

Flash News: Reform to Mexico's Anti-Money Laundering Law (LFPIORPI) and the Federal Criminal Code

As anticipated in our October 2024 and June 2025 communications, Mexico's Congress approved, during an extraordinary session—the decree that substantially reforms the Federal Law for the Prevention and Identification of Transactions with Illicit Proceeds (LFPIORPI) and the Federal Criminal Code (CPF). The decree was approved by the House of Representatives (*Camara de Diputados*) on June 28, submitted to the Executive, and published today in the Official Gazette (DOF), entering into force the day following its publication.

This approval occurs in a particularly sensitive context for the financial sector, following (i) the recent measures adopted by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), which identified three Mexican financial institutions as being of primary money laundering concern in connection with financing schemes for fentanyl and precursor chemical trafficking, and (ii) Mexico's 2025 evaluation by the Financial Action Task Force (FATF).

While the reform aims to strengthen the AML regulatory framework, the private sector's main concern is that the revised text equates, in regulatory and administrative burden, the Vulnerable Activities carried out by non-financial entities with those of financial institutions. The associated compliance costs and the severity of sanctions raise doubts as to whether the regulatory burden will provide useful information that is proportional to the effort demanded by the new obligations.

What Was Approved and What Changed?

The published text maintains several of the core ideas originally proposed in the reform initiative, which are detailed below. However, the latest version discussed no longer incorporated the component that sought to include the financing of terrorism within the scope of the LFPIORPI, which had been one of the original pillars of the proposal. For the version discussed by the House of Representatives (*Cámara de Diputados*), the Senate eliminated all references to terrorism financing, leaving it out of the amended provisions in both the LFPIORPI and the CPF.

The reform introduces relevant clarifications and technical adjustments to the AML legislation, which we analyze below:

Key Points on Implementation:

- A. Immediate Entry into Force with Staggered Implementation:** The decree enters into force the day after its publication in the DOF. However, some specific provisions, such as obligations regarding training, auditing, risk-based evaluations, internal policies manual, recruitment processes, and automated mechanisms for monitoring operations, will be subject to General Rules to be issued by the Ministry of Finance (SHCP) within 12 months from the DOF's publication.
- B. Supplementary Laws:** The reform recognizes and includes the General Law of Credit Instruments and Operations as supplementary legislation to the LFPIORPI.

- C. Ultimate Beneficial Owner (UBO):** The reform modifies the definition of “Ultimate Beneficial Owner” in the LFPIORPI, reducing the threshold for identification with respect to voting control in a company from 50% to 25%. This modification implies that more individuals must be identified and registered as ultimate beneficiary owners by entities subject to the LFPIORPI.

Commercial companies must also: (i) identify and register their UBOs, and (ii) record any transfer of ownership or the creation of rights of any nature (i.e., pledge) over equity interests (partes sociales) or shares through the electronic system managed by Mexico’s Ministry of Economy. This registration adds to, and complements, both the notice of updates to partners and shareholders currently managed by the Tax Administration Service (SAT), and the notices provided for in the General Law of Business Corporations (LGSM) (Articles 73 and 129). However, unlike the LGSM, the LFPIORPI establishes penalties for failure to comply with this registration requirement for obligated parties, with fines ranging from 2,000 to 10,000 times the UMA¹ (Unidad de Medida y Actualización – Unit of Measure and Update).

- D. Politically Exposed Persons (PEPs) and Related Persons:** Similar to prudential regulation for financial institutions, the concept of PEPs is included in the LFPIORPI, along with a broad concept for related persons (“... as well as persons related to them”), which the SHCP will define through General Rules.

E. Modifications to Article 17 – New Thresholds and Vulnerable Activities

- i. Article 17, Section II – Service cards, credit cards, prepaid cards, and monetary value storage instruments:** The section eliminates the conditions requiring that the issuer or merchant maintain a business relationship with the purchaser, that the instruments allow for the transfer of funds, or that their commercialization be carried out on an occasional basis.
- ii. New Vulnerable Activities in the Real Estate Sector:** Section V Bis is added to article 17, which classifies the receipt of funds for real estate developments for sale or lease as a vulnerable activity. This measure broadens the scope of the law to cover both final transactions and the financing stage of real estate developments.
- iii. Art. 17 Section VI – Jewelry, Precious Metals and Stones:** The reporting threshold for the usual commercialization of jewelry, precious metals, and stones is modified. Previously, the obligation to file a notice only applied to cash operations exceeding a certain amount². With the reform, the threshold is extended to any transaction or operation exceeding the said amount, regardless of the payment method used.
- iv. Art. 17 Section X – Transfer and Custody of Securities:** An obligation to file a notice was established in cases where it is not possible to determine the value of the goods/assets transferred or held in custody.
- v. Art. 17 Section XII:**
 - a. Subsection A, clause a):** The notice threshold is reduced to 8,000 UMAs (previously 16,000)³ for acts of transfer or creation of real rights over real estate before a notary public.
 - b. Subsection A, clause c):** The notice threshold was modified to include legal entities, capital increases or decreases, mergers, spin-offs, and purchase and sale of shares or equity interest before a public notary. As of this modification, all these operations are now subject to mandatory notice, regardless of amount.
 - c. Subsection A, clause d):** The notice threshold for the creation or modification of trusts is lowered to 4,000 UMAs (previously 8,025)⁴, and the scope is expanded to include all types of trusts that transfer titles or act as a guarantee, not only those related to real estate.
 - d. Subsection D:** Public and private facilitators are incorporated as new obligated parties, as provided

1. Currently between MXN\$226,280 to MXN\$1,131,400 (approx. from USD\$11,314 to USD\$56,570 considering an exchange rate of MXN\$20 per USD)

2. 1,605 UMAs, currently MXN\$181,589.7 (approx. USD\$9,079.40 considering an Exchange rate of MXN\$20 per USD)

3. MXN\$905,120 equivalent to USD\$45,256 (previously MXN\$1,810,240 equivalent to USD\$90,512, considering an exchange rate of MXN\$20 per USD)

4. MXN\$452,560 equivalent to USD\$22,628 (previously MXN\$907,948 equivalent to USD\$45,397 considering an exchange rate of MXN\$20 per USD)

in the General Law of Alternative Dispute Resolution Mechanisms, with respect to public attestation services related to the activities in Subsection A.

- vi. Art. 17 Section XVI – Virtual Assets:** Introduces exchanges of virtual assets carried out with Mexican nationals from another jurisdiction, with new reporting thresholds. Additionally, the obligation to comply with the “Travel Rule” is included; that is to collect and provide information on virtual asset transactions of the originator, recipient, and, if applicable, the UBO.

F. Article 18 – New Compliance Obligations

The reform substantially restructures Article 18 of the LFPIORPI, establishing a series of enhanced obligations, in many cases aligning the standards with those applicable to financial institutions. Key changes include:

- i. Identification and Knowledge (Section I):** The scope is expanded to include not only the identification of clients or users, but the obligation to know them directly.
- ii. Documentation (Section III):** Must obtain documentation identifying the UBO of legal entities, trusts, or other legal vehicles, regardless of whether this documentation is in their possession or not. For individuals, a sworn statement is required regarding UBO knowledge and supporting documentation if applicable.
- iii. Recordkeeping (Section IV):** Specifies what supporting information must be kept by those who carry out vulnerable activities (transaction records that allow for the reconstruction of individual operations, commercial correspondence, and the results of prior analyses conducted) for 10 years at the address registered with the SHCP.
- iv. 24-Hour Notices (Section VI):** Entities must submit 24-hour notices under official guidelines and General Rules.
- v. Risk-Based Approach (Section VII):** Is added to provide for the obligation to carry out a risk-based approach assessment, which allows for the identification, analysis, understanding, and mitigation of risks of both obligated parties and their clients or users.
- vi. Internal Policies and Automation (Sections VIII and X):** These are added to establish that those who carry out vulnerable activities must create an internal policies manual containing the criteria, measures, and procedures necessary to comply with the obligations set forth in the law. Likewise, they must establish automated mechanisms to permanently monitor their clients' or users' operations to identify those that are outside their transactional profile.

Additionally, if the obligated parties are part of a corporate group, policies applicable to all majority-owned branches and subsidiaries, including foreign ones, must be implemented for the prevention of crimes with resources of illicit origin and terrorism financing.

- vii. Personnel Selection and Training (Section IX):** Includes the obligation to develop processes for personnel selection, as well as to adopt annual training programs, aimed at members of the management body, directors, compliance officers, and employees who have direct contact with clients or users.
- viii. Audits (Section XI):** Indicates the obligation to have a review by the internal audit area or an external auditor, when the risk of the entity performing the vulnerable activity is high, to evaluate and issue an opinion in a calendar year on the effectiveness of compliance with the obligations provided in the law and its secondary regulations.

G. Adjustments to the Sanctioning Regime

- i. Administrative (Article 55):** The benefit of exemption from fines for a first-time violation through voluntary compliance is modified in two ways:

- a. an additional benefit is introduced for subsequent violations, allowing the SHCP to reduce the fine by up to 50% if the reporting entity voluntarily regularizes before the beginning of a verification procedure, and
 - b. it is specified that, for both first-time and subsequent violations, express acknowledgment of the fault(s) must occur within the initial period of the sanctioning procedure.
- ii. **Criminal (Article 62):** Article 62 is amended to criminalize the act of incorporating illegible information, documentation, data, or images in notices or in response to information requests, either intentionally or negligently, when such illegibility prevents effective understanding of their content. Art. 62 establishes prison sentences from 2 to 8 years and fines from 500 to 2,000 UMAs⁵ and adds an exemption from criminal liability if it is a vincible error corrected voluntarily before the authority becomes aware of the offense.

H. Other Key Amendments

- i. **Article 32:** A new section is added to specify that the restrictions on the use of cash and foreign currency for the settlement of obligations also apply in cases of payment consignments.
- ii. **Article 51 Bis:** Empowers the SHCP to request information from any public entity in the country, using specific channels for political or union-related data. Additionally, state-owned companies and subsidiaries must also implement internal measures to mitigate the risk of being used in illicit operations.
- iii. **Article 51 Ter:** Establishes the obligation for the SHCP to maintain and update a public list of PEPs available to reporting entities for client and user identification.
- iv. **The proposal to grant the Financial Intelligence Unit (*Unidad de Inteligencia Financiera* - UIF) victim status under the CPF was removed, reaffirming that:** i) the Public Prosecutor's Office (Ministerio Público) remains with the authority to investigate conduct in which services of financial system institutions are used, and (ii) a formal complaint filed by the SHCP will be required for criminal action to be taken.
- v. **Other Legislative Drafting Considerations.** The reform to the LFPIORPI presents legislative drafting deficiencies by referring to “*Specialized Units*” within the Office of the Attorney General (*Fiscalía General de la República*, FGR) that do not align with the names or structure established in its current Organic Statute (last amended on April 8, 2025).

For instance, Article 3, Section XIV, refers to a Specialized Unit for the Investigation of Tax and Financial Crimes (*Unidad Especializada en Investigación de Delitos Fiscales y Financieros*), whereas the Statute only recognizes the Special Prosecutor's Office for the Investigation of Tax Crimes and the Financial System (*Fiscalía Especial en Investigación de Delitos Fiscales y del Sistema Financiero*). Similarly, Article 8, Section IX, mentions a Specialized Unit on Organized Crime (*Unidad Especializada en materia de Delincuencia Organizada*), while the Statute refers instead to the Special Prosecutor's Office on Organized Crime (*Fiscalía Especializada en materia de Delincuencia Organizada*) or the Special Prosecutor's Office for the Investigation of Operations Involving Illicit Proceeds, Counterfeiting, and Currency Alteration (*Fiscalía Especial en Investigación de Operaciones con Recursos de Procedencia Ilícita, Falsificación y Alteración de Moneda y Fiscales*). Likewise, Article 7 refers to a Specialized Unit for Financial Analysis (*Unidad Especializada en Análisis Financiero*), although the Statute only provides for a Subunit for Financial Analysis (*Subunidad de Análisis Financiero*).

These discrepancies, although nominal, may create legal uncertainty regarding the effective authority of the designated entities.

5. From MXN\$56,570 to MXN\$226,280 (approx. between USD\$2,828 and USD\$11,314, considering an exchange rate of MXN\$20 per USD).

To download the full decree published in the DOF, click [\[Here\]](#).

Our team is available to help you understand, implement, and ensure compliance with this new regulatory framework. If your business performs or is exposed to vulnerable activities or may be impacted by this reform, we invite you to contact our experts to coordinate a risk assessment, review internal policies, and design effective compliance strategies.

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