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AMENDMENT TO THE FEDERAL ECONOMIC COMPETITION LAW

On June 30, 2025, an amendment to the Federal Economic Competition Law (the "Competition Law") was approved by the Mexican Congress and is expected to enter into force in the coming days (the "Amendment"). The Amendment proposes several structural changes to the procedures and creation of a new competition agency, *Comisión Nacional Antimonopolio* or National Antitrust Commission ("CNA").

Find below the key highlights of the Amendment:

- **CREATION OF A NEW COMPETITION AUTHORITY.** The Amendment establishes the CNA, a decentralized agency under the Ministry of Economy with technical and operational autonomy and its own assets. The CNA replaces the Federal Economic Competition Commission (*Comisión Federal de Competencia Económica* or "COFECE") and will be responsible for enforcing competition law across all sectors, including telecommunications and broadcasting, which were previously overseen by the now dissolved Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones* or "IFT").
- **COMPOSITION OF THE CNA PLENUM.** The new number of Commissioners will be 5, including the Chair Commissioner. Commissioners will be appointed by the Head of the Executive Branch and ratified by a majority of the Senate.
- **MERGER CONTROL CHANGES.**
  - » LOWER MONETARY THRESHOLDS FOR MANDATORY FILINGS. The Amendment reduces by approximately 20% the monetary thresholds that trigger a mandatory merger control filing and pre-clearance authorization from the CNA.[1]
  - » STATUTE OF LIMITATIONS FOR NON-NOTIFIABLE TRANSACTIONS. The period for investigating non-notifiable mergers is extended from one to three years.
  - » SHORTENED REVIEW TIMELINES. The CNA shall issue a resolution in 30 business days once the file is deemed as complete (timeframe shortened from 60 to 30 business days). In exceptionally complex cases, CNA may extend the review period for an additional 20 business days, term that has also been reduced from the former 40 business days.
  - » ELIMINATION OF CERTAIN EXCEPTIONS TO NOTIFY. Two exceptions to the obligation to file are removed, including the exception of foreign-to-foreign transaction that does not involve assets or entities located in Mexico.

[1] **Section I.** The transaction value threshold is reduced from 18 million UMAs (MXN$2,036,520,000) to 16 million UMAs (MXN$1,810,240,000) (approximately from USD $107 million to USD $95 million, and from EUR 92.7 million to EUR 82.4 million);
Section II. Second threshold is reduced to acquiring 30% instead of 35% of assets or capital stock of an entity(ies) with total assets or revenue/annual sales in Mexico exceeding 16 million UMAs (MXN$1,810,240,000) instead of 18 million UMAs (MXN$2,036,520,000) (approximately from USD $107 million to USD $95 million, and from EUR 92.7 million to EUR 82.4 million); and
Section III. The accumulation threshold is reduced from 8.4 million UMAs (MXN$950,376,000) to 7.4 million UMAs (MXN$837,236,000) of total assets or capital stock in Mexico (approximately from USD $49 million to USD $44 million, and from EUR 43.2 million to EUR 38.1 million), while the second part of such threshold is reduced from 48 million UMAs (MXN$5,430,720,000) to 40 million UMAs (MXN$4,525,600,000) (approximately from USD $285 million to USD $237 million, and from EUR 247.3 million to EUR 206.1 million).

- **INCREASED FINES.** Maximum fine amounts are increased significantly for certain violations to the Competition Law, including the following: (i) from 10% to 15% for absolute monopolistic practices (cartel activities); (ii) from 8% to 10% for relative monopolistic practices (abuse of dominance) or unlawful mergers; (iii) from 5% to 8% for failure to notify a transaction that required a mandatory filing; and (iv) from 10% to 12% for breaching commitments imposed in a merger clearance resolution.
- **NEW PRECAUTIONARY MEASURES.** CNA is granted with authority to impose new interim measures, including:
  - » Specific fines for obstructing dawn raids conducted by the CNA, as well as for unjustified failure to attend depositions when summoned or refusal to answer questions.
  - » Fines for non-compliance with disqualification orders issued by the CNA.
- **SHORTENED INVESTIGATION PERIODS.** The Amendment reduces from four to three the number of possible 120-business-day extensions to the investigation period for violations to the Competition Law.
- **CHANGES TO THE LENIENCY PROGRAM AND REDUCTION OF FINES.**
  - » In cartel investigations (absolute monopolistic practices), full immunity will only be granted when the investigation is initiated as a result of the leniency application.
  - » In abuse of dominance cases, full benefits under the fine reduction program are only available if the undertaking submits commitments and formally requests the benefit before the second extension of the investigation period. After that point, the maximum reduction available is 50%.
- **ATTORNEY-CLIENT PRIVILEGE.** The protection of attorney-client communications is elevated to statutory law. Privilege will only apply to communications with external legal counsel (i.e., lawyers not in an employment relationship with the company). In-house communications are not subject to attorney-client privilege.
- **COMPLIANCE PROGRAMS.** The CNA is authorized to certify compliance programs aimed at promoting corporate self-regulation in competition matters and prevent anticompetitive practices.
- **DAMAGES CLAIMS.** The Amendment empowers the CNA to bring judicial action -either individual or class actions- to defend its rights before the specialized courts on competition, broadcasting and telecommunication matters. Affected parties may also seek damages –individually or collectively- once the CNA issues its final decision, at which point the statute of limitations begins to run.
- **STATE-OWNED ENTERPRISES.** Activities carried out by state-owned enterprises (for example, PEMEX and CFE), will not constitute monopolies.
- **LIMITATIONS ON ISSUING OPINIONS.** The CNA may issue opinions on law initiatives (bills), regulations or administrative acts only when requested by the Executive Branch through the Ministry of Economy. It is no longer authorized to issue opinions *ex officio* or at the request of private parties.
- **TELECOMMUNICATIONS AND BROADCASTING.** The CNA assumes the competition-related powers formerly held by the IFT, including: (i) determining the existence of dominant economic agents and issuing asymmetric regulation; and (ii) analyzing plurality and diversity of information in the context of broadcasting and telecommunications concessions.

TRANSITION PLAN SET FORTH IN THE AMENDMENT

Actions by Investigative Authorities. The Amendment provides that all ongoing investigations by the investigative authorities of COFECE and IFT are suspended as of the Amendment's entry into force. These proceedings will resume on the day following the formal installation of the CNA's Plenum, without establishing a term to be installed.

All acts issued by COFECE and the IFT prior to the CNA's creation will continue to produce full legal effects and will be processed in accordance with the legislation in force at the time they were issued.

Other procedures. All other procedures handled by COFECE and IFT other than the investigative authorities -including merger control approvals, adversarial administrative proceedings, compliance review proceedings, condition compliance verification proceedings in merger cases, among others- will not be interrupted and will continue to be processed by the current authorities until the Plenum of CNA is installed.