

## EXAM

### JUS5310 - EU Competition Law - Autumn 2016

Date: 1. December

Time: 10:00

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Lucretania, a Member State of the European Union, had a very strong financial industry. However, in 2015 the country went through a financial crisis and all the major banks in the country (four banks of approximately the same size), faced considerable losses in particular on mortgage loans to private customers.

In December 2015 Luc Lucas, the CEO of Lucky Bank, stated in an interview with Luke Times, that Lucky Bank was not willing to reduce the interest rates on mortgage loans below 4 %, and that he hoped the other banks would follow that initiative. In the week after, the CEO's of the other banks confirmed, in individual interviews given to Lucretanian media, that a 4 % interest rate floor was what it would take to bring the Lucretanian banking system safely through the crisis.

*Question 1: Discuss whether the statements to the media represent an infringement of Article 101 TFEU.*

Lucas Luc, the President of the private Lucretanian Banking Association, stated in an interview with Lucretanian media that he was very satisfied with the "responsible course of action" taken by the banks, that the association would do everything to support the initiative, and that banks not complying with the 4 % interest rate floor would "not necessarily have a right to stay in our organization". Bank Lucent, who started to undercut the 4 % interest rate floor on mortgage loans, was soon after excluded from the Lucretanian Banking Association. Membership in the association was *inter alia* a precondition for participation in the "LUC-bank" system (see further below).

*Question 2: Discuss whether the exclusion of Bank Lucent from the Lucretanian Banking Association is contrary to the EU competition rules.*

*Question 3: Discuss whether the Lucretanian Banking Association may be fined under Article 23 of Regulation No 1.*

The Lucretanian banks operated the "LUC-bank" system which facilitated inter-bank payments and was necessary for the functioning of the "Luck-Y-Card", a credit card issued by all Lucretanian banks that were members of the Lucretanian Banking Association. The "Luck-Y-Card" had close to 100 % market share among Lucretanian citizens. The Lucretanian banks decided to deny Bank Biegles, a spin-off business from the UK airline Biegles Air, recently established in Lucretania, access to the "LUC-bank" system.

*Question 4: Discuss whether the refusal to give Biegles Bank access to the "LUC-bank" system constitutes an infringement of the EU competition rules. [BA-students only]*

In order to promote the operations of Lucretanian airlines, the Lucretanian Aviation Authority instructed the operators of Lucretanian airports to add an extra 20 % to the landing charges of foreign airlines. The airport operators followed the instructions and implemented the increase of the landing charges immediately. Biegles Air, a UK airline, complained to the EU Commission requesting an interim order to reverse the increase of charges.

*Question 5 a), b) and c) [all three questions: MA-students only]:*

- 1. Discuss whether Biegles Air may search interim relief from the Commission.*
- 2. Discuss whether the airport operators may be held responsible for violating the EU competition rules for the increase in landing charges.*
- 3. Discuss whether the Lucretanian authorities may be held responsible for violating the EU competition rules under the state action doctrine.*

**BA-students to answer questions 1, 2, 3 and 4, MA-students to answer questions 1, 2, 3 and 5.**

