

NOTIFICATION OF PROPOSED MERGER INITIAL ASSESSMENT

SECTION 1: PERSONAL INFORMATION

Under section 23 of the Competition Act 2021, anyone who is about to initiate the merging of two or more entities that meets a prescribed financial/economic threshold must inform the OFT and await a response – before the merger can be finalised. This threshold is set out in the **Competition (Merger Notification Threshold) Order 2023**. Under this Order, a joint submission is required. If additional time is required please contact the OFT directly.

The primary objective of the OFT is to manage any anti-competitive impact of mergers in the **domestic local economy** of the IOM. In order to review **changes to the market structure**, the criteria for the mergers is as follows:

- Both the buyer and purchased entity must have an annual turnover greater than £20million (or equivalent) in relation to their economic activities in the local Isle of Man market.
- If either turnover is below £20m, but the resulting merger would mean the combined entity holding 40% or more market share of the supply or purchase of goods or services in that industry.

For clarification, the domestic local economy may be considered to be the wholesale/retail food, agriculture, transport, communication, estate agents, local financial services (IFA's and insurance brokers), health/social care services, energy, construction, hotels, catering and entertainment industries.

The OFT does **NOT** need to be informed of the following mergers unless the above applies:

- Multi-national company mergers whose customer base is primarily off island, such as those in the finance, life assurance, shipping, e-gaming sector, where at least 90% of revenues is generated abroad.
- Financial institutions that deal in securities or have acquired securities temporarily with a view to selling them (but the entity must not exercise voting rights in respect of those securities with a view to determining anti-competitive behaviour). Essentially, these are financial service transactions.
- When control of an entity is acquired relating to liquidation, winding up, insolvency, cessation of payments, or analogous proceedings.
- Intra-group mergers or reorganisations.
- Contractual arrangements to cooperate in a joint venture (including research and development).

Please fill in the form and return to the OFT either by emailing:

iomfairtrading@gov.im

Or send to:

Thie Slieau Whallian
Foxdale Road
St John's
IM4 3AS
Tel - 686500

Name (of person submitting form representing both parties):	
Address including post code:	
Email and contact number:	
Date of proposed merger:	(DD/MM/YYYY)

SECTION 2: COMPANY INFORMATION

Name and Address of Company 1:	Name and Address of Company 2:

**If more than two companies are merging please provide addresses on a separate sheet.*

Briefly describe the product(s) and/or service(s) the companies supply and the market in which it operates:	
Local annual turnover of both companies in the latest complete financial year:	
Estimated market share (sales revenue) of both entities before merger	

Please provide a copy of the following for both entities;

- latest 3 annual year audited financial accounts
- latest annual report
- a diagram, BEFORE and AFTER illustrating the structure of the parties to the merger

SECTION 3: MERGER TRANSACTION

Describe the type of merger: <i>(e.g. acquisition of entire issued share capital, or part of a business and state which company is being purchased/acquired)</i>	
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<p>How is the merger being financed? (Paying in cash, exchanging stocks, debt acquisition, loans etc)</p>	
<p>Reason for the merger (who made the initial approach)</p>	

SECTION 4: MERGER IMPACT ON ECONOMY AND CONSUMERS

Could you supply the market share calculation?

Who are the main competitors in this industry?

Who are the main suppliers for this industry?

Would there be any changes to relationships with existing suppliers (in the future)?

Describe the current consumer base / who are the largest groups?

Could you contribute to and provide and additional consumer benefits as a result of the merger?

Are there any efficiency benefits as a result of the merger?

What will be the impact on job creation or losses if any?

What are the main barriers to entry in this industry? (i.e. capital expenditure, raw materials, R&D requirements, planning, health and safety)

Who are the respective advisors?

Please supply any other relevant information e.g. such as research material on consumer habits.

SECTION 5: ADDITIONAL CONSIDERATIONS

Please provide any additional details you would like the OFT to be aware of when considering your merger – continue on a separate sheet if necessary:

SECTION 6: DECLARATION

The OFT will use the data provided to analyse the impact of the proposed merger in the Isle of Man. Once this analysis is complete the OFT will contact you using the details provided to inform and/or advise you on how to proceed. The OFT will keep this file for 1 year from the date of the proposed merger.

If the application is deemed to fall within the scope of exceptional and compelling reasons of public policy, your application will be referred to Council of Ministers in accordance to s. 24(4).

I understand that it is an offence to provide false information in order to gain approval from the OFT with regards to this merger.

I understand that, if it later transpires I have supplied or falsified information to gain approval the OFT have the power to act and implement restrictions and/or sanctions under the Competition Act 2021 as well as carrying out a full investigation.

I declare that I have checked the answers given in this application and that to the best of my knowledge and belief they are correct.

Signature:

Name (PRINT):

Date:

This form has been designed to help parties that meet the thresholds specified in order to complete their transaction sooner and at a lower cost and who are satisfied that their transaction will not result in a substantial lessening of competition in the IOM. After receiving this information, the OFT will provide a formal respond within **20 working days** with an initial assessment of the merger.

IF the proposed merger is NOT likely to result in a substantial lessening competition in the market, OFT will inform the parties they are free to merge.

IF the proposed merger could lead to a substantial lessening of competition, OFT will require parties to produce additional evidence on the proposed merger. After reviewing the additional evidence, which may take up to a **further 3 months**, OFT will determine whether there is a substantial lessening of competition and inform the parties of its decision.

In the event there is a wider public interest matter to consider, the OFT may inform the Council of Ministers of the proposed merger who may undertake a public interest test which may take up to 6 weeks. It may be possible to run the public interest test and competition review in parallel.