

Antitrust/Competition: Non-Adversarial Proceeding & Merger Control

First Conditional Clearance Issued by the Egyptian Competition Authority ("ECA")

The ECA has issued its first conditional clearance of a notified economic concentration on October 13, 2024.

The ECA received a notification regarding the envisioned acquisition by Afaq Al-Elam Investment Company, a wholly owned subsidiary of Saudi Egyptian Investment Company (SEIC) (along with its subsidiaries "SEIC Group") of a minority stake of Social Impact Capital Ltd (SIC), through subscription in capital increase at the level of SIC. SIC currently holds a majority stake in the share capital of Cairo for Investment and Real Estate Development S.A.E (CIRA).

Post-transaction, SEIC will hold a minority stake in CIRA, which would, according to the ECA, give SEIC the ability to exercise material influence over the companies in which CIRA and *its related parties* have more than 50% of their share capital such as Badr University and the Egyptian Company for HealthCare Services (Egyptian Company) (Investee Companies).

According to the ECA, there is a *potential* horizontal overlap between SEIC Group and the Investee Companies in the market for hospital medical services in Egypt. The ECA imposed behavioral remedies, by virtue of which it restricts the ability of SEIC Group to materially influence the strategic commercial decisions of the Egyptian Company or to have access to its commercially sensitive information. These remedies include, inter alia, the following:

- a) Prohibition of cross-board membership of the representative of the SEIC Group on each of the board of Cleopatra Hospitals Company and the board of CIRA or the board of trustees of Badr University.
- b) Each of the Egyptian Company and the representatives of SEIC Group on the board of directors of CIRA and the board of trustees of Badr University must sign a confidential and non-disclosure agreement by virtue of which such representatives will maintain the confidentiality of the commercially sensitive information of the Egyptian Company in case they have access to such information.
- c) In case the resolutions of the ordinary and/or extraordinary shareholders meetings of the Egyptian Company will be discussed during a board meeting of CIRA, and the meeting of the board of the trustees of the Badr University, such meetings of the boards of CIRA and



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Badr University (Board Meetings) must be limited only to discussion of such resolutions or a draft thereof.

- d) Representatives of SEIC Group on the board of directors of CIRA and the board of trustees of Badr University must refrain from attending the Board Meetings.
- e) SEIC Group must refrain from exchanging the commercially sensitive information of Cleopatra Hospital Company with CIRA and/or Badr University.
- f) Each of CIRA, Badr University, and the Egyptian Company must refrain from exchanging the commercially sensitive information of the Egyptian Company with SEIC Group.

The ECA defined *sensitive information* in its decision very broadly indicating that it consists of all information that may result in change in the competitive behavior of the concerned parties. The ECA also indicated that they would monitor the implementation of the above remedies. Finally, the ECA indicated that any future direct or indirect acquisition by SEIC Group of material influence over the Egyptian Company must notify the ECA of such acquisition in case such acquisition satisfies the financial thresholds for merger control filing.



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