

# Presidential Decree orders immediate termination of public trusts

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By means of a Decree, published in the Federal Gazette on April 2, 2020, the Mexican President orders the immediate termination of all federal public trusts, public mandates or analogous figures.

On April 2, 2020, the “*Decree by means of which the President orders the termination and extinction of public trusts, public mandates or analogous figures*” was published on the Federal Gazette (“**Decree**”). This Decree is effective from the date of its publication and in essence orders:

- To public entities of the Federal Administration, the Office of the President and Agrarian Courts to initiate the proceedings to terminate and extinguish all public trusts without organic structures, public mandates or analogous figures in which they participate in or are responsible of.
- To the public entities in charge of managing the resources in public trusts, public mandates or analogous figures: **(i)** to coordinate the corresponding actions with trustees, mandataries or commission agents to concentrate the totality of public funds in the Federal Treasury on April 15, 2020 at the latest, and **(ii)** to refrain from using or compromising public funds from the date the Decree becomes effective *unless* the Ministry of Finance and Public Credit (“**SHCP**”) authorizes its use.<sup>1</sup>

The Decree entitles the SHCP – with the intervention of the Ministry of Public Administration – to authorize exceptions to the termination order. The requests for exceptions must be presented by the public entities in charge of managing the resources in public trusts, public mandates or analogous figures to the SHCP. The authorization should be interpreted as denied if the SHCP does not issue the authorization within the following 10 business days from the request.

Public trusts, mandates or analogous figures that **(i)** were created by Law or Decree of the Congress, that require a legal or constitutional modification to be terminated; **(ii)** legal instruments that serve as public debt vehicles, or **(iii)** were created with the purpose of attending health emergencies or to fulfill labor or retirement obligations, are exempted from the Decree.

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<sup>1</sup> The authorization should be interpreted as denied if the Ministry of Finance and Public Credit does not issue the authorization in the following 10 business days from the request.

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