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The digitalization of negotiable instruments: the dawn of a new era in the Mexican financial sector.

The advent of a new era in the Mexican financial sector arises from the amendments to the General Law of Negotiable Instruments and Credit Transactions (“LGTOC”, for its acronym in Spanish) and the General Law of Credit Institutions and Auxiliary Activities (“LGOAAC”, for its acronym in Spanish), dated March 26, 2024.

What are the impacts of the amendments?

The relevance of these amendments lies in the innovative technological aspect that the legislator has incorporated into the aforementioned laws. Among the most notable modifications is the possibility to issue negotiable instruments through electronic means. Regarding the endorsement of negotiable instruments issued through these means, the amendments stipulate that it must be carried out under the same terms as it was issued.

Moreover, in the case of deposit certificates, issuance through electronic means is now mandatory, through cryptographic systems of deposit certificates determined by the issuing general deposit warehouses.

This could imply that the legislator's intention is to establish minimum criteria enabling individuals to issue negotiable instruments and conduct credit transactions with such instruments through electronic means. This will enable the provision of dynamic negotiable instrument operation schemes that streamline commercial transactions and contribute to economic growth in Mexico.

It will also be mandatory for deposit certificates to be registered in the newly created Unique Registry of Certificates, Warehouses, and Goods (“RUCAM”, for its acronym in Spanish), where general deposit warehouses must record: (i) the deposit certificates they issue, as well as their cancellations; (ii) the goods or assets deposited covered by the issued deposit certificates; and (iii) notices of public auction sales of goods or merchandise deposited in warehouses.

In this regard, general deposit warehouses must ensure legitimate holders and other parties involved in transactions having access to the cryptographic system with such negotiable instruments.

Another significant aspect of the amendments is that the endorsement transfer and granting of guarantor of negotiable instruments must be carried out in the information system where the instrument was issued.

What should we understand by electronic means?



Any technology that, through an information system, allows the generation, transmission, reception, delivery, or processing of data messages, as defined in Article 89 of the Commercial Code.

It is important to consider that electronic means, specifically concerning the issuance of negotiable instruments, must be interpreted in conjunction with the Official Mexican Standard NOM-151-SCFI-2016 ("NOM-151"). This NOM outlines the requirements to be observed for data message conservation and document digitization, aiming to protect the document and information from alterations.

Therefore, when subscribing a negotiable instrument through electronic means, it will be necessary for the subscriber to use an electronic signature authorized by the Ministry of Economy, i.e., through engaging a Certification Service Provider.

What are the advantages of issuing negotiable instruments electronically?

The information contained in such negotiable instrument shall be deemed, unless proven otherwise, to have remained complete and unaltered, except for any changes arising in the ordinary course of its communication, filing, or production documented, and its circulation traceable in the information system through which it was issued.

The aforementioned presumption is made possible by blockchain technology, which operates through a system that allows encrypting the action that gives rise to a specific act, registering it in the distributed digital ledger, so that it cannot be subsequently altered.

Validity and enforceability of negotiable instruments issued by electronic means

Our Commercial Code recognizes the possibility of using electronic means in the formation of commercial acts; and in accordance with Article 2 of the LGTOC, the issue, acceptance and other transactions that are included in negotiable instruments are considered to be commercial acts.

For example, an electronic promissory note will be valid and enforceable, as long as it complies with the requirements established in Article 170 of the LGTOC. Such law does not demand, as a requirement for a promissory note to be valid, that it must be in printed form and with a handwritten signature, which means that it is possible to sign a promissory note by electronic means.

Accordingly, a promissory note issued by electronic means will be enforceable in a commercial enforcement procedure, which is the procedure through which obligations recorded in negotiable instruments are enforced.

When do the amendments come into effect?

As of March 27, 2024, the Decree amending, adding, and repealing various provisions of the General Law of Negotiable Instruments and Credit Transactions and the General Law of Credit Institutions and Auxiliary Activities came into force throughout Mexican territory.



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