

COFECE-022-2017

COFECE investigates the market for financial intermediation of Mexican Government securities

- *COFECE's Investigative Authority has launched an investigation as there is evidence of possible agreements to manipulate prices, impose restrictions on the supply or demand, allocating the market, or exchanging information in this market.*
- *This investigation must not be understood as a prejudgment but as an act of the authority to verify compliance with the Law.*
- *Any person who has information or can assist in this investigation, must contact the Investigative Authority.*

Mexico City, April 19, 2017.- The Investigative Authority of the Mexican Federal Economic Competition Commission (COFECE) published today, on its website and through the Federal Official Gazette (DOF), the initiation of an investigation, under file number IO-006-2016, for possible absolute monopolistic practices in the market for intermediation of debt securities issued by the Mexican government.

Absolute monopolistic practices consist of contracts, agreements, arrangements or combinations amongst competing Economic Agents, which have as their purpose or effect to fix prices, restrict supply, allocate markets, rig bids and exchange information with one of these purposes or effects.

The Head of the Investigative Authority, Carlos Mena Labarthe, stated: "if there are agreements that affect the financial intermediation of government securities, the damage to public finance and investors could be serious, considering that every year the government places hundreds of billions of Mexican pesos in these markets and that the daily volume of the instruments traded may reach approximately 100 billion Mexican pesos.

This investigation must not be understood as a prejudgment given that, until now, no action that could constitute an infringement of the Federal Economic Competition Law (FECL) has been identified, neither individual(s) who if found probable responsible, once the investigation reaches its end, must be heard in defense.

Considering the period in which the alleged conduct took place, this investigation is carried out in accordance with the provisions established on article 9 of the former Federal Economic Competition Law (FECL) published in the Federal Official Gazette on December 24, 1992; and in accordance to article 53 of the new FECL published on May 23, 2014.

1

The Investigative Authority will have between 30 and 120 business days, starting from October the 28 of 2016, to conduct the investigation; this period may be extended for up to four additional periods.

The Commission has called on anyone who has information or can assist with the investigation to contact the Investigative Authority.

If by the end of the investigation period, no elements that prove the existence of an anticompetitive practice are found, the Board of Commissioners may close the investigation. If there are elements that presume a violation to the law, those who are found responsible will be called to a trial-like procedure to submit their defense.

According to the FECL, if economic agents are found responsible for committing an absolute monopolistic practice, they may be sanctioned with fines of up to 10% of their annual income, and Individuals could be punished with 5 to 10 years of prison, in accordance with the Federal Criminal Code.

Read [The initiation of investigation in the market for financial intermediation of Mexican Government debt securities](#) (Spanish version).

Read [what is an absolute monopolistic practice?](#)

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MORE COMPETITION FOR A STRONGER MEXICO

The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. Through this, it contributes to consumer welfare and the efficient functioning of the markets. Through its work it seeks better conditions for consumers, greater output and better services and a “level playing field” for companies.