

COURT FOR THE DEFENSE OF FREE COMPETITION ORDERS THE CESSATION OF THE COLLECTION OF PROMOTION FEES FROM SOCCER TEAMS TO BE PROMOTED TO FIRST B LEAGUE

On June 26, 2020, the Chilean Court for the Defense of Free Competition ("TDLC") issued an important ruling by which the National Professional Soccer Association ("ANFP") was ordered to:

- Cease and desist the collection of a promotion fee -equivalent to UF 24,000 (approximately US\$ 850,000)- as a requirement for the championship soccer team of the Second Division to be promoted to the First B league.
- Pay a 3,145 UTA (approximately US\$ 2,3 million) fine for the abovementioned conduct.
- Pay the legal costs of the trial for having been totally defeated in the case.

The case was initiated at the beginning of 2018 by the National Economic Prosecutor's Office ("FNE"), which questioned the collection of the promotion fee. According to the FNE, such fees prevented, restricted and hindered free competition in the market of sports events generated on the basis of matches in the respective championship.

Please note that the Chilean league, as in the case of the vast majority of professional soccer leagues in the world, operates as an open league, where, there are mechanisms for mobility between different categories, depending on sporting results, allowing the champion of the Second Division to be promoted to the First B league after the payment of the abovementioned fee.

In late 2011, the promotion fee, was initially set by the Council of Presidents of the ANFP at UF 50,000 (approximately US\$1,75 million), and subsequently reduced in 2017 to UF 24,000. In this regard, the TDLC ruled that such fee was "an artificial barrier that hinders entry into the market or, if it is achieved, hinders the competitive

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Carey y Cía. Ltda.
Isidora Goyenechea 2800, 43rd Floor.
Las Condes, Santiago, Chile.
www.carey.cl

performance of the entrant". For such reason, ordered the cessation of its collection along with the fine and litigation costs already indicated.

What's next?

Following the ruling issued by the TDLC, the parties have a period of 10 working days from the notification of the ruling to file a remedy before the Supreme Court. The ANFP has already indicated that it will use the above-mentioned remedy.

Authors: Eduardo Martin; Felipe Bravo