

PRESS RELEASE

The CNMC fines Telefónica 1.5 million euros for violating one of the conditions of its merger with DTS

- The company did not correctly allocate the fixed costs that determine the price it charged its rivals for the “Movistar el Partidazo” Channel
- This error gave Telefónica a competitive advantage, since operators interested in purchasing the “Partidazo” channel (Vodafone, Orange and Telecable) had to pay higher prices.

Madrid, 22 October 2019 - The CNMC has imposed a fine of 1.5 million euros on Telefónica de España, S.A.U. for violating one of the commitments contained in Annex 1, Section 1.1.a) of the resolution from 22 April 2015 of the Council of the National Commission on Markets and Competition, part of case [C/0612/14 TELEFÓNICA/DTS](#).

The approved resolution is part of the monitoring work carried out by the CNMC to verify that Telefónica is complying with its commitments pursuant to its purchase of DTS (formerly, Sogecable), when it acquired the 56% stake in DTS owned by the Prisa Group.

In 2015, the CNMC authorised the merger between Telefónica and DTS ([C/0612/14 TELEFÓNICA/DTS](#)), subject to Telefónica fulfilling a series of commitments in the pay-television market. These included making available to its rivals an annual (wholesale) package of content with premium channels. The terms also covered the re-broadcast of the products on these channels and the non-discriminatory access of their Internet customers to pay-TV content from OTT operators.

Breach of the conditions

In the case of this oversight ruling (VC/0612/14), the CNMC has confirmed that Telefónica incorrectly assigned its fixed costs for the “Movistar Partidazo” channel, contained in its wholesale package of premium channels, in the 2016/2017 season.

Specifically, Telefónica assigned itself a lower number of its own subscribers than corresponded to it for the initial (July 2016) allocation of the minimum guaranteed cost of the “Movistar Partidazo” channel.

Consequently, the remaining operators interested in purchasing the “Partidazo” channel (Vodafone, Orange and Telecable) faced higher costs, while the costs for Telefónica were lower, with the consequent advantage for the latter.

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Therefore, the CNMC has imposed a fine of 1.5 million euros on Telefónica de España, S.A.U., pursuant to the provisions of Section 1.c) of Article 63 of the Anti-Trust Law.

In addition, it urges the Competition Directorate to monitor compliance with this resolution and continue tracking the case ([VC/0612/14 TELEFÓNICA/DTS](#)).

This resolution cannot be appealed through administrative channels, though the company may bring an application before the National Court within two months after the day the Resolution is filed.

The CNMC has issued several Resolutions as part of its aforementioned oversight of Telefónica: 4 May 2017, 22 May 2018 and 11 June 2019. ([VC/0612/14 TELEFÓNICA/DTS](#)).

The Anti-Trust Law allows for a mechanism to monitor the commitments offered by companies as part of the process of purchasing other companies. This ensures compliance with any obligations adopted (conditions, commitments and sanctions) and preserves competition in the marketplace.

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