
PRESS RELEASE
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**PCC provisionally sets thresholds for mandatory M&A notification:
P6.1B for Size of Party, P2.5B for Size of Transaction**

The Philippine Competition Commission (PCC) will begin implementing the thresholds provisionally set for compulsory notification of mergers and acquisitions on September 16, 2022.

If mergers and acquisitions meet the thresholds for compulsory notification, these transactions will be subject to review by the PCC before they can be consummated. Starting September 16, 2022, mergers and acquisitions that reach a Size of Party (SoP) of P6.1 billion and a Size of Transaction (SoT) of P2.5 billion will have to be notified to the PCC for mandatory merger review. The SoP refers to the aggregate value of assets or revenues in the Philippines of the ultimate parent entity of one of the parties to a transaction, while the SoT refers to the value of assets or revenues of the acquired entity and the entities it controls. These thresholds will remain effective until the approval of the Commission *en banc* of new thresholds for compulsory notification.

Since the 2-year temporary thresholds of P50 billion for SoP and SoT under the Bayanihan to Recover as One Act (Bayanihan 2) were set to expire on September 15, 2022, the PCC calculated the thresholds to be provisionally set by updating the 2020 thresholds based on the country's nominal gross domestic product (GDP) growth in the past two years, reflecting the contraction of the economy by 8.09% in 2020 and subsequent growth of 8.13% in 2021. Parties seeking confirmation that they are not subject to compulsory notification under the previous P50 billion thresholds must submit definitive agreements signed before September 16 with their Letter of Non-Coverage (LNC) to the PCC's Mergers and Acquisitions Office.

Under the two-year effectivity of the thresholds under Bayanihan 2, the PCC received notifications of 9 transactions, 6 of which were approved, and 3 withdrawn. During this period, the PCC also processed 55 LNCs for transactions that did not breach the Bayanihan 2-prescribed thresholds¹, involved internal restructuring² or consolidation of ownership without change in control³, and referred to the acquisition of lands.⁴

Before legislative intervention, the thresholds in 2020 were P6 billion for SoP and P2.4 billion for SoT. Originally set at P1 billion in 2015 under the Philippine Competition Act, the initial merger thresholds have since been subject to adjustment under PCC Memorandum Circular 2018-001. This ensures that the notification thresholds account for inflation and the country's overall economic performance.

To date, the PCC has received a total of 227 notifications and has approved 205 transactions with a combined value of P4.63 trillion. It has blocked 1 harmful transaction and conditionally approved 2 transactions on account of the parties' commitments to address competition concerns.



Parties who know of mergers and acquisitions that did not meet the thresholds in the last two years but which may have led to monopolies or adverse effects in the market may report these to mergers@phcc.gov.ph.

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[¹] Notification thresholds under the Bayanihan 2 Act

[²] Internal restructuring under PCC Clarificatory Note No. 16-002

[³] Consolidation of ownership under PCC Clarificatory Note No. 18-001

[⁴] Land acquisition under PCC Clarificatory Note No. 19-001

Commission Resolution: <https://bit.ly/crn18-2022-thresholds>

About the PCC

The Philippine Competition Commission is a national government agency duly mandated by the Philippine Competition Act (RA 10667) to promote competition in the market, prohibit anti-competitive agreements, abuses of market dominance, and anti-competitive mergers and acquisitions, and push for a level playing field among businesses.

Reference:

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