

Executive branch's Bill – New Competition Authority and Amendments to the Law

Mexico City, April 25, 2025

Mexico: New Competition Law and New Authority

On the evening of April 24th, 2025, the Mexican Congress published a new proposed bill of amendments to the Federal Competition Act ("FCA") (the "Bill"), where the Executive replaced its previously proposed bill of amendments. It creates the National Antitrust Commission ("CNA"), to replace the current COFECE¹. The Bill was proposed directly by President Sheinbaum and will be discussed in the upcoming days. It could be approved as soon as next week before the closing of the Ordinary Session of the Congress, although President Sheinbaum has also hinted that the approval can wait until September.

I. Background and Justification

The Bill introduces a new legal framework to replace the current FCA. According to the Bill's explanatory memorandum, the new National Antitrust Commission (*Comisión Nacional Antimonopolio*) will be a decentralized agency, sectorized under the Ministry of Economy, and will operate with legal personality, its own assets, and technical and operational independence. The reform seeks to reaffirm the State's role in directing competition policy, aiming to prevent monopolistic practices and correct market failures. It outlines as its primary objective the reduction of economic inequality and the redistribution of market power. The Bill states that its design intends to reflect Mexico's obligations under trade agreements such as the WTO and USMCA, but certain proposed amendments seem to be controversial as to this objective. For example, it is to be seen whether state-owned companies will avoid antitrust scrutiny while being compliant with such international obligations.

II. Policy Goals

The Bill proposes several measures to strengthen enforcement and increase efficiency. It raises the severity of fines in both substantive and procedural infringements, and lowers the thresholds

¹ *Comisión Federal de Competencia Económica*, COFECE.

for mandatory merger notification, subjecting a broader set of transactions to review. It significantly shortens procedural timelines for investigations, trial-like proceedings, and merger reviews. The Bill reflects the recent industrial policy approach in our Constitution by stipulating that PEMEX and the CFE —Mexican State-Owned energy companies— cannot be considered monopolies. With the inclusion of the new CNA into the Ministry of Economy, Mexico’s antitrust landscape is evolving into a “*whole-of-government*” approach likely to reflect the administration’s priorities. According to the Bill, all these changes are intended to enhance deterrence and align regulatory objectives with national development priorities.

III. Proposed Legislation

Lean Plenary Composition and New Appointment Rules

The competition powers of the extinguished COFECE and IFT² will be absorbed by the CNA, a decentralized body within the Federal Executive, sectorized under the Ministry of Economy. It will have legal personality, independent management of resources, technical and operational autonomy, and internal functional separation between investigative and decision-making functions. According to the Bill, this institutional model seeks to simplify the regulatory framework, eliminate duplication of competencies, and ensure a more efficient competition authority.

The Commission’s Board will be composed of five Commissioners, including its President, instead of the previous seven-member structure. Commissioners will be appointed by the President of Mexico and ratified by the Senate (candidates must have 8 years of relevant experience in competition-related fields). Each Commissioner will serve a non-renewable term of seven years, and the Chairperson of the Commission will be appointed by the President of Mexico for a three-year term, renewable once. The Executive branch will retain the power to remove Commissioners for serious cause under the applicable legislation. The Board will be responsible for deciding substantive competition matters and for setting strategic direction for the Commission.

Increased radar in Merger Control

The Bill would reduce the monetary thresholds for mandatory pre-merger notifications, expanding the number of transactions subject to review by the Commission. According to the Bill, the aim is to strengthen scrutiny over market concentration without discouraging investment. Below-the-radar transactions can now be reviewed up to three years after closing.

² *Instituto Federal de Telecomunicaciones*, IFT.

The Bill also shortens deadlines for issuing merger control decisions. These provisions are framed as aiming to improve the authority's ability to detect and deter anticompetitive concentrations, including those that might have previously evaded scrutiny.

Streamlined Investigation and Merger Control Procedures

Several procedural improvements are proposed to make investigations and decision-making more expeditious. The maximum duration of investigations will be shortened by limiting the number of permitted extensions from four to three, thus reducing the maximum period by 20%. The Investigative Authority will have only 30 days, instead of 60, to submit its preliminary opinion after the close of the investigation, and once the investigation concludes, it will have 30 days (instead of 40) to submit its findings to the Board of Commissioners. In merger cases, the time for issuing a resolution will also be cut from 60 to 30 days once all required information is provided (i.e., after completing RFIs). Nonetheless, timelines will heavily depend on budget constraints of the new Commission and on securing the necessary staff to carry out these proceedings.

Strengthened Enforcement and Sanctions

The reform introduces a significant increase in sanctions for antitrust violations. For absolute monopolistic practices, the maximum fine will rise from 10% to 20% of the infringing party's annual income. For relative monopolistic practices and unlawful mergers, the fine ceiling will increase from 8% to 15% of annual income. Gun jumping violations could result in fines of up to 10% of the parties' income. The Bill also proposes broader investigative powers and higher procedural fines for obstructing the review process conducted by the CNA. It strengthens the authority's ability to conduct inspections, gather information, and coordinate with foreign regulators. Additionally, it introduces the possibility of temporary disqualification from public tenders for companies found liable for collusion. While the Bill does not classify exploitative pricing as an infringement under abuse of dominance rules, it expands traditional foreclosure concepts by sanctioning companies that "wrongfully limit the ability to compete" of other firms. According to the Bill, these measures are intended to enhance deterrence and promote greater compliance with competition laws.

Class actions, leniency, and compliance programs

Among the interesting changes, the Bill clarifies that class actions by affected parties may be filed once an administrative resolution becomes *final*, without waiting for the amparo proceeding. This will be heavily debated and potentially in tension with Mexico's judiciary system and legal idiosyncrasy. The Bill also modifies the timing and eligibility criteria of the leniency and

fine reduction programs, which are intended to encourage early and full cooperation. Under the Bill, immunity from fines would only be available to parties that confess prior to the initiation of an investigation, while reduced fines will still be available for subsequent companies. Finally, compliance programs are introduced for the first time in our legislation with the potential to reduce fines for antitrust investigations if previously certified by the CNA.

Telecommunications and broadcasting

The CNA will exert exclusive powers over antitrust matters in telecommunications and broadcasting markets. This will avoid further material jurisdiction disputes with the telecommunications regulator. The Bill also establishes proceedings to review cross-ownership, concessions, and to determine Predominant Economic Agents and asymmetric regulation for dominant players, while providing the basis for strict coordination with the new Digital and Telecommunications Transformation Agency.

IV. Bill's implementation transitory regime

While the Bill itself would enter into force on the day after its publication, it establishes that the constitutional amendment which extinguishes COFECE and IFT will enter into force once the CNA's Board of Commissioners is duly formed, stating that this shall happen no later than June 30th, 2025.

All COFECE and IFT investigations will be suspended upon the Bill's publication and will resume once the CNA is formed. The CNA will fully replace both authorities in competition matters, inheriting their powers, obligations, and staff. Ongoing proceedings will follow the rules in effect at the time of their onset and past decisions will remain valid —ensuring institutional continuity during the transition.

At Galicia, we closely monitor the development of this reform and its potential impact for global transactions and companies operating in Mexico. Our experience allows us to anticipate risks and opportunities, helping our clients stay ahead of regulatory changes. We are ready to advise on adapting business strategies, strengthening compliance programs, and aligning operations with best practices in antitrust enforcement.

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