

PRESS RELEASE
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PCC: New merger notification thresholds set at P7B for SoP and P2.9B for SoT

The Philippine Competition Commission (PCC) has recalibrated the thresholds for compulsory notifications of mergers and acquisitions, marking an increase to reflect changes in the economy facing high inflation and reeling from the effects induced by the pandemic.

Beginning March 1, 2023, mergers and acquisitions that breach a *Size of Party (SoP)* of P7 billion and a *Size of Transaction (SoT)* of P2.9 billion will have to be notified to the PCC for mandatory merger review.

The Commission's merger review thresholds are adjusted to keep pace with the changes in the markets and to reflect the businesses' real value over time and relative to the size of the economy.

The revised thresholds 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.

Both thresholds must be satisfied to trigger compulsory notification to PCC of a merger or acquisition. *SoP* refers to the value of assets or revenues of the Ultimate Parent Entity of either transacting entity, while *SoT* refers to the value of assets or revenues of the acquired party and the entities it controls.

PCC annually adjusts its thresholds following Memorandum Circular No. 18-001 which is based on the official estimate of the nominal Gross Domestic Product (GDP) growth of the previous year. Based on official estimates from the Philippine Statistics Authority, the nominal GDP growth in 2022 stood at 13.5 percent.

With the lapse of the period from September 2020 to September 2022 during which the thresholds were set at P50 Billion by the Bayanihan to Recover as One Act, PCC resumed its annual thresholds adjustment since it started with a baseline threshold of P1 Billion under the Philippine Competition Act.

To date, PCC has approved 206 transactions with a total transaction value of P4.94 Trillion. The top 5 sectors with the most number of M&A agreements involve manufacturing (51 transactions), financial and insurance (42), real estate (33), electricity and gas (27), and transportation and storage (19).

In the event transactions with high public interest do not meet the thresholds, the PCC may launch *motu proprio* reviews in the interest of consumers.

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Related Links:

- Memorandum Circular No. 18-001: bit.ly/pcc-mc18001-thresholds
- Commission Resolution No. 04-2023: <https://bit.ly/pcc-reso-thresholdsadjust2023>

REFERENCE:

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