

LEGAL NOTE

June, 2017

To: Clients and Friends

Re: Mexican Anti-corruption Legislation | Update

During May, 2015 the Mexican Federal Constitution was amended to create the National Anti-corruption System (*Sistema Nacional Anticorrupción*; “NAS”), which main purpose is to coordinate all governmental authorities’ efforts aimed at the prevention, detection and sanctioning of corrupt practices.

On July 18, 2016, the initial package of secondary legislation related to the NAS was published in the Official Gazette of the Federation, which is formed by the enactment of four new laws and amendments to three existing laws:

- General Law of the National Anticorruption System
- General Law on Administrative Accountability
- Organic Law of the Federal Court of Administrative Justice
- Amendments to the Organic Law of the Federal Public Administration
- Amendments to the Federal Accounting and Accountability Law
- Amendments to the Federal Criminal Code
- Amendments to the Organic Law of the General Prosecutor’s Office

In addition to the abovementioned statutes, since 2016 the Mexican Congress has issued complementary regulations.

Private Parties

Regarding private parties, the NSA includes a strict surveillance regime, as well as a strong sanctioning system with severe consequences for aggravated corruption conducts, such as suspension of activities in addition to applicable criminal sanctions for the involved parties. It is also important to mention that with these amendments, corporations will also be criminally liable for incurring in corrupt practices.

The NSA also provides certain guidelines for private entities to self-regulate anticorruption matters. These guidelines should be considered as one of the main innovations of the NSA, and are known as “Integrity Policy” (*Política de Integridad*), which implementation is optional (but recommended) to private parties. If adopted, such “Integrity Policy” shall contain the minimum legal requirements, and may help avoid and/or mitigate any potential liability. The “Integrity Policy” must be distributed to all the employees of the corresponding private entity and involves a continuous anticorruption training and the development and implementation of manuals containing clear anticorruption processes and a system to promote awareness on the company’s practices and guidelines regarding anticorruption.

Civil Participation Committee and Special Prosecutor

Recent developments include the appointment of the NSA’s Civil Participation Committee (*Comité de Participación Ciudadana*) members, including its President Jacqueline

Peschar, which committee has since February, 2017 became fully operational. Likewise, regulatory work has focused on the Special Prosecutor's Office for Crimes related to Corrupt Practices (*Fiscalía Especializada en materia de Delitos relacionados con Hechos de Corrupción*; "SPO"). On April 19, 2017, an Accord issued by the General Prosecutors Office was published in the Official Gazette of the Federation, further regulating the functions and authorities of the SPO and its participation within the General Prosecutor's Office. However, as of this date the Mexican Senate has not appointed the head of the SPO –a much expected action that has been delayed now for the third year.

The existing Anti-corruption legal framework is modern and comprehensive; it regulates the mechanics for the collaboration among the different competent authorities and private parties, and includes enhanced audit, review and sanctioning attributions and mechanisms for such authorities so to properly enforce the applicable laws and regulations.

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