



competition commission
south africa

Media Statement

For Immediate Release

28 September 2022

**ERRATUM: COMMISSION PUBLISHES FINAL GUIDELINES ON SMALL MERGER
NOTIFICATION**

The Competition Commission (Commission) has released its revised guidelines on small merger notification which come into effect on 01 December 2022.

The Commission wishes to correct an erratum in a statement it issued on 23 September 2022, detailing the revised guidelines. The erratum relates to the description of the consideration for the acquisition of the target firm. Please see the update in bold below.

According to the new guidelines, the Commission must be informed in writing before implementation of all small mergers which meet any of the following criteria:

- At the time of entering into the transaction any of the firms, or firms within their group, are subject to an investigation by the Commission in terms of Chapter 2 of the Act;
- At the time of entering into the transaction any of the firms, or firms within their group, are respondents to pending proceedings referred by the Commission to the Competition Tribunal in terms of Chapter 2 of the Act.
- Mergers and share acquisitions where the acquiring firm's turnover or asset value alone exceeds the large merger combined asset/turnover threshold (which is currently R6.6 billion) and at least one of the following criteria are met for the target firm:
 - The consideration for the acquisition or investment exceeds **the target firm asset/turnover threshold for large mergers** (currently R190 million).
 - The consideration for the acquisition of a part of the target firm is less than the R190 million threshold but effectively values the target firm at R190 million or more.

The revised guidelines respond to increased concerns that acquisitions of new, innovative companies in digital markets may be escaping regulatory scrutiny due to the acquisitions taking place at an early stage in the life of the target companies. The guidelines will further address concerns that target companies may

be acquired before they have generated sufficient turnover or accumulated capital assets to trigger mandatory merger notification.

Small mergers do not require mandatory notification, but in terms of Section 13(3) of the Competition Act 89 of 1998, the Commission may require, up to six months after the small merger has been implemented, that such mergers be notified and approved by the Commission.

Parties to small mergers must inform the Commission in writing of their intention to enter into the transaction and provide sufficient detail on the acquiring and target firms, the proposed transaction, and the relevant markets in which the firms compete. The Commission may be informed via email at ccsa@compcom.co.za or alternatively submissions can be sent to The Manager: Mergers & Acquisitions Division, The Competition Commission, Mulayo Building, 77 Meintjies Street, Sunnyside, Pretoria, Private Bag X23, Lynnwood Ridge 0040.

The Commission will reply to the parties within a period of 30 business days, in writing, and inform them whether or not they would be required to notify the small merger to the Commission in the prescribed manner and form, in terms of Section 13 of the Act.

The revised guidelines can be accessed [here](#).

[ENDS]

Issued by:

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