

**[PCC MEMORANDUM CIRCULAR NO. 18-001,
March 05, 2018]**

**AMENDMENT OF RULE 4, SECTION 3 OF THE IMPLEMENTING
RULES AND REGULATIONS OF REPUBLIC ACT NO. 10667**

*Adopted: 01 March 2018
Date Filed: 05 March 2018*

Whereas, parties to a merger or acquisition with a transaction value that satisfies the thresholds under Section 17 of Republic Act No. 10667, otherwise known as the Philippine Competition Act ("Act") and Rule 4, Section 3 of the Implementing Rules and Regulations of Republic Act No. 10667 ("IRR") are required to notify the Commission within thirty (30) days from signing of definitive agreements relating to the merger or acquisition;

Whereas, Rule 4, Section 3 of the IRR provides that parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceeds One Billion Pesos (PhP1,000,000,000.00), and (b) the value of the transaction exceeds One Billion Pesos (PhP1,000,000,000.00), as determined in subsections (1), (2), (3) or (4) thereof;

Whereas, One Billion Pesos (PHP1,000,000,000.00) was an initial threshold ("Initial Threshold") provided in the Act and the IRR;

Whereas, Sections 12(b) and 19 of the Act respectively grant the Commission the power to determine thresholds for notification under Section 17 of the Act and adopt and publish regulations accordingly;

Whereas, the rationale for setting a threshold for notification is to ensure that mergers or acquisitions that are more likely to substantially lessen competition in the market for goods and services are subject to compulsory notification under Section 17 of the Act, and to exclude those that are less likely to pose competition concerns;

Whereas, the Commission recognizes the need to adjust the thresholds for notification to reflect inflation and economic growth;

Whereas, the Commission aims to set thresholds for notification that ensure the efficient use of its limited resources;

Whereas, based on the actual notifications to date, the Commission finds it reasonable to increase the Initial Threshold;

Now, therefore, pursuant to its authority under the Act, the Commission hereby amends the IRR as follows:

Section 1. Rule 4, Section 3 (a), (b), and (d) of the IRR is hereby amended to read as follows:

"SECTION 3. Thresholds for compulsory notification.

Parties to a merger or acquisition are required to provide notification when:

(a) The aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceeds Five Billion Pesos (PHP5,000,000,000.00).

and

(b) The value of the transaction exceeds Two Billion Pesos (PHP2,000,000,000.00), as determined in subsections (1), (2), (3) or (4), as the case may be.

(1) With respect to a proposed merger or acquisition of assets in the Philippines, if either

i. the aggregate value of the assets in the Philippines being acquired in the proposed transaction exceeds Two Billion Pesos (PHP2,000,000,000.00); or

ii. the gross revenues generated in the Philippines by assets acquired in the Philippines exceed Two Billion Pesos (PHP2,000,000,000.00).

(2) With respect to a proposed merger or acquisition of assets outside the Philippines, if

i. the aggregate value of the assets in the Philippines of the acquiring entity exceeds Two Billion Pesos (PHP2,000,000,000.00); and

ii. the gross revenues generated in or into the Philippines by those assets acquired outside the Philippines exceed Two Billion Pesos (PHP2,000,000,000.00).

(3) With respect to a proposed merger or acquisition of assets inside and outside the Philippines, if

i. the aggregate value of the assets in the Philippines of the acquiring entity exceeds Two Billion Pesos (PHP2,000,000,000.00); and