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Post-Closing Disputes in M&A Transactions: The Strategic Role of ADR

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M&A deals can be highly complex, time-consuming, and fraught with challenges for all the parties involved. However, the issues that arise after the transaction has closed are often even more intricate. These post-closing disputes represent a risk that must be anticipated from the very outset of the deal and can be resolved efficiently and effectively if addressed with clear strategic planning within the legal framework of the transaction, provided there is genuine legal planning that anticipates the potential bumps or hurdles inherent to the transactional dynamics.

During the post-closing phase, the buyer, having assumed full control of the target company, may discover breaches of representations and warranties, failure to satisfy conditions set forth in the definitive agreement, or violations of post-closing covenants by the seller.

Given the high-stakes nature of M&A transactions, marked by substantial economic value, tight timelines, and strategic implications, these issues typically give rise to disputes that demand swift resolution.

In the current Mexican legal context, Alternative Dispute Resolution Mechanisms ("**ADR**") have gained considerable momentum, driven by two key legislative developments: The Judicial constitutional reform, published in the Official Gazette on September 15, 2024, which has introduced major structural changes and the General Law on Alternative Dispute Resolution Mechanisms (*Ley General de Mecanismos Alternativos de Solución de Controversias*, or **LGMASC**), which entered into force on January 26, 2024, establishing a unified federal framework for mediation, conciliation, and other ADR methods (known in Spanish as MASC), thereby enhancing their enforceability, validity, and practical application.

These recent legislative changes significantly broaden the scope of the ADR in Mexican law, making them especially well-suited to M&A transactions that require rapid, efficient, and confidential dispute resolution.

Among the key advantages of ADR are their ability to deliver expedited and cost-effective resolution without the need to resort to ordinary judicial proceedings, the possibility of establishing pre-agreed escalation rules, such as multi-step dispute resolution clauses or mechanisms, before any conflict arises, the strict preservation of confidentiality concerning both the transaction itself and any sensitive information exchanged between the parties, and the mutual protection of the parties' interests through consensual outcomes that help prevent the complete breakdown of the underlying business relationship.

Even in transactions that appear low risk, it is highly advisable to include a mandatory ADR clause that at minimum provides for an initial structured negotiation phase. Such a clause enables resolution of disputes before escalating to litigation, or, where litigation proves unavoidable, serves as an essential pre-litigation step in line with principles of good faith and contractual efficiency. Proper preemptive advice from a litigator well versed in ADR is highly advisable from an early stage of the transaction.

Furthermore, M&A deals involve substantial investments of time and money by both parties, from the due diligence process through negotiation and structuring. Consequently, neither party typically wishes for the transaction to unravel entirely; rather, the goal is usually to remedy identified issues and allow the deal to proceed normally. This underscores the critical importance of incorporating a well-crafted mediation procedure that facilitates prompt resolution of post-closing disputes, enabling both buyer and seller to address their legitimate concerns with the due diligence and professionalism demanded by high-value transactions of this kind.

PRACTICE AREA NEWS

Amendments to the Customs Law Tighten Foreign Trade Controls and Increase Compliance Obligations for IMMEX Companies and Logistics Providers. On **November 21, 2025**, the **Mexican Congress** enacted Customs Law amendments strengthening oversight of foreign trade, affecting IMMEX companies, logistics providers and customs brokers. The reforms expand electronic customs documentation, tighten broker liability, introduce new enforcement powers and require guarantees for temporary imports. Effective January 1st, 2026, they aim to increase traceability but significantly raise compliance and administrative burdens.

Labor Reform Gradually Reduces the Weekly Work Schedule to 40 Hours and Requires Companies to Reconfigure Their Operational and Labor Frameworks. On **April 14, 2025**, the **Mexican Presidency** approved its National Development Plan, introducing a gradual 40-hour workweek through constitutional and labor law reforms. Beginning in 2026, weekly hours will decrease from 48 to 40 by 2030. Companies must adjust contracts, schedules and overtime schemes. The reform strengthens worker protections but may raise labor costs, especially in labor-intensive industries.

The 2026 Tax Reform Introduces New Tax Enforcement and Transparency Mechanisms. On **November 7, 2025**, the **Mexican Congress** enacted the Federal Revenue Law for FY 2026 and amended key tax laws to strengthen enforcement and transparency. Measures penalize false electronic invoices, expand grounds to suspend digital tax certificates, require digital platforms to provide real-time data, increase IEPS rates on tobacco and flavored beverages, and introduce a tax on violent video games, raising corporate compliance obligations.

Update to the Anti-Money Laundering Law Strengthens Transparency and Corporate Compliance Obligations for Companies. On **July 16, 2025**, the **Mexican Congress** amended its Anti-Money Laundering Law requiring all companies to identify and register their Ultimate Beneficial Owner with the Ministry of Economy, regardless of activities. The reform adds authentication and traceability mechanisms, strengthens corporate governance, and imposes significant fines and nullities for non-compliance. It affects complex structures, requiring registry updates and internal compliance protocols by 2026, aligned with international transparency standards and enhanced anti-evasion oversight nationwide.

IN THE FIRM

- **Pérez Correa González Launches Corporate Compliance & Anti-Corruption Practice to Strengthen Risk Prevention Advisory**

Pérez Correa González has strengthened its **Corporate Compliance & Anti-Corruption** practice, advising on regulatory compliance, anti-corruption and business ethics aligned with FCPA and Mexican regulations. It supports integrity programs, conflicts, controls, audits, due diligence, training and regulatory representation, led by partner **Ulises Moreno**, with extensive compliance experience and integrity matters.

- **Pérez Correa González Secures Key Amparo Rulings in Pro Bono Defense of Refugio Franciscano**

Pérez Correa González advised **Refugio Franciscano** pro bono, securing two amparo rulings ordering restitution of its Mexico City animal shelter and protecting hundreds of animals. Federal courts granted suspensions requiring authorities to return property after eviction. The strategy enforced constitutional remedies and strengthened animal welfare protections, reflecting the firm's commitment.