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**Common Market for Eastern
and Southern Africa**

CASE FILE No. CCC/MER/9/25/2014

**Decision¹ of the Fifteenth Meeting of the Committee of Initial
Determination Regarding the Proposed Merger between Telkom SA SOC
Limited and Business Connexion Group Limited**

ECONOMIC SECTOR: INFORMATION AND COMMUNICATION TECHNOLOGY

11th March 2015 – Johannesburg, South Africa

¹ 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 27th February 2015, the COMESA Competition Commission (hereinafter referred to as "the Commission") received a notification for approval of a merger from Telkom SA SOC Limited (hereinafter referred to "as Telkom") and Business Connexion Group Limited (hereinafter referred to "as BCX").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations (hereinafter referred to as "the Regulations"). Under this provision 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 pursuant to Article 26 of the Regulations.
3. The Committee of Initial Determination (hereinafter referred to as "the CID") noted that the parties operate in two or more COMESA Member States. This, therefore, means that the regional dimension requirements under Articles 23(3) and 23(5) of the Regulations are satisfied and asserts jurisdiction of the Commission to assess the transaction. The parties to the transaction are currently active in the following COMESA Member States:
 - Egypt
 - Ethiopia
 - Kenya
 - Malawi
 - Mauritius
 - Rwanda
 - Swaziland
 - Uganda
 - Zambia
 - Zimbabwe

The Parties

Telkom

4. Telkom is a communications services provider in South Africa. It offers business, residential and payphone customers a wide range of services and products, including, fixed line retail voice services; fixed line customer premises equipment rental and sales services; interconnection services; fixed line data services, including domestic and international data transmission services; data centre operations; wideband code division multiple access; mobile communication services; and other services including directory services, through Swiftnet Proprietary Limited.

BCX

5. BCX is South African black empowered information and communications technology company and the holding company of a group of companies which operates primarily in South Africa, but also has offices in Kenya, Mozambique, Namibia, Nigeria, Botswana, Tanzania, Zambia, Swaziland, the United Kingdom and Dubai. BCX is primarily involved in the provisions of information systems consulting, system services and custom application development, maintenance, support and upgrade services, IT training services and managed services, full outsourcing and hosting services.

Nature of the Transaction

6. The transaction involves the acquisition of BCX assets, shares or other interests by Telkom. The proposed transaction is to be effected by way of a scheme of arrangement in terms of section 114 of the South African Companies Act 71 of 2008 to be proposed by the BCX board of directors between BCX and the holders of the Ordinary Scheme Shares and the A Scheme Shares.

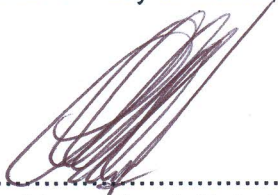
Competition Analysis

7. The CID defined the relevant market as Information and Communications Technology in the Common Market. The CID established that the relevant market appears to be generally fragmented. It further established that the transaction would not frustrate the single market objective of the Treaty in that it does not have an appreciable effect on trade between Member States.

Determination

8. The CID determined that the merger does not substantially prevent or lessen competition and is compatible with the Treaty Establishing the Common Market. The CID has therefore decided to approve the transaction.
9. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 11th day of March, 2015.



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Commissioner Alexander J. Kububa (Chairman)



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Commissioner Thabisile Langa (Member)



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Commissioner Chilufya Sampa (Member)