

legal memo

Mexico City, December 4, 2023

Mexican Business Information System ("SIEM"): relevance of registration and repercussions of non-compliance

The SIEM is as a fundamental tool for the information, promotion and consultation of industrial, commercial, and services companies, coordinated by the Ministry of Economy. Not only provides a clear vision of the productive sectors, but also plays an important role in promoting business activities through its advanced digital platform. Failure to comply with applicable regulations may result in economic penalties for companies.

SIEM is designed to collect and provide reliable information on the companies that make up specific productive sectors in Mexico, such as commerce, service, tourism, and industry, and allows easy location of their establishments, with the support of its electronic platform SIEM Digital.

This platform seeks to optimize the performance and promotion of business activities by providing easy access to essential data on the activities of those who make up the business sector in the country, allowing interested parties to consult and encourage the consumption and promotion of goods and services of the companies registered in the platform.

The Law of Business Chambers and their Confederations (the "**Law**") mandates that all companies must be registered with the SIEM in the corresponding Chamber¹ within two months of their recordation with the Ministry of Finance and Public Credit. This registration requires renewal and annual updates within the first two months of each subsequent year. For merchants and industrialists, this includes the registration and annual update of each of their establishments, submission of information for the planning and application of State policy instruments for their development and integration into productive chains, promotion of business opportunities domestically and abroad, and notification of the partial or total cessation of their activities, or changes in their activity or domicile.

The purpose of the above is to provide support to various entities, such as federal, state, and municipal governments in the planning of socioeconomic development, Chambers in the planning and development of their activities, companies in the formulation of strategies for competitiveness and growth, and government agencies in administrative procedures. It also facilitates research, navigation, and identification of business opportunities for both domestic and foreign individuals.

¹ The Chamber of Commerce, Services and Tourism representing Merchants and the Chambers of Industry representing Industrialists.



The SIEM, through its purpose and regulation, provides a series of benefits to merchants² and industrialists³, which may include, but are not limited to:

- Improved decision making: As SIEM is the largest public business network in the country, its up-to-date information can help business leaders make more informed and strategic decisions.
- Greater transparency: Since registration in the SIEM is a mandatory legal requirement, and it allows real-time consultation of establishments through the SIEM Digital platform, it provides greater transparency in the processes for the promotion of social programs and control of statistical data.
- Capturing opportunities: SIEM Digital allows access to information on registered companies from various sectors, and the possibility of analyzing probable strategic allies to achieve new business opportunities and make new economic activities a reality.

The Law establishes as a fine for merchants and industrialists who do not comply with their obligations under the Law, 200 to 600 UMA's (Unidades de Medida y Actualización), which is determined according to the economic capacity of the offender, in the following cases:

- a. Failure to register in a timely manner in the SIEM.
- b. That they do not register all their establishments.
- c. That they provide incorrect or incomplete information in their registration.
- d. Failure to inform the corresponding Chamber in the event of partial or total cessation of their activities or change of their activity and domicile.

A repeated offence will result in the above penalty, but in the event of subsequent repeat offences, a double fine may be imposed.

In conclusion, the SIEM is a fundamental vehicle for businessmen in Mexico that, in addition to guaranteeing the integrity and compliance with the obligations of merchants and industrialists, contributes to strengthening transparency, effective planning and sustainable development in the Mexican business environment.

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² Individuals and corporations with business activities that carry out commerce, services and tourism activities that are established and subject to a tax regime.

³ Individuals and corporations with business activities that carry out industrial, extractive and transformation activities and their services that are established and subject to a tax regime.