

**Press Release**  
**Number 39/2014**

Mexico City, September 10th, 2014

**First Anniversary**

**THE FEDERAL TELECOMUNICATIONS INSTITUTE (IFT) OVERSEES AND PROMOTES  
COMPETITION IN THE TELECOMMUNICATIONS AND BROADCASTING SECTORS**

- The IFT establishes procedures to impose economic sanctions for anti-competitive practices
- It has started to conduct investigations on monopolistic practices related to telecommunications and broadcasted TV.
- The IFT has found a substantial market power in four telecommunications markets concerning dedicated links
- It has authorized several requests for the concentration and assignment of rights among companies

In compliance with its obligation to ensure that all telecommunications and broadcasting services are provided under fair competition conditions, and thus creating more diversity in offers and better prices to the benefit of end users, in its first year of operations, the Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones*, IFT) issued resolutions to sanction anti-competitive practices, started a series of investigations for some monopolistic practices, closed some actions filed by the now extinct Federal Commission of Competition, and authorized a number of concentration requests, among other procedures.

Regarding the control of concentrations, the IFT has examined and issued resolutions on 52 cases involving the transfer of ownership interests, rights, or assets in general among economic agents and the requests to obtain permits or concessions for using the radio spectrum.

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Therefore, regarding sanctions, the Plenary of the IFT determined that Grupo Televisa and Grupo Megacable, through their affiliates Cablevisión and Megacable, respectively incurred in an absolute monopolistic practice provided in section III, Article 9 of the Federal Economic Competition Law (*Ley Federal de Competencia Económica, LFCE*) consisting of establishing agreements as competitors to divide, distribute, allocate or impose portions or segments of the production, distribution and commercialization markets of the fixed telephone, restricted television and Internet access services to end consumers in several municipalities of the state of Mexico between 2010 and 2012. As a result of this, the IFT decided to impose a fine on Cablevisión in amount of \$8 million 733 thousand 746 pesos, and another one on Megacable for \$33 million 576 thousand 102 pesos. In addition to this economic sanction, the IFT ordered Grupo Televisa and Grupo Megacable to stop the proven monopolistic practice and submit mechanisms with terms and deadlines to ensure such measures. It is then, Plenary ruling on these matters.

In another file, on August 2014, the Plenary of the IFT also decided to impose an economic sanction of \$53 million 838 thousand pesos on Corporativo Vasco de Quiroga, a Televisa affiliate, as such company did not comply with the conditions set forth at the time when it was authorized to buy stock from Televisión Internacional (TVI), related to the participation of members of their Boards of Directors in other telecommunications services companies.

Also, in December 2013, the appeal lodged by Teléfonos de Mexico was resolved, SAB de CV, against the decision issued on 25<sup>th</sup> June 2009 in which it was determined that the company and Telephone West, SA de C.V. wield substantial power in the localities in which they provide relevant services in 97 markets for wholesale leased premises dedicated links, for national long distance, international long distance and interconnection. The Plenary of the IFT confirmed that both companies hold such

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substantial power in the abovementioned four markets. Both companies filed writs of amparo<sup>1</sup> (constitutional proceedings) against such decision which are pending resolution by the Federal Judicial Power.

Moreover, the IFT has initiated several investigations on some practices allegedly violating the LFCE. The IFT started the investigation on the associated monopolistic practices provided in sections VII, IX, X, and XI of Article 10 of the Federal Economic Competition Law in the trading markets for telecommunications services in Mexico, providing Internet services in the national territory, as well as those related to the acquisition, distribution and commercialization of content transmitted in Mexico over the Internet and the restricted television.

Likewise, on March 2014, the IFT began investigating the related monopolistic practices under section XI, Article 10 of the LFCE, in supply market of restricted television in some cities of the state of Sinaloa.

As a result of a complaint that was filed, on April 2014, the IFT began investigating several monopolistic practices under sections V, VI, X, and XI, Article 10 of the Federal Economic Competition Law, regarding the sale of advertising over the broadcasted television in the national territory.

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<sup>1</sup>Editor's note: Legal protection

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The Federal Institute of Telecommunications (IFT) is the autonomous body entrusted with the regulation, promotion and supervision of the efficient performance of broadcasting and telecommunications sectors in Mexico, and also exercises, in exclusive manner, the authorities in matters of economic competition of such sectors pursuant to the Decree whereby several provisions of Articles 6, 7, 27, 28, 94 and 105 of the Political Constitution of the United Mexican States are amended and supplemented in telecommunications matters, published in the Federal Official Gazette on June 11<sup>th</sup> of 2013.

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