

Completed acquisition by Immediate Media Company Bristol Limited of certain assets of Future Publishing Limited

Introduction

1. On 23 October 2014, the Competition and Markets Authority (CMA) decided under section 22(1) of the Enterprise Act 2002 (the Act) that it believes that it is or may be the case that Immediate Media Company Bristol Limited's (Immediate Media) completed acquisition of a number of print magazine titles (with associated websites and digital versions) and other assets from Future Publishing Limited (Future) (the Merger) has resulted or may be expected to result in a substantial lessening of competition (SLC) within a market or markets in the United Kingdom (the SLC decision).
2. On 30 October 2014, Immediate Media offered undertakings to the CMA for the purposes of section 73(2) of the Act. As required under section 73A(1) of the Act, Immediate Media made this offer within five working days beginning the day after the CMA notified it of the SLC decision under section 34ZA(1)(b) of the Act. The CMA now gives notice, pursuant to section 73A(2)(b) of the Act, to Immediate Media that it considers that there are reasonable grounds for believing that the undertaking offered, or a modified version of it, might be accepted by the CMA under Section 73(2) of the Act and that it is considering the offer.

The undertaking offered

3. Under section 73 of the Act, the CMA may, instead of making a reference for a phase 2 investigation, and for the purpose of remedying, mitigating or preventing the substantial lessening of competition concerned or any adverse effect which has or may have resulted from it or may be expected to result from it, accept from such of the parties concerned as it considers appropriate undertakings to take such action as it considers appropriate.
4. Immediate Media has offered to divest assets in the needlecraft and genealogy print magazine segments that it believes will satisfy the CMA that the SLC identified in these segments in the SLC decision, will be remedied. Further, Immediate Media also proposes to undertake that, prior to the acceptance of these undertakings by the CMA, Immediate Media will enter

into a legally binding agreement with a buyer (or buyers) approved by the CMA to complete these divestments to the satisfaction of the CMA.

5. The proposed divestment will result in Immediate Media selling all magazine titles and associated websites in the needlecraft and genealogy markets that it purchased from Future. In addition to these magazine titles, Immediate Media's offer includes [X].
6. The proposed divestments are intended to remove the overlaps that resulted in the SLC finding. The CMA therefore considers that, if the undertaking offered, or a modified version of it, is accepted by the CMA it would represent a clear cut structural remedy that will be effective.
7. The CMA is satisfied that the undertaking offered, or a modified version of it, might be acceptable as a suitable remedy under section 73 of the Act.

Upfront buyer

8. The CMA will only accept undertakings which are capable of ready implementation.¹ The CMA's guidance states that 'the CMA will normally seek an upfront buyer where the divestiture package is not an existing standalone business'.² In this case, Immediate Media's proposed divestment packages are not standalone businesses with the ability to produce and distribute print magazines. The CMA anticipates that the buyer [X], which reduces the number of possible buyers for the divestment business/businesses. The CMA has therefore decided that, if it were to accept an undertaking, it should include an upfront buyer provision. Immediate Media has indicated in its offer that it anticipated an upfront buyer process in this case.
9. An upfront buyer requirement means that the proposed buyer will be required to have committed contractually, subject to formal CMA approval of the undertakings, to acquiring the relevant divestment businesses before the CMA accepts the undertakings. This means that the CMA will accept undertakings only where a sale to an upfront buyer has been agreed subject only to the condition that the CMA approves the sale, thereby demonstrating that a sale to a suitable buyer is achievable. It also means that the CMA will consult publicly on the suitability of the proposed buyer, as well as any other aspects of the draft undertakings, during the public consultation period.

¹ [Mergers – Exceptions to the duty to refer and undertakings in lieu of reference guidance](#) (OFT1122, December 2010), paragraph 5.7. This guidance has been adopted by the CMA (see *Mergers: Guidance on the CMA's Jurisdiction and Procedure* (CMA2, January 2014), Annex D).

² [Mergers: Guidance on the CMA's jurisdiction and procedure](#) (CMA2, January 2014), paragraph 8.34.

Consultation process

10. Full details of the undertaking offered will be published in due course when the CMA consults on the undertakings offered as required by Schedule 10 of the Act.³

The decision

11. The CMA considers that there are reasonable grounds for believing that the undertaking offered by Immediate Media, or a modified version of it, might be accepted by the CMA under Section 73(2) of the Act. The CMA now has until 6 January 2015 pursuant to section 73A(3) of the Act to decide whether to accept the undertaking, with the possibility to extend this timeframe pursuant to section 73A(4) of the Act to 3 March 2015 if it considers there are special reasons for doing so. If no undertaking is accepted, then the CMA will refer the Merger pursuant to sections 22(1) and 34ZA(2) of the Act.

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³ *Mergers: Guidance on the CMA's jurisdiction and procedure* (CMA2, January 2014), paragraph 8.29.