

COFECE imposed commitments to restore competition in the market for the production and promotion of live events, the operation of live entertainment centers and automated ticket sales

- *The Commission investigated possible relative monopolistic practices (unilateral conducts) in said market.*
- *Evidence suggesting that one or several economic agents, members of Grupo CIE, possibly unduly displaced, impeded market access or established exclusive advantages in favor of the Group's firms that provide ticketing services resulted in the Investigative Authority's probe.*
- *The law stipulates that economic agents investigated for these conducts have the right to solicit an exemption, on one occasion, in exchange for restoring competitive market conditions.*
- *Grupo CIE and several of its companies solicited an exemption and accepted the commitments established by COFECE, which led to the early closure of the procedure, as stipulated by law.*
- *Compliance with commitments will be verified by COFECE through diverse monitoring mechanisms. Failure to comply could result in a fine of up to 8% of the investigated economic agent's income.*

Mexico City, October 24, 2018.- The Federal Economic Competition Commission's (COFECE or Commission) Board of Commissioners authorized, with amendments, the commitments presented by *Corporación Interamericana de Entretenimiento (CIE)*, *OCESA Entretenimiento (OCESA)*, *Venta de Boletos por Computadora (VBC)*, *ETK Boletos (ETK)*, *Operadora de Centros de Espectáculos (Operadora)* and *Inmobiliaria de Centros de Espectáculos (ICESA)*, to restore competition in the market for the production of live events, the operation of entertainment centers and automated ticket sales.

The former resulted from investigation IO-005-2015, initiated by the Investigative Authority on December 17, 2015, for possible relative monopolistic practices (unilateral conducts) in said market. The investigation was initiated based on evidence suggesting that one or



several economic agents, members of Grupo CIE, possibly unduly displaced, impeded market access, or established exclusive advantages in favor of the Group's firms that provide ticketing services.

Grupo CIE distributes tickets for events and entertainment centers in the Mexican market through the operation of the Ticketmaster system, by holding a license to use and exploit this brand.¹

During the probe, the Investigative Authority found evidence on the possible existence of contracts established between the companies VBC and ETK and diverse entertainment centers and promoters, non-Group members, which established that the mentioned companies would exclusively provide the ticketing service, as well as other clauses that reinforced said exclusivity. These conducts raised concerns over the undue displacement of other ticketing firms' or substantially impeding their market access.

The *Federal Economic Competition Law* stipulates investigated economic agents may present viable legal and economic commitments with the purpose of restoring competition and free market access in the investigated market and therefore merit the early closure of the file, to avoid the imposition of fines in exchange for voluntarily accepting to carry out restorative measures. These commitments may be modified COFECE's Board of Commissioners, when deemed necessary, as in this case.

CIE, OCESA, ICESA, Operadora, VBC and ETK proposed commitments, which were assessed and modified by COFECE's Board of Commissioners and accepted by the Group. This resulted in the early closure of the investigation corresponding to this file.

The investigated economic agents, among other measures, committed to:

- I. Eliminating the exclusivity clause in current contracts with promoters and operators, non-members of Grupo CIE. They will refrain from including, during the next ten years, similar clauses in future contracts. In addition, contracts will indicate that promoters and operators are not subject to any exclusivity right in the provision of ticketing services.
- II. Not incrementing the accrual of rights over third party real-estate, with a maximum capacity over 15 thousand spectators in Mexico City, over the next five years.

¹ Public information available in CIE's 2017 Annual Report, in Spanish, at: <https://cie-ri.com.mx/pdf/anual/XBRLREPORTEANUAL2017.pdf>

Compliance with the agreed upon commitments will be verified through diverse actions, among which are: the publication of a notice on VBC, ETK, CIE and OCESA's websites of their irrevocable and unconditional waiver of exclusivity in current contracts, the presentation of a letter of commitments to COFECE, which includes the commitment to not concentrate real-estate, as well as the publication of the commitments agreed upon with the Commission in a national newspaper.

Failure to comply with the commitments may result in fines of up to 8% of the economic agent's income.

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MORE COMPETITION FOR A STRONGER MEXICO

The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. This contributes to people's well-being and the efficient functioning of markets. With its work, COFECE seeks better conditions for consumers, more services of higher quality and a "level playing field" for companies.

