

FILING NOTICES OF SECURITY INTERESTS IN MEXICO

September 8, 2016



*National Law Center
for Inter-American Free Trade*

What is the “NatLaw”

- National Law Center for Inter-American Free Trade
- Not-for-profit organization
- Legal research
- Law making and implementation
- Latin America, Africa, and Asia
- Objective: financial inclusion, SME’s growth, economic growth

What is the “RUG”

- The “RUG” is the Mexican registry in which notices of security interests in personal property are filed
- Started operations in 2010
- Electronic single database - can only be accessed through the website www.rug.gob.mx
- Immediate filings

Secured Transactions Laws in Mexico

- Commercial Code (amended 2009)
 - Art. 32 bis 1: all security interests must be filed in the RUG to be effective against 3rd parties
 - The RUG is a national and single registry
- General Law of Negotiable Instruments and Credit Transactions (amended 2014)

Mexico's Framework *post-reform*

- Non-possessory security interests are enforceable
- Collateral can be all types of personal property, present or future, tangible or intangible (e.g. inventory, all debtor's assets)
- Applicable to all creditors and debtors
- Purchase-money security interests
- Buyer in the ordinary course of business
- Debtor's consent to file notices in the RUG is not required in writing
- Extra-judicial and Special judicial enforcement procedures

Before reforms

- Before 2009: +260 paper-based registry offices
- *Dayka & Hackett v DelMonte*
 - Jan 2007, D&H financed the growers' 2007 grape crop grown in Sonora; financing statement filed in D.C.
 - May 2008, Del Monte filed a security interest in the 2008 crop in the public registry of Sonora
 - Ruling: D&H had a superior security interest because Mexican law did not generally require information of the existence of a security interest to be made generally available in a filing system

NatLaw's Access to RUG

- An electronic key authorized by the Mexican government is required to file in the RUG
- NO other means are accepted to file notices in the RUG (*e.g.* fax, mail or personal delivery in Arizona).
- NatLaw is **the only institution outside of Mexico** with a RUG electronic key to file notices of security interests **on behalf of third parties.**

Steps to File through NatLaw

1. Download and fill out:
 - The Users Services Agreement
 - The Standardized Fillable Forms with the information as it is to be entered in the RUG's fields
2. Pay corresponding fee - *paypal*
3. Return the completed documents to NatLaw via email
4. NatLaw provides the electronic certification of filing issued by the RUG's system in *pdf*.

Language

- Fillable Forms: courtesy translation
- Fields Completion:
 - RUG is a system available in Spanish
 - Accepts information in any language
 - Recommendation: enter the collateral description in Spanish as well
- NatLaw Translations: non-official translation for a modest fee

NatLaw's Service

- The User is responsible for the information they provide to NatLaw
- NatLaw does not act as a legal advisor or verify the information provided by the User
- NatLaw acts only as a conduit for the transmission of the information between Users and the RUG
- In the US, “service companies” (CSC) provide similar services to their clients (UCC filings)

Secured Creditor Form

- Secured Creditors filing through NatLaw for the first time
- Type of Entity (Legal Entity/ Natural Person)
- Nationality (Tax ID Number in the country of origin)
- Secured Creditor RUG number – RUG creates a number for entities that do not have one (*folio electrónico*)
- Contact Information (phone, e-mail, and address, to receive RUG's notifications)

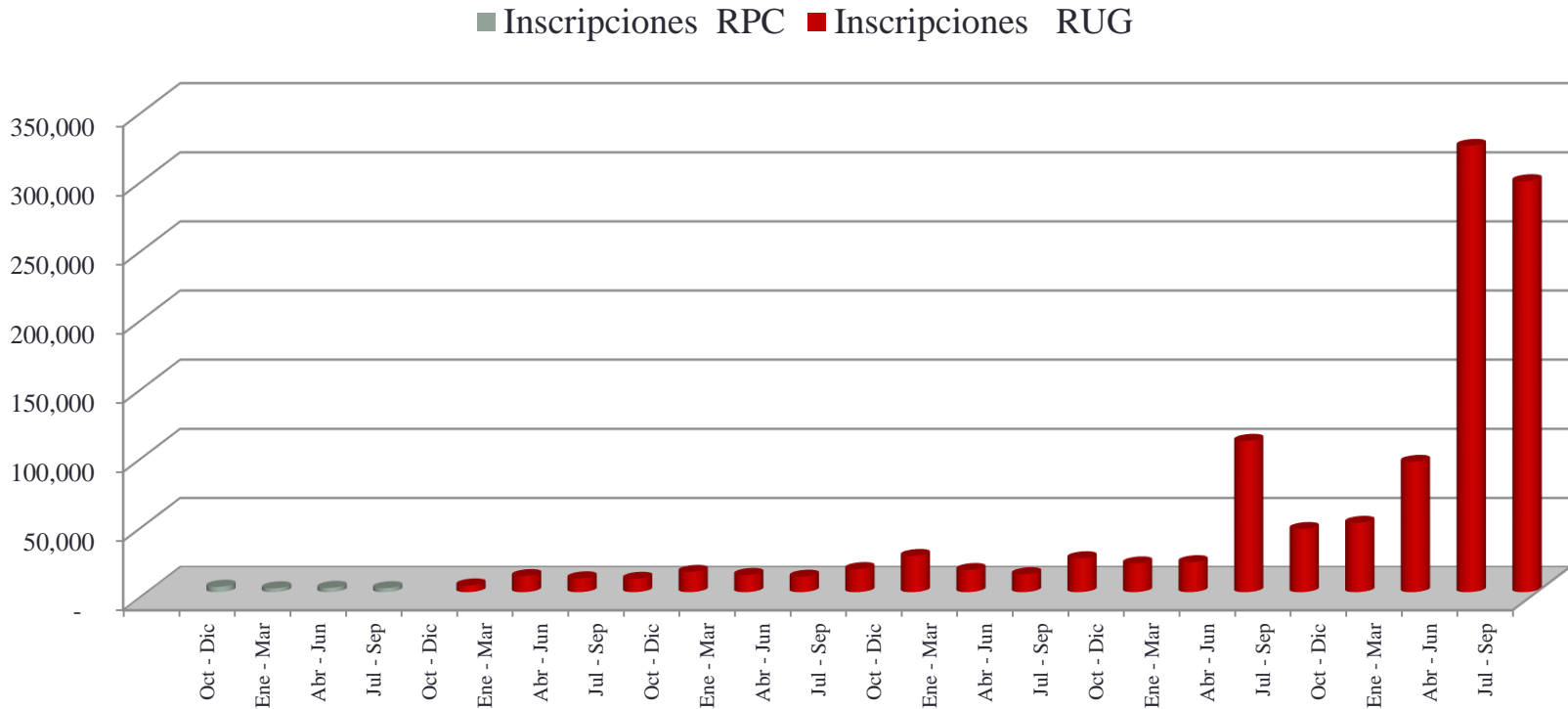
Initial Filing Form

- Information of the Debtor and, if any, other Secured Creditors as known to the User
 - if Debtor is a Mexican natural person the identity number “CURP” is required
- Summary Information of the Security Interest
- Period of Validity of Registration

Competitive Low Fees

- A fee of **\$300.00** USD for the filing of an **initial registration** of a security interest.
- A fee of **\$100.00** for the filing of other notices (amendments, preliminary notice, cancellation or extension).
- Fees are lower than those charged by Mexican notaries and lawyers
- These fees and service are designed to **facilitate and expand the financing** of SME's between the U.S. and Mexico.

Annex: RUG's Impact 1*

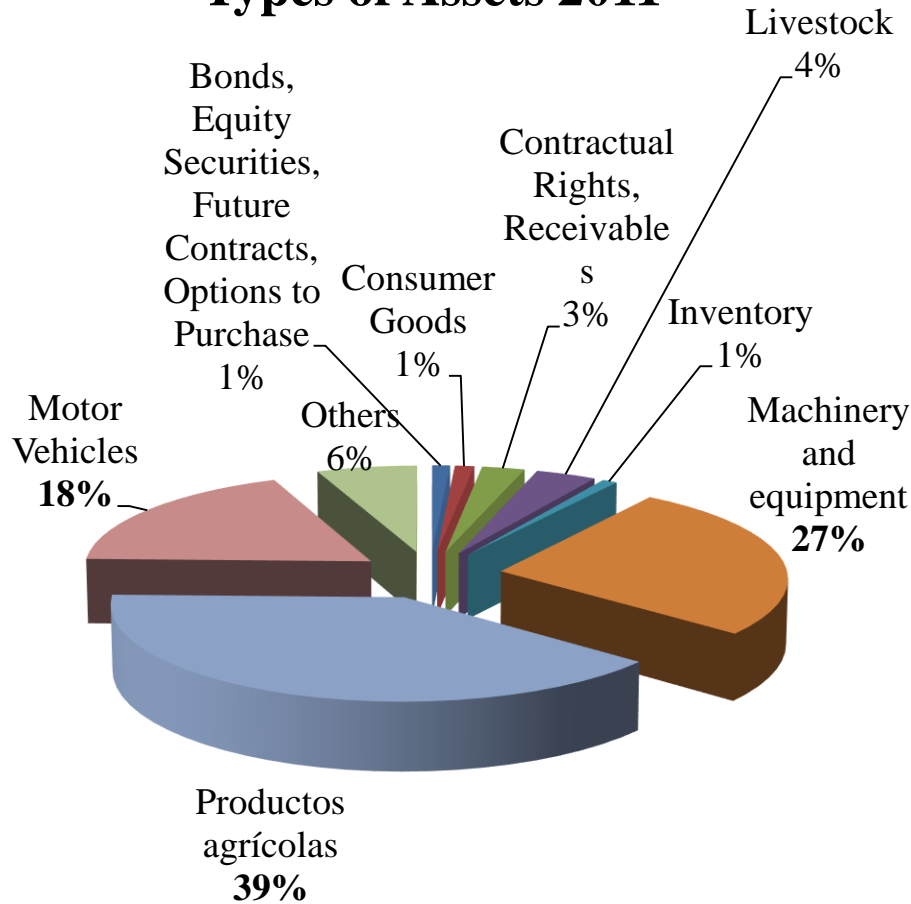


1,132,037 filings
21 times more filings compared to filings under the previous regime

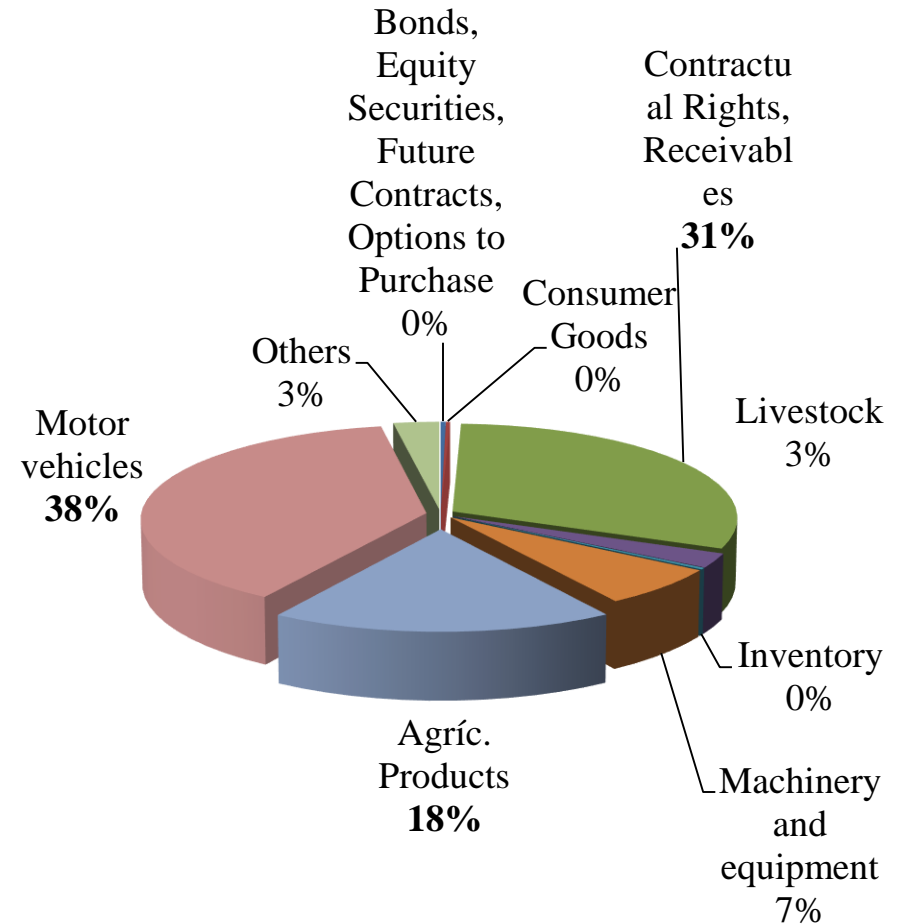
*Statistics provided by the Mexican Mistry of the Economy, on file with NatLaw, September 2015.

Annex: RUG's Impact 2*

Types of Assets 2011



Types of Assets 2015



*Statistics provided by the Mexican Mistry of the Economy, on file with NatLaw, September 2015.

Contact Information:

For filing information visit the Natlaw website at

<http://www.Natlaw.Com/e-submit>

or

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