
General Provisions Regulating the AML Self-Regularization Programs

As we anticipated in our note published on January 25, 2019, on April 16, 2019 the General Provisions Regulating the Self-Regularization Programs (the “**Provisions**”) were published in the Official Federal Gazette. The purpose of these Provisions is to establish the form, terms and procedures for those bound by them and that have engaged in vulnerable activities according to the Federal Law for the Prevention and Identification of Operations with Resources of Unlawful Origin (the “**Anti-Money-Laundering Law**”), allowances for self-regulation regard those obligations which have not yet been met between the period from July 1, 2013 to December 31, 2018, through self-regularization programs (the “**Programs**”) previously authorized by the Tax Administration Service (“**SAT**”).

In this respect, the purpose of such Programs is to permit those that are bound by the Law and that have irregularities or violations regarding their obligations which are established in articles 17 and 18 of the Anti-Money-Laundering Law, to comply with such obligations and even obtain certain benefits, such as the waiving of sanctions and fines imposed in the period when the irregularity or violation occurred, provided the requirements established in the Provisions are met.

Anyone interested in implementing a self-regularization process must request its authorization through the Money Laundering Internet Portal System [Sistema del Portal en Internet de Lavado de Dinero (“**SPPLD**”)], within 30 (thirty) business days from the entrance into force of the Provisions (this period expires August 1, 2019). Such request must be accompanied by the Program, which must include, among other things: (i) the description of the irregularities and violations committed; (ii) the circumstances that caused the violation; and (iii) the description of the actions that will be adopted to correct the violation. The Provisions also establish that the self-regularization program must be fully completed in a maximum period of 6 (six) months.

It is important to emphasize that the Provisions establish certain situations where the Program will not be valid (the “**Causes of Invalidity**”), which include: (i) that the bound subject is not registered in the respective registry; (ii) the data indicated by the bound subject in the registry of vulnerable activities are not properly updated; (iii) the bound subject is not up to date in its obligations established in the Anti-Money-Laundering Law during the year 2019. If the bound subject falls under any of these situations, it will not receive the authorization to implement the Program and, therefore, it will not receive the benefits established in the Provisions.

The benefit of waiving sanctions by SAT will be valid provided the Program is fully covered and the irregularities and violations are fully corrected.

Furthermore, to access the benefits related to the waiving of the fines imposed during the period in which the irregularity occurred, the bound subject must present the request for a waiver within 20 (twenty) business days from the date on which the Program period has concluded. Once the request is presented, the SAT will have a maximum period of 6 months to rule on the validity of the waiver.

The Provisions also establish that the waiver will be considered invalid when any of the following situations exists: *(i)* the determination of the fines to waive results from acts or omissions that imply the existence of aggravating circumstances in the committing of infractions; *(ii)* the determination of the fines to waive results from irregularities that constitute a crime; *(iii)* the bound subject has presented any defense against the fine to waive (unless there is a ratified withdrawal); *(iv)* that as of the date of the request, the bound subject has paid the fine; *(v)* that any of the Causes of Invalidity exists; and *(vi)* that the Program has not been completed in full or on time or it has ceased to be legally valid.

Finally, it should be mentioned that the Provisions will enter into force on June 19, 2019.

In Von Wobeser y Sierra, S.C. we have a group of experts in the application of the Anti-Money-Laundering Law and its secondary provisions who would be glad to help you in these matters.

To obtain additional information contact our experts:

Andrés Nieto, Partner:

+52 (55) 5258 1027, anieto@vwys.com.mx

Santiago Barraza, Associate:

+52 (55) 5258 1027, sbarraza@vwys.com.mx

Sincerely,

Von Wobeser y Sierra, S.C.

Mexico City, April 23, 2019.