



地產代理監管局  
ESTATE AGENTS AUTHORITY

Dear Licensees,

**Re: Avoid Contravening the Competition Ordinance**

The Estate Agents Authority is writing to draw your attention to the recent competition concerns arisen from internal memos issued by four estate agency companies, at more or less the same time, directing their licensed employees to observe a minimum net commission of 2% in first-hand property transactions. In view of the aforesaid actions of the estate agencies, the Competition Commission has issued a statement on 6 January 2023 ([www.compcomm.hk/en/media/press/files/Property\\_PR\\_EN.pdf](http://www.compcomm.hk/en/media/press/files/Property_PR_EN.pdf)).

In this regard, you are reminded that estate agency companies must not enter into any agreement or engage in any concerted practices which have the object or effect of preventing, restricting or distorting competition. Estate agencies should instead make their own decisions as to the rate of commission to charge; or discounts, rebates and incentives to offer to their clients or negotiate individually with them, rather than adopting or following any so-called “standard” rate in the industry or a rate that is set collectively in any way. Failing which, they may contravene the First Conduct Rule of the Competition Ordinance.

Licensees should thus bear in mind that they should not tell their clients that there is a “customary” or “standardised” commission rate in the industry, or that all other estate agency companies would charge the same commission rate.

As a further word of caution, price fixing can take many forms. It includes agreement or consensus between competitors to fix elements of price such as discounts, rebates, promotions or other incentives; or to eliminate or reduce discounts, which is an anti-competitive practice that could contravene the Competition Ordinance; and a contravention of the competition rule can result in pecuniary penalty (up to 10% of the company's turnover for a maximum of three years), director disqualification orders and/or other sanctions.

Estate Agents Authority

11 January 2023