax Code which, after two years of debate in the Congress, were published in the *Official Federal Gazette* on June 28, 2006.

These amendments were extremely broad and included changes in every section of the Code, among which the following are worth pointing out:

- Under the subject of **tax residence of individuals**, an addition was introduced establishing that individuals of Mexican nationality who can show proof of their new tax residence in a country or territory where their income is subject to a preferential tax regime will not lose their residency in Mexico during the fiscal year in which they file the notice of change of tax residence nor for the three following fiscal exercises. However, this will not be applicable when the country in which the new tax residence is located has executed with Mexico a broad agreement for exchanging tax information.

- In relation to the **residency of entities**, the previous criterion for being considered a resident of Mexican territory, namely that the entity be incorporated under Mexican law, was eliminated; now the only criterion for being considered a resident is that the entity have established its principal administrative offices or corporate headquarters in Mexico.

- It is established that the **tax domicile of individuals** who do not engage in business activities is the location they use to carry out their activities. In this respect, in order to combat the informal economy, it is established that in those cases in which individuals engage in any type of activity and do not have a commercial space for doing so, their tax domicile will be their residential home.

- New cases are established in which the tax authorities can carry out audits on taxpayers at any place where they carry out their activities or the place that is considered their domicile. These cases are: (i) when they do not designate a tax domicile and were obligated to do so, (ii) when they designate a tax domicile different from what corresponds to them, and (iii) when they indicate a fictitious domicile.

- With regard to the subject of **tax refunds**, it is established that when in a request for a refund there are errors in the information contained therein, the authority will request the taxpayer to clarify such information in writing within ten days, warning that if the taxpayer does not do so, the refund request will be considered withdrawn.

  It is also established that taxpayers that have balances in their favor equal to or greater than $25,000.00 pesos must present a refund request electronically, with an advanced electronic signature.

- The powers of the tax authority are broadened to allow it to apply the **setoff *ex officio*** against tax obligations whose payment has been authorized in installments, which must be made on the unpaid balance at the time of making such setoff. Furthermore, it is specified that the **declaration that an action on tax obligations is barred by a statute of limitations** can be made *ex officio* by the tax authority.

- It is established that persons who, by their own acts or omissions, unduly receive **subsidies** must return the amount unduly received with the corresponding adjustments for inflation and surcharges. Similarly, it is established that when a person unduly applies a subsidy whose amount has been credited by such person against the payment of federal taxes, such crediting will be invalid.

- Regarding the **accounting records** of the taxpayer, the power the latter had to keep them in a place different from its tax domicile is eliminated, but the possibility is established of the taxpayer electronically processing its accounting data and information in a place other than its tax domicile without it thereby being considered that its accounting records are kept outside of the tax domicile.

- In order to have greater control with respect to the payment of taxes, it is established that all **tax receipts** that indicate a transfer of taxes must itemize such taxes by tax rates.

  Furthermore, with regard to transactions for the acquisition of goods, the temporary use or enjoyment of goods, or the provision of services, in

addition to payment by check for deposit and account transfers in credit institutions or brokerage firms, and also transactions with credit, debit, or electronic money cards, the original of the account statement of whomever makes such payment can be used as evidentiary documentation for purposes of the deductions or credits authorized in the tax laws.

- In relation to **tax inquiries** submitted by taxpayers regarding actual, specific situations, it is established that the tax authorities are only obligated to answer them when their subject matter is not related to an administrative or judicial proceeding filed by the interested party itself. It is also added that when, during the exercise of the inspection powers, the interested parties submit inquiries related to tax provisions, compliance with which is the reason for the exercise of such powers, the term for resolving the inquiries will be suspended. In this case, any resolution that is issued will be understood to resolve the inquiry, provided that it refers to the actual, specific situation that has been set forth therein.

- A very important aspect of the reform is the extension, with regard to **on-site inspections and document review requests**, of the term for the tax authority to conclude the inspection or review, from 6 months to 12 months. For taxpayers who form part of the financial system, as well as those who consolidate for tax purposes, this term is extended from 12 to 18 months.

  In relation to this subject, a new premise is added which establishes that time periods will be suspended when the taxpayer does not respond to the request for information, reports, or documents made by the tax authorities to verify compliance with its tax obligations, for the period between the day of expiration of the term granted in the request for such documents to the day the request is answered, but such extension may not exceed six months. In the case of two or more requests for information, the different periods of suspension will be added together and in no case may the suspension period exceed one year.

- With regard to the **registered public accountant certificates of financial statements**, the deadline for presenting them is extended from May 31 to June 30 of the year immediately following the termination of the fiscal year in question. Similarly, an additional requirement is established with regard to the content, which is that the auditor issuing the certificate must indicate whether he or she applied any interpretive criteria different from that indicated by the authority in the *Official Federal Gazette* as nonbinding.

  It is also provided that the review of the information requested from the auditor shall not exceed a term of 12 months from when the auditor is notified of the request for information, such term being independent of the 12 months indicated for the tax authority to conclude the exercise of its inspection powers.

  It is also established that when the authorities request information from the auditor, it is no longer necessary for the taxpayer to be notified with a copy of the request. In this way, it is established that when the authority, within the above-mentioned term, does not directly request from the taxpayer the information it considers relevant to verify compliance with its tax obligations or does not exercise its inspection powers directly with the taxpayer, it may not review the same auditor's certificate again, unless it is to review facts different from those already reviewed.

  It is also established that if the information and documentation provided by the auditor who prepared the certificate is not sufficient, it is no longer necessary to request additional information or documents from the taxpayer; rather, the authorities can exercise their inspection powers directly over the auditor.

- Another fundamental aspect of this reform consists of the change in the term for **partial or deferred payments**, formerly 48 months; it is now established that the maximum term for deferred payment is 12 months and for partial payments, 36 months. There is also a new requirement that 20 percent of the total amount of the tax debt, plus any related governmental charges, be paid at the time of the request for authorization.

  In addition, it is provided that the option of payment in installments elected by the taxpayer can be modified, for the debt in question, on one occasion only, provided the entire term does not exceed the maximum term.

It is clarified that the **suspension of the expiration term**, for purposes of the exercise of inspection powers, begins with the notification that those powers are being exercised and terminates with the notification of the final resolution, or when the term for issuing it has concluded without such resolution being issued; thus it is no longer necessary to draft partial or final documents every six months, as was previously required. In this respect, when the term for issuing the definitive resolution has passed without it being issued, it is provided that the expiration term was never suspended.

Similarly, it is established that in relation to on-site inspections, to the review of accounts in the offices of the authorities, or to the review of auditors' certificates, the expiration term that is suspended for purposes of exercising the authority's inspection powers, added to the term by which such expiration is not suspended, cannot exceed seven years.

- Regarding **compliance with the resolutions issued for purposes of filing a defense**, a term of four months is provided for the authority to comply with resolutions that revoke the administrative act appealed for defects in form or procedure.

  It is also provided that when an appealed act or resolution is invalidated on substantive grounds, the authority cannot issue a new act or resolution on the same acts, unless the resolution rules that it should reissue the act or issue a new resolution. In this respect, it is established that in no case may the new administrative act or resolution be more detrimental to the petitioner than the appealed resolution or act.

- Finally, regarding **notifications**, it is established that these may be made by data message with acknowledgment of receipt, when they are for purposes of summons, requirements, and requests for reports or documents, and of administrative acts that can be appealed. These notifications may be made on the web page of the Tax Administration Service or by e-mail, pursuant to the general rules established for such purposes.

CUSTOMS

NOTE

GENERAL RULES AND REGULATIONS APPLICABLE TO FOREIGN TRADE

On July 21, 2006, the Ministry of Economy (Secretaría de Economía, SE) published in the *Official Federal Gazette* a ruling containing the General Rules and Regulations Applicable to Foreign Trade (Reglas y Criterios de Carácter General en Materia de Comercio Exterior, the "Ruling"), an amendment to which was published on January 4, 2007. The purpose of both the Ruling and its amendment is to inform the public of the resolutions issued by the SE in this respect, and they contain the general rules and the Ministry's criteria for interpreting the regulations applicable to foreign trade, in order to facilitate awareness of them, their use, and compliance therewith.

Some of the rules and regulations contained in the Ruling were already in force but dispersed among other general rulings, circulars, orders, and resolutions, which suggests that the SE's intention is to codify them in a single document. It can be expected that the Ruling will be amended constantly in the future in order to include the rules and regulations that are continually created in relation to foreign trade, and therefore it will be important to look out for any such changes.

Currently, the Ruling addresses certain specific topics such as:

1) Actions before the SE;

2) Tariff and non-tariff regulations and barriers to foreign trade;

3) Export promotion programs (IMMEX, ALTEX, and ECEX);

4) Other promotion instruments, specifically the Sectoral Promotion programs (Promoción Sectorial, PROSEC), and

5) The Comprehensive Foreign Trade Information System (Sistema Integral de Información de Comercio Exterior, SIICEX).

With regard to actions taken before the SE, the form in which such actions can be taken is clarified in the Ruling, and the documents with which the petitioners can lawfully identify themselves are specified.

Regarding tariff and non-tariff regulations and barriers to foreign trade, it is important that for any proposal to the Federal Executive to amend tariffs, the SE must, among other things, analyze the effects of the measure in question, taking into consideration the quantitative or qualitative impact expected on prices, employment, competitiveness of the chain of production, government revenues, earnings and losses of the productive sector, costs or benefits for consumers, and effects on supply and demand.

In relation to Export Promotion programs, certain guidelines are given for their application to program participants that produce intangible goods such as software, television and radio content, and similar goods.

Finally, in relation to the SIICEX, it is clarified that this system is created as a free tool to facilitate access to Federal Government information related to foreign trade. This system can be consulted at the web site www.siicex.gob.mx.

CUSTOMS

NOTE

IMPORT AND EXPORT OF CHECKS

It is important to take into consideration that Mexican law establishes certain obligations on anyone who takes checks into or out of Mexican territory using courier services, which, if violated, can result in significant legal sanctions.

In this regard, the Mexican Customs Authorities have recently put special emphasis on verifying compliance with obligations related to checks, which is why we consider it important to inform you of this matter.

This obligation consists of the following:

Article 9 of the Customs Law establishes as an obligation of the person who uses a courier service for sending to or receiving in Mexico amounts greater than USD $10,000 (ten thousand dollars of the United States of America) in cash, foreign or domestic checks, orders of payment, or any other receivable document, to inform such courier service companies of the total amount being sent or received.

Failure to comply with the above is considered an infraction of the Customs Law, as established in section XV of article 184 of that law, and carries with it as sanction a fine from 20 to 40 percent of the amount by which USD $10,000 is exceeded.

As a result of the above, we suggest that companies review their check sending and receiving procedures to and from abroad and ensure that the courier companies are being properly informed.

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ANALYSIS

AMENDMENTS TO THE INDUSTRIAL PROPERTY LAW

On January 25, 2006, the Ministry of Economy issued a decree amending several provisions of the Industrial Property Law, specifically articles 142, 190, 191, and 193; adding section VII to article 2; adding articles 142 Bis, 142 Bis 1, 142 Bis 2, 142 Bis 3; and adding sections XXV and XXVI to article 213.

In this commentary we look at the advantages and disadvantages of the above-mentioned reform with respect to articles 190, 191, and 193 of the Law, which regulate the presentation of petitions for administrative declarations, the documents that should accompany such petitions, and the evidence that should be included. These articles establish the following:

> Article 190.- With the petition for an administrative declaration, the documents and records on which the action is based shall be presented, in original or duly certified copies, and the corresponding evidence offered. Any evidence submitted subsequently will not be admitted unless it supervenes the original evidence. In addition, the petitioner shall exhibit the number of simple copies of the petition and the accompanying documents necessary to notify the adverse party.
>
> When a document that is in the archives of the [Mexican Industrial Property] Institute is offered as evidence, it will be sufficient for the petitioner to specify the case file in which it is found and request the issuance of the corresponding certified copy or, if applicable, the certification of the simple copy that is exhibited, and request the Institute to summon the affected title holder with a simple copy of such evidence.
>
> Article 191.- If the petitioner does not meet the requirements referred to in article 189 of this Law or does not exhibit the copies of the petition and the accompanying documents referred to in article 190 of this Law, the Institute will request, once only, that such omission be rectified or the corresponding explanations made; for such purpose a period of

eight days will be granted, and if the request is not complied with in the granted period, the petition will be rejected.

The petition will also be rejected if there is no document evidencing legal capacity or when the registration, patent, authorization, or publication on which the action is based has expired.

Article 193.- Once the petition for administrative declaration of nullity, expiration, and cancellation has been admitted, the Institute, with a simple copy of the petition and the accompanying documents, will notify the affected title holder, granting the latter a period of one month to state his or her defense in writing. In the administrative declaration of infringement proceedings, articles 209 section X and 216 of this Law will apply. The notification will be made at the domicile indicated by the petitioner for administrative declaration.

It should be mentioned that the reform in question was proposed in order to attempt to harmonize the provisions of the Industrial Property Law with those of the Federal Administrative Procedures Law, the latter of which is a supplemental regulation for many administrative laws, including the Industrial Property Law.

It would seem that the reform of article 190 of the Law imposes a procedural burden on the petitioner for administrative declaration, given that it requires the petitioner to exhibit simple copies of both the petition and the accompanying documents, including the evidence. However, this requirement was already established in the Federal Administrative Procedures Law, and therefore it is only an addition intended to harmonize the two laws.

Furthermore, it should be specified that just as indicated in the reform of article 191 of the Law, in the event that the petitioner does not comply with any of the requirements established in article 189 or does not exhibit the copies of the petition and the accompanying documents for notification to the adverse party, the Mexican Industrial Property Institute will request only once the rectification of this omission.

With regard to the document by which the petitioner evidences his or her legal capacity, this should be exhibited when the petition is presented, since otherwise the Industrial Property Law establishes that the petition will be rejected by the Institute. We consider this to be illegal, given that the Federal Administrative Procedures Law, which as we mentioned is supplemental to the Industrial Property Law, establishes that in this case the authority hearing the matter must request the petitioner to rectify such omission.

The advantage of this reform for the petitioner for administrative declaration is that if the copies of the petition for notifying the adverse party are not provided, or any of the requirements set forth in article 189 of the Industrial Property Law are not met, the Mexican Institute of Industrial Property must request the petitioner to rectify such omission, as provided in article 191 of such Law.

In conclusion, we can say that the reform of articles 190, 191, and 193 of the Industrial Property Law was intended to harmonize this Law with the Federal Administrative Procedures Law, which is a supplemental law in industrial property matters.

ENVIRONMENTAL

NOTE

AMENDMENTS AND ADDITIONS TO THE GENERAL WILDLIFE LAW

First of all, it is important to mention that the main purpose of the General Wildlife Law, hereinafter referred as the "Law," is to establish the concurrence of the federal, state, and municipal governments, in their respective competences, regarding the conservancy and sustainable exploitation of wildlife and its habitat in Mexican territory.

Having mentioned the above, it should be specified that on June 26, 2006, a decree was published in the *Federal Official Gazette* amending articles 38, 118, and 120 of the Law in connection with the Centers for Wildlife Conservation and Research, and adding article 60 Bis 1, regarding the protection of sea turtles.

With the amendment of article 38 of the Law, the activities of the Centers for Wildlife Conservation and Research were redefined and restructured and consist in the following:

1) Reception, rehabilitation, protection, recuperation, reintroduction, and channeling of wildlife, and any other action that may contribute to the conservation of rescued samples, voluntary deliveries, or seizures carried out by the Federal Environmental Protection Agency or the Attorney General's Office (Procuraduría General de la República, PGR);

2) Diffusion, capacity-building, monitoring, evaluation, sampling, management, follow-up, and any other activities that may contribute to the development of the knowledge of wildlife and its habitat, as well as its integration to the process of sustainable development.

The addition to article 118 is related to the procedure for depositing wildlife samples and parts and derivations of wildlife species when they are secured by the authority. It is provided that the secured samples, parts, and derivations of wildlife species have to be deposited immediately with the Centers for Wildlife Conservation and Research, in units for the Management of Wildlife Conservation, in institutions, or with persons duly registered for such purpose, prior to designating the infringer as depositary of the secured goods.

Article 120 of the Law was also amended, establishing that whenever the Ministry carries out precautionary seizures in accordance with the Law, it shall direct the secured wildlife samples to the Centers for Wildlife Conservation and Research or shall consult with such centers on the channeling of the samples to Management units for Wildlife Conservation.

Finally, it is worth mentioning that the addition of article 60 Bis 1 of the Law is of great importance for the protection and conservation of the sea turtle, since it establishes that no sample of sea turtle, including its parts or derivates, whatever species it may be, can be subject to extractive exploitation for subsistence or commercial utilization.

LABOR

NOTE

INTERNAL LABOR REGULATIONS

Internal Labor Regulations, hereinafter referred as the "Regulations," are a set of rules prepared jointly by an employer and its workers' representatives, and approved by the State, for the purposes of regulating internal labor relations in the company. Below we will explain the most relevant aspects of the Regulations.

What Are Internal Labor Regulations?

The Federal Labor Law, hereinafter referred as the "Law," establishes that the Regulations are the set of mandatory provisions governing workers and employers in the performance of work in a company or establishment. Similarly, the Law establishes that technical and administrative rules formulated directly by the company for the execution of its work are not part of the Regulations.

What Should Internal Labor Regulations Contain?

The Law clearly indicates what the Regulations should contain. This does not imply, however, that workers and employers cannot establish other rules they consider advisable, according to the nature of the company.

The Law indicates that all Regulations should contain at least the following:

1) The check-in and check-out times for the workers;
2) The times available for meals and rest periods during the work day;
3) The time and place where the work shifts begin and end;
4) The days and times set for cleaning the establishments, machinery, devices, and work tools;
5) The days and place for payment;
6) The rules for the use of chairs or seats. With respect to this point, it is important to mention that the Law requires employers to maintain a sufficient number of seats or chairs available for the workers in the workplace;
7) Work safety rules;
8) First aid instructions;
9) Unhealthy and dangerous work that minors, if employed, should not perform, and the protection necessary for pregnant workers;
10) The time and manner in which workers shall submit to medical exams, either prior to employment or periodically during their employment;
11) The permits and licenses that workers can obtain;
12) Disciplinary rules and the procedures for their application;
13) Other necessary rules according to the nature of each company, in order to ensure greater safety and regularity in the work performance.

It is important to mention that the Law indicates that "suspension" as a disciplinary measure cannot exceed eight days. Similarly, this law establishes that workers have the right to be heard before any sanction is applied. Finally, it is crucial to point out that any rules contrary to the Federal Labor Law, its regulations, or the Collective Bargaining Agreement will be null and void.

What Are the Rules for Preparing and Registering Regulations?

Since the Regulations are a set of rules drafted jointly by the employer and the workers, for the purposes of drafting them the Law requires the formation of a Mixed Commission, which guarantees the participation of both parties.

The members of the Mixed Commission must sign the Regulations, which must subsequently be registered with the appropriate Conciliation and Arbitration Board in order for them to be considered valid. Once the request for registration of the Regulations has been filed, the labor authority will examine them to verify that no labor provisions are violated, after which they will be approved and registered in the appropriate book.

It should be mentioned that both workers and employers have the same power of initiative to convoke one

another to prepare the Regulations, since they constitute an instrument that benefits both groups.

How Should the Regulations Be Disseminated?

The Law indicates that the Regulations must be printed and handed out to the workers, as well as posted in the most visible locations in the establishment.

It is highly advisable for the workers to sign a record showing that they have been provided with a copy of the Regulations, and that this record be kept in the files of the company, thereby making such Regulations enforceable. Otherwise, if a worker has not been provided with the Regulations, the disciplinary measures established therein cannot be applied to him or her.

Can the Regulations Be Amended?

It is important to constantly update the Regulations, given that work procedures often change with changes in technology.

The Law is silent with respect to the power to review and amend the Regulations. However, in practice it can be done, following the same formalities as for their original preparation. For such purposes, the Mixed Commission should meet again to draft the necessary changes and register them before the labor authority, in order for them to take effect.

The company must not forget to provide each of its workers with a copy of the new Regulations or of the amendments thereto, and to have them sign a record showing that they have received them.

What Happens If the Employer Violates a Rule Contained in the Regulations?

The Law indicates that an employer who violates the rules contained in the Regulations may be fined for the equivalent of 3 to 30 times the general minimum wage, aside from any liability that may apply for breach of its obligations.

What Happens If a Worker Violates a Rule Contained in the Regulations?

The Regulations themselves should establish the disciplinary measures that will be imposed on the workers if they violate a rule contained therein. The seriousness of the violation, the special circumstances of the case, and the employee's history should all be taken into consideration.

The possible disciplinary measures that can be applied to a worker are: verbal warning, written warning, suspension, and termination of employment.

Conclusion

Internal Labor Regulations are the appropriate format for regulating the internal labor relationships of a company. Having a well-drafted document that complies with all the necessary requirements is very important for companies, since it is the official document through which the obligations of the workers are established, along with the corresponding sanctions if they breach or violate those obligations. Without this document, employers cannot impose sanctions greater than those established in the Law.

It is also important that companies update their Regulations, verifying that they do not contradict any collective bargaining agreement that the company has executed or violate any provision of the Law.

ADMINISTRATIVE

ANALYSIS

REGULATION OF THE FEDERAL CONSUMER PROTECTION LAW

This past August 3, 2006, the Regulation of the Federal Consumer Protection Law was published in the *Official Federal Gazette*, and it entered into force on December 7, 2006.

This Regulation is divided into ten chapters. Below its most significant aspects are mentioned.

Enforcement Measures and Provisional Remedies

This Regulation indicates the obligation of the Consumer Protection Agency to include in the rulings, orders, or resolutions it issues an express warning informing the merchant of the corresponding fine or, if applicable, of the recourse to law enforcement measures in the event that the decisions of the agency are not complied with. It also provides that warnings may be given about the application of provisional remedies.

An important clarification is given with respect to the fact that enforcement measures will be imposed by the Consumer Protection Agency in proportion to the economic situation of the merchant.

With respect to provisional remedies, it is specified that they will be applied in response to abusive commercial conduct or practices, such as the manipulation of prices and rates; engaging in actions without the prior and express consent of the consumer; collection of charges not authorized by the consumer or not foreseen in the contract; failure to display prices and rates; failure of a merchant to deliver receipts for transactions carried out; a merchant's refusal to sell goods, products, or services intended for general consumption; a merchant's refusal to provide to the consumer any goods, product, or service after the consumer has paid for it; and other conduct that violates the consumer rights established in the Law.

Privacy of Information and Advertising

Comparative advertising is legally defined as advertising that compares or contrasts two or more goods, products, or services that are similar or identical, whether or not of the same trademark.

Furthermore, with respect to advertising, any information that the merchant provides to the consumer about the merchant's products in response to the consumer's requests must be provided free of charge. If the consumer thinks that the information is mistaken or inaccurate, he or she may file a claim with the Consumer Protection Agency, and if the latter agrees, a proceeding for infringement of the Law will be initiated.

Real Estate Transactions

With respect to real estate transactions, the consumer is granted the right to have the merchant provide him or her with information about the property the consumer is acquiring. A model of the property must be kept available for viewing from the beginning of the promotion of the property until the merchant delivers it to the consumer. For this purpose, the model is defined as a physical or virtual representation of the property, rendered optically or electronically, and whose purpose is to show the general characteristics, distribution, and dimensions of the property being sold and, if applicable, the residential development where it is located.

In addition, in the purchase and sale agreement, all the conditions to which the consumer is subject for the delivery of the property must be indicated, and the merchant must inform the consumer in writing of any fee, expense, or costs other than the cost of the property. If there is a claim for hidden defects with respect to the assets on the property, the corresponding contract and the applicable civil law shall apply.

Adhesion Contracts and the Public Registry

Additional, special, or related services that may be provided by merchants are also regulated. Such services are defined as any services offered by the merchant other than the basic or initial service contracted for, and for which the consumer must give his or her consent expressly and in advance, either in writing or electronically.

The merchant will give written or electronic notice with respect to additional, special, or related services that the consumer may request, and the model adhesion contract will be registered in the Public Registry.

If the merchant provides credit to the consumer, the amounts that must be paid shall be established in investment units or any other lawful manner. The amount, term, and form of payment must also be established.

Regarding any cancellation of the adhesion contract because its clauses violate the law or official standards, such cancellation shall only be valid once the ruling issued becomes final, either because it was not challenged or because all appeals have been exhausted.

Procedural Rules

The premises for invalid claims are expressly established in the Regulation, defining as such, among others, those filed by merchants, those filed extemporaneously, those that do not show evidence of a contractual relationship with any merchant, those filed against the charging of prices or rates established or registered by a competent authority, and those filed without exhausting any alternative dispute resolution process agreed to in the relevant contract.

If the merchant cannot be notified at the address provided by the consumer, the consumer will be requested to provide another address, and if he or she does not, the Consumer Protection Agency can terminate the proceeding.

Inspection and Oversight

The Consumer Protection Agency is expressly authorized to carry out the inspection and oversight of products in fulfillment of the Federal Consumer Protection Law and the Federal Law on Metrology and Standardization, when such duties are not assigned to another agency. In this respect, the oversight and inspection is carried out in the places where products or merchandise are handled, stored, shipped, distributed, or sold or where services are provided, including those in transit.

If the party being inspected does not agree with the analysis made by the Consumer Protection Agency, it may request the removal of the seals in order for the relevant analysis to be repeated. If samples are taken during the inspection, the expert opinions issued with respect thereto are considered evidence, and if such samples are not reclaimed within 30 calendar days from the point when they are made available for such, they will be destroyed and a document recording their destruction will be drawn up.

Sanctions

This Regulation contains the premise by which the seriousness of an infringement will be considered to have been shown, that is, when the conduct of the infringer indicates that negative consequences were produced intentionally, or that the infringer wanted to produce them, thereby affecting a consumer or specific group of consumers. Furthermore, the specific premise for evidencing the seriousness of an infringement is indicated in the case of provisions regarding weights, measurements, and net contents expressed in units of mass or volume.

The Consumer Protection Agency is obligated to publish in the *Official Federal Gazette* the rules it issues based on the imposition of infringements.

The sanctions established in the Regulation include the closure of the establishment in which the infringing conduct occurred; such closure can be total or partial. A prohibition on selling goods, products, and services is also possible, and in this regard the Consumer Protection Agency can, following a ruling, require the destruction of the goods or services, or require that the merchant dispose of them in a manner other than their destruction, and, finally, require that evidence of compliance with these requests be provided.

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