Issue
No. 129

Anti-Money Laundering Law Reform: Implications and Strategic Opportunities

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July, 2025

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Issue No. 129. July, 2025

- The reform introduces broader and more stringent regulatory requirements by incorporating new vulnerable activities, thereby expanding the scope of businesses subject to anti-money laundering obligations.
- It redefines the threshold for identifying beneficial owners, requiring companies to strengthen their identification and registration processes- raising compliance costs and increasing operational complexity.
- The reform promotes and incentivizes self-regulation through benefits granted to entities that demonstrate voluntary compliance.

Reforms to anti-money laundering legislation represent a significant shift in corporate compliance obligations. By expanding the list of vulnerable activities, redefining the concept of beneficial ownership, and introducing incentives for voluntary remediation, the private sector is compelled to intensify its compliance efforts—bringing legal, operational, and financial implications, particularly for SMEs.

Regulatory Reform

The recent reform to the Federal Law for the Prevention and Identification of Transactions Involving Illicit Proceeds (LFPIORPI), published in the Official Gazette on July 16, marks a significant shift in Mexico's anti-money laundering framework. **Its implementation will have major implications for companies engaged in designated vulnerable activities,** as it broadens the law's scope, redefines compliance responsibilities, and demands greater responsiveness and operational capacity from the private sector.

Newly Designated Vulnerable Activities Incorporated

The reform expands the list of designated vulnerable activities by incorporating three key sectors:

- **Management and Custody of Real Estate Assets:** This includes development, leasing, construction, rental, and administration of real estate subdivisions. The sector has historically been susceptible to the use of illicit funds due to the ability to conceal the true beneficial owner through complex ownership structures.
- **Commercialization of Virtual Assets:** Such as cryptocurrencies, tokens, and other digital instruments. Identification and reporting thresholds are updated, now including transactions carried out through foreign platforms. Mexico is currently among the countries with the highest growth in digital asset adoption.
- **Establishment and Operation of Trusts:** Due to their inherent opacity when adequate controls are not in place. Trusts are often used to transfer assets without clear traceability, prompting stricter regulation.

The reform also updates the thresholds and conditions for mandatory reporting in two cases: (a) when a transaction or operation carried out by a client or user equals or exceeds 210 times the daily value of the UMA (Unit of Measure and Update, indexed value used for regulatory and tax purposes in Mexico); and (b) when a service fee, regardless of its name or structure, equals or exceeds four times the daily value of the UMA.

Revised Threshold Matrix

Vulnerable Activity (Article 17 – LFPIORPI)	Identification Threshold (MXN 2025)	Reporting Threshold (MXN 2025)
Real Estate Development or Construction	Without exception	$907,948.50
Transactions Involving Virtual Assets	Without exception	$23,759.40
Donation Intake by Civil Society and Nonprofit Entities	$181,589.70	$363,179.40
Vehicle Sales and Distribution	$363,179.40	$726,358.80
Leasing of Real Property	$181,589.70	$363,179.40

Source: Competimex, S.C., proprietary analysis

Redefinition of "Beneficial Owner"

One of the most significant amendments is the redefinition of the term "beneficial owner" to align with international standards set by the Financial Action Task Force (FATF) and the OECD. **Under the new framework, any individual holding a direct or indirect ownership interest of 25% or more (previously 50%), or exercising effective control over the entity, is now considered a beneficial owner.**

This change significantly broadens the scope of individuals that companies must identify and report. **As a result, organizations will need to strengthen their internal due diligence and verification mechanisms—posing operational and financial challenges,** particularly for micro, small, and medium-sized enterprises (MSMEs).

According to SAT data, as of 2024, over 60% of registered obligated entities were MSMEs. **The increased administrative burden stemming from this reform could become disproportionate for this segment** unless scalable and accessible compliance tools are developed.

Additionally, two new requirements have been introduced for obligated entities:

- **Client and user identification:** The scope is expanded; beyond identifying clients or users, companies must now establish a direct and verified relationship with them.
- **Information retention:** Obligated entities must maintain supporting documentation for vulnerable activities for 10 years, doubling the previous 5-year retention period.

Universal Obligation for Commercial Entities

One of the most significant changes introduced by the reform is that all commercial entities in Mexico, regardless of whether they engage in vulnerable activities, are now required to identify, register, and maintain up-to-date information on their beneficial owners.

This obligation aligns with existing provisions under the Federal Tax Code, which already require companies to identify their beneficial owners, retain that information, and treat it as part of their accounting records. The reform to the Federal Law for the Prevention and Identification of Transactions Involving Illicit Proceeds (LFPIORPI) broadens and reinforces this requirement from an anti-money laundering perspective, mandating that **all legal entities identify the individuals who ultimately control or benefit from the company and preserve the supporting documentation.**

As an incentive for self-regulation, the reform introduces a voluntary remediation benefit: if an obligated entity identifies and corrects a compliance failure voluntarily—prior to any request or audit by the authority—it will be exempt from penalties on a one-time basis.

In the event of a repeat offense, the penalty reduction will be limited to 50%, and from the third violation onward, the full sanction will apply.

Implications and Strategic Recommendations

In response to this new regulatory landscape, companies should consider the following actions:

- Conduct a thorough review to determine whether their operations now fall within the expanded list of designated vulnerable activities.
- Update due diligence procedures, with particular attention to the identification of beneficial owners.
- Assess and adapt internal systems for monitoring and record-keeping.
- Train personnel on regulatory compliance related to anti-money laundering (AML), data protection, and tax obligations concerning beneficial ownership.
- Implement early warning systems by adopting technologies that automate the detection of unusual or suspicious transactions.

The LFPIORPI reform redefines the compliance environment for AML in Mexico. The key challenge lies in implementing these changes without compromising operational viability. Success will depend on ongoing training, technological integration, and a strong culture of prevention.

At Competimex, S.C., we offer specialized advisory services to support the implementation of these regulatory changes—from identifying vulnerable activities to optimizing internal processes and training key personnel—enabling compliance without disrupting day-to-day operations.

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