

COFECE investigates possible relative monopolistic practices in the market for affiliation services to public broker associations

- *This investigation must not be understood as a prejudgment, but as an action by the authority to verify compliance with the Federal Law on Economic Competition (FLEC).*
- *Public brokers, as ancillary commercial agents and federates public, contribute to carrying out diverse economic activities through their services, as such, they should be delivered in a competitive environment.*

Mexico City, April 2, 2019.- Today, the Federal Economic Competition Commission's (COFECE or Commission) Investigative Authority published in the Federal Official Gazette (DOF) and on its website, the investigation initiation notification as a result of a complaint for the possible commission of relative monopolistic practices (abuse of dominance or vertical restraints) in the **market for affiliation services to public broker associations in the seats that comprise the national territory and related services.**

Relative monopolistic practices are acts, contracts, arrangements or procedures carried out by economic agents with substantial market power with the purpose or effect of unduly displacing other economic agents from the market, hindering their access or establishing exclusive advantages in favor of one or diverse economic agents. Examples of said practices are tied-sales, price discrimination, increase of an economic agent's costs, refusal to deal, among others.

A public broker is a federate with mixed functions: valuator expert in commercial law and economic-financial aspects. The Ministry of Economy (*Secretaría de Economía*) authorizes public brokers to operate as ancillary commercial agents. In accordance with the Federal Law on Public Brokerage (LFCE as per its initials in Spanish) and its Regulations, public brokers exert their functions in events and documents of a mercantile nature, such as: the constitution of trading companies or the notarization of the minutes of a meeting and



administrative boards, among others.¹ Given the activities carried out, a competitive environment benefits the country's economic development.

This investigation, filed under DE-018-2018, should not be understood as a prejudgment of any economic agent considering that violations to the Federal Economic Competition Law have not been determined, nor have any individuals or undertakings been considered as offenders. The timeframe for this investigation is 120 business days, from October 2, 2018, which is the day the investigation was initiated. The term may be extended up to four additional periods.

Should the investigation end without evidence that confirms the execution of anticompetitive conducts, COFECE's Board of Commissioners may close the investigation. In the case that evidentiary elements that point to the infringement of the Law are found, those responsible will be called to a trial-like procedure, at which they may present their defense. In the event a relative monopolistic practice is confirmed, the responsible economic agent(s) may be sanctioned with fines of up to 8% of their income and ordered to suppress the conduct.

[See in Spanish the extract of the initiation decision: DE-018-2018](#)

[See in Spanish, what is a relative monopolistic practice?](#)

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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.

¹ They may not intervene, as per the Law, in acts related to the transfer of real estate or the granting of civil powers, which are exclusive to public notaries.

