

News Section

Brazil: Competition—Concentration of financial institutions

Central Bank of Brazil and Administrative Council for Economic Defence—memorandum of understanding—harmonisation and predictability in standards and procedures

☞ Brazil; Central banks; Concentrations; Data sharing; Financial institutions; National competition authorities

On 28 February 2018, the Central Bank of Brazil (*Banco Central do Brasil*—Bacen) and the Administrative Council for Economic Defence (*Conselho Administrativo de Direito Econômico*—Cade) signed a memorandum of understanding (MOU)¹ to harmonise and provide greater predictability to the processing by the two local authorities of any case involving the concentration of financial institutions in addition to aligning actions to stimulate competition in the overseen segments. This document is the result of the discussions in the Working Group composed of representatives of the two entities.²

The MOU provides that Bacen and Cade will act with greater exchange of information, including through discussion of technical parameters in order to ensure greater harmonisation and consistency of procedures and publishing of standards of common interest.

Cade and the Bacen will continue talking about acts of concentration, requiring the consent of both entities for approval. In the rare instance of concentration acts that involve risk to the soundness and stability of the Brazilian financial system, Bacen shall refer the case to Cade and both entities will have to approve the concentration act. In other more common cases, the act will only be approved if there is consent from both entities.

With regard to competitive violation involving financial institutions, the analysis will be made by Cade, which will use the information provided by Bacen through an exchange of information in order to broaden the technical consistency and articulation of their decisions.

The MOU also includes the commitment of Bacen and Cade to review their regulations, if necessary, and to work together for the approval of a complementary law project by establishing clear and defined parameters of activity for both entities, following the general guidelines laid down in the MOU itself, in order to bring to

¹ Memorandum of Understanding concerning cooperation procedures in the analysis of economic concentration acts in the Brazilian Financial System (2018).

² The composition of the Working Group has not been disclosed to the public but is formed by officers of the two entities. The MOU was signed by Ilan Goldfajn, President of Bacen and Alexandre Barreto de Souza, President of the Cade Tribunal.

the Brazilian financial system greater legal certainty and predictability in the defence of competition.

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