

### **What does it mean in practice if the Hungarian Competition Authority (GVH) launches a sectoral inquiry?**

The Hungarian Competition Authority occasionally analyses the market in order to facilitate the preparation for its tasks more effectively. At this time, it may also involve an external expert and analyses the impact of the market processes and the market practice in a priority sector on the competition. The most essential consequence of the market analysis is that if the Authority finds any indication that the competition has been restricted in a particular sectoral market, it will launch a so-called sectoral inquiry to assess the market.

In the course of sectoral inquiry, the Hungarian Competition Authority (GVH) may request legally binding and enforceable information to be provided by the undertakings concerned and anyone who has all the necessary data. A procedural fine can be imposed on anyone who is in breach of his/her obligation to provide data attributable to him/her because s/he fails to fulfil the requirement or is in default of doing so, which may even amount to 1% of the net sales revenue of the preceding business year. It also follows from the provisions of the Competition Act in force that the Hungarian Competition Authority may impose a fine on any public or local government bodies requested by the Authority as undertakings rather than within the framework of domestic legal aid regime.

The actual example of the currently ongoing sectoral inquiry is the inquiry designed to explore and assess the market processes in the market of accepting bank cards. The Hungarian Competition Authority noticed that smaller traders had been faced with less favourable service fees than larger traders do in the market of accepting bank cards when launching and maintaining payment with bank cards. As a first step, within the framework of this inquiry, the GVH will consult the supervisory authority of the sector, will request information from the issuing and accepting banks, thereafter it will consult the bank card companies and other non-financial companies which accept such cards, before finally consulting the traders themselves. At the heart of the sectoral inquiry, there is an investigation of the competition conditions of the acceptance of bank cards.

The authority will prepare a report on the results of the sectoral inquiry within a reasonable time. Before the adoption of the report, it must also be ensured that the undertakings operating in the sector may make comments on the content of the report in writing within thirty (30) days. The authority may also conduct a public hearing in order to explore the opinions in connection with the draft report.



It is good to know that the Competition Authority also discloses on its website the study presenting the launch of market analysis and the market analysis, the decision ordering the launch of the sectoral inquiry, the report on the results of sectoral inquiry, as well as the summary or protocol of the comments made in writing and the public hearing in order to ensure the transparency of the processes.

The most essential consequence of the sectoral inquiry is that the Authority may institute competition supervision proceedings depending on the actual situation and the circumstances revealed.

At the same time, in a number of cases, certain problems or circumstances revealed as a result of the market analysis and the sectoral inquiry do not achieve the level which makes it necessary to institute competition supervision proceedings. In such cases, the Hungarian Competition Authority may issue a non-binding public recommendation on the best practices of fair and effective competition, the market behaviour recommended to be followed, to the economic operators.

It is worth paying attention to this recommendation because it strengthens the positive relationship between the authority and the economic operators, and the undertaking will receive a formal feedback on the concept of the Hungarian Competition Authority regarding the competition in that specific market.