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Common Market for Eastern
and Southern Africa

Date: 20th January 2021

CCC Merger Inquiry Notice No. 33b of 2020

Notice of Merger Referral Request by Kenya Concerning the Proposed Merger Involving Fleming Capital Securities, Inc. and G4S PLC

It is hereby notified in terms of Article 24(8) of the COMESA Competition Regulations (the “**Regulations**”) that the COMESA Competition Commission (the “**Commission**”), after receiving a notification in terms of Article 24 of the Regulations on the proposed merger involving Fleming Capital Securities, Inc (“**Fleming Capital or the Acquiring Firm**”) and G4S PLC (“**G4S or the Target Firm**”), has received a merger referral request from the Competition Authority of Kenya (“**CAK**”) for the Kenyan part of the merger to be considered under the Competition General Rules, 2019 of Kenya.

The proposed transaction concerns an offer made by GardaWorld Security Corporation (“GardaWorld”) to acquire the entire issued and to be issued share capital of G4S through Fleming Capital Securities, Inc which is indirectly owned by GardaWorld.

The Parties

Fleming Capital

It has been submitted that the acquiring undertaking, Fleming Capital, is a newly incorporated company in the State of Delaware, USA, formed for the purposes of implementing the proposed transaction. The acquirer is a wholly owned indirect subsidiary of GardaWorld. The acquirer does not supply products nor provide services in COMESA (or elsewhere). The acquirer’s parents including GardaWorld, however, indirectly controls entities in COMESA which provide private security services including security guards mobile patrol, event security, police force support services, airport security or K9 security etc; security systems such as CCTV or asset tracking; facilities management services such as janitorial services, pest control, catering services, in-door plat care etc.; and cash services. The acquiring undertaking and/or its affiliated entities operate in the following Member States: Burundi, Democratic Republic of Congo, Kenya, Libya, Malawi, Rwanda, Uganda, and Zambia.

G4S

The parties have submitted that the target undertaking, G4S, is a public company duly incorporated and registered under the laws of the United Kingdom and listed on the London Stock Exchange with its registered address at 5th Floor, Southside, 105 Victoria Street, London SW1E 6Q, United Kingdom. The target undertaking provides the following services through

the entities it indirectly controls in the Member States: security services such as canine services, manned security, event security, patrol and surveillance; security systems service such as surveillance alarms and electric fences; secure logistics such as courier services, packaging and removal services; cash services; risk consulting and advisory services; and facilities management services. The target operates in the following Member States: Democratic Republic of Congo, Egypt, Kenya, Madagascar, Malawi, Uganda, and Zambia.

Justifications for the Referral Request

The CAK has highlighted that their preliminary review of the merger filing and their understanding of the market is that both G4S and KK Security are the largest most organised security service providers in Kenya providing a wide range of security services. Further, the entities are rivaled by smaller local security service providers.

The CAK has therefore submitted that the proposed transaction is likely to lead to concentration in certain markets in the security sector and potentially, lead to acquisition of, or enhancement of a dominant position contrary to the provisions of Section 46(2) (b) of the Competition Act No. 12 of 2010 of Kenya. This will substantially lessen competition in the sector in Kenya leading to loss of welfare to the people of Kenya.

The CAK has also submitted that being the largest security services providers, merging parties employ a large pool of employees both directly and indirectly. The merging parties also engage a number of small and medium enterprises (SMEs). In this respect, CAK has submitted that the merger is likely to affect all the public interest arrangements the merging parties have with the employees and the SMEs.

The Commission will, in accordance with the provisions of the Regulations, determine whether it shall deal with the merger itself or refer the whole or part of the merger to Competition Authority of Kenya to be assessed under the Kenyan competition law. In view of this, the Commission hereby gives notice to all interested stakeholders, including competitors, suppliers and customers of the merging parties to submit written representations to the Commission with regard to the subject matter of the proposed inquiry by emailing them to: akamanga@comesa.int. All written representations should be sent to the Commission no later than **27th January, 2021**. Representations submitted to the Commission will be treated with the strictest confidentiality and will only be used for the purpose of this inquiry.

If you wish to seek further details and/or clarifications on any aspect of this proposed transaction or need assistance you may get in touch with **Mr. Ali Kamanga, Senior Analyst - Mergers and Acquisitions** on Tel: +265 (0) 1 772 466 or E-mail akamanga@comesa.int.