



# GLOBAL EXPANSION GUIDEBOOK CORPORATE

*Mexico*



Downloaded: 12 Sep 2024

## INTRODUCTION

Welcome to the 2024 edition of DLA Piper's *Global Expansion Guidebook – Corporate*.

### GLOBAL EXPANSION GUIDEBOOK SERIES

To compete and be successful today, companies need to develop and scale their businesses globally. Each country presents its own set of unique laws, rules and regulations and business practices that companies must understand to be successful. In order to help clients meet the opportunities and challenges of expanding internationally, we have created a handy set of global guides that cover the basics companies need to know when going into and doing business in new countries. The *Global Expansion Guidebook* series reviews business-relevant corporate, employment, intellectual property and technology, executive compensation, and tax laws in key jurisdictions around the world.

### CORPORATE

The *Global Expansion Guidebook – Corporate* has been created based on our research, our experience and feedback we have received from clients in both established and emerging businesses that have expanded internationally. We hope it will be a helpful resource for you.

The *Global Expansion Guidebook – Corporate* covers corporate basics in 54 key jurisdictions across the Americas, Asia Pacific, Europe and the Middle East. We touch on a wide range of corporate issues for companies expanding internationally, including establishing a corporate presence and choice of entity, liability considerations, tax presence and tax filings, capital requirements, the formation process, director, officer and shareholder requirements, registration processes, office lease processes and possible exit strategies.

With more than 600 lawyers, DLA Piper's global Corporate group is one of the largest in the world, with one of the widest geographical footprints of any global law firm and experience across the legal areas companies need as they expand internationally. With both global experience and local knowledge, we partner with our clients wherever they do business to find solutions and manage their risk in relation to their challenges and objectives.

While this guide provides high-level guidance, it is not a substitute for legal advice, and we encourage you to seek advice regarding the specific matters that concern you. If you wish to speak to any of our contributors, you may find their contact details at the end of the guide.

We hope you find this guide valuable, and we welcome your feedback.

This publication is provided to you as a courtesy, and it does not establish a client relationship between DLA Piper and you, or any other person or entity that receives it.

This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

DLA Piper and any contributing law firms accept no liability for errors or omissions appearing in this publication and, in addition, DLA Piper accepts no liability at all for the content provided by the other contributing law firms. Please note that corporate law is dynamic, and the legal regime in the countries surveyed could change.

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## MEXICO



Last modified 26 June 2024

### FORM OF ENTITY

#### S.A. de C.V.

Separate legal entity, independent from its shareholders. 2 shareholders are required at all times. Shareholders' meetings are the supreme organ of the corporation. Managed by a board of directors or a sole administrator, which is responsible for taking major business decisions and overseeing the general affairs of the corporation. Directors are elected by the shareholders of the corporation. Officers, who run the day-to-day operations of the corporation, are appointed by the directors or the shareholders' meeting.

#### S. de R.L. de C.V.

Separate legal entity, independent from its partners. 2 partners are required at all times. Partners' meetings are the supreme organ of the company. Managed by a board of directors or a sole administrator, which is responsible for taking major business decisions and overseeing the general affairs of the company. Directors are elected by the partners of the company. Officers, who run the day-to-day operations of the company, are appointed by the directors or the partners' meeting.

#### S.A.P.I. de C.V.

Separate legal entity, independent from its shareholders. 2 shareholders are required at all times. Shareholders' meetings are the supreme organ of the corporation. Managed by a board of directors, which is responsible for taking major business decisions and overseeing the general affairs of the corporation. Directors are elected by the shareholders of the corporation. Officers, who run the day-to-day operations of the corporation, are appointed by the directors or the shareholders' meeting.

### ENTITY SET UP

There are 3 types of commercial entities that generally are incorporated or formed under Mexican federal law:

- *Sociedad Anónima de Capital Variable* (S.A. de C.V.), which is similar to a corporation in the US.

- *Sociedad de Responsabilidad Limitada de Capital Variable* (S. de R.L. de C.V.), which is similar to an LLC in the US).
- *Sociedad Anónima Promotora de Inversión de Capital Variable* (S.A.P.I de C.V.), a subtype of S.A. de C.V., regulated under the Stock Markets Law (*Ley del Mercado de Valores*).

## S.A. de C.V.

Unlimited number of shareholders.

Generally no personal liability of the shareholders.

Taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends.

Shareholders have preemptive rights to subscribe and pay shares if the S.A. de C.V. approves to increase its capital.

Typical charter documents include the articles of incorporation, bylaws, stock certificates and (a) stock ledger, (b) shareholders' meetings ledger (c) board of directors ledger and (d) capital variations ledger.

Board of directors (or sole administrator) has overall management responsibility; officers have day-to-day responsibility.

Shareholders typically incorporate the corporation or may purchase shares from existing shareholders.

Shareholders can enter into shareholders' agreements in which they agree to certain rights and obligations such as drag-along and tag-along rights, put and call options, deadlock solution procedures and the issuance of non-voting shares, among others. Such provisions can likewise be included in the company's bylaws.

Relevant law requires a shareholders' annual meeting to approve:

- Preceding year-end financial statements
- Ratification or appointment of new director(s) and statutory examiners
- The fees paid to directors and statutory examiners and
- Separation of 5 percent of the profits, if any, for a legal reserve, which shall reach an amount equivalent to the 20 percent of the social capital.

Federal law requires, when there is foreign investment in the capital of the S.A. de C.V., to register before the National Registry of Foreign Investments and file an annual report with such agency, reporting the preceding year's year-end financial statements.

## S. de R.L. de C.V.

Up to 50 partners; contributions of the partners to the capital are represented by equity interests (not shares) which are not negotiable instruments.



Generally no personal liability of the partners.

Taxed on its earnings at a corporate level and partners are taxed on any distributed dividends.

Subject to US tax law (check the box related) requirements, the Mexican S. de R.L. de C.V. may qualify as a pass-through entity.

Partners have preemptive rights to subscribe and pay equity interests if the S. de R.L. de C.V. approves to increase its capital, as well as to acquire any equity interest of a selling partner, in case the relevant sale is made to a non-partner.

Typical charter documents include articles of formation, bylaws and (a) partners ledger, (b) partners' meetings ledger, (c) board of directors ledger and (d) capital variations ledger.

Board of directors (or sole administrator) has overall management responsibility; officers have day-to-day responsibility.

Partners typically form the company or may acquire equity interests from existing partners, subject to the waiver of other partners' preemptive rights.

Relevant law requires a partners' annual meeting to approve:

- Preceding year-end-financial statements
- Ratification or appointment of new director(s) and statutory examiners, if any
- The fees paid to directors and statutory examiners, if any, and
- Separation of 5 percent of the profits for a legal reserve, which shall reach an amount equivalent to 20 percent of the social capital.

Federal law requires, when there is foreign investment in the capital of the S. de R.L. de C.V., to register before the National Registry of Foreign Investments and file an annual report with such agency, reporting the preceding year's year-end financial statements.

## S.A.P.I de C.V.

Same legal requirements and provisions for the S.A. de C.V., although relevant law provides certain differences in the operation of the S.A.P.I. de C.V., particularly in the possibility to adopt the administration regime of the S.A.B. (public company) and the possibility of the company to acquire its own shares.

A S.A.P.I de C.V. must be managed by a board of directors (a sole administrator is not allowed).

## MINIMUM CAPITAL REQUIREMENT

### S.A. de C.V.

No minimum capital requirement.

## S. de R.L. de C.V.

No minimum capital requirement.

## S.A.P.I. de C.V.

No minimum capital requirement.

## LEGAL LIABILITY

### S.A. de C.V.

Shareholders of a corporation are generally not liable for the debts of a corporation aside from their financial contribution to the corporation.

### S. de R.L. de C.V.

Partners of a company are generally not liable for the debts of a company aside from their financial contribution to the company.

### S.A.P.I. de C.V.

Shareholders of a corporation are generally not liable for the debts of a corporation aside from their financial contribution to the corporation.

## TAX PRESENCE

### S.A. de C.V.

A S.A. de C.V. is taxed at 2 levels (commonly referred to as double taxation). First, the S.A. de C.V. pays a corporate tax on its corporate income; then, the S.A. de C.V. distributes profits to shareholders, who then pay income tax on those dividends.

### S. de R.L. de C.V.

A S. de R.L. de C.V. is taxed at 2 levels (commonly referred to as double taxation). First, the S. de R.L. de C.V. pays a corporate tax on its corporate income; then, the S. de R.L. de C.V. distributes profits to partners, who then pay income tax on those dividends.

### S.A.P.I. de C.V.

A S.A.P.I. de C.V. is taxed at 2 levels (commonly referred to as double taxation). First, the S.A.P.I. de C.V. pays a corporate tax on its corporate income; then, the S.A.P.I. de C.V. distributes profits to shareholders, who then pay income tax on those dividends.

## INCORPORATION PROCESS

## S.A. de C.V.

- Request of use of corporate name
- Drafting and approval of bylaws and articles of incorporation
- Integration of a KYC file
- Formalization of the documents with a Mexican Notary Public, and
- Registration of the public deed with Public Registry of Commerce.

## S. de R.L. de C.V.

- Request of use of corporate name
- Drafting and approval of bylaws and articles of formation
- Integration of a KYC file
- Formalization of the documents with a Mexican Notary Public, and
- Registration of the public deed with Public Registry of Commerce.

## S.A.P.I. de C.V.

- Request of use of corporate name
- Drafting and approval of bylaws and articles of incorporation
- Integration of a KYC file
- Formalization of the documents with a Mexican Notary Public, and
- Registration of the public deed with Public Registry of Commerce.

## BUSINESS RECOGNITION

### S.A. de C.V.

Well regarded and widely used.

### S. de R.L. de C.V.

Well regarded and widely used.

### S.A.P.I. de C.V.



Well regarded and widely used.

## SHAREHOLDER MEETING REQUIREMENTS

S.A. de C.V.

Required to hold annual meeting of shareholders to vote on certain items.

S. de R.L. de C.V.

Required to hold annual meeting of partners to vote on certain items.

S.A.P.I. de C.V.

Required to hold annual meeting of shareholders to vote on certain items.

## BOARD OF DIRECTOR MEETING REQUIREMENTS

S.A. de C.V.

Unless otherwise provided for in the corporation's bylaws, no annual meeting of the directors is required.

S. de R.L. de C.V.

Unless otherwise provided for in the company's bylaws, no annual meeting of the directors is required.

S.A.P.I. de C.V.

Unless otherwise provided for in the corporation's bylaws, no annual meeting of the directors is required.

## ANNUAL COMPANY TAX RETURNS

S.A. de C.V.

Must annually file tax returns with federal and state tax authorities, no later than April 30<sup>th</sup> of the following year.

S. de R.L. de C.V.

Must annually file tax returns with federal and state tax authorities, no later than April 30<sup>th</sup> of the following year.

S.A.P.I. de C.V.

Must annually file tax returns with federal and state tax authorities, no later than April 30<sup>th</sup> of the following year.

## BUSINESS REGISTRATION FILING REQUIREMENTS

S.A. de C.V.

With the Public of Registry of Commerce, the National Registry of Foreign Investments and, if applicable, with the federal and state tax authorities.

**S. de R.L. de C.V.**

With the Public of Registry of Commerce, with the National Registry of Foreign Investments, if applicable, with the federal and state tax authorities.

**S.A.P.I. de C.V.**

With the Public of Registry of Commerce, with the National Registry of Foreign Investments, if applicable, with the federal and state tax authorities.

## **BUSINESS EXPANSION**

**S.A. de C.V.**

No need to change as business expands (unless the business expansion entails a change in its organizational documents).

**S. de R.L. de C.V.**

No need to change as business expands (unless the business expansion entails a change in its organization documents).

**S.A.P.I. de C.V.**

No need to change as business expands (unless the business expansion entails a change in its organizational documents).

## **EXIT STRATEGY**

**S.A. de C.V.**

Dissolution and winding up shall be approved by the shareholders' meeting. Generally, it is a long and complex process.

**S. de R.L. de C.V.**

Dissolution and winding up shall be approved by the partners' meeting. Generally, it is a long and complex process.

**S.A.P.I. de C.V.**

Dissolution and winding up shall be approved by the shareholders' meeting. Generally, it is a long and complex process.

## ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

S.A. de C.V.

Annual shareholders' meeting and annual filing with the Foreign Investments Bureau.

S. de R.L. de C.V.

Annual partners' meeting and annual filing with the Foreign Investments Bureau.

S.A.P.I. de C.V.

Annual shareholders' meeting and annual filing with the National Registry of Foreign Investments.

## DIRECTOR / OFFICER REQUIREMENTS

S.A. de C.V.

Either a sole administrator or a board of directors.

S. de R.L. de C.V.

Either a sole manager or a board of managers.

S.A.P.I. de C.V.

A board of directors.

For more information on directors' duties, see our [Global Guide to Directors' Duties](#).

## LOCAL CORPORATE SECRETARY REQUIREMENT

S.A. de C.V.

The secretary is responsible to maintain and keep the corporate books updated. The corporate books shall remain in Mexico; thus, it is advisable to appoint a Mexican resident as secretary of the board of directors.

S. de R.L. de C.V.

The secretary is responsible to maintain and keep the corporate books updated. The corporate books shall remain in Mexico; thus, it is advisable to appoint a Mexican resident as secretary of the board of managers.

S.A.P.I. de C.V.

The secretary is responsible to maintain and keep the corporate books updated. The corporate books shall remain in Mexico; thus, it is advisable to appoint a Mexican resident as secretary of the board of directors.

## LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

S.A. de C.V.

Appointment of a statutory examiner (*comisario*).

S. de R.L. de C.V.

No legal requirement.

S.A.P.I. de C.V.

Appointment of a statutory examiner (*comisario*) or a surveillance committee.

## LOCAL OFFICE LEASE REQUIREMENT

S.A. de C.V.

Not required for incorporation.

S. de R.L. de C.V.

Not required for formation.

S.A.P.I. de C.V.

Not required for incorporation.

## OTHER PHYSICAL PRESENCE REQUIREMENTS

S.A. de C.V.

To obtain its tax registration, an S.A. de C.V. must have a domicile. If, upon incorporation, the S.A. de C.V. does not have one, accountants normally provide theirs.

S. de R.L. de C.V.

To obtain its tax registration, an S. de R.L. de C.V. must have a domicile. If, upon formation, the S. de R.L. de C.V. does not have one, accountants normally provide theirs.

S.A.P.I. de C.V.

To obtain its tax registration, an S.A.P.I. de C.V. must have a domicile. If, upon incorporation, the S.A.P.I. de C.V. does not have one, accountants normally provide theirs.

## SUFFICIENCY OF VIRTUAL OFFICE

## S.A. de C.V.

If accountants (or any other 3rd party) agree to provide their domicile as tax domicile of the entity, a virtual office suffices.

## S. de R.L. de C.V.

If accountants (or any other 3rd party) agree to provide their domicile as tax domicile of the entity, a virtual office suffices.

## S.A.P.I. de C.V.

If accountants (or any other 3rd party) agree to provide their domicile as tax domicile of the entity, a virtual office suffices.

## **PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER**

### S.A. de C.V.

Sufficient for tax registration.

### S. de R.L. de C.V.

Sufficient for tax registration.

### S.A.P.I. de C.V.

Sufficient for tax registration.

## **PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER**

### S.A. de C.V.

Permitted; usually common.

### S. de R.L. de C.V.

Permitted; usually common.

### S.A.P.I. de C.V.

Permitted; usually common.

## **NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS**

S.A. de C.V.

Requirements for shareholders depend on the corporate purpose of the entity (certain activities have foreign investment limitations). For directors or officers, there are no specific requirements (except if the corporation grants powers of attorney to such directors or officers, in which case, to be able to exercise such powers, they are required to have a proper visa).

S. de R.L. de C.V.

Requirements for partners depend on the corporate purpose of the entity (certain activities have foreign investment limitations). For managers or officers, there are no specific requirements (except if the entity grants powers of attorney to such directors or officers, in which case, to be able to exercise such powers, they are required to have a proper visa).

S.A.P.I. de C.V.

Requirements for shareholders depend on the corporate purpose of the entity (certain activities have foreign investment limitations). For directors or officers, there are no specific requirements (except if the corporation grants powers of attorney to such directors or officers, in which case, to be able to exercise such powers, they are required to have a proper visa).

## **RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS**

S.A. de C.V.

None.

S. de R.L. de C.V.

None.

S.A.P.I. de C.V.

None.

## **SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF**

S.A. de C.V.



The board of directors (as an organ, not the members individually) is elected by the shareholders and is the highest authority in the management of the corporation, governing the organization by establishing policies and objectives, provided that any shareholder or group of shareholders holding more than 25 percent of the capital stock shall have the right to appoint a director.

In contrast, officers are appointed by the board of directors or the shareholders to oversee day-to-day operations of the corporation.

## S. de R.L. de C.V.

The board of managers (as an organ, not the members individually) is elected by the partners and is the highest authority in the management of the entity, governing the organization by establishing policies and objectives. In contrast, officers are appointed by the board of managers or the partners to oversee day-to-day operations of the corporation.

## S.A.P.I. de C.V.

The board of directors (as an organ, not the members individually) is elected by the shareholders and is the highest authority in the management of the corporation, governing the organization by establishing policies and objectives, provided that any shareholder or group of shareholders holding more than 10 percent of the capital stock shall have the right to appoint a director.

In contrast, officers are appointed by the board of directors or the shareholders to oversee day-to-day operations of the corporation.

## PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

### S.A. de C.V.

A summary of the organizational documents is public as the incorporation public deed shall be registered with the Public Registry of Commerce.

A shareholders' registry must be kept and must contain: (i) each shareholder's name, nationality and address, as well as an indication of their shares in number, series, class and any other particularity; (ii) the amount contributed to capital/invested by the shareholder in the company; and (iii) the transfer of any of the shares.

When the inscription of a shareholder in the shares' registry book is registered, a notice must be posted in the electronic system of the Ministry of Economy (*Secretaría de Economía*) and will have legal effect the day after the notice is posted. The Ministry will make sure that the information regarding the shareholder's name, nationality and address is kept confidential, with the exception of where being required by a competent authority.

### S. de R.L. de C.V.

A summary of the organization documents is public as the formation public deed shall be registered with the Public Registry of Commerce.

A partners' registry book must be kept and contain (i) the partners' name and address indicating; (ii) their contributions; and (iii) the transfer of social parts. When any of the above is registered, notice must be posted in the electronic system of the Ministry of Economy (*Secretaría de Economía*) and will have legal effects the day after the notice is posted. Any person that can prove legitimate interest, will be granted access to the partners registry book, which will be at the care of the administrators, and these will respond personally, and jointly and severally, of its existence and the accuracy of its content.

## S.A.P.I. de C.V.

A summary of the organizational documents is public as the incorporation public deed shall be registered with the Public Registry of Commerce.

A shareholders' registry must be kept and must contain (i) each shareholder's name, nationality and address, as well as an indication of their shares in number, series, class and any other particularity; (ii) the amount contributed to capital/invested by the shareholder in the company; and (iii) the transfer of any of the shares.

When the inscription of a shareholder in the shares' registry book is registered, a notice must be posted in the electronic system of the Ministry of Economy (*Secretaría de Economía*) and will have legal effect the day after the notice is posted. The Ministry will make sure that the information regarding the shareholder's name, nationality and address is kept confidential, with the exception of where being required by a competent authority.

## MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

### S.A. de C.V.

There must be a minimum of 2 shareholders and there is no maximum number. No minimum or maximum limitations for directors.

### de R.L. de C.V.

There must be a minimum of 2 partners and a maximum of 50. No minimum or maximum limitation for directors.

### S.A.P.I. de C.V.

There must be a minimum of 2 shareholders and there is no maximum number. No minimum or maximum limitations for directors.

## MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

### S.A. de C.V.

2 shareholders.

### S. de R.L. de C.V.

2 partners.

### S.A.P.I. de C.V.

2 shareholders.

## REMOVAL OF DIRECTORS OR OFFICERS

S.A. de C.V.

Removal of directors is allowed by a vote of the majority of the shares. However, directors appointed by shareholders or a group of shareholders holding at least 25 percent of the capital stock of the company, in exercise of such minority right, can only be removed by the shareholder or group of shareholders that appointed such director.

de R.L. de C.V.

Removal of managers is allowed by a vote of the majority of the partners (partners have one for each MXN1.00).

S.A.P.I. de C.V.

Removal of directors is allowed by a vote of the majority of the shares. However, directors appointed by shareholders or group of shareholders holding at least 10 percent of the capital stock of the company, in exercise of such minority right, can only be removed by the shareholder or group of shareholders that appointed such director.

## REQUIRED AND OPTIONAL OFFICERS

S.A. de C.V.

All are optional.

S. de R.L. de C.V.

All are optional.

S.A.P.I. de C.V.

All are optional.

## BOARD MEETING REQUIREMENTS

S.A. de C.V.

No legal requirement.

S. de R.L. de C.V.

No legal requirement.

S.A.P.I. de C.V.

No legal requirement.

## QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

### S.A. de C.V.

There are 2 kinds of shareholder meeting:

- General, which include all the shares representing the capital stock of the company and
- Special, which include only a specific class or series of shares.

Both such kinds of shareholders' meetings are sub-classified in:

- Ordinary, which requires 1/2 of the shares to be represented for deeming as legally convened a meeting, and its resolutions shall be adopted by at least the majority of votes present in a specific meeting and
- Extraordinary, which requires 3/4 of the shares to be represented for deeming as legally convened a meeting, and its resolutions shall be adopted at least, by the shareholders representing 1/2 of the capital stock of the company.

Board of directors shall be considered as legally convened if 1/2 of its members are present in a specific meeting, its resolutions shall be adopted by at least majority of votes.

### S. de R.L. de C.V.

There is only 1 kind of partners meeting. Such partners' meeting requires 1/2 of the capital to be represented for deeming as legally convened a meeting, and its resolutions shall be adopted by at least the majority of votes present in a specific meeting; provided that:

- For amending the corporate bylaws, the vote of the partners representing 3/4 of the social capital is required and
- For amending the corporate purpose or increasing the partners' obligations, the unanimous vote of all the partners is required.

Board of managers shall be considered as legally convened if 1/2 of its members are present in a specific meeting, its resolutions shall be adopted by at least majority of votes.

### S.A.P.I. de C.V.

There are 2 kinds of shareholder meeting:

- General, which include all the shares representing the capital stock of the company and
- Special, which include only a specific class or series of shares.

Both such kinds of shareholders' meetings are sub-classified in:

- Ordinary, which requires 1/2 of the shares to be represented for deeming as legally convened a meeting, and its resolutions shall be adopted by at least the majority of votes present in a specific meeting and
- Extraordinary, which requires 3/4 of the shares to be represented for deeming as legally convened a meeting, and its resolutions shall be adopted, at least, by the shareholders representing 1/2 of the capital stock of the company.

Board of directors shall be considered as legally convened if 1/2 of its members are present in a specific meeting, its resolutions shall be adopted by at least majority of votes.

## **MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?**

S.A. de C.V.

Not necessary for incorporation. When necessary, a bank account may be opened anywhere.

S. de R.L. de C.V.

Not necessary for formation. When necessary, a bank account may be opened anywhere.

S.A.P.I. de C.V.

Not necessary for incorporation. When necessary, a bank account may be opened anywhere.

## **AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?**

S.A. de C.V.

Audits are required if the corporation exceeds certain thresholds determined by Mexican tax laws. Generally, the corporate books should be either kept by the corporation or the corporation's attorneys.

S. de R.L. de C.V.

Audits are required if the entity exceeds certain thresholds determined by Mexican tax laws. Generally, the corporate books should be either kept by the entity or the entity's attorneys.

S.A.P.I. de C.V.

Audits are required if the corporation exceeds certain thresholds determined by Mexican tax laws. Generally, the corporate books should be either kept by the corporation or the corporation's attorneys.

## REQUIREMENT REGARDING PAR VALUE OF STOCK

S.A. de C.V.

MXN1.00, or shares may be non-par value shares.

S. de R.L. de C.V.

MXN1.00, or a multiple of it.

S.A.P.I. de C.V.

MXN1.00, or shares may be non-par value shares.

## INCREASING OF CAPITALIZATION IF NEEDED

S.A. de C.V.

Depends if made to the fixed part, then approval of an extraordinary shareholders meeting is required and the amendment of the bylaws; if made to the variable part, approval of an ordinary shareholders meetings is required.

S. de R.L. de C.V.

Depends if made to the fixed part, then approval of an extraordinary partners meeting is required and the amendment of the bylaws; if made to the variable part, approval of an ordinary partners meetings is required.

S.A.P.I. de C.V.

Depends if made to the fixed part, then approval of an extraordinary shareholders meeting is required and the amendment of the bylaws; if made to the variable part, approval of an ordinary shareholders meetings is required.

## SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

S.A. de C.V.

Funds can be repatriated abroad from the US via dividends or redemption.

S. de R.L. de C.V.

Funds can be repatriated abroad from the US via dividends or redemption.

S.A.P.I. de C.V.

Funds can be repatriated abroad from the US via dividends or redemption.

## RESTRICTIONS ON TRANSFERABILITY OF SHARES



## S.A. de C.V.

Shares can generally be transferred between shareholders or 3rd-parties via a written agreement, except when:

- There is a “Right of First Refusal” provision in the S.A. de C.V. bylaws or
- The company has issued “Restricted Transfer Shares” which transfer requires the approval of the board of directors.

## S. de R.L. de C.V.

Partners have “Right of First Refusal” when a sale is intended to be carried out in favor of a non-partner.

Likewise, the consent of the majority of the partners is required for any equity transfer.

## S.A.P.I. de C.V.

Shares can generally be transferred between shareholders or 3rd-parties via a written agreement, except when:

- There is a “Right of First Refusal” provision in the S.A.P.I. de C.V. bylaws or
- The company has issued “Restricted Transfer Shares” which transfer requires the approval of the board of directors.

## OBTAINING A NAME AND NAMING REQUIREMENTS

### S.A. de C.V.

Proposed name shall be approved by the Ministry of Economy.

### S. de R.L. de C.V.

Proposed name shall be approved by the Ministry of Economy.

### S.A.P.I. de C.V.

Proposed name shall be approved by the Ministry of Economy.

## SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

### S.A. de C.V.

Required by Notary Public for incorporation purposes: filing of a questionnaire, provide proof of legal existence and powers of attorney granted by the shareholders, if applicable.

### S. de R.L. de C.V.

Required by Notary Public for formation purposes: filing of a questionnaire, provide proof of legal existence and powers of attorney granted by the partners, if applicable.

S.A.P.I. de C.V.

Required by Notary Public for incorporation purposes: filing of a questionnaire, provide proof of legal existence and powers of attorney granted by the shareholders, if applicable.

## APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

S.A. de C.V.

Through an extraordinary shareholders meeting.

S. de R.L. de C.V.

Through an extraordinary partners meeting.

S.A.P.I. de C.V.

Through an extraordinary shareholders meeting.

## LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

S.A. de C.V.

Only for certain corporate purposes.

S. de R.L. de C.V.

Only for certain corporate purposes.

S.A.P.I. de C.V.

Only for certain corporate purposes.

## PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

S.A. de C.V.

Shelf companies can be purchased but are not widely used and, since the enactment of the Mexican Anti-Money Laundering Law, we expect even fewer cases.

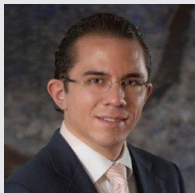
S. de R.L. de C.V.

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S.A.P.I. de C.V.

Shelf companies can be purchased but are not widely used and, since the enactment of the Mexican Anti-Money Laundering Law, we expect even fewer cases.

## KEY CONTACTS



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