

MEDIA RELEASE

Investigation Ref

INV060

Date

25 May 2023

The Commission accepts Undertakings in relation to the acquisition of Peerless Ltd, J.S. Henry Co Ltd, Peak Pools Ltd and K. Chai Hai Limited.

Introduction

The Executive Director of the Competition Commission (the “Executive Director”) has investigated the acquisition of Peerless Ltd, J.S. Henry Co Ltd, Peak Pools Ltd and K. Chai Hai Limited by the majority shareholder of SMS Pariaz Ltd (the “Acquisitions”). SMS Pariaz Ltd also had a majority stake in Silver Sports Ltd. Moreover, K. Chai Hai Limited owned, among others, Serge Henry Ltd and Bosco & Co. Ltd.

All those entities have direct or indirect involvement in the betting sector and as such, the Executive Director was concerned that the Acquisitions may affect competition in the betting sector and thereby launched an investigation.

During the investigation, undertakings were offered to address the competition concerns raised by the Executive Director. Upon being satisfied that the undertakings would address the concerns of the investigation, the Commission accepted same, and which will now have to be implemented by the parties.

The decision of the Commission is available on the website of the Competition Commission.

The Concerns of the Executive Director

The Executive Director was concerned that the Acquisitions may lessen competition as follows:

- In the **pool betting sector**, the Acquisitions may enable the parties to control 3 out of 4 pool promoters and may thus significantly increase concentration and lessen competition in the market. Some enterprises of the acquirer are also resellers of pools and as such there was also certain risk of vertical restraints that may have affected competition.
- In the **sweepstakes market**, the Executive Director was concerned that the Acquisitions may enable the acquirer to control or influence 2 out of 3 sweepstakes organisers and as such impede competition. Some enterprises of the acquirer are also resellers of sweepstakes and consequently, there was also certain risk of vertical restraints that may have harmed competition.

- In relation to the **fixed-odds football betting market**, concerns were expressed that the acquirer would control more than one licence which may be used to the detriment of competition by his ability to use coordinated odds.

The parties were informed of the concerns of the Executive Director, and they promptly offered undertakings to the Competition Commission to address those concerns.

The Undertakings

In brief, the parties have undertaken to:

- divest all their shares in J.S. Henry Co Ltd to an independent purchaser;
- offer their pool betting and sweepstakes services to resellers (agents) not related to the merger parties on a fair, reasonable and non-discriminatory (FRAND) term and to consider the resale of other pools and sweepstakes through their outlets on FRAND terms;
- ensure that Bosco & Co. Ltd, SMS Pariaz Ltd and Silver Sports Ltd determine their odds independently; and
- report on the status of the implementation of the divestment to the Competition Commission on the implementation of their undertakings for a period of three years.

Following assessment, the Executive Director formed the view that the undertakings offered would satisfactorily allay the competition concerns and, he therefore recommended the said undertakings to the Commissioners.

Subsequently, the Commissioners accepted the undertakings, and it has been given the form of have given a direction, which is now binding on the parties.

Statement of the Executive Director, Mr Deshmuk Kowlessur

“The betting sector is regulated, and the issue of new licence is limited. In such circumstances, it is important that competition prevails among the existing licence holders. It is essential to have healthy competition in such an industry to ensure that prices remain competitive, and to foster innovation.

The acquisition of a significant number of licences by one enterprise may pose significant risks to competition and may also impede innovation and market dynamics. In the present case, I was concerned that there may be a concentration of existing licences, more so in relation to pool betting.

I appreciate the collaborative stand of the parties and the undertakings offered. Indeed, such stand is most welcome as it expedites the investigative process, thereby enabling consumers and the economy to reap the benefits of competition in a speedier manner. We have also worked in close collaboration with the Gambling Regulatory Authority on the matter.

I am confident that the undertakings will restore the dynamics of competition in the potentially affected markets.”

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