

## Company & Commercial - Mexico

### Mexico simplifies procedure for establishing foreign company branches

Contributed by **Creel Abogados**

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As of May 14 2014, foreign entities from the 158 member countries of the World Trade Organisation (WTO) that wish to carry out commercial activities in Mexico can benefit from a simplified procedure to establish a branch or agency in the country.

While entities from the United States, Canada, Japan, Chile, Costa Rica, Colombia, Nicaragua, El Salvador, Guatemala, Honduras, Uruguay and Peru have enjoyed this benefit since August 2012, the availability of the simplified procedure now extends to 148 additional countries (including Germany, Saudi Arabia, Argentina, Australia, Austria, Belgium, Brazil, China, South Korea, Ireland, Italy, Israel, Denmark, the Netherlands, Norway, Spain, Sweden, Switzerland, Russia and New Zealand).

Under the simplified process, the foreign entity need only file an informative notice with the National Commission of Foreign Investments in which it declares under oath that:

- its bylaws and other establishment or incorporation documents are not contrary to Mexican public policy;
- it has been established or incorporated in accordance with the laws of its country of origin; and
- an agency or branch will be opened, indicating the address of the intended branch.

The foreign entity must also indicate in this notice the main activities that it intends to carry out in Mexico, which must comply with the Foreign Investments Law and the restrictions and limitations set forth therein for certain activities.

Once the informative notice has been filed with the National Commission of Foreign Investments, the foreign entity must register its branch or agency with the public register of commerce corresponding to the branch's Mexican domicile through submission of the stamped and registered informative notice.

Notably, this simplified procedure for foreign entities from WTO countries is not limited to commercial entities; it is also available to civil entities that do not carry out business activities. Instead of declaring under oath that they will open a branch or agency, such civil entities need only indicate the address where they will operate and that they will have a legal representative (whose name must be provided) who is authorised to comply with any obligations that they will assume.

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