

NEWS RELEASE

MyCC ISSUES FINAL DECISION AGAINST MY E.G. Services Berhad

KUALA LUMPUR, 24 June 2016 – The Malaysia Competition Commission (“MyCC”) has issued a Decision pursuant to section 40 of the Competition Act 2010 (“the Act”) against the MY E.G. Services Berhad [Company Registration No.: 505639-K] (“MyEG”) and MY E.G. Commerce Sdn. Bhd. [Company Registration No.: 785179-P] (“MyEG Commerce”). The MyCC has determined that by virtue of their shareholdings and directorships, MyEG and MyEG Commerce are a single economic unit as defined under section 2 of the Act.

The MyCC initiated an investigation under section 15(1) of the Act based on numerous complaints received alleging that MyEG had abused its dominant position in the provision and management of online Foreign Workers Permit (“PLKS”) renewals.

Pursuant to its investigation, it is the MyCC’s finding that MyEG together with MyEG Commerce had infringed section 10(2)(d)(iii) of the Act by abusing its dominant position in harming competition in the downstream market in which MyEG Commerce is participating as an insurance agent for online PLKS renewal applications. Different conditions were imposed to equivalent transactions with its competitors to the extent that it has harmed competition in the downstream market for the sale of Mandatory Insurances.

In light of the above, the MyCC imposes a total financial penalty of RM2,272,200.00 on MyEG as at 24 June 2016. This amount comprises of a financial penalty of RM307,200.00 for the infringement periods of 5 January 2015 to 22 January 2015; and 2 May 2015 to 6 October 2015 as well as a daily penalty of RM7,500.00 from 7 October 2015 to the date of the Decision. The daily penalty is imposed on MyEG taking into account that the abusive conduct still subsists. Furthermore, MyEG has yet to provide an efficient gateway for all its competitors in the market of the sale of the Mandatory Insurances and thereby does not allow the other competitors to compete at the same level as directed by the Commission in its Proposed Decision.

The Commission also imposes the following remedial actions on MyEG:

- (i) MyEG to cease and desist **IMMEDIATELY** from imposing different conditions to equivalent transactions in the processing of Mandatory Insurances for online PLKS renewal applications;
- (ii) MyEG to provide an efficient gateway for **ALL** its competitors in the market of sale of the Mandatory Insurances and allows the other competitors to compete at the same level within **SIXTY (60) DAYS** from the date of the Commission's Decision; and
- (iii) MyEG to provide an undertaking in the form and manner acceptable to the Commission, to be fully compliant with the rules and regulations of General Insurance Association of Malaysia ("PIAM") within **SIXTY (60) DAYS** from the date of the Decision.

In the event MyEG does not comply with any of the above mentioned remedial actions, the Commission is at the liberty to impose a higher daily penalty for the subsequent period of non-compliance.

The Notice of the Decision will be uploaded on the MyCC website. For more information on the case or on the MyCC, kindly log on to www.mycc.gov.my.

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Corporate Communication Unit

Malaysia Competition Commission

About Malaysia Competition Commission (MyCC)

Established in June 2011, MyCC is an independent body responsible for enforcing the Competition Act 2010, which was implemented to create healthy competition which would in turn stimulate productivity and innovation, thus creating wider choices of products for consumers with better quality and reasonable prices. The Act applies to all commercial activities undertaken within and outside Malaysia that affects competition in the Malaysian market. It provides a regulatory framework including powers to investigate, adjudicate and impose penalties on the perpetrators of anti-competitive practices/ conduct under the competition laws. For more information on the Act and MyCC activities, log on to www.mycc.gov.my.

Notes to Editor:

Information on Section 4 of the Competition Act 2010

Editor's Notes:

Section 2 of the Competition Act 2010 defines “dominant position” as follows:

“Dominant position means a situation in which one or more enterprises possess such significant power in a market to adjust prices or outputs or trading terms, without effective constraint from competitors or potential competitors.”

Chapter 2: Abuse of dominant position

Abuse of dominant position is prohibited

10. (1) An enterprise is prohibited from engaging, whether independently or collectively, in any conduct which amounts to an abuse of a dominant position in any market for goods or services.
- (2) Without prejudice to the generality of subsection (1), an abuse of a dominant position may include—
 - (a) directly or indirectly imposing unfair purchase or selling price or other unfair trading condition on any supplier or customer;
 - (b) limiting or controlling—
 - (i) production;
 - (ii) market outlets or market access;

- (iii) technical or technological development; or
 - (iv) investment, to the prejudice of consumers;
 - (c) refusing to supply to a particular enterprise or group or category of enterprises;
 - (d) applying different conditions to equivalent transactions with other trading parties to an extent that may—
 - (i) discourage new market entry or expansion or investment by an existing competitor;
 - (ii) force from the market or otherwise seriously damage an existing competitor which is no less efficient than the enterprise in a dominant position; or
 - (iii) harm competition in any market in which the dominant enterprise is participating or in any upstream or downstream market;
 - (e) making the conclusion of contract subject to acceptance by other parties of supplementary conditions which by their nature or according to commercial usage have no connection with the subject matter of the contract;
 - (f) any predatory behaviour towards competitors; or
 - (g) buying up a scarce supply of intermediate goods or resources required by a competitor, in circumstances where the enterprise in a dominant position does not have a reasonable commercial justification for buying up the intermediate goods or resources to meet its own needs.