

# III NextGen Leadership Program - Class XIV

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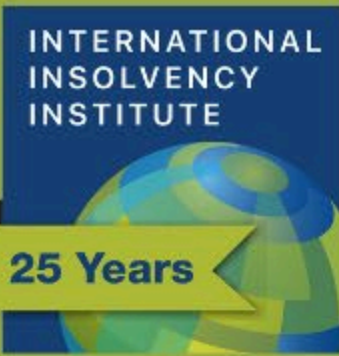




# Unpacking the “pre -pack” Mexican legislation



# Concurso Mercantil: What is it?



- Mexico's judicial bankruptcy proceeding is officially termed "**concurso mercantil**."
- This process can take one of two forms: either a **regular concurso mercantil** or a **pre-packaged concurso mercantil**.

# Pre-pack

- Enacted within the Concursos Law in 2007; amended in 2014.
- Requires a joint petition by the debtor and creditors holding at least a simple majority of total debt.
- Filed with a restructuring plan.
- Simple majority approves restructuring.

## Possible outcomes:

- Debtor achieves a restructuring with creditors and continues normal operations.
- No creditor agreement? Bankruptcy and asset liquidation follows.



# Advantages

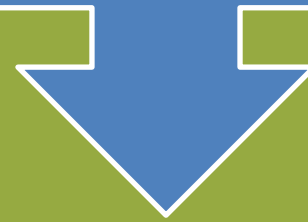
- Parties may jointly appoint the conciliator and agree on fees.
- No 'examinationstage' required.

# Disadvantages

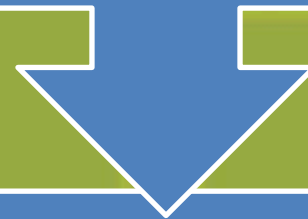
- Increased paperwork.
- Vulnerable to traditional legal challenges
- Standard concursus timelines apply upon declaration, no expedited process
- Higher costs

# Current practical problems

Concurso is often a last resort



At this point the debtors' insolvency state is critical and precautionary measures become urgent



Pre-pack time is limited, so free fall is often preferred



# What can be done?

- Simplify paperwork requirements
- Eliminate ordinary means of defense
- Expedite the process
- Cap costs (e.g., conciliator, lawyer fees)