

Decision No. 2 of 2018
Proposed Acquisition of Gulf Electronic Tawasul Company – Foreign
Branch by
Kalaam Telecom Bahrain B.S.C.

A Decision issued by the Telecommunications Regulatory Authority
pursuant to the Telecommunications Mergers and Acquisitions Regulation

Regulation 3 of 2004

14 March 2018
LAD 0318 072

Decision
Article 3.2(b) NON-OPPOSITION

Decision No. 2 of 2018 – Decision declaring that the Qualifying Transaction is compatible with the Telecommunications Mergers and Acquisitions Regulation 2004.

On 6 December 2017, the Telecommunications Regulatory Authority (the “Authority” or “TRA”) received a notification of a proposed transaction pursuant to Article 2 of the Telecommunications Mergers and Acquisitions Regulation¹ (the “Regulation”). Under the proposed transaction Kalaam Telecom Bahrain B.S.C. (“Kalaam”) acquires, within the meaning of Article 1.2(b) of the Regulation, 100% shareholding of Gulf Electronic Tawasul Company (“Tawasul”).

Tawasul is a company incorporated in the state of Kuwait (bearing Commercial Registration Number 110796). Tawasul has registered a foreign branch under the laws of the Kingdom of Bahrain (bearing Commercial Registration Number 69843-1) (“Tawasul Bahrain”). Tawasul Bahrain holds a telecommunications licence issued by the TRA.

After examination of the notification, the Authority has concluded that the notified transaction does not raise serious doubts as to its compatibility with the Regulation.

I. The Parties

The parties to the transaction are involved in the following activities:

- Kalaam: *Telecommunications*
- Tawasul Bahrain: *Telecommunications*
- Other minority shareholders: *Not applicable*

The parties to the transaction hold the following telecommunications licenses:

- Kalaam: *Individual License for National Fixed Services; Class License for Internet Services; Class License for Value Added Services; and Individual License for International Telecommunications Services*
- Tawasul Bahrain: *Individual License for International Telecommunications Services.*
- Other minority shareholders: *Not applicable.*

¹ Regulation 3 of 2004, issued by the Telecommunications Regulatory Authority.

II. Bahrain Telecommunications Industry

The transaction involves a market affecting the telecommunications industry in the Kingdom of Bahrain.

III. The Transaction

The transaction involves the acquisition by Kalaam of 100% of the shares in Tawasul Bahrain.

Currently the shares in Tawasul Bahrain are held as follows:

- (i) Gulf Investment Corporation holds 86.73% of the shares;
- (ii) National Technology Enterprise Company holds 8.03% of the shares;
- (iii) Gulf Investment Corporation holds 5% of the shares;
- (iv) Hani Al Shakhs holds 0.1% of the shares;
- (v) Izzat Abou Amarah holds 0.14% of the shares.

Following the proposed transaction, Kalaam will acquire 100% of the shares in Tawasul Bahrain.

IV. Competitive Assessment

After examination of the notification, the Authority has concluded that the transaction is not likely to have the effect of substantially lessening competition in the telecommunications market in the Kingdom of Bahrain.

Kalaam, as at the date of the notification, operates in a number of markets including the retail market for international leased lines. Tawasul Bahrain is also present in the retail market for international leased lines. The TRA has considered, *inter alia*, the combined market shares of Kalaam and Tawasul Bahrain in this product market on the basis that the two entities are engaged in business activities in this same relevant market (horizontal relationship). The TRA has computed the market shares for the retail market for international leased lines on the basis of (i) number of subscriptions/number of circuits and (ii) revenues.

In all computations, the resultant combined market share analysis together with due consideration of the level of competition in these markets does not lead the TRA to conclude that the proposed transaction raises serious doubts as to its compatibility with Article 4(1) and (2) of the Mergers and Acquisitions Regulation.

In line with Article 3.1 of the Regulation, the TRA announced on its website receipt of the notification, inviting interested parties to submit any submission within 14 calendar days. No submission on the proposed transaction was received from interested parties.

V. Conclusion

On the basis of the foregoing, the Authority has decided not to oppose the notified transaction and to declare it compatible with the Regulation. This decision is reached pursuant to Article 3.2(b) of the Telecommunications Mergers and Acquisitions Regulation.

This decision shall be published in accordance with the provisions of the Telecommunications Mergers and Acquisitions Regulation of 2004, and a copy of the same shall be served on the Parties and the Ministry of Industry and Commerce.



For the Telecommunications Regulatory Authority

Nasser bin Mohammed Al-Khalifa

Acting General Director

14 March 2018