

FATF



Anti-money laundering and counter-terrorist financing measures

Mexico

Follow-up Report &
Technical Compliance Re-Rating

May 2023

Follow-up report





The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CTF) standard.

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Mexico's 5th Enhanced Follow-up Report

Introduction

The FATF Plenary adopted the mutual evaluation report (MER) of Mexico in November 2017¹. Based on the MER results, Mexico was placed into enhanced follow-up. Mexico's 3rd enhanced Follow-up Report (FUR) with technical compliance re-ratings was adopted by written process in June 2021² and the 4th enhanced FUR by written process in June 2022³. This 5th enhanced FUR analyses Mexico's progress in addressing some of the technical compliance deficiencies identified in its MER. Re-ratings are given where progress has been made.

Overall, the expectation is that countries will have addressed most, if not all, technical compliance deficiencies by the end of the third year from the adoption of their MER. This report does not address what progress Mexico has made to improve its effectiveness.

Ms Maria Concepción Cornejo García supported by Ms. Ravneet Kaur, Policy analyst from the FATF Secretariat, assessed Mexico's request for technical compliance re-ratings.

Section 2 of this report summarises Mexico's progress in improving technical compliance. Section 3 sets out the conclusion and includes a table showing Mexico's MER ratings and updated ratings based on this and previous FURs.

¹ www.fatf-gafi.org/en/publications/mutualevaluations/documents/mer-mexico-2018.html

² www.fatf-gafi.org/en/publications/mutualevaluations/documents/fur-mexico-2021.html

³ www.fatf-gafi.org/en/publications/Mutualevaluations/Fur-mexico-2022.html

Progress to improve Technical Compliance

This section summarises Mexico's progress to improve its technical compliance by addressing some of the technical compliance deficiencies identified in the MER or any previous FUR (R.18 and R.24).

Progress to address technical compliance deficiencies identified in the MER

Mexico has made progress to address the technical compliance deficiencies identified in the MER in relation to R.18 and R.24. Because of this progress, Mexico has been re-rated on these Recommendations.

Recommendation 18

	Year	Rating
MER	2019	PC
FUR3	2021	PC (not re-assessed)
FUR4	2022	PC (not re-assessed)
FUR5	2023	↑ LC

- a) **Criterion 18.1** (*Mostly Met*) In its 4th round MER, Mexico did not meet the requirement of this criterion. Investment advisors were not required to have an internal auditing department or an annual independent external audit to review compliance with the AML/CFT requirements. In addition, Other Financial Service Providers (OFSPs) were not required to appoint a representative at management level responsible for ensuring compliance with compliance management obligations, have screening procedures for hiring employees or ongoing employee training programmes and establish an independent audit function to test the AML/CFT system.

Mexico has proposed legislation to address lack of requirement for investment advisors to have an internal auditing department or an annual independent external audit to review compliance with the AML/CFT requirements, but this is not yet in force. The gaps identified in the MER remain unaddressed.

- b) **Criterion 18.2** (*Met*) In its 4th round MER, there were no requirements for financial groups of FIs to implement groupwide AML/CFT programmes without the express authorisation of the customer and there was no requirement for FIs on confidentiality or safeguarding of information shared.

Since the MER, Mexico introduced Article 21st-1 of the AML/CFT General Provisions for FIs in Article 115 of the Law on Credit Institutions (LIC) that requires FIs to establish in the design of their risk assessment methodology, taking into account, if applicable, how the results of the methodology will be implemented by other financial entities integrating the corresponding group.

Amendments to Article 115 of the LIC establish that financial groups may exchange at the level of the financial group, overseas branches and correspondent banks, any type of information regarding the identification, known background or activity of clients and users, statistical information of unusual and 24-hour transaction reports of its customers and users, reports of internal transactions of concern to its directors, officers and employees and circumstances considered in determining unusual or internal transactions of concern. The amendments override the requirement for the express authorisation of the customer. The LIC also has a clause requires that confidentiality of information exchanges in maintained.

These amendments address the gaps identified in the MER.

- c) **Criterion 18.3 (Mostly Met)** In its 4th round MER, Cooperative Savings and Loan Companies (SOCAP) and Popular Credit and Saving Entities (SOFIPO) were not required to implement Mexican requirements in all of their branches and subsidiaries (including those located in jurisdictions with weaker AML/CFT measures), and no additional mitigating measures were required to manage risks in circumstances where banks and other sectors are not able to implement the Mexican requirements in all of their branches and subsidiaries, except to report the situation to their Mexican supervisor. Further, there was no requirement for OFSPs to comply with the stricter foreign requirements for branches and subsidiaries.

Article 21st-1 of the AML/CFT General Provisions for FIs in Article 115 of the LIC requires FIs to apply the AML/CFT provisions of the legislation to their offices, branches, agencies and subsidiaries located abroad, especially when located in countries where AML/CFT measures do not exist or are poorly applied. Where this is not possible, FIs are required to notify the relevant supervisory authorities.

Article 492 of the Insurance and Bonding Institutions Law (LISF) establishes measures to manage the AML/CFT risks of insurance and bonding institutions, their branches and subsidiaries that have business relationships with foreign institutions, their branches and subsidiaries.

Not all the gaps identified in the MER are addressed. For SOCAPs, SOFIPOs and OFSPs, there remain no additional requirement to apply mitigating measures to manage risks in circumstances where AML/CFT measures do not exist or are poorly applied.

Weighting and conclusion: Since the MER, Mexico has introduced laws and regulations that require financial groups to implement groupwide AML/CFT programmes as well as ensuring that the confidentiality of the information exchanged, which address significant gaps identified in the MER. Some minor gaps remain particularly on coverage relating to SOCAPs, SOFIPOs and OFSPs.

Recommendation 18 is re-rated as **Largely Compliant**.

Recommendation 24

	Year	Rating
MER	2019	PC
FUR3	2021	PC (not re-assessed)
FUR4	2022	PC (not re-assessed)
FUR5	2023	↑ LC

a) **Criterion 24.1** (*Met*) No deficiencies were identified in the MER and the situation in Mexico remains the same as in the MER.

b) **Criterion 24.2** (*Met*) In its 4th round MER, the national risk assessment (NRA) of Mexico did not give a coherent view regarding the risks of misuse of legal persons and arrangements and does not represent the risk perception by all competent authorities.

Since the MER, Mexico has updated its NRA where the understanding of risks regarding the misuse of legal persons benefits from the participation of the breadth of authorities. The NRA identifies the range of companies in the country and identifies the risks based on complaints, criminal investigations, prosecutions and convictions as well as transnational requests.

This addresses the gaps identified in the MER.

c) **Criterion 24.3** (*Mostly Met*) In its 4th round MER, there were no requirements on the part of legal persons in Mexico to record their name, proof of incorporation, address, basic regulating powers and list of directors for associations, unions and professional associates. Basic information on unions, professional associations and other similar organisations are not publicly available.

Since the MER, Mexico introduced Article 365*bis* of the Federal Labour Law (LFT) that requires unions to register basic information and that this is publicly available. Article 27-B of the Federal Tax Code (CFF) establishes the requirement to record the corporation's name, proof of incorporation, address, basic regulating powers and list of directors for associations, unions and professional associations.

However, since basic information of certain non-commercial legal persons that are not registered in the Public Registry of Property (RPC) and are still not publicly available, this does not address all the gaps identified in the MER.

d) **Criterion 24.4** (*Mostly Met*) In its 4th round MER, there were no requirements for unions, professional associations and other associations in Mexico to maintain basic information, nor for cooperative companies, unions, associations and foreign legal persons in Mexico to maintain a register of their members/shareholders.

Since the MER, Mexico introduced Article 32-B *Ter* of the CFF which requires all legal entities, including unions and professional associations, to obtain, keep and provide the Tax Administration Service (SAT) with reliable, complete and updated information of their beneficial ownership. This will include members and shareholders as well as other information relating to shareholding as required under the 2022 amendment to the General Rule of the Miscellaneous Tax Resolution.

As noted in criterion 24.3, Article 27-B of the CFF establishes the requirement to record the corporation's name, proof of incorporation, address, basic regulating powers and list of directors for associations, unions and professional associations and Article 365*bis* of the LFT requires unions to register and update basic membership information.

However, this does not address all the gaps identified in the MER as there is still no specific law to address the lack of legal obligation for foreign legal persons to maintain a register of their members or shareholders.

- e) **Criterion 24.5** (*Met*) In its 4th round MER, Mexico did not explicitly require basic information that is kept to be accurate and updated on a timely basis.

Since the MER, under the General Rule of the Miscellaneous Tax Resolution that applies to all legal entities, the information that needs to be obtained, kept and provided the SAT as required by Article 32-B *Ter* of the CFF (as noted in criterion 24.4) must be reliable, complete, adequate, accurate and updated. Article 365*bis* of the LFT requires registration information of unions to be updated every three months. Further, in relation to limited liability partnerships, Mexico introduced a requirement to publish and update registration and membership information to an electronic system maintained by the Mexican Ministry of Economy (SE). Information on transfer of shares should also be updated, failing which the transfer would not be effective.

Mexico has put in place legislative amendments to ensure that basic and beneficial ownership information that is recorded is accurate and updated and has addressed all the gaps identified in the MER.

- f) **Criterion 24.6** (*Met*) In its 4th round MER, not all companies in Mexico were obliged to obtain and hold beneficial ownership information and keep it up-to-date.

Since the MER, Mexico introduced Article 32-B*ter* of the CFF, which require all legal entities to obtain, keep and provide the SAT reliable, complete and updated information of their beneficial ownership.

In addition, limited liability partnerships are required to publish and update registration and membership information to an electronic system maintained by the Mexican SE. Article 365*bis* of the LFT requires unions to keep updated basic membership information.

Mexico has put in place legislative amendments to address all the gaps identified in the MER.

- g) **Criterion 24.7** (*Met*) In its 4th round MER, all companies in Mexico were not obliged to obtain and hold beneficial ownership information and keep it up-to-date.

As noted above, since the MER, Mexico introduced Article 32-B Ter of the CFF requires all legal entities to obtain, keep and provide the SAT with reliable, complete and updated information of their beneficial ownership. Further, the 2022 amendment to the General Rule of the Miscellaneous Tax Resolution requires that this information must be reliable, complete, adequate, accurate and updated. Article 32-B Quinquies requires that changes to beneficial ownership must be updates within fifteen calendar days. SAT has supervisory, regulator, auditing and sanctioning powers under the CFF and can conduct visits to legal entities and issue summons to verify the proper identification of beneficial ownership information.

In addition, limited liability partnerships are required to publish and update registration and membership information (including transfer of shares) to an electronic system maintained by the Mexican SE.

Mexico has put in place legislative amendments to address all the gaps identified in the MER.

- h) **Criterion 24.8** (*Partly Met*) In its 4th round MER, companies in Mexico were not specifically required to cooperate with competent authorities in determining the beneficial owner.

Since the MER, Mexico introduced Article 45 of the CFF that established the obligation for legal entities to cooperate with the SAT's powers to verify the proper identification of beneficial ownership information, by presenting their accounting and other documentation to the SAT conducts.

While the SAT can cooperate with national competent authorities for access to beneficial ownership information, there are no laws that require one or more natural persons of companies authorised to be resident in Mexico so that they can provide full cooperation to competent authorities to determine beneficial ownership information. In view of this, not all the gaps identified in the MER are addressed.

- i) **Criterion 24.9** (*Met*) In its 4th round MER, there were no requirements for companies in Mexico to maintain information and records for at least five years after the date on which the company is dissolved or otherwise ceases to exist, except for corporations and companies.

Since the MER, Mexico introduced under the 2021 amendment to the General Rule of the Miscellaneous Tax Resolution read with Article 30 of the CFF, which require legal entities to keep supporting documentation on beneficial ownership information, chain of title and control and internal control procedures for five years from the date on which returns were filed or should have been filed. Under Article 218 of the LIC as well as Article 245 of the General Law of Mercantile Corporations (LGSM), company administrators, liquidators or other persons involved in the dissolution of the company, are required to keep in deposit the books and documents of

the multiple banking institution in liquidation, for ten years after the date on which the final liquidations balance sheet is recorded.

Mexico has addressed all the gaps identified in the MER.

- j) **Criterion 24.10** (*Mostly Met*) In its 4th round MER, competent authorities were not assured of timely access to beneficial ownership information as there was no central registry of bank accounts or a mechanism similar to that.

The MER notes that basic information in the RPC is publicly available and that the FIU, the prosecuting authorities (FGR) and the SAT have direct access to the taxpayer's registry (RFC).

Since the MER, Mexico introduced Article 32-B Ter of the CFF whereby SAT obtains from legal entities "reliable, complete and updated information of their beneficial owner" which is accessible to certain competent authorities, including Mexican public registries, the FIU, the Ministry of Finance and Public Credit, the National Banking and Securities Commission (CNBV), the National Commission for the Retirement Savings System (CONSAR) and the National Insurance and Bonding Commission (CNSF) are able to cooperate with the SAT on beneficial ownership information which is kept by the SAT. The FIU, police and the CNBV also have powers to obtain basic and beneficial ownership information maintained by legal entities.

However, access to information maintained by SAT does not extend to all competent authorities unless they sign cooperation agreements with SAT. In view of this, not all the gaps identified in the MER are addressed.

- k) **Criterion 24.11** (*Met*) No deficiencies were identified in the MER and the situation in Mexico remains the same as in the MER.

- l) **Criterion 24.12** (*Met*) No deficiencies were identified in the MER and the situation in Mexico remains the same as in the MER.

- m) **Criterion 24.13** (*Met*) In its 4th round MER, there were no specific sanctions foreseen for failure to comply with the requirements to maintain and update a register of shareholder or members.

Since the MER, amendments made to the CFF provide specific proportionate and dissuasive sanctions for failure to comply with the requirements to maintain and update a register of shareholders or members. The penalties under Articles 84-M and 84-N of the CFF provide for penalties ranging from MXN\$500 000 (approximately USD 28 000) to MXN\$2 000 000 (approximately USD 110 000) for each controlling beneficiary that is part of the legal figure in question, depending on the type of infringement.

Mexico has addressed all the gaps identified in the MER.

- n) **Criterion 24.14** (*Mostly Met*) In its 4th round MER, there were no specific provisions concerning the exchange of information on shareholders for the purposes of international cooperation.

Since the MER, Article 32-B Ter read with Article 69 of the CFF establish the power to exchange beneficial ownership information, including information on shareholders, with foreign tax authorities. However, the information may only be shared with foreign tax authorities and only be used for purposes other than tax purposes when so established by the treaty itself and authorised by the tax authorities.

In view of this, not all the gaps identified in the MER are addressed.

- o) **Criterion 24.15** (*Not Met*) In its 4th round MER, Mexico did not monitor the quality of assistance it received from other countries in response to requests for basic and BO information or requests for assistance in locating beneficial owners abroad.

There has been no update from Mexico on how it has addressed the identified gap.

Weighting and conclusion: Mexico has updated its NRA by including information regarding the misuse of legal persons. The participation of the breadth of authorities in the development of the NRA on this has contributed to the comprehensive understanding of their risks. The amendments to the CFF requiring the collection and keeping of up-to-date basic and BO information and registration of the same with the SAT has significantly addressed the gaps identified in the MER and there are proportionate and dissuasive sanctions for non-compliance. Several competent authorities have timely access to BO information maintained by SAT. The main gaps that remain are the lack of a requirement for a natural person in companies to be available to co-operate with competent authorities on information relating to beneficial ownership of their company, and the failure to monitor the quality of assistance Mexico receives from other countries on BO requests.

Recommendation 24 is re-rated as **Largely Compliant**.

Conclusion

Overall, Mexico has made progress in addressing most of the technical compliance deficiencies identified in its MER and has been upgraded on R.18 and R.24.

The table below shows Mexico's MER ratings and reflects the progress it has made and any re-ratings based on this and previous FURs:

Table 1. Technical compliance ratings, June 2023

R.1	R.2	R.3	R.4	R.5
LC	LC	C	LC	LC
R.6	R.7	R.8	R.9	R.10
C	C	<i>LC (FUR 2021)</i> PC	C	<i>LC (FUR 2022)</i> PC
R.11	R.12	R.13	R.14	R.15
LC	<i>C (FUR 2022)</i> PC	LC	LC	<i>LC (FUR 2022)</i> PC
R.16	R.17	R.18	R.19	R.20
<i>C (FUR 2022)</i> PC	<i>C (FUR 2022)</i> PC	<i>LC (FUR 2023)</i> PC	LC	PC
R.21	R.22	R.23	R.24	R.25
LC	PC	NC	<i>LC (FUR 2023)</i> PC	LC
R.26	R.27	R.28	R.29	R.30
LC	LC	PC	C	LC
R.31	R.32	R.33	R.34	R.35
LC	PC	PC	LC	LC
R.36	R.37	R.38	R.39	R.40
LC	<i>C (FUR 2022)</i> PC	<i>C (FUR 2020)</i> PC	LC	LC

Note: There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

Mexico has six Recommendations rated NC/PC. Mexico will report back to the FATF on progress achieved in improving the implementation of its AML/CFT measures in its 5th round mutual evaluation.

Annex to the FUR

Summary of Technical Compliance –Deficiencies underlying the ratings

Recommendations	Rating	Factor(s) underlying the rating⁴
1. Assessing risks & applying a risk-based approach	LC (MER)	<ul style="list-style-type: none"> • Mexico does not provide a comprehensive assessment of laundering of proceeds of corruption. • The NRA does not present a grounded view of risks associated with the misuse of the legal persons and arrangements. • The requirements for FIs and DNFBPs to assess ML/TF risks and apply enhanced measures, including where higher risks are identified by the authorities are deficient. • There is no prohibition of simplified AML/CFT measures where there is a suspicion of ML/TF
2. National cooperation and coordination	LC (MER) LC (FUR 2021)	<ul style="list-style-type: none"> • Mexico finalized its NRA in June 2016 and has carried out some high-level actions to mitigate the risks identified. However, authorities have explained they are further developing a national strategy that will incorporate additional measures to address all findings of the NRA and establish clearer priorities.
3. Money laundering offence	C (MER)	<ul style="list-style-type: none"> • The Recommendation is fully observed.
4. Confiscation and provisional measures	LC (MER)	<ul style="list-style-type: none"> • No specific provisions in the law to prevent or to void certain legal actions that prejudice the country's ability to freeze, seize, or recover property that is subject to confiscation.
5. Terrorist financing offence	LC (MER)	<ul style="list-style-type: none"> • The CPF does not include TF among the offences for which legal persons may be held criminally liable.

⁴ Deficiencies listed are those identified in the MER unless marked as having been identified in a subsequent FUR.

Targeted financial sanctions related to terrorism & TF	C (MER)	<ul style="list-style-type: none"> The Recommendation is fully observed.
Targeted financial sanctions related to proliferation	C (MER) C (FUR 2021)	<ul style="list-style-type: none"> The Recommendation is fully observed.
Non-profit organisations	PC (MER) LC (FUR 2021)	<ul style="list-style-type: none"> Authorities (the FIU and SAT) have not yet established a plan to improve effective supervision or monitoring of the NPO sector since the revised NRA. All NPOs have certain requirements based on their classification as DNFBPs but no special requirements currently exist for NPOs. Since the risk-based requirements have not yet been defined, the correspondent sanctions have not been defined either.
Financial institution secrecy laws	C (MER)	<ul style="list-style-type: none"> The Recommendation is fully observed.
Customer due diligence	PC (MER) LC (FUR 2021)	<ul style="list-style-type: none"> For RFAs, there is no explicit requirement to obtain information on the purpose and nature of the business relationship as such purpose is defined by the nature of this sector. For OSFP, there is no requirement to obtain the information on the persons with a senior management position. OFSPs are not subject to specific requirements to identify beneficial owners of legal persons in addition to those discussed under criterion 10.5. For RFAs, there are no requirements to identify beneficial owners.
Record keeping	LC (MER)	<ul style="list-style-type: none"> The requirements are not sufficient to ensure reconstruction of transactions other than those covered in the AML regulations.
Politically exposed persons	PC (MER) C (FUR 2021)	<ul style="list-style-type: none"> The Recommendation is fully observed.
Corresponding banking	LC (MER)	<ul style="list-style-type: none"> Lack of requirements governing customers of respondents having direct access to the correspondent institution's accounts.
Money or value transfer services	LC (MER)	<ul style="list-style-type: none"> Lack of comprehensive requirements for MVTS agents to be licensed or registered or for MVTS operators to maintain a current list of agents accessible to the competent authorities.
New technologies	PC (MER) LC (FUR 2021)	<ul style="list-style-type: none"> Some deficiencies remain in relation to the 'travel rule'. Mexico is exploring the possibility of sharing information with international counterparts.

Wire transfers	PC (MER) C (FUR 2021)	<ul style="list-style-type: none"> The Recommendation is fully observed.
Reliance on third parties	PC (MER) C (FUR 2021)	<ul style="list-style-type: none"> The Recommendation is fully observed.
Internal controls and foreign branches and subsidiaries	PC (MER) LC (FUR 2023)	<ul style="list-style-type: none"> Investment advisors are not required to have an internal auditing department or an annual independent external audit to review compliance with the AML/CFT requirements. The requirements of c.18.1 and 18.3 do not apply to OFSPs. Aside from requiring notification of supervisory authorities, there is no additional requirement to apply mitigating measures to manage risks in locations where AML/CFT measures do not exist or are poorly applied.
Higher risk countries	LC (MER)	<ul style="list-style-type: none"> The Mexican authorities' ability to apply counter-measures proportionate to the risks beyond systematic reporting cannot be established.
20. Reporting of suspicious transactions	PC (MER)	<ul style="list-style-type: none"> For most FIs, the timeframe for "unusual transactions" does not satisfy the requirement to report promptly while the 24-hour reporting obligation requires a higher certainty than suspicion. For OFSPs, the reporting obligations are not set out in the law, do not cover TF or attempted transactions, and are subject to a threshold.
21. Tipping-off and confidentiality	LC (MER) LC (FUR 2021)	<ul style="list-style-type: none"> For most FIs, the protection of their directors, officers, and employees from any liability that may arise from violation of confidentiality for complying with AML/CFT requirements is not set out in law.
22. Designated Non-Financial Businesses and Professions (DNFBPs): Customer Due Diligence	PC (MER)	<ul style="list-style-type: none"> There are no requirements to perform CDD in cases when there is a suspicion of ML/TF or when there are doubts about the veracity or adequacy of previously obtained data, except when there are doubts whether the customer acts on behalf of another person. In case of establishing business relationship, there is no requirement to understand its purpose and intended nature. There is no requirement to scrutinise transactions in order to ensure that they are in line with the customer's profile. There is no requirement to understand the ownership and control structure of a customer which is a legal person or a legal arrangement. There is no requirement to obtain information on the persons having a senior management position. There is no requirement to obtain information on the address of the trustee of a legal arrangement. There are no specific requirements to identify the settlor, the protector, the beneficiaries or class of beneficiaries in case of legal arrangements. There are no requirements to perform enhanced CDD in higher-risk situations. There is no requirement to consider making an STR if a customer refuses to provide CDD information. There are no provisions that would permit DNFBPs not to pursue CDD process in case they reasonably

		<p>believe this will tip off the customer.</p> <ul style="list-style-type: none"> • There is no explicit requirement to keep records of transactions. • There are no requirements to keep business correspondence or results of any analysis undertaken. • There is no explicit requirement for transaction records to be sufficient to permit reconstruction of individual transactions, except for casinos. • There are no requirements for DNFBPs in relation to PEPs. • There are no requirements for DNFBPs to identify and assess the ML/TF risks posed by new products or technologies. • Requirements with regard to third-party reliance fall short of the standard
23. DNFBPs: Other Measures	NC (MER)	<ul style="list-style-type: none"> • The obligation for reporting falls short of the standard, since (i) the obligation is not set out in law; (ii) there is a monetary threshold (not a deficiency with regard to dealers in precious metal and stones); (iii) there is no obligation to report transactions that are related to TF; and (iv) the reporting obligation is based on “a fact or evidence” which goes beyond suspicion. • There are no requirements to have screening procedures for hiring employees, to have ongoing employee training programme, or to establish an independent audit function system. • There is no requirement to implement group-wide programmes against ML/TF for those DNFBPs that are part of a business group. • There are no requirements for foreign branches of DNFBPs to ensure compliance with AML/CFT requirements of the home country. • There are no requirements concerning high-risk countries.
24. Transparency and beneficial ownership of legal persons	PC (MER) LC (FUR 2023)	<ul style="list-style-type: none"> • Basic information on certain non-commercial legal persons (professional associations, and others similar organisations) is not publicly available. • There is no obligation for foreign legal persons to maintain a register of their members/shareholders. • There are no specific provisions requiring companies to co-operate with competent authorities in determining the beneficial owner. • Competent authorities (aside from the FIU, PGR, SAT and CNBV) need to sign cooperation agreements to access the information directly from SAT. • Exchange of information on shareholders for the purposes of international cooperation may only be shared with foreign tax authorities and only be used for the purposes other than tax purposes when so established by the treaty itself and authorized by the tax authorities. • Mexico does not monitor the quality of assistance it receives from other countries in response to requests for basic and BO information or requests for assistance in locating beneficial owners residing abroad.
25. Transparency and beneficial ownership of legal arrangements	LC (MER)	<ul style="list-style-type: none"> • The deficiencies in the CDD and record-keeping requirements for FIs (see R.10 and 11) have negative impact on compliance also when FIs act as trustees in legal arrangements.

		<ul style="list-style-type: none"> • Mexican competent authorities can facilitate access to the registries of legal arrangements (RFC and RPPC) to foreign competent authorities only for tax purposes. • Sanctions for failure to grant to competent authorities, timely access to information regarding trusts do not appear to be proportionate and dissuasive
26. Regulation and supervision of financial institutions	LC (MER)	<ul style="list-style-type: none"> • No powers to vet owners and managers of issuers or travelers cheques, credit cards and stored-value cards, and providers of safe custody services. • Operational independence of supervisory authorities constrained. • The CNBV has no legal authority to supervise FIs within "mixed groups" on consolidated basis. • Uncertainty about supervisory framework for limited number of FIs supervised by the SAT.
27. Powers of supervisors	LC (MER)	<ul style="list-style-type: none"> • The CNBV does not have power to revoke banking license for AML/CFT failures. • The SAT can only apply financial penalties to issuers of travellers cheques, credit cards and stored-value cards, and providers of safe custody services.
28. Regulation and Supervision of DNFBPs	PC (MER)	<ul style="list-style-type: none"> • There are no requirements for competent authorities to prevent associates of criminals from holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function, or being an operator of a casino. • The powers of the supervisors are limited to the review of those transactions that have been conducted within five-years period prior to the on-site visit. • There are no specific measures to prevent criminals or their associates from being professionally accredited or holding a significant or controlling interest in DNFBPs (except for casinos and public brokers). • Sanctions available for supervisors to deal with failure to comply with AML/CFT requirements do not appear to be proportionate and dissuasive. • There are no provisions that supervision should be performed on a risk-sensitive basis.
29. Financial intelligence units	C (MER)	<ul style="list-style-type: none"> • The Recommendation is fully observed.
30. Responsibilities of law enforcement and investigative authorities	LC (MER)	<ul style="list-style-type: none"> • The coordination mechanisms between the authorities with power to investigate and prosecute ML should be improved.
31. Powers of law enforcement and investigative authorities	LC (MER)	<ul style="list-style-type: none"> • The main shortcomings relate to special investigation techniques, particularly controlled deliveries. The actual use and application of these techniques seems to be limited to offenses committed by organised crime groups and there is no legal basis governing the implementation of controlled deliveries.
32. Cash Couriers	PC (MER) PC (FUR 2022)	<ul style="list-style-type: none"> • It is not an offense to make a false declaration. • There is no clear procedure by the customs to deal with cross-border transportation of money related to TF. • The customs do not have the power to request information about the origin and the intended use of cash and BNIs.

33. Statistics	PC (MER)	<ul style="list-style-type: none"> • Mexico does not ensure consistency of statistics between institutions. ML investigations, prosecutions, convicted persons, and sanctions are available at a federal level, but not at a state level. • The country does not collect information on amounts or property confiscated or forfeited at subnational level and in relation to main predicate offenses. • The country does not have a case-management system that enables to process requests and monitor them regularly.
34. Guidance and feedback	LC (MER)	<ul style="list-style-type: none"> • The CNSF, the CONSAR, and the SAT provide little direct guidance on general AML/CFT issues.
35. Sanctions	LC (MER)	<ul style="list-style-type: none"> • Maximum financial penalties are not proportionate and dissuasive for larger institutions.
36. International instruments	LC (MER)	<ul style="list-style-type: none"> • The deficiencies identified in R.5 and 31 have a negative impact (criminal liability for legal persons is not enshrined in the CPF and no provision is made for controlled deliveries).
37. Mutual legal assistance	PC (MER) C (FUR 2022)	<ul style="list-style-type: none"> • The Recommendation is fully observed.
38. Mutual legal assistance: freezing and confiscation	C (FUR 2022)	<ul style="list-style-type: none"> • The Recommendation is fully observed.
39. Extradition	LC (MER)	<ul style="list-style-type: none"> • There is no established case management system or clear protocols for the prioritization of extradition cases.
40. Other forms of international cooperation	LC (MER)	<ul style="list-style-type: none"> • There are no statutory provisions governing the implementation of controlled deliveries and joint investigation teams at the national level. • No information is exchanged where it forms part of ongoing proceedings or an ongoing investigation, independently of whether or not it might impede such proceedings or investigation.

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May 2023

Anti-money laundering and counter-terrorist financing measures in Mexico

Follow-up Report & Technical Compliance Re-Rating

As a result of Mexico's progress in strengthening its measures to fight money laundering and terrorist financing since the assessment of the country's framework, the FATF has re-rated the country on Recommendation 18 and Recommendation 24.

Follow-up report