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## **PCC adjusts thresholds for compulsory M&A notifications**

The Philippine Competition Commission (PCC) has adjusted the thresholds for compulsory notifications of mergers and acquisitions (M&As) to take effect beginning March 1, 2019.

In a Commission Resolution issued today, PCC raised the thresholds from PHP 5 Billion to PHP 5.6 Billion for the Size of Person (SoP) and from PHP 2 Billion to PHP 2.2 Billion for the Size of Transaction (SoT). This marks the second threshold adjustment since the Philippine Competition Act was passed in 2015 that started with a baseline threshold of PHP 1 Billion for both SoP and SoT.

PCC Memorandum Circular No. 18-001 released last year establishes the automatic annual adjustment of the thresholds based on the nominal gross domestic product (GDP) growth of the previous year rounded up to the nearest hundred millions. Based on official estimates from the Philippine Statistics Authority, nominal GDP growth in 2018 stood at 10.23 percent.

“The PCC observes that the appetite for mergers and acquisitions within a rapidly growing economy remains high. The adjustment based on nominal GDP growth ensures that the thresholds maintain their real value over time and relative to the size of the economy,” said PCC Chairman Arsenio M. Balisacan.

“A well-designed threshold must be reflective of the country’s economic condition, such that the scope of merger control remains faithful to the intent of the law. The rationale for setting a notification threshold is to ensure that M&As that are more likely to substantially lessen competition are subject to compulsory notification and review, and to exclude those that are less likely to pose competition concerns,” Balisacan added.

The revised thresholds will apply to M&As with definitive agreements executed on or after March 1. They do not apply to M&As pending review by the Commission, notifiable transactions consummated before March 1, and transactions already subject of a decision by the Commission.



The revised SoP and SoT thresholds, when met together, are considered triggers for entities to notify PCC of their transactions. SoP refers to the value of assets or revenues of the Ultimate Parent Entity of at least one of the parties, while SoT refers to the value of assets or revenues of the acquired entity.

To date, the Commission has received a total of 177 transactions and approved 161 of them amounting to a combined value of PHP 2.83 Trillion. The top 5 most active sectors remain largely unchanged from last year: manufacturing, finance and insurance, real estate, electricity and gas, and transportation and storage.

PCC, the country's antitrust body, is mandated under the Philippine Competition Act to review mergers and acquisitions to ensure that these deals will not substantially prevent, restrict or lessen competition in the relevant market. To learn more, visit <https://www.phcc.gov.ph>.

*(See Commission Resolution No. 03-2019: Adjusting the Merger Notification Thresholds Pursuant to Memorandum Circular No. 18-001 [here](#) and PCC Advisory 2019-001: Adjustment of the Thresholds for Compulsory Notification of Mergers and Notifications [here](#).)*

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**REFERENCE:**

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