Client Alert: Reform to the Foreign Investment Law is Published

Following up on our Client Alert from early September regarding the initiative to amend the Foreign Investment Law (the "**LIE**"), on October 27, 2026, the Chamber of Deputies approved in general, by a vote of 314 in favor and 117 against, the committee report on the reform to the LIE. Today, November 19, 2026, the corresponding Decree was published in the Official Gazette of the Federation **("**DOF**")**

During the legislative process, modifications were introduced to the original bill. Below, we summarize the reform's most relevant aspects and its primary practical implications.

A. New National Security Authorization Process

The reform provides that certain acquisitions by foreign investors in Mexican companies will be subject to prior authorization from the CNIE when the following conditions are met concurrently: **(i)** as a result of the transaction, the foreign investment reaches a direct or indirect interest of more than 49% of the capital stock of the Mexican company; **(ii)** the total value of the company's assets exceeds the threshold established by the CNIE through a general resolution; and **(iii)** the company engages in activities in one or more of the sectors subject to review, described in Section B. When the foreign participation exceeds 49%, but the asset value does not exceed the applicable threshold, filing an application will be voluntary.

This authorization mechanism will operate independently from the procedures set forth in Articles 8 and 9 of the LIE; therefore, whether the transaction also requires any of the authorizations contemplated under said articles must be analyzed separately.

The application must be filed jointly by the foreign investor and the Mexican target company before the CNIE. In resolving the application, the Commission may authorize the acquisition, subject it to modifications or mitigation measures—such as periodic reporting obligations and verification mechanisms—or prohibit its execution when it determines that it represents a risk or threat to national security.

B. Sectors and Activities Subject to Scrutiny

The mechanism would apply when the Mexican company operates in one or more of the following economic sectors:

- **Strategic infrastructure**, physical or virtual: energy, transportation, healthcare, communications, mining, data processing or storage, digital systems, aerospace and defense activities, sensitive facilities, and real property indispensable to such infrastructure.
- **Critical technologies and dual-use products**: artificial intelligence, robotics, semiconductors, cybersecurity, aerospace and defense technologies, energy storage, quantum and nuclear technology, nanotechnologies, and biotechnologies.
- **Supply of essential inputs**: energy, raw materials, and food security.
- **Access to or control of sensitive information**: particularly personal data.
- **Analogous sectors**: other activities that the CNIE may designate by general resolution.

C. Composition of the CNIE

The reform expands the composition of the CNIE by incorporating, with voice and vote, the heads of the Ministry of National Defense (SEDENA), the Ministry of the Navy (SEMAR), and the Ministry of Security and Citizen Protection (SSPC), as well as the head of the Digital Transformation and Telecommunications Agency (ATDT). Accordingly, the CNIE will be composed as follows:

With voice and vote: the Ministry of the Interior (SEGOB); the Ministry of Foreign Affairs (SRE); SEDENA; SEMAR; SSPC; the Ministry of Finance and Public Credit (SHCP); the Ministry of Welfare (BIENESTAR); the Ministry of Environment and Natural Resources (SEMARNAT); the Ministry of Energy (SENER); the Ministry of Economy (SE); the Ministry of Infrastructure, Communications and Transportation (SICT); the Ministry of Labor and Social Welfare (STPS); and the Ministry of Tourism (SECTUR), as well as the ATDT.

With voice only (permanent invitees on national security matters): the Office of the Attorney General of the Republic (FGR), the National Intelligence Center (CNI), the Tax Administration Service (SAT), and the Financial Intelligence Unit (UIF).

D. Deadlines and Authorization Procedure

The CNIE must resolve applications involving national security within 45 business days (rather than the 60 business days originally proposed). In addition, the Decree approved by Congress eliminates the procedural rules specific to the bill and refers to the Federal Administrative Procedure Law ("**LFPA**") for matters not provided for in the LIE and its Regulations. Accordingly, the procedure will be as follows:

- Request for missing information: the CNIE may request missing information only once, within the first 15 business days.
- Suspension: the resolution period is suspended as of the request for missing information and resumes on the business day following the response. The applicant will have at least 5 business days to respond; otherwise, the proceeding will be dismissed.
- Extension: the period may be extended by up to one-half (approximately 22 business days).
- Deemed denial (*negativa ficta*): if the CNIE does not resolve within the applicable period, the application will be deemed denied.

∗Deemed approval (*afirmativa ficta*) remains applicable only to ordinary LIE proceedings and will not apply to national security matters.

E. Sanctions Regime and Divestment

Conduct	Penalty (UMAs)	Approx equivalent (MXN)
Acts or acquisitions that required authorization, carried out without obtaining it	1,000 a 5,000	$117,310 a $586,550
Foreign legal entities that habitually conduct commercial activities without authorization from the Secretariat	500 a 1,000	$58,655 a $117,310
Neutral investment in contravention of the law	100 a 300	$11,731 a $35,193
Omissions, late filings, or incomplete or incorrect information in registrations, reports, or notices submitted to the Registry	30 a 100	$3,519.30 a $11,731

Conduct	Penalty (UMAs)	Approx equivalent (MXN)
Simulated transactions for the use or disposition of real property located within the Restricted Zone	Up to the amount of the transaction (not expressed in UMAs)	-
Transfer of an equity interest despite a denial or without a prior favorable resolution	5,000 a 200,000	$586,550 a $23,462,000
Failure to comply with mitigation measures	5,000 a 200,000	$586,550 a $23,462,000
Other violations of the law	100 a 1,000	$11,731 a $117,310

Note. The MXN equivalents were calculated using a daily UMA value of $117.31 and are merely illustrative, as such value is updated annually as published by INEGI.

In addition to fines, the possibility for the CNIE to order the **divestment of transactions carried out in violation of the new regime** was added as one of the most significant measures. The foreign investor will have 90 business days, counted from the day after notice of the sanction and extendable for an equal period, to divest the acquired assets. The original bill did not expressly provide for this.

F. Entry into Force and Transitional Regime

- The amendments enter into force **on the day following** their publication in the DOF.
- Likewise, the CNIE will have a period of **180 calendar days**, counted from its entry into force, to issue the general resolution establishing the asset threshold above which the new authorization procedure will be mandatory.
- Matters pending before the reform enters into force will be resolved in accordance with the provisions in effect at the time they were filed.

G. Critical Considerations and Practical Implications

The breadth of the sectors and activities subject to the new regime could generate uncertainty regarding which transactions are covered. Furthermore, the asset threshold to be established by the CNIE through a general resolution will be a pivotal element in identifying acquisitions subject to mandatory authorization.

In this context, it will be essential to evaluate from the earliest stages of each transaction whether the acquisition requires authorization from the CNIE and, if so, to incorporate its receipt as a condition precedent to closing, allowing sufficient time for its processing. This becomes particularly critical given the CNIE's authority to order the divestment of transactions carried out in violation of the new regime.

In Von Wobeser y Sierra we will continue to monitor the implementation of the reform and the provisions issued by the CNIE. Our team remains available to assess its impact on your investments and transactions in Mexico, as well as to design compliance and risk-mitigation strategies.

To review the Decree published in the Official Gazette of the Federation, please click [*].

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Von Wobeser y Sierra, S.C.

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