Competition News Bulletin

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Inside...

I. CARTELS AND ANTI-COMPETITIVE AGREEMENTS

INDIA

Competition Appellate Tribunal (COMPAT) directs Competition Commission of India (CCI) to re-consider penalties imposed on LPG manufacturers

COMPAT by its order dated March 1, 2016 has directed CCI to re-consider penalties imposed on the 47 LPG manufactures for big-rigging in procurement of 14.2 KG LPG cylinders in IOCL.

As a background to the case, the CCI by its order dated February 24, 2012 had imposed penalty of 7% of the preceding three years turnover on 47 LPG manufacturers for bid-rigging in procurement of 14.2 KG LPG cylinder by IOCL.

Through COMPAT's judgment dated December 20, 2013, the order of CCI was upheld on merits. However, COMPAT directed re-consideration by the CCI on the question of penalties imposed on the LPG cylinder manufacturers.

Upon re-consideration, the CCI upheld the original penalty imposed at the rate of 7% of the turnover on all the parties except in case of M/s Confidence Petroleum Ltd, the penalty on was reduced on account of error of calculation in the original order.

This order of CCI dated August 6 , 2014 was appealed by the LPG manufacturers.

COMPAT, through its latest judgment dated March 01, 2016 has again set-aside the order of CCI dated August 6, 2014. The COMPAT has set-aside the order on essentially two considerations. Firstly, the COMPAT held that the CCI had not considered the relevant turnover of the LPG manufacturers while imposing penalties, and instead had imposed the penalty on average of total turnover of LPG manufacturers. Secondly, the COMPAT opined that CCI had not given due weightage to the mitigating factors pleaded by many of the LPG manufacturers for reduction of penalties, such as nature of anti-competitive agreement, appreciable adverse effect on competition, financial health of the enterprise and market condition.

(Source: Order dated March 1, 2016. For full text see COMPAT website-www.compat.nic.in)

INTERNATIONAL

European Union (EU):SocieteGenerale drops appeal against Euribor benchmark rigging after fine reduced by the European Commission (EC)

France's second largest bank, SocieteGenerale, has decided to drop its appeal against the fines imposed on it in relation to manipulating the benchmark interest rate, Euribor.

Following an industry-wide investigation into how the euro-priced bank-to-bank lending rate was set, a settlement was reached whereby EC had imposed in total 1.7 billion euros ($1.9 billion) of penalties on multiple financial institutions including Deutsche Bank, RBS, JPMorgan and SocieteGenerale in 2013.

However, SocieteGenerale has raised an issue the EC's calculation method. During the appeals process, SocieteGenerale recalculated its value of sales and gave the new figures to the EC.

Upon acceptance of the newly calculated fine by the EC, SocieteGenerale has decided to drop its appeal against the fines.

(Source:http://www.reuters.com/article/societe-generale-fine-idUSL5N16J4L2 and http://www.law360.com/articles/771036/societe-generale-gets-495m-euribor-rigging-fine-reduced)

II. ABUSE OF DOMINANCE/MARKET POWER

INDIA

CCI directs investigation against Athletics Federation of India (AFI) for abuse of dominance

CCI by its order dated March 16, 2016 has ordered detailed investigation against AFI for restricting organisation of marathons without permission for AFI.

The case has been referred by the Department of Sports, Ministry of Youth Affairs and Sports, Govt. of India. It was alleged that AFI has decided in its Annual General Meeting held on 11-12 April, 2015 to take action against the state units/ officials/ athletes who encourage unauthorised marathons without taking permission of AFI.

The CCI considered that in the market for 'provision of services relating to organisation of athletic/ athletic activities in India', AFI being the apex body for managing athletics in India and by virtue of its association with International Association of Athletics Federation(IAAF) and the Asian Athletics Association (AAA) and Indian Olympic Association, it is controlling athletic activities in the entire country. Thus, in relation to organisation of athletic activities in India, AFI is the supreme authority having control over all such events and activities. Thus, AFI was considered to be enjoying a position of dominance in the relevant market.

AFI is trying to impose discriminatory terms and conditions like mandatory permission for conducting national and international marathon meets and it is thereby restricting the entry of new entrants into the relevant market. The said conduct of AFI prima facie appears to be abuse of dominant position by AFI in terms of the provisions of Section 4 of the Act. The Director General (DG) has been directed to investigate the conduct of AFI for abuse of dominant position.

(Source: CCI: Order dated February 16, 2016. For full text see CCI website)

COMPAT refuses interim relief to Fast Track Call Cabs in ongoing investigation against Ola for predatory pricing in radio taxi services in Bengaluru

COMPAT by its order dated March 9, 2016 has upheld the CCI order dated September 3, 2015 refusing to grant interim injunction against allegations of predatory pricing in an ongoing investigation against M/s ANI Technologies Pvt. Ltd. (Ola Cabs).

In a case filed by Fast Track, alleging predatory pricing in provision of radio taxi services in Bengaluru, the CCI had ordered detailed investigation through its order dated April 24, 2015.

However, by an order dated September 3, 2015, the CCI rejected Fast Track's plea for interim injunction which sought directions from CCI to Fast Track to stop indulging in predatory pricing with immediate effect.

The CCI rejected the application for interim injunction observing that even though a prima-facie case can be said to have been made out in favour of the Fast Track Call Cabs, but the figures cited by the Fast Track were yet to be examined by the DG and neither the Fast Track is going to suffer irreparable loss nor the balance of convenience is in its favour.

The COMPAT has upheld the order of the CCI with the opinion that the discretion exercised by the CCI not to entertain any prayer for interim relief does not suffer from any patent legal infirmity to justify interference by COMPAT.

The COMPAT held that an order of injunction or prayer for interim relief in the nature of injunction can be granted only if the applicant satisfies that he has a strong prima-facie case; that he will suffer irreparable injury, if the injunction/ interim relief prayed for is not granted; that the balance of convenience is in the grant of injunction as against its refusal and that the grant of injunction would be in larger public interest.

The COMPAT noted that it was not yet conclusively established that Ola Cabs had violated Section 4 of the Act. The prayer for interim relief cannot be decided assuming that the allegations stand proved. Further, restricting discounts to public would not be in public interest, especially since that harm cause to the public would not be capable of compensated. The appeal has been dismissed.

(Source: CCI Order dated March 09, 2016.For full text see CCI website)

COMPAT directs re-consideration of matter against Director General of Health Services & Others

COMPAT by its order dated March 1, 2016 has set-aside the decision of CCI whereby CCI has refused to order investigation against the Director General Health Services (DGHS) for discriminating against National Accreditation Board for Hospitals and healthcare providers (NABH) accredited and non-NABH accredited hospitals under the Central Government Health Scheme (CGHS) for government employees

managed by the Union Ministry of Health & Family Welfare. The case has now been referred for re-consideration by the CCI.

In the Information filed by the Wing Cdr. (Retd.) Dr. Biswanath Prasad Singh, It was alleged that the DGHS has issued an office memorandum whereby the letter authorizes an extra 15% payment to NABH accredited hospitals as opposed to the non-NABH hospitals from the contributory health service schemes under the CGHS . It was alleged that DGHS, who is in a dominant position, is abusing its dominance and thereby thwarting competition among hospitals in the manner of empanelment under the CGHS. It is not providing a level playing field and thereby discriminating against non-accredited hospitals.

The CCI held that the activities of DGHS cannot be covered under the definition of 'enterprise' within the Act because it is not directly engaged in any economic and commercial activities. Its role is limited to control and regulation of the healthcare system in the country. Hence, according to CCI, its conduct could not be investigated for any abuse of dominance under the Act and the case was closed forthwith.

The COMPAT considered that the definition of 'enterprise' within Section 2(h) of the Act covers Government Departments and the only exclusion provided is relating to sovereign functions, as well as activities covered by the departments of Central Government dealing with atomic energy, currency, defence and space.

It can be clearly seen that CGHS is not just a facilitative mechanism but it also provides healthcare facilities by itself in the out-patient departments. In cases which require hospitalization or further specialized care, references are made to hospitals which are empanelled for the purpose. It is thus amply clear by its own admission that Respondent No.1 is not just a facilitator for its target group to seek healthcare in empanelled hospitals but itself provides healthcare in its 273 allopathic dispensaries, 19 polyclinics, 73 labs and 85 Ayush hospitals.

Thus, the COMPAT held the DGHS as an 'enterprise' and remitted the matter back to the CCI for re-consideration as to whether a case for investigation is made out or not. (Source: COMPAT Order dated March 01, 2016.For full text see COMPAT website)

(Source: COMPAT Order dated March 1, 2016.For full text see COMPAT website)

CCI closes case against television audience measurement services agency

CCI by its order dated February 25, 2016 has closed a case alleging abuse of dominant position by the television audience measurement services agency, TAM Media Research Private Limited, in relation to the procedure adopted for measurement of Television Rating Points (TRPs) or Television Viewership Ratings (TVR) since 2011.

The case was filed by the public broadcaster, Prasar Bharati, through Doordarshan channel.

The methodology adopted by TAM to measure TRP includes meters installed in TVs in areas/cities with a population of 1 Lakh or more. TAM has installed a total of 8000 meters throughout the country, which represents a very narrow statistical base. It was alleged that the TRP/TVR generated by TAM actually underestimates the actual viewership of Doordarshan as it primarily is being watched by the population in rural areas. Thus, the TRP/TVR puts the Informant in a disadvantageous position and gives undue advantage to broadcasters who have programmes for urban areas only.

The DG Report considered that the market for provision of services for audience measurement for channels and programs on television in India, observing that audience measurement of other media platforms like print, radio, and internet are not substitutes of audience measurement of TV. Within this market, the DG Report considered that TAM enjoys 100% market share (monopoly) since 2011, and thus enjoys a dominant position.

The DG Report considered that the exclusion of semi-urban and rural areas from the sample size results in imposition of unfair and discriminatory conditions on those broadcasters who have channels and programs focused to rural market as they are not duly compensated by the advertisers in violation of Section 4(2)(a)(i) and 4(2)(c) of the Competition Act, 2002 (Act). Secondly the DG Report noted that the conduct of TAM in charging higher annual subscription fees from advertisers and media agencies to provide TV viewership data amounts to imposition of discriminatory price in violation of the provisions of Section 4(2)(a)(ii) of the Act. Thirdly, since TAM has been the only user of such measurement meters in India, this has led to the limiting of technology and scientific development for manufacturing of such meters amounting to infringement of Section 4(2)(b)(ii) of the Act.

The CCI agreed with the delineation of the relevant market by the DG. It considered that the market should be that of 'audience measurement for channels and programmes on television in India'. The CCI is in agreement with the findings of DG that OP holds 100% market share in the relevant market since August 2011, indicating market power of the OPs. The customers of TAM, broadcaster and advertisers, are dependent on services provided by the OP as it plays a crucial role in the decision making process. Thus, the CCI considered that TAM is a dominant position in the relevant market.

As regards non-coverage of viewership in rural areas in measurement of audience viewership, the CCI notes that TAM has clearly disclosed to its stakeholders and has also stated on its website as well in every subscription contract entered between TAM and the advertisers / broadcasters that its data is largely representative of viewing preferences of the urban and semi-urban population. Hence, no unfair and discriminatory condition was imposed on any subscriber as all the subscribers to TAM's data were well aware of the methodology used by the TAM and its limitations.

As regards allegation of discriminatory pricing by TAM, the CCI noted that the broadcaster and advertising agencies/advertisers are not similarly placed subscribers of TAM. Since they are differently situated, the allegation that charging higher subscription rate on broadcasters was discriminatory does not hold any ground.

The CCI closed the case with a finding that no abuse of dominant position was established by TAM.

(Source: CCI: Order dated February 25, 2016. For full text see CCI website)

COMPAT upholds order of CCI closing bid-rigging case against railway suppliers of Axle Mounted Disk Braking System (ADBMS)

COMPAT by its order dated February 17, 2016 has upheld the order of CCI closing the case for bid-rigging for supply of Axle Mounted Disk Braking System (ADBMS) to Indian Railways.

In the instant case, the investigation related to quoting of identical prices in three emergency purchase tenders by the opposite parties, M/s Faiveley Transport (India) Pvt. Ltd. and M/s Knorr Bremse India Pvt. Ltd. for procurement of ADBMS by Rail Coach Factory, Kapurthala, Punjab(RCF) (collectively referred as "respondent") . The Appellant , the Deputy Chief materials Manager of Rail Coach Factory, Kapurthala, who had filed the reference in CCI , alleged that the respondents took advantage of the limited competition in the market for supply of AMDBS and refused to provide cost break-up and proper justification for the rates quoted by them, which showed that their conduct was anti-competitive. The reference was sent to the Director General (DG) for investigation by CCI.

The Director General (DG) during the investigation, found evidence of bid rigging since the rates quoted by the two suppliers (who were the only suppliers approved by the Research and Design Organization (RDSO) of the Indian Railways) were identical in each of the three tenders under inquiry. However, CCI closed the reference of the Railways on grounds that mere identical rates by the respondents did not prove cartelization.

The Hon'ble COMPAT, agreeing with the views of CCI, while dismissing the Appeal observed that "in an oligopolistic market like the one in question, the identity of price quoted by the bidders is not an unusual feature. The players in a limited market are aware of the price quoted by each other in one or the other bid and it is a normal tendency to quote the same price in response to the next tender. Therefore, identical price quoted by the respondents for the items of AMDBS did not constitute sufficient evidence of cartel formation and in the absence of other plus-factors, it is not possible to record a finding that the respondents had acted in violation of Section 3(3)(d) read with Section 3(1) of the Act". The Hon'ble COMPAT placed reliance upon a Supreme Court judgment in re: Union of India Vs. Hindustan Development Corporation and Others. [1993 (3) SCC 499] .

Source: Order dated February17, 2016. For full text see COMPAT website-www.compat.nic.in)

COMMENT: *This order passed by COMPAT is a unique order since by this order the Hon'ble Tribunal has admitted an appeal filed by an Informant against an Order of CCI when no such appeal is prescribed by the Act. The Hon'ble Tribunal apparently did not consider it necessary to go into the legal issue of challenge to its jurisdiction itself, since it was not in the interest of the Informant /Appellant to raise this issue and the order has been passed without issuing notice to the respondents or to CCI. Whether this order sets up a precedent against the celebrated judgment of the Hon'ble Supreme Court deciding this very issue in the case of CCI vs. SAIL (2010) 10 SCC 744 ,remains to be seen.*

CCI to investigate global hybrid seeds giant Monsanto for abuse of dominance in relation to excessive royalties for Bt cotton seeds

CCI by its majority order dated February 10, 2016 has initiated a detailed investigation into the allegedly excessive royalty fee charged by Monsanto, Inc. (USA) through its subsidiary in India, Mahyco Monsanto Biotech (India) Ltd. (Mahyco) for licensing of its patented Bt. Cotton seeds technology to Indian seeds companies.

The investigation has been ordered in pursuance to the reference made by the Ministry of Agriculture & Farmers Welfare (MOA&FW), Govt. of India as well as cases filed by several other seeds producers.

It has been alleged that seed producers entered into sub-license agreement with Monsanto for procuring its Bt. cotton technology in consideration of an upfront one time non–refundable fee of INR 50 lakhs and recurring fee called as 'Trait Value'. The 'Trait Value' is the estimated value for the trait of insect resistance conferred by the Bt. gene technology. It forms a significant portion of the Bt. cotton seed prices. It is stated that the trait value is determined by Monsanto on the basis of Maximum Retail Price (MRP) of 450 gm. seed packet, in advance for each crop season.

It is alleged that in the year 2005, the trait value fixed by Monsanto was INR 1250/- per packet which led to high value of Bt. cotton seeds manufactured using the said technology i.e. INR 1700/- – INR 1800/- per packet. This was allegedly very high in comparison to the price of non-Bt. cotton seeds which were available for INR 300/- per packet.

It was noted by the CCI that Mahyco, entered into a "Supplementary and Release of Claims Agreement" with the Indian companies in 2007 and started charging INR 148.15/- per packet on an MRP of INR 750/- per packet as the trait value. Thereafter various State Governments have come up with their own legislations regarding fixation of MSP and trait values.

The seed companies have made representations to Monsanto for settlement of payment from 2010 onwards in line with the order of Bombay High Court dated June 17, 2015 in WP. No. 3255/2015. However, Monsanto has allegedly invoked arbitration proceedings before the Hon'ble Bombay High

Court seeking interim reliefs against the seed companies to deposit trait value for the year 2015-16 as estimated by it. The same is pending for adjudication.

The CCI considered that the relevant market in the present case should be that of market for 'provision of Bt. cotton technology'. Bt. cotton has the inherent ability to fight cotton pests. The said technology is different and more efficient from traditional methods of pest control used in cultivation of cotton seeds such as the use of cotton sprays. The conditions of competition throughout India for the aforesaid products are homogenous and the relevant geographic market in the present case should be India.

Out of the 1128 Bt cotton hybrids approved by the Genetic Engineering Appraisal Committee till May, 2012, 986 hybrids were incorporated with Bt technology sub-licensed by Monsanto. Therefore it appears that Monsanto has significant market share in the upstream relevant market, thus prima-facie enjoying dominant position in the market.

The CCI took note of the fact that various terms and conditions in the sub-licensing agreement appear to be stringent and unfair, particularly in light and would have the effect of denial of market access to the seed manufacturers, given their dependence on MMBL for Bt cotton technology. The CCI noted that imposition of such conditions for notification coupled with stringent termination conditions not only discourages the sub-licensees from dealing with the competitors, but also amounts to restriction of development of alternate Bt cotton technologies. Further, charging of trait value payable on the basis of MRP of the seed packet apparently has no economic justification in light of the fact that performance of the Bt cotton crop depends not only on the BT cotton technology but also on other factors like genetic composition, climatic conditions etc. and appears to be unfair.

It is not clear whether the group entities of Monsanto are being subject to similar pricing and stringent sub-license agreements. Any discrimination on this account has the potential to distort the level playing field in the downstream Bt cotton seeds market and needs to be examined.

The termination conditions are found to be excessively harsh and do not appear to be reasonable as may be necessary for protecting any of the IPR rights, as envisaged under Section 3(5) of the Act. The CCI noted that such agreements discourage and serve as a major deterrent for the sub licensee from exploring dealing with competitors. The agreements thus, have the effect of foreclosing competition in the upstream Bt Technology market which is characterized by high entry barriers. In view of these aspects, the agreements entered by MMBL with sub-licensees appear to be causing appreciable adverse effect on competition in Bt cotton technology market in India, in terms of Section 3(4) r/w Section 19(3) of the Act.

Thus, the CCI found a prima-facie case of violation of Section 4(2) and Section 3(4) of the Act. The DG has been directed to investigate the matter and complete the matter within 60 days from the date of receipt of this order.

Dissenting Order

In its minority order, Mr M.S. Sahoo, Member of the CCI, made reference to the sub-licensing agreements entered prior to enforcement of the Act and held that the same cannot be analysed for a violation of the Act. As regards sub-licensing agreements of 2015, the minority order was of the view that the royalty fee charged by Monsanto can be considered excessive only when it is higher than the competitive prices, namely, prices in different geographical market for the same product or prices charged by competitors in the same product market. Neither of the cases referred to the CCI provides any of these. The rate of trait fee is not higher than those applicable prior to the enforcement of the Act. Hence the trait fee applicable in 2015 cannot be considered excessive for a violation of Section 4(2)(a)(ii) of the Act. Moreover, the Minority order noted , since the Central Government has decided to fix the prices for the seeds as well as the Traits under section 3 of the Essential commodities Act,1955, nothing survives in the reference.

As regards imposition of unfair condition by Monsanto restricting seed manufacturers from obtaining similar technology from competitors, the minority order observed that these clauses require seed manufacturers to notify to Monsanto, if they wish to develop seeds on a trait available with competitors. These do not prohibit Informants or restrict their ability to engage with competitors; these merely require a notification to Monsanto. The minority order found that there is no merit in warranting an investigation under Section 26(1) of the Act.

(Source: CCI: Order dated February 10, 2016. For full text see CCI website)

INTERNATIONAL

Russia: Moscow Arbitration Court (MAC) upholds decision of Federal Anti-Monopoly Service (FAS)

On the March 14, 2016, MAC upheld the decision of FAS on Google's abuse of dominance on the market of pre-installed app stores on the Android OS localized for the Russian Federation.

In a complaint by Yandex, a competing search engine, FAS had found that Google provided mobile devices manufacturers with Google play app store for pre-installation on Android OS mobile devices adopted for the Russian Federation. Conditions of app store provision include obligatory pre-installation of Google apps as well as its searching engine and their obligatory location on the main screen of a mobile device. Google actions led to prohibition of pre-installation of apps of other producers. The MAC fully supported the decision of FAS in the appeal by Google. Google would now be required to amend its contract with Original Equipment Manufacturers (OEMs) in Russia.

While the above ruling applies solely to Russia, various other detailed investigations are pending against Google with antitrust regulators around the world, including the detailed investigation by EU in relation to its shopping comparison service.

(Source:FAS Press Release dated March 14, 2016, available at: <http://en.fas.gov.ru/press-center/news/detail.html?id=44968>)

III. COMBINATION

CENTRAL GOVERNMENT NOTIFIES REVISED THRESHOLDS FOR MERGER CONTROL AND EXTENDS EXEMPTIONS

The Ministry of Corporate Affairs, Govt. of India has made important revisions to the merger control regime in India. The following three Notifications were published in the Gazette of India on March 4, 2016.

A. THRESHOLDS FOR NOTIFICATION REVISED- Through the first Notification, the Central Government has increased thresholds, both assets and turnover, for any transaction to qualify as a combination under Section 5 of the Competition Act, 2002 ("Act")by 100%. Consequently, the following shall be the revised thresholds under the Act to trigger the filing requirement for any transaction before the Competition Commission of India (CCI):

Threshold for proposed combination (acquirer + target)		Threshold for group post acquisition	
In India	In or outside India	In India	In or outside India
Assets	Assets	Assets	Assets
Jointly worth more than INR 2,000 Crores (INR 20 billion)	Jointly worth more than USD 1000 million (including assets worth at least INR 1000 Crores (INR 10 billion) in India)	Jointly worth more than INR 8,000 Crores (INR 80 billion)	Jointly worth more than USD 4 billion (including assets worth at least INR 1000 Crores (INR 10 billion) in India)
Turnover	Turnover	Turnover	Turnover
Jointly worth more than INR 6,000 Crores (INR 60 billion)	Jointly worth more than USD 3.50 billion (including at least INR 3,000 Crores (INR 30 billion) in India)	Jointly worth more than INR 24,000 Crores (INR 240 billion)	Jointly worth more than USD 12 billion (including at least INR 3000 Crores (INR 30 billion) in India)

Unless exempted or excluded otherwise, all combinations meeting the above thresholds are mandatorily required to be sought approval of the CCI before consummation.

B. TARGET EXEMPTION REVISED AND EXTENDED: Through another Notification, the Central Government has increased the thresholds limits for the target exemption. The exemption is now available to those transactions where the assets of the target enterprise (whose control, shares, voting rights or assets

are being acquired) are not more than rupees three hundred and fifty Crores OR the turnover of the target enterprise(whose control, shares, voting rights or assets are being acquired) is not more than rupees one thousand Crores. The exemption, colloquially referred to as the "Target Exemption", shall be applicable for a further period of five years from March 4, 2016.

C. EXEMPTION FOR "GROUP" EXTENDED-Through a third notification, the Central Government has extended the exemption to a 'Group' exercising less than fifty per cent of voting rights in other enterprise from the provisions of Section 5 of the Act. The said exemption shall be applicable for a further period of five years from March 4, 2016.

CCI approves acquisition of 49.86% stake in Sabarmati Gas Limited (SGL) by PSU petroleum companies

CCI, by its order dated February 10, 2016, has approved acquisition of 49.86% stake in SGL by Gujarat State Petroleum Corporation Limited ("GSPC"); Gujarat State Petronet Limited ("GSPL"); and Bharat Petroleum Corporation Limited ("BPCL"). The stake proposed to be acquired in currently being held by India Infrastructure Development Fund ("IIDF"), India Infrastructure Fund ("IIF") and IFCI Venture Capital Funds Limited ("IFCI") (collectively called "Investors") in equal proportions.

GSPC is engaged in exploration and production, gas transmission, city gas distribution and power generation, etc. GSPL is involved in building the infrastructure for transmission of natural gas across the state of Gujarat allowing last-mile linkage to the end-user. BPCL is a public limited company primarily engaged in the business of refining and marketing of oil and gas. SGL operates a city gas distribution network in the districts of Gandhinagar, Mehsana and Sabarkantha in Northern Gujarat.

The CCI noted that the proposed combination envisages exit of Investors and keeping in view the nature of their existing affirmative veto rights observed that the exit of Investors is not likely to result in a change in competition dynamics in any market in India and the proposed combination is thus not likely to result in an appreciable adverse effect on competition in any of the markets in India. Consequently, the proposed combination has been approved.

(Source: CCI Order dated February 10, 2016. For full text see CCI website)

INTERNATIONAL

EU: Deutsche Boerse AG agrees to acquire stock exchange competitor London Stock Exchange (LSE) Group plc.

In a proposed merger of equals, stock exchange giants Deutsche Boerse AG and LSE have agreed on a deal that would see Deutsche Boerse acquire rival LSE. Post the merger, LSE-Deutsche Boerse would be the

world's biggest exchange operator by revenue and second-largest by market value. The merger is subject to scrutiny/approval over competition concerns by the European Commission.

Deutsche Boerse stockholders will get 54.4 percent of the enlarged group in the all-share agreement, and Deutsche Boerse Chief Executive Officer CarstenKengeter will run the enlarged business. The board will be equally split between directors from LSE and Deutsche Boerse. The deal, would create a strong global competitor to Intercontinental Exchanges (ICE Group), the CME Group Inc. of the USA and Hong Kong Exchanges & Clearing Ltd.

The new exchange operator will have a position of strength in Europe from which to expand into both Asia and the U.S. It will be a powerhouse for clearing listed derivatives in Europe and over-the-counter contracts. The Euro Stoxx 50 Index, the FTSE 100 Index and the DAX Index will all be under one roof.

(Source:http://www.bloomberg.com/news/articles/2016-03-16/lse-agrees-to-merge-with-german-rival-to-create-european-titan)

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