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**Common Market for Eastern  
and Southern Africa**

**Staff Paper No. 2017/03/JB/05**

**Decision<sup>1</sup> of the Thirtieth Committee Responsible for Initial  
Determination on the Application for Authorisation of the Acquisition of  
Connectivity Architects Limited by CMC Holdings Limited**

**ECONOMIC SECTOR: TELECOMMUNICATIONS**

**16<sup>th</sup> March, 2017 – Johannesburg, South Africa**

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<sup>1</sup> In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible the information omitted has been replaced by ranges of figures or a general description.

## **Information and Relevant Background**

1. On 13 December, 2016, the COMESA Competition Commission (hereinafter referred to as "the Commission") received an application for authorisation of a merger from CMC Holdings Limited (hereinafter referred to as "CMC Holdings") and Connectivity Architects Limited (hereinafter referred to as "Connectivity").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations (hereinafter referred to as "the Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction between the parties would, or is likely to have the effect of substantially preventing or lessening competition; or would be contrary to public interest in the Common Market.
3. The Committee Responsible for Initial Determination (hereinafter referred to as "the CID") established that the parties operate in more than one COMESA Member State. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

## **The Parties**

### **CMC Holdings**

4. CMC Holdings is a special purpose vehicle which is controlled by funds managed by affiliates of the Carlyle Group L.P (hereinafter referred to as "Carlyle").
5. Carlyle is a Delaware limited partnership that is publicly traded and listed on the NASDAQ. It is a global alternative asset manager which manages funds that invest globally across four investment disciplines, namely:
  - Corporate private equity (buyout and growth capital);
  - Real assets (real estate, infrastructure, and energy and renewable resources);
  - Global markets strategies (structured credit, corporate and energy mezzanine, distressed and corporate opportunities, hedge funds and middle market debt);
  - Solutions (private equity fund of funds program and related co-investment and secondary activities).

### **Connectivity**

6. The target firm, Connectivity is based in Mauritius. Connectivity operates in the information and communications technology ("ICT") sector, by providing a variety of connectivity solutions to carrier and enterprise customers across the globe. Connectivity's global points of presences ("POPs"), in combination with its network agreements with local partners, facilitate the provision of data network solutions to both global carriers and, to a lesser extent to enterprise customers.

### Nature of the Transaction

7. The transaction involves the acquisition of 100% interest in Connectivity as a going concern by CMC Holdings, which includes the relevant business assets and liabilities.

### Competition Analysis

8. The CID defined the relevant market as the provision of Managed Network Services in the Common Market. The CID observed that the merger is not likely to substantially prevent or lessen competition in the relevant market and is not likely to be contrary to public interest provided under Article 26(3) of the Regulations.

### Determination

9. The CID determined that the merger is not likely to negatively affect trade between Member States and is compatible with the Treaty establishing the Common Market for Eastern and Southern Africa. The CID therefore approved the transaction.
10. This decision is made in accordance with Article 26 of the Regulations.

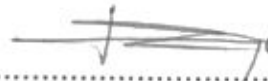
Dated this 16<sup>th</sup> day of March, 2017



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Commissioner Matthews Chikankheni (Chairman)



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Commissioner Thabisile Langa (Member)



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Commissioner Chilufya Sampa (Member)