CLIENT ALERT

Mexico Establishes a National Security Screening Regime for Foreign Investment

November 20, 2026

Executive Summary

On November 19, 2026, Mexico's federal executive branch published in the *Diario Oficial de la Federación* ("DOF," Mexico's official federal register) a Decree amending, adding, and repealing various provisions of the Foreign Investment Law (*Ley de Inversión Extranjera*, or "LIE"). The reform was approved by Congress on October 27, 2026.

The Decree adds a new Title Six Bis, "National Security in Foreign Investments," and repeals former Article 30, which authorized the National Foreign Investment Commission ("CNIE" or the "Commission") to block foreign acquisitions on national security grounds but did not establish a specific review procedure. The new Title establishes a formal, pre-closing national security screening process requiring a favorable resolution from the Commission for foreign investment to participate, directly or indirectly, in more than 49% of the capital stock of a Mexican company operating in a covered sector and whose assets exceed a threshold to be set by the Commission.

The reform also expands the CNIE's composition from 10 to 14 voting members, adding the heads of the Ministries of National Defense, the Navy, and Security and Citizen Protection, as well as the head of the Digital Transformation and Telecommunications Agency. It also provides for the participation of the heads of the Attorney General's Office (FGR), the National Intelligence Center (CNI), the Tax Administration Service (SAT), and the Financial Intelligence Unit (UIF) as permanent invitees, with speaking rights but no voting rights, in sessions addressing national security matters. The reform eliminates tacit approval (*afirmativa ficta*) for national security matters and introduces fines of up to approximately MXN 23.5 million (USD 1.3 million), equivalent to 200,000 times the daily value of Mexico's Unit of Measurement and Update (*Unidad de Medida y Actualización*, or "UMA"), as well as the power to order divestiture.

The Decree will enter into force on November 20, 2026. The asset-value threshold that will trigger mandatory review, however, has not yet been set. The CNIE must issue and publish a general resolution establishing the threshold within 180 calendar days, counted from November 20, 2026.

Which Transactions Are Covered?

Under new Article 30 Bis, foreign investment that would result in direct or indirect participation of more than 49% of a Mexican company's capital stock requires a favorable resolution from the CNIE if (i) the total value of the company's assets, as of the date the acquisition application is submitted, exceeds the amount set by the Commission through a general resolution, and (ii) the company operates in one of the following sectors or engages in one of the following activities:

- **Strategic infrastructure,** whether physical or virtual, including infrastructure related to energy, transportation, healthcare, communications, mining, data processing or storage, digital systems, aerospace, defense, and sensitive facilities, as well as land and real estate indispensable to the use of such infrastructure;
- **Critical technologies and dual-use products,** including artificial intelligence, robotics, semiconductors, cybersecurity, aerospace and defense technologies, energy storage, quantum and nuclear technologies, nanotechnology, and biotechnology;
- **The supply of fundamental inputs,** particularly energy or raw materials, as well as food security;
- **Access to sensitive information,** particularly personal data, or the ability to control such information; and
- **Other analogous sectors or activities of a similar nature**, as determined by the Commission through a general resolution.

If the target company's total assets do not exceed the threshold but the proposed foreign participation exceeds 49%, filing with the Commission is voluntary.

The covered categories are broad. Because the review applies to both direct and indirect foreign participation, transactions structured through offshore holding companies may also fall within scope, depending on whether they result in foreign participation exceeding 49% of the Mexican target's capital stock. The open-ended fifth category also allows the CNIE to extend the regime to additional sectors without further legislative action. The text leaves several practical questions

open, including how the regime will apply to internal reorganizations and transfers between foreign investors where the target is already majority foreign-owned. Further clarity may come through amendments to the Regulations to the LIE or subsequent CNIE guidance.

Review Procedure

The new procedure is as follows:

- **Joint filing.** The application must be submitted jointly by the Mexican company and the foreign investor to the CNIE's Technical Secretariat (Article 30 Ter).
- **45-business-day review period.** The Commission must issue a decision within 45 business days after the application is filed (Article 30 Quater). For procedural matters not expressly addressed in the LIE or its Regulations, the Federal Law of Administrative Procedure applies on a supplementary basis.
- **No tacit approval.** The general rule under which unresolved applications are deemed approved after 45 business days does not apply to national security matters (amended Article 28). Parties should not close the transaction without an express favorable resolution.
- **New evaluation criterion.** Risks or threats to national security are added to the criteria the Commission must consider when reviewing applications covered by Title Six Bis (Article 29, section V).
- **Mandatory vote.** Commission members may not abstain on national security matters, and decisions are adopted by majority (Article 30 Sexies).

Under Article 30 Quinquies, the Commission may resolve an application in one of three ways: (i) determine that no national security risk exists and declare the acquisition viable; (ii) require the parties to modify the proposed transaction to mitigate the identified risk; or (iii) block the acquisition on national security grounds. Approvals, whether or not subject to mitigation, must include case-specific terms and conditions, which may require periodic reporting by the parties and assessments of their compliance with Mexican law.

An Expanded Commission

Under amended Article 23, the CNIE now comprises 14 voting members: the heads of the Ministries of the Interior; Foreign Affairs; National Defense; the Navy; Security and Citizen Protection; Finance and Public Credit; Welfare; Environment and Natural Resources; Energy; Economy; Infrastructure,

Communications and Transportation; Labor and Social Welfare; and Tourism, as well as the head of the Digital Transformation and Telecommunications Agency.

In sessions addressing national security matters, the heads of the Attorney General's Office (FGR), the National Intelligence Center (CNI), the Tax Administration Service (SAT) and the Financial Intelligence Unit (UIF) will participate as permanent invitees, with speaking rights but no voting rights. The Commission may also convene extraordinary sessions at any time when needed to meet the statutory deadlines. In addition, the Commission must submit to Congress a statistical report every four months on foreign investment in Mexico, including the sectors and regions in which it is concentrated, and a report every six months on its national security activities.

The participation of the SAT and UIF suggests that tax compliance, anti-money laundering considerations, and the transparency of investors' ownership structures may receive particular scrutiny during the review.

Sanctions and Divestiture

Amended Article 38 introduces the following sanctions:

- A fine of 5,000 to 200,000 times the daily value of the UMA may be imposed if the Mexican company transfers shares to the foreign investor after the Commission has denied the acquisition or without first obtaining a favorable resolution. Based on the 2026 daily UMA value, this translates into fines ranging from approximately MXN 586,550 (USD 31,800) to MXN 23.5 million (USD 1.3 million);
- The same fine range applies in cases of failure to comply with mitigation measures imposed by the Commission; and
- In addition to fines, the Commission may order divestiture, subject to a procedure to be established. The foreign investor will have 90 business days, counted from the day after notification of the sanction, to divest the assets acquired; this period may be extended once for an equal period.

Notably, the fine for transferring shares without prior approval is expressly imposed on the Mexican target company. This creates direct statutory exposure for the target itself, a point that should be reflected in the allocation of risk under the transaction documents. Failure to comply with mitigation measures is subject to the same fine range.

Transition and Pending Implementation

Matters already in process when the Decree enters into force on November 20, 2026, will be handled under the provisions in force when they were filed.

The Commission must issue and publish in the DOF the general resolution establishing the asset-value threshold within 180 calendar days, counted from the day after publication of the Decree. This gives the Commission a deadline of May 18, 2027. Until the threshold is published, the mandatory filing trigger cannot be applied in practice. Additional amendments to the Regulations to the LIE, or CNIE guidance, may be needed to clarify filing procedures and the information required in applications.

What Does This Mean for Investors?

With this reform, Mexico joins the United States, Canada, and many other economies that have dedicated national security screening mechanisms for foreign investment. The reform comes amid closer economic security coordination with the United States and has been viewed, in part, as a response to U.S. expectations in this area.

For foreign investors and Mexican companies, the most immediate implications are:

1. **Deal timing.** Transactions in covered sectors should allow for at least 45 business days of statutory review, plus preparation time; requests for additional information may extend the timetable. Parties should not close before an express favorable resolution is obtained.
2. **Transaction documents.** Purchase agreements should make CNIE clearance a condition precedent, allocate responsibility for the joint filing, and address the possibility of mitigation conditions and their associated costs.
3. **Sector exposure.** Investments in energy, data centers, telecommunications, mining, logistics infrastructure, healthcare, semiconductors, advanced manufacturing, and businesses involved in other critical technologies or dual-use products are particularly likely to warrant close review. Real estate assets indispensable to strategic infrastructure may also fall within scope.

Transactions expected to close after the asset-value threshold is published, as well as those currently under negotiation, should be assessed now, including whether a voluntary filing may be advisable.

Key Dates

Date	Description
October 27, 2026	Congress approves the bill
November 19, 2026	Decree published in the DOF
November 20, 2026	Decree enters into force
By May 18, 2027	Deadline for the CNIE to issue and publish the general resolution establishing the asset-value threshold (180 calendar days from the day following publication)
45 business days	Statutory period for the CNIE to issue a decision on national security applications, counted from the date of filing
90 business days	Period for the foreign investor to divest acquired assets, counted from the day after notification of the sanction and extendable once for an equal period

Recommended Actions

Foreign investors and Mexican companies operating in strategic sectors should review pending and planned transactions to determine whether they could fall within the new national security screening regime, with particular attention to indirect acquisitions and holding-company restructurings.

Companies should monitor publication of the asset-value threshold and any additional sectors designated by the Commission; prepare information on ownership structures, sources of funds, and the target's exposure to sensitive data and critical technologies that may be requested as part of a filing; and update transaction templates to address CNIE clearance as a condition precedent and allocate responsibility for, and the costs of, potential mitigation measures.

Monarch's professionals can help companies navigate this new regime, including by assessing whether planned transactions fall within the scope of Title Six Bis; preparing and managing filings with the CNIE; engaging with the Ministry of Economy and other relevant agencies; negotiating and implementing mitigation measures; and tracking the asset-value threshold and implementing regulations as they are issued. For more information, please contact any member of the Monarch team listed below.

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