



COMPETITION AND ANTITRUST

CLIENT ALERT

Proposed Amendment to Mexico's Foreign Investment Law Introduces a New National Security Review Regime

On August 28, 2026, the Federal Executive submitted to the Mexican Congress a bill to amend the Foreign Investment Law (the "Bill"). The proposal would clarify the specific national security review regime for certain foreign investments.

Mexico's current Foreign Investment Law already authorizes the National Foreign Investment Commission (Comisión Nacional de Inversiones Extranjeras, or the "CNIE") to block acquisitions by foreign investors on national security grounds. The Bill seeks to further develop this authority by creating a prior authorization process for certain acquisitions of controlling interests in Mexican companies engaged in activities considered sensitive.

This new authorization procedure is additional to and has important differences from the authorization procedure that the Foreign Investment Law already requires of foreign investors to acquire more than 49% of the capital stock in certain activities, including port services, coastal shipping companies, airport concession holders, private education services, legal services and the construction and operation of railways, as well as in any Mexican company whose assets exceed the amount set annually by the CNIE (approx. USD 1.66 billion).

Transactions subject to prior authorization

Under the Bill, CNIE authorization would be required when a foreign investor intends to acquire, directly or indirectly, more than 49% of the capital stock of a Mexican company that (i) has assets exceeding a threshold to be established by the CNIE through general resolutions and (ii) conducts any of the activities or operates in any of the sectors identified in the proposed amendment.

The proposed regime would cover the following activities or strategic or sensitive sectors: (a) physical or virtual strategic infrastructure, including energy, transportation, healthcare, communications, mining, data processing or storage, digital systems, the aerospace and defense sectors and sensitive installations, as well as land and properties essential for their use; (b) critical and dual-use technologies and products, including artificial intelligence, robotics, semiconductors, cybersecurity, aerospace and defense technologies, energy storage, quantum and nuclear technologies, nanotechnology and biotechnology; (c) supply of critical inputs, particularly energy and raw materials, as well as food security; (d) access to sensitive information, particularly personal data, or the ability to control such information; and (e) other similar activities or sectors that the CNIE may designate through general resolutions.

As a result, the ultimate scope of the regime would depend not only on the legislation ultimately enacted by Congress, but also on implementing resolutions issued by the CNIE, particularly those establishing the applicable asset threshold and identifying any additional activities subject to review.

Review process

The application for authorization would have to be filed jointly by the Mexican company and the foreign investor before the acquisition is completed. The CNIE would have up to 60 business days to issue its decision. This period could be suspended if additional information is requested and, where warranted by the complexity of the matter, could be extended for up to an additional 30 business days. It is important to note that the Bill does not specify what information must be submitted with the authorization application, nor the scope or criteria for the review.

A significant difference from the general authorization procedure currently contemplated by the Foreign Investment Law is that, in national security reviews, the CNIE's failure to issue a decision within the applicable period would not result in deemed approval. Under the Bill, the absence of a timely decision would result in a rejection of the request.

Following its review, the CNIE could authorize the transaction, make its authorization subject to measures designed to mitigate identified national security risks, or prohibit the transaction. The proposed process would therefore allow the authorities to consider the characteristics of the Mexican target and its assets, as well as the identity of the investor, the transaction structure and the risks that may arise from the acquisition.

Changes to the composition of the CNIE

The Bill would also modify the institutional composition of the CNIE for national security matters. The Ministries of National Defense, Navy, and Security and Citizen Protection would become voting members. In addition, the Office of the Attorney General, the National Intelligence Center, the Tax Administration Service and the Financial Intelligence Unit would participate as permanent non-voting guests.

CNIE members would not be permitted to abstain from voting on national security matters and would be required to vote in favor or against; resolutions would be adopted by majority vote.

This expanded composition indicates that the proposed review would not be limited to economic or foreign investment policy considerations and could incorporate information and criteria relating to security, intelligence, tax enforcement and law enforcement.

Consequences of non-compliance

The Bill contemplates fines of up to MXN \$586,550 (approximately USD \$33,902), as well as mechanisms to address acquisitions made in violation of the new regime. Additionally, such acquisitions in violation of the new regime could be declared null and void by the Ministry of Economy, in which case they would not produce legal effects between the parties nor could they be enforced against third parties.

Pursuant to the transitory articles of the Bill, the decree would enter into force on the day following its publication in the Official Gazette. The new regime would apply to equity interests established through new transactions and not to existing structures; accordingly, no authorization would be required for companies that currently have direct or indirect foreign investment.

Implications for M&A and investment transactions

If enacted substantially as proposed, the new regime will need to become part of the regulatory analysis for acquisitions and foreign investments in Mexico. For transactions that may fall within its scope, parties should assess at an early stage whether the Mexican target conducts sensitive activities and whether it exceeds the asset threshold to be established by the CNIE.

It will also be advisable to incorporate Mexico into global foreign investment review (FDI screening) analyses and to assess this matter in parallel with merger control and sector-specific authorizations. In particular, if a foreign investor already holds a stake of less than 49% in a Mexican company that conducts sensitive activities and intends to increase it above that threshold, the transaction could be subject to the new authorization procedure.

Although the new review regime would focus on national security grounds and not on the analysis of matters strictly related to economic competition, in practice a significant number of transactions could be required to go through both this new foreign investment regime and the merger control proceedings before the National Antitrust Commission (Comisión Nacional Antimonopolio) simultaneously. This overlap could become more pronounced if the implementing regulations establish relatively low asset thresholds, as a broader universe of transactions would then be subject to both authorization processes. In such a scenario, the coordination of timetables and filing strategies would be a relevant factor in the planning of these transactions. Transaction documents may need to include a specific regulatory closing condition, cooperation covenants for preparing and pursuing the filing, procedures for responding to information requests, and provisions allocating the risk that the CNIE may require mitigation measures or decline to authorize the transaction. Transaction timetables should also account for the statutory review period and the possibility of suspensions or extensions.

For multinational transactions, it will be advisable to align the narrative of the Mexican filing before the CNIE with filings under other foreign investment regimes, in order to avoid inconsistencies in the descriptions of ownership, technology, data and government relationships. Transactions in sensitive sectors should be independently assessed under the Mexican framework.

The analysis may also be relevant to indirect acquisitions and international transaction structures that result in a change in foreign ownership of a Mexican company covered by the regime. In addition, because many of the listed sectors and activities are broadly defined without specifying what is included and what is not, and because the CNIE may also expand the list through general resolutions, a cautious, individualized, case-by-case analysis will be necessary to determine whether a particular transaction falls within the scope of the new regime.



Next steps

The Bill remains subject to the legislative process and may therefore be amended before it is approved and published. If enacted, parties should monitor the applicable transitional provisions and the general resolutions to be issued by the CNIE, particularly those establishing the asset threshold, further defining the activities subject to review and addressing procedural aspects of the new regime.

The new review regime shares core elements with the merger control process that our economic competition team routinely handles: analysis of notification thresholds, preparation of filings before the authority, management of deadlines and information requests, as well as the design and negotiation of commitments or mitigation measures to ensure the viability of the transaction. This convergence means that the capabilities developed in our competition practice (early identification of regulatory risks, building the transaction narrative, strategic engagement with the authority and experience in defending complex transactions) are directly transferable to the new regime.

Our team is prepared to integrate foreign investment and national security analysis into the overall regulatory strategy of the transaction, providing clients with coordinated support that minimizes risks and optimizes execution timelines.

Ritch Mueller will continue to monitor the legislative process and the implementation of the proposed regime.

Contact Information

Diego González Altamirano
Partner
dgonzalez@ritch.com.mx
+52 (55) 9178 7081

Octavio Olivo Villa
Partner
oolivo@ritch.com.mx
+52 (55) 9178 7040