
NEWS RELEASE

MyCC ISSUES PROPOSED DECISION AGAINST MyEG

KUALA LUMPUR, 6th October 2015 – On 6th October 2015, the Malaysia Competition Commission (“MyCC”) has issued a Proposed Decision against the My E.G. Services Berhad (“MyEG”). The MyEG was found to have infringed Section 10 of the Competition Act 2010 (‘the Act’) by abusing its dominant position in the provision and management of online Pas Lawatan Kerja Sementara (PLKS) or Foreign Workers Permit Renewal applications, by applying different conditions to equivalent transactions with other trading parties to the extent that may harm competition.

The MyCC commenced its investigation on the MyEG pursuant to the complaints filed by numerous parties. The investigation found that the MyEG has harmed the level of competition in the selling of mandatory insurance policies [Foreign Workers Insurance Guarantee (FWIG); Foreign Workers Hospitalization and Surgical Scheme (FWHS); and Foreign Workers Compensation Scheme (FWCS)] for online PLKS renewal applications as the MyEG is also competing against other insurance companies in the market. The MyEG’s wholly owned subsidiary, the MyEG Commerce Sdn. Bhd. is an agent of the RHB Insurance Berhad which sells the mandatory insurances.

The MyCC proposed to impose a financial penalty of RM307,200.00 and an additional penalty of RM15,000.00 for each day the MyEG fails to comply with the following remedial actions:

- i. the MyEG Commerce to terminate the existing agency agreements relating to the mandatory insurances and shall not enter into similar nature of agency agreements; and

- ii. the MyEG to provide an efficient gateway to all insurance companies selling the mandatory insurances which allow them to compete at the same level.

The MyCC is allowed under the law to impose a financial penalty of up to 10% of the worldwide turnover of each enterprise and any remedial action.

The Proposed Decision is a written notice setting out the facts on which the MyCC makes its assessment and its reasons for arriving at the Proposed Decision. It is issued to the enterprises concerned to assist them to make representations and provide any other information to support their representations to the MyCC.

In this regard, the enterprises concerned have thirty days (30) from the date of receipt of the Proposed Decision to make their representations. The MyCC will then make its final decision after it would have considered the representations and all the available information and evidence.

The Competition Act 2010 came into force on 1 January 2012 and as such, businesses ought to have complied with the provisions of the Competition Act 2010.

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Corporate Affairs Division

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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.



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 the competition laws.

For more information on the Act and MyCC activities, log on to www.mycc.gov.my.