

DECISION

TRA case reference no. 02/07 – Jordan Telecom Group/ Lightspeed Communications (share transfer and increase in share capital)

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A Decision issued by the Telecommunications Regulatory Authority under the Telecommunications Mergers and Acquisitions Regulation, Regulation 3 of 2004

27 February 2007

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Article 3.2(b) NON-OPPOSITION



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I. Background

- 1.1 On January 28 2007, the Telecommunications Regulatory Authority (“**TRA**”) received a notification of a proposed transaction pursuant to Article 2 of the Telecommunications Mergers and Acquisitions Regulation¹ (the “**Regulation**”).
- 1.2 Under the proposed transaction (as notified to TRA), the share capital of Lightspeed Communications (“**Lightspeed**”) will be increased to 40,000 shares and Jordan Telecom Group (“**JTG**”) will acquire 51% of the shares in Lightspeed (i.e. twenty thousand and four hundred (20,400) shares).
- 1.3 The Transaction will be effected through a combination of JTG subscribing for 13,770 new shares in Lightspeed and JTG purchasing the following shares from the existing shareholders of Lightspeed (together the “**Other Vendors**”): 4290 shares from Sheikh Khalid Bin Mohammad Bin Abdulla Al-Khalifa; 1170 shares from Sheikh Ibrahim Bin Khalid Bin Mohammad Al-Khalifa; 1170 shares from Sheikh Ali Bin Khalid Bin Mohammad Al-Khalifa.
- 1.4 TRA understands from the parties that France Telecom (“**FT**”) has a 51% stake in JTG.

II. The Parties

- 2.1 The parties to the Transaction are involved in the following activities:
- JTG: *Telecommunications;*
 - Lightspeed: *Telecommunications;*
 - Other Vendors: *Various activities including investment activities;*
- 2.2 The parties to the Transaction hold the following telecommunications licenses:
- JTG: *None;*
 - Lightspeed: *Internet Services Provider License, Individual National Fixed Services License, International Telecommunications Services License, Value Added Services Class License;*
 - Other Vendors: *None.*

¹ Regulation No3 of 2004

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III. Bahrain Telecommunications Industry

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

IV. The Transaction

4.1 TRA considers that, as a result of the Transaction, JTG will acquire control of Lightspeed. Therefore, TRA considers that the Transaction is a Qualifying Transaction for the purposes of Article 1.2 of the Regulation.

4.2 In reaching this conclusion TRA has considered, *inter alia*:

4.2.1 that as a result of the Transaction, JTG will acquire control of 51 % of the shares in Lightspeed; and

4.2.2 the rights of the parties to the proposed agreement for the sale of shares in Lightspeed.

V. Competitive Assessment

5.1 On the basis of the information made available by the parties to TRA and without having received any comments from interested third parties, TRA has concluded that the Transaction does not raise serious doubts as to its compatibility with the Regulation.

5.2 In reaching this conclusion TRA has considered, *inter alia*, that JTG has confirmed to TRA that JTG does not have any interests in licensed telecommunications operators in the Kingdom of Bahrain other than Lightspeed.

5.3 TRA acknowledges that, as a result of the Transaction, Lightspeed may come under the indirect control of FT for the purposes of Article 1.3 of the Regulation.

5.4 TRA also understands, based upon its own investigations, that EGN B.V., a licensed telecommunications operator in the Kingdom of Bahrain active in, *inter alia*, international calling services, may be indirectly controlled by FT for the purposes of Article 1.3 of the Regulation.

5.5 TRA further acknowledges that there may be some areas of overlap between the activities of Lightspeed and those of EGN B.V. However, TRA has not found it necessary to conduct a detailed market analysis at this stage on the basis that, *inter alia*, neither Lightspeed nor EGN B.V. have been found to have significant market power in a relevant market for the purposes of the Regulation.

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5.6 TRA will continue to monitor the behaviour and compliance of Lightspeed and EGN B.V. with the provisions of their respective licenses and the Telecommunications Law and, in particular, with provisions in relation to accounting procedures and reporting requirements.

VI. Conclusion

6.1 TRA has determined pursuant to Article 3.2(b) of the Regulation that the Transaction does not raise serious doubts as to compatibility with the Regulation.

6.2 This decision shall be published in accordance with the provisions of the Regulation, and a copy of the same shall be served on the parties and the Ministry of Industry and Commerce.

For the Telecommunications Regulatory Authority

Dr. Mohammed J. K. Alghatam

Chairman of the Board of Directors

Acting General Director

27 February 2007