

Cofece imposes a fine of 61.5 million Mexican pesos on two economic agents for failing to process all the steps of the concentration notification procedure

- *The concentration was authorized after verifying that it does not affect competition and free market access.*

Mexico City, March 1, 2023. The Federal Economic Competition Commission (Cofece or Commission) sanctioned HP, Inc. (HP) and Plantronics, Inc. (POLY) for a total of 61 million 580 thousand 800 Mexican pesos for having closed a concentration operation before the Board of Commissioners had issued the corresponding resolution and, therefore, for having failed to comply with what is established in Articles 86, 87, 88, 90 and 127 Section VIII, of the Federal Economic Competition Law (LFCE, per its initials in Spanish).

The notification of concentrations constitutes a preventive procedure that implies complying with a set of obligations that begins with the written notification of the concentration and concludes with a resolution by the Board of Commissioners that may authorize, object or subject the authorization of the concentration to the fulfillment of conditions. In particular, the LFCE establishes the obligation to wait until obtaining the resolution that authorizes or conditions the execution of a concentration in order to close the notified transaction.

On August 29, 2022, the sanctioned agents consummated an operation consisting in the indirect acquisition by HP of the total shares and absolute control of POLY. Said operation was concluded before obtaining the Commission's authorization, which prevented Cofece from analyzing, in a timely and preventive manner, the risk to competition and free market access that could be generated by the concentration. Consequently, the verification procedure was initiated under file number VCN-001-2023.

Once the procedure was concluded, the Board of Commissioners of Cofece determined that the operation did not involve risks to the process of competition and free market access, therefore the concentration was authorized. Nonetheless, the omission by HP and POLY was classified as highly serious because it hindered the exercise of Cofece's attributions, for which the corresponding sanctions were imposed.

Once the matter has been resolved and the parties have been notified, the sanctioned economic agents have the right to appear before the Judicial Power of the Federation to review the legality of the actions of Cofece. The public version of the resolution may be consulted on the portal for opinions and resolutions of the Cofece's website within the legal timeframe established in Article 47 of the Regulatory Provisions of the LFCE.

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The Federal Economic Competition Commission safeguards competition and free market access. Through its work, it seeks better conditions for consumers, that more services are supplied with higher quality and that there is a "level-playing-field" for companies.