



04 January 2006

Decision to Initiate a Phase 2 Investigation under the Telecommunications Mergers and Acquisitions Regulation

TRA Case Reference No. 1 – Batelco/ANIS

On 10 December 2005, the Telecommunications Regulatory Authority (the “TRA”) received notification of a proposed transaction pursuant to Article 2 of the Telecommunications Mergers and Acquisitions Regulation¹ (the “Regulation”). Under the proposed transaction, Bahrain Telecommunications Company (B.S.C.) (“Batelco”) acquires, within the meaning of Article 1.2(b) of the Regulation, control of ANIS, presently jointly controlled by Batelco (75%) and Al Ayam Establishment (25%), by way of purchase of shares.

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

- Batelco: *telecommunications*
- ANIS: *telecommunications and IT activities*
- Al Ayam: *journalism and publishing*

The parties to the transaction hold the following telecommunications licenses:

- Batelco: *IFL, ISL, ISP, VAS, VSAT, Paging Services License, Public Access Mobile Radio Service License*
- ANIS: *ISP, VAS*
- Al Ayam: *None*

The TRA has reviewed the transaction as well as the information submitted by interested third parties, and has decided that the transaction raises serious doubts as to its compatibility with Article 4 (1) and (2) of the Regulation.

This decision has been made on the basis of the degree of concentration in the market, and the fact that the transaction could lead to ANIS gaining an unfair competitive advantage over other service providers, should it be found that there are not sufficient measures in place to ensure non-discrimination and the absence of cross-subsidization.

The TRA has therefore decided to initiate a Phase 2 investigation.

The TRA now has up to 90 days from the date of this decision to assess the transaction and to either prohibit the transaction, declare it compatible with the Regulation or declare that the transaction has been abandoned, in accordance with Article 3.5 of the Regulation.

¹ Regulation 3 of 2004, issued by the Telecommunications Regulatory Authority under sections 3(c)(1) and 65 of the Telecommunications Law.