

GOODRICH, RIQUELME Y ASOCIADOS



PASEO DE LA REFORMA 265
COL. Y DEL. CUAUHEMOC
06500 MEXICO, D.F. MEXICO
APARTADO POSTAL 93 BIS
06000 MEXICO, D.F.
TELS. (52-55) 5533-00-40
FAX: (52-55) 5525-12-27
E-mail: mailcentral@goodrichriquelme.com
www.goodrichriquelme.com

8/10, rue Ventadour
PARIS 75001 FRANCE
TEL: (33-1) 42-60-27-00
FAX: (33-1) 42-60-27-13
E-mail: graparis@goodrichriquelme.com

NEW GOVERNMENT'S AGENCY TO GRANT LOANS TO WORKERS FOR THE ACQUISITION OF GOODS AND THE PAYMENT OF SERVICES.

On April 24, 2006 a President's executive order was published in the Oficial Gazette of the Federation which creates the Law of the Institute of the National Fund for Workers' Expenditures, as a public decentralized entity with defined legal identity, a patrimony of its own, and budgetary self-sufficiency.

This agency replaces the "Fund for the Promotion and Guarantee of Expenditures by Workers (In Spanish, FONACOT), which until now was the public trust charged, under the terms of article 103 Bis of the Federal Labor Law, with granting and guaranteeing loans to workers for the purchase of goods and services.

The new legislation does not imply the creation of dues or contributions payable by employers, since the resources to finance workers' expenditures will continue to come both from credit institutions and the fund for the promotion and guarantee of workers' expenditures referred to in the Labor Law, which, it is decreed, will be transferred to the new Institute within a term of no more than twelve months.

In order not to disrupt the operations and duties that FONACOT performs to this date, the agency will continue to carry them out until the Institute of the National Fund for Workers' Expenditures takes over, which it must do within a maximum of ninety business days counted from April 25, 2006, the date on which the Law that creates it becomes effective.

Aside from the fact that the new agency's regulations are yet to be published, it should be noted that any rules on this particular must comply with the following principles:

- For employers, it will be optional to affiliate with the system and thus bind themselves to withhold from their workers' salaries the partial payments of the loans that the new institute may grant to them.
- Once employers become affiliated, they bind themselves to pay the discounted amounts to the creditor, but, under the terms of article 132 fraction XXVI of the Federal Labor Law, such obligation will not make them joint obligors in respect of the loan.

GOODRICH, RIQUELME Y ASOCIADOS

- Failure by employers to comply with the obligations assumed will expose them to fines by a labor administrative authority for the equivalent of three to three hundred and fifteen times the general minimum salary in force in the place and time of such breach, as provided for in article 1002 of the Labor Law.
- The discounts from salaries must have been consented to by the worker involved, and may not exceed twenty percent of the salaries, as established in article 110 fraction VII of the Federal Labor Law.

Goodrich, Riquelme y Asociados

April 2006.