

Mexico City, May 24, 2021.

## **SENER amends the Thirteenth Transitory Article of the Hydrocarbons Law and CRE eliminates the asymmetric regulation applicable to PEMEX.**

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**Dear customers and friends,**

On May 19, 2021, the Ministry of Energy (“SENER”) published in the Federal Official Gazette the “Decree by means of which the Thirteenth Transitory Article of the Hydrocarbons Law, published in the Federal Official Gazette on August 11, 2014, is amended” [*Decreto por el que se reforma el Artículo Décimo Tercero Transitorio de la Ley de Hidrocarburos, publicada en el Diario Oficial de la Federación el 11 de Agosto de 2014*] (the “Decree”). The Decree entered into force on May 20th, 2021.

The Decree’s main purpose is to eliminate the authority granted to the Energy Regulatory Commission (“CRE” or “Commission”) to subject the firsthand sale of Hydrocarbons, Petroleum Products or Petrochemicals, as well as the commercialization made by companies controlled by Petroleos Mexicanos (“PEMEX”) to asymmetrical regulation principles.

Asymmetrical regulation had the purpose of limiting PEMEX’s power in the Hydrocarbons, Petroleum Products and Petrochemical market, through certain restrictions to the sale of its products, in order to prevent tied sales, price manipulation, and other practices that could adversely affect other participants in this market and, consequently, the consumers.

Furthermore, the Decree recognizes that the commercialization activities carried out by PEMEX, shall be considered as “commercialization activities” in terms of the Hydrocarbons Law and its Regulations<sup>1</sup>, subject to the principles of generality and no undue discrimination.

Under the transitory regime of the Decree, CRE shall void any decrees, resolutions, guidelines and other administrative provisions related with the asymmetrical regulation principles applicable to PEMEX, within the following 30 (thirty) calendar days after the Decree’s entry into force.

Despite the abovementioned period, on May 20, 2021, the Commission determined to comply with what was ordered in the Decree and overruled the resolutions and administrative provisions related to PEMEX’s asymmetrical regulation, said decision was published in the Official Gazette on May 21, 2021, as resolution A/015/2021.

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<sup>1</sup> Regulations to the activities referred to in Title Three of the Hydrocarbons Law

We believe that there are several arguments to challenge both the Decree and the Agreement issued by the CRE, for the possible contravention of the rights of free competition and concurrence of the permit holders and other participants in the hydrocarbons market, violations that may be asserted through the filing of legal actions before the competent administrative or judicial bodies.

The attorneys of Mañón Quintana will be glad to discuss or address any questions related to the scope of the Decree.

Sincerely,

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