

# Amendment to the Credit Instruments and Operations General Law and the Law of Credit Organizations and Auxiliary Activities

On March 26, 2024, a decree was published in the Official Federal Gazette, amending, adding, and repealing various provisions of the Credit Instruments and Operations General Law (“**LGTOC**”) and the Law of Credit Organizations and Auxiliary Activities (“**LGOAAC**”), marking a significant milestone in the regulation of negotiable instruments and the operation of credit organizations and auxiliary credit activities in Mexico.

The reform strengthens the transition towards the digitization of negotiable instruments, promoting efficiency, security, and traceability of these operations, while modernizing the legal framework to align it with the current needs of the financial market and commercial practices.

Among the most notable modifications, the following stand out:

- The incorporation of electronic, optical, or any other technology for the issuance of negotiable instruments. Now, negotiable instruments can be issued, transferred, and endorsed using these types of technology and through an information system that allows the generation, transmission, receipt, delivery, or processing of data messages, in terms of Article 89 of the Commercial Code (“**CCom**”). It will also be possible to provide endorsements and carry out protests through an information system.
- This reform emphasizes that negotiable instruments issued electronically will be considered as “data messages”, in accordance with the Second Title of the Second Book of the CCom, guaranteeing their legal effects, validity, and enforceability of the rights stated in such instruments.
- Additionally, it is specified that when the law or any other legal provision requires operations to be in writing, this requirement will be considered fulfilled with respect to a negotiable instrument issued electronically when expressly permitted by law, provided it remains intact and available.
- Article 5 Bis is introduced to the LGTOC, establishing that the integrity of an electronic negotiable instrument is presumed when it can be consulted in the aforementioned information system, and that a person’s signature on these instruments will be considered valid as long as it is attributable to that person in accordance with the CCom.
- It also emphasizes the obligation to present the negotiable instrument to exercise the right stated therein, adapting this provision for instruments issued electronically, where the holder must present the instrument through the appropriate information system.

- The treatment of deposit certificates is amended, highlighting that these will now only be issued electronically, optically, or through any other technology, through cryptographic systems selected by the issuing General Warehouses of Deposit, and must be registered in the Unique Register of Certificates, Warehouses, and Goods, in terms of the LGOAAC. At the time of the reform, these certificates are the only negotiable instruments that according to the law can and must be issued electronically.
- The decree establishes that ownership of the goods deposited in a warehouse and the creation of a pledge over them will be evidenced through deposit certificates, thus eliminating pledge bonds. Deposit certificates and pledge bonds issued before the entry into force of the decree will continue to be governed by the previous law but may be replaced by negotiable instruments issued electronically.
- The possibility is introduced for General Warehouses of Deposit to opt for the cryptographic system of their choice, as long as it complies with the general rules that will be issued by the National Banking and Securities Commission. As a result, the need for interconnection between cryptographic systems is established, in case of plurality, to guarantee access to information regarding any instrument by the interested parties, without generating additional costs to the issuing General Warehouses of Deposit.

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S I N C E R E L Y

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