

INCORPORATING IN MEXICO

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Choosing the proper legal framework to develop business in Mexico, could result in either success or failure to any investment project. For that reason, this particular work will try to get merchants and investors acquainted with requirements needed in order to form a capital corporation in Mexico.

Our General Corporations Act, asks for a minimum of at least two people to form any type of legal entity. Each initial shareholder or incorporator has to subscribe at least one stock certificate, and must appear before a Mexican Notary Public to do so, signing the incorporation deed in the Notary's Protocol Book. If you cannot be in Mexico to incorporate, other available options may be used.

Incorporating also requires the designation of an Executive Administrator or instead the integration of a Board of Directors that has to be fulfilled with a minimum of three people (President, Secretary and Treasurer) as well as the presence of a Comptroller for which we must have full names, social security or passport numbers, marital status, place of residence and occupation. The incorporators may occupy, each one of them, one of those positions.

There must also be a decision on which members of the Board of Directors will be the legal representatives of the corporation (normally at least the President). Such legal representatives will be granted a full power of attorney to act on behalf of the company. Such power of attorney may be limited up to a certain amount or to certain actions (i.e. one may require the joint action of two of the representatives for some actions or for transactions of more than a certain amount).

A name must also be chosen. Such name must be in Spanish; and must not be similar to any existing corporate name (a Register search must be performed in order to verify if there is no similar name already registered). The name may be a word with no meaning in any language.

Finally, the incorporation capital must be determined (which we suggest to set at a minimum amount of fifty thousand pesos); as well as the number of shares (since individual shares cannot be divided, it must be a number big enough to accommodate any transfer or distribution of

shares you may encounter in the near future: we normally use 100 shares, but it could also be 1.000 or even more).

All these appointments and characteristics may be changed at any time by a shareholders meeting, in the event there is a need to modify the companies by-laws according to new needs or requirements.

The foregoing are just some of the requirements to incorporate here in Mexico, they're some more that are related to the investors, stockholders and members of the Board of Directors and that need to be fulfilled to incorporate, like different kind of permits, authorizations and registrations at different Municipal and Governmental agencies.

If you have any question or need more information please [contact us](#).