



**Channel Islands Competition Laws**  
**CICRA Guideline 9 - Applications for**  
**Guidance and Exemptions**

Consultation Draft

Draft issued December 2013

## What this guideline is about

This guideline is one in a series of publications designed to inform businesses and consumers about how we, the Channel Islands Competition and Regulatory Authorities (CICRA), apply competition laws in the Channel Islands. Details of how to obtain copies, are at the back of this guideline.

The purpose of this guideline is to explain to consumers, businesses and their advisers the provisions in the competition laws that enable businesses to request guidance where there is a risk of infringing the competition laws, or to apply for an exemption from the competition laws for an anti-competitive agreement. Specifically, this guideline has been prepared to explain Part 2 and Part 6 of the *Competition (Jersey) Law 2005* and Part II, Part VI and Section 56 of *The Competition (Guernsey) Ordinance, 2012*.

This guideline should not be relied on as a substitute for the laws themselves. If you have any doubts about your position under the laws, you should seek legal advice.

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# 1 Introduction

## Why is competition important?

Open and vigorous competition is good for consumers because it can result in lower prices, new products of a better quality and more choice. It is also good for fair-dealing businesses, which flourish when markets are competitive.

## Competition laws in the Channel Islands

In the Channel Islands, the *Competition (Jersey) Law 2005* and *The Competition (Guernsey) Ordinance, 2012*, prohibit anti-competitive behaviour, including anti-competitive agreements between businesses and the abuse of a dominant position in a market. They also require certain mergers and acquisitions to be notified to CICRA for approval.

## **What is CICRA?**

The Jersey Competition Regulatory Authority (JCRA) and the Guernsey Competition and Regulatory Authority (GCRA) co-ordinate their activities with respect to competition law enforcement in the Channel Islands. For the purpose of this document, the JCRA and the GCRA are together referred to as CICRA, and all references in this document to CICRA should therefore be read as references to each of the JCRA and the GCRA, unless the context otherwise requires.

## **What powers does CICRA have?**

Through the JCRA and GCRA, CICRA has a wide range of powers to investigate businesses suspected of breaching the law. We can order that offending agreements or conduct be stopped and levy financial penalties on businesses and individuals for the breach.

## **What types of organisation are considered a 'business'?**

Throughout this guideline, we refer to a 'business'. This term (referred to as an 'undertaking' in the representative laws) means any entity engaged in economic activity, irrespective of its legal status, including companies, partners, cooperatives, States' departments and individuals operating as sole traders.

## **A Note on European Union (EU) Competition Law**

The competition laws in Guernsey and Jersey are modelled on the competition provisions in the Treaty on the Functioning of the EU. The Channel Islands' legislation places certain obligations on CICRA and the Royal Court in each island when applying the competition laws:

- In Jersey, Article 60 of the *Competition (Jersey) Law 2005* provides that so far as possible questions arising in relation to competition must be dealt with in a manner that is consistent with the treatment of corresponding questions arising under EU competition law; and
- In Guernsey, Section 54 of *The Competition (Guernsey) Ordinance, 2012* provides that CICRA and the Royal Court must take into account the principles laid down by, and any relevant decisions of, the European courts in respect of corresponding questions arising under EU competition law.

As noted above, CICRA must endeavour to ensure that, as far as possible, competition matters arising in the Channel Islands are dealt with in a manner consistent with – or, at least, that takes account of – the treatment of corresponding questions under EU competition law. Relevant sources include judgments of the European Court of Justice or General Court, decisions taken and guidance published by the European Commission, and interpretations of EU competition law by courts and competition authorities in the EU Member States. Article 60 and Section 54, however, do not prevent us from departing from EU precedents where this is appropriate in light of the particular circumstances of the Channel Islands.

## **2 Applications for Guidance and Exemptions**

The competition laws in the Channel Islands provide that businesses can seek guidance from CICRA on whether planned courses of action would be considered an anti-competitive arrangement or an abuse of dominance.

A business cannot ask for guidance on whether a planned course of action would breach the provisions in relation to mergers and acquisitions.

Guidance cannot be requested for current business conduct, because the laws only allow us to provide guidance on proposed courses of action.

The laws allow us to exempt certain types of arrangements from the law. In addition, the Minister for Economic Development in Jersey and the Minister for Commerce & Employment, through a resolution of the States of Deliberation, in Guernsey are able to grant exemptions if they are satisfied that there are compelling public policy reasons for so doing.

In addition, under the Guernsey law, a business can also request guidance as to whether a planned course of action would contravene a condition of an exemption.

### **The Need to Provide Correct Information**

As detailed in this guideline, both requests for guidance and applications for exemption must be signed by an authorised representative of the applicant. Applicants requesting guidance or an exemption should note that it is an offence under the laws to knowingly or recklessly provide CICRA with information that is false or misleading. Furthermore, the provision of false, incomplete or misleading information is grounds for us to withdraw guidance or an exemption. Thus, applicants must ensure that the information they provide to us is true, accurate, and complete to the best of their knowledge and belief.

### 3 Applications for Guidance

An application for guidance under Article 43 of the *Competition (Jersey) Law 2005* or an application for an opinion under Section 37 of *The Competition (Guernsey) Ordinance, 2012* must be made in writing and signed by an authorised representative of the applicant. The application must provide details of:

- the proposed course of action, including a copy of any agreement(s) the parties intend to sign;
- the parties involved;
- the products or services involved;
- why the application for guidance has been made, i.e. why the parties believe that the proposed course of action may raise a compliance issue under the laws;
- the industry(ies) or market(s) that might be affected by the course of action (for more information see CICRA Guideline 7 - Market Definition);
- how competition works in the industry/market affected, for example, how vigorous competition is, and who the main participants are (including information on market shares, capacities etc. and the identity of the parties' main suppliers and customers, possible new entrants, and what possible substitute products exist);
- all documents prepared by or for the parties analysing the effect of the proposed course of action on markets or competition, including any projected financial data; and
- local turnover for the parties for the last two years; and any arguments the parties wish to make that the proposed course of action does not infringe the laws, together with supporting evidence.



The confidentiality of information and documents submitted with an application for guidance is subject to the protections set out in the laws. An applicant is not required to disclose information or documents protected from disclosure by legal professional privilege. We have the discretion to modify the information required, depending on the circumstances.

The applicant seeking guidance must pay towards the work involved in connection with the application. The fee for simple guidance is £2,000. Where the issues arising from the application, or the facts covered by the application, are more complex, the fee will depend on CICRA's estimate as to its reasonable costs, fees and expenses in connection with determination of the application. An applicant will be required to pay the fee when the application is made, and should discuss the amount of the fee that will payable before lodging the application.

Guidance will normally be provided within four weeks of a full application being made, subject to the complexity of the matter. CICRA also reserves the right to request additional information, and any delays in submitting the information are likely to delay the provision of the guidance.

A public version of the guidance that concludes that the planned course of action will not infringe the law will be published. Guidance that the planned course of action could infringe the law remains confidential between us and the applicant. However, in some circumstances, we may be unable to provide the guidance sought without consulting with other parties/competitors. In such circumstances, if the application contains confidential information, the applicant will be asked to provide a version of the application for disclosure to third parties.

## **CICRA procedure**

CICRA will consider the information provided and may ask for additional information or documents. The laws provide that if any information or documents that we reasonably require in order to give guidance are not provided within a reasonable time, we need not proceed with the request. If we send you a request for further information or documents, the request will advise you of the date by which you need to respond. We may also ask you to attend one or more meetings to explain your application in more detail and to answer questions arising from the application.

We will provide our guidance to you in writing and a public version will be published on our website where we conclude that the planned course of action will not infringe the law. We will consult with you to ensure that all commercially sensitive information has been removed.

## **Effect of guidance**

If CICRA gives guidance that a proposed course of action is unlikely to breach the competition laws, we cannot investigate the course of action unless we:

- have reasonable cause to suspect that there has been a material change of circumstances since we gave the guidance;
- have reasonable cause to suspect that the information on which we based our guidance was incomplete, false or misleading in a material particular;
- have reasonable cause to suspect the course of action is a breach of the provisions of the law in respect of mergers and acquisitions; or
- receive a complaint concerning the course of action, either before or after it is implemented by the parties.

## 4 Applications for Exemption

*The Competition (Guernsey) Ordinance, 2012*, carves out certain sectors of the Guernsey economy from the application of competition law, as follows:

- any matter in respect of which provision may be made under *The Public Transport (Guernsey) Law, 1984*, *The Milk and Milk Products (Guernsey) Law, 1955* or *The Air Transport Licensing (Guernsey) Law, 1995*;
- an agreement to the extent to which it is made in order to comply with a requirement imposed by or under an enactment in force in Guernsey;
- an agreement to the extent to which it is made in order to comply with, or to the extent to which it is or includes, a planning covenant within the meaning of *The Land Planning and Development (Guernsey) Law, 2005*; and
- any other matter specified by the Resolution of the States where they are satisfied that there are exceptional and compelling reasons of public policy why the Ordinance ought not to apply.

The Competition Ordinance also allows any party to an agreement or proposed agreement that might infringe Section 5 to apply to CICRA for an exemption. Exemptions are not available in respect of conduct that constitutes an abuse of a dominant position under Section 1, or a notifiable merger & acquisition under Section 13.

The *Competition (Jersey) Law 2005* does not contain any exemptions in respect of particular conduct or sectors. However, the Law does allow any party to an arrangement or proposed arrangement that might infringe Article 8 to apply to CICRA for an exemption. Exemptions are not available in respect of conduct that constitutes an abuse of a dominant position under Article 16, or a notifiable merger & acquisition under Article 20.

### **Qualifications for exemption**

CICRA cannot grant an exemption to an anti-competitive agreement or arrangement unless we are satisfied that it:

- is likely to improve the production or distribution of goods or services, or to promote technical or economic progress in the production or distribution of goods or services;
- will allow consumers of those goods or services a fair share of any benefit resulting from the agreement or arrangement;
- does not impose on the businesses concerned terms that are not indispensable to attainment of the objectives mentioned in the bullet points above; and
- does not afford the businesses concerned the ability to eliminate competition in respect of a substantial part of the goods or services in question.

For more information see CICRA Guideline 2 - Anti-Competitive Arrangements.

## How to make an application

Before submitting an application for exemption, an applicant may ask CICRA for an informal meeting to discuss whether the proposed application is necessary and, assuming it is, what specific information must be provided.

An application for exemption must be on the prescribed form (see Annex 1) and must provide the following information:

- details of the agreement or arrangement, including a copy of any agreement(s) the parties have signed or intend to sign;
- details of the parties involved;
- details of the products or services involved;
- details of the industry(ies) or market(s) that might be affected by the agreement or arrangement, (for more information see CICRA Guideline 7 - Market Definition);
- a description of how competition works in the industry/market effected, for example, how vigorous competition is and who the main participants are (including information on market shares, capacities etc., and the identity of the parties' main suppliers and customers, possible new entrants, and what possible substitute products exist);
- all documents prepared by or for the parties analysing the effect of the agreement or arrangement on markets or competition, including any financial data;
- what clauses of the agreement or arrangement the applicants think may be anti-competitive and why; and
- evidenced reasoning as to why the parties believe that the agreement or arrangement satisfies all four criteria for exemption as set out in the laws.

The application must be signed by an authorised representative of the applicant using the prescribed wording set out in Annex 2. The confidentiality of information and documents submitted with an application for exemption is subject to the protections set out the laws. It is the applicant's responsibility to clearly indicate the information contained in or submitted with the application it believes is confidential and not subject to disclosure by us to third parties, giving reasons why this information should not be disclosed.

Whilst upon receipt of an application, we will contact the applicant to confirm the scope of confidentiality, it remains, at all times, the responsibility of the applicant and, if different, the person to whom the information relates, to advise us what, if any, information should be treated as confidential and why. We will deem both the applicant and, if different, the person to whom the information relates, to have consented to the disclosure of information contained in or submitted with an application that has not been indicated as confidential.

There is no fee involved for an application for an exemption.

A decision on the granting of an exemption will normally be provided within four weeks of a full application being made, subject to the complexity of the matter.

## **CICRA procedure**

As with applications for guidance, CICRA will consider the information provided and may ask for additional information or documents. If you are sent a request for further information or documents, the request will advise you of the date by which you need to respond. We may also ask you to attend one or more meetings to explain your application in more detail and to answer questions arising from the application.

The laws provide that we must publish the details of an application for exemption as part of the public consultation and consider representations made to it. A notice of the application will be published in the local press and on our website. In addition, we may contact other industry participants, e.g. competitors, customers, suppliers and trade associations, concerning the application and the potential effect of an exemption on competition.

We will consider the information provided by the applicant together with any representations we receive from other parties when deciding whether an exemption would meet the four criteria referred to above.

If we grant an exemption, either with or without conditions or obligations, we will publish the decision on our website. Additionally, we may publish decisions to *not* grant an exemption. If an application for an exemption is not granted, we are likely to conclude that the arrangement hinders competition to an appreciable extent and is therefore prohibited and will issue an infringement decision to this effect.

### **Imposing conditions or obligations**

CICRA may attach conditions or obligations to an exemption. We may also grant the exemption for a set period or post-date an exemption.

Examples of the type of condition that may be required are where an agreement or arrangement:

- covers several products and there are competition concerns associated with only one of the products - an exemption could be granted with the condition that the product likely to cause a lessening of competition is excluded from the agreement or arrangement; or
- would improve the production of a product, but it includes a clause that was so restrictive that it would eliminate competition in the distribution of that product - an exemption may be granted, subject to the condition that the clause is removed from the agreement or arrangement.



### **Effect of exemption**

If CICRA grants an exemption for an agreement or arrangement, we cannot take any action regarding the agreement or arrangement during the period of the exemption. However, an exemption ceases to have effect if a condition or obligation is breached. Furthermore, we may withdraw an exemption, vary or remove a condition or obligation, or impose additional conditions or obligations if:

- there are reasonable grounds to believe there has been a material change in the circumstances since the exemption was granted; or
- there are reasonable grounds to suspect that the information on which the decision was based was incomplete, false or misleading in a material particular; or
- there has been a failure to comply with a condition or obligation.

A failure to comply with a condition or obligation may be brought to our attention by a third party complainant or by any other means.

## 5 Informal Approaches

Apart from the formal procedures described above, parties can also contact CICRA on an informal basis to ask about the competition laws in the Channel Islands and the potential applicability of those laws to specific circumstances. Parties may informally approach us by letter, email, or phone, either directly or through their advisers. Information provided to us in such circumstances is subject to the protections from disclosure detailed in the laws.

The laws do not require us to respond to an informal approach, and the decision on whether or not to respond – as well as the timing, form and content of any response provided – are all within our discretion. Unlike guidance or exemptions, any response provided to an informal approach is not binding on us. Depending on the circumstances, we may request that a party making an informal approach seek formal guidance or an exemption, for the conduct or potential conduct described.

## 6 Key Differences between Guidance and Exemptions

	<b>Guidance</b>	<b>Exemption</b>
Coverage	Any planned course of action that may breach prohibitions regarding anti-competitive agreements or arrangements or the abuse of a dominant position.	Planned or existing arrangements that may breach the prohibitions regarding anti-competitive agreements or arrangements. No exemption is possible in relation to the abuse of a dominant position or the mergers and acquisitions provisions.
Confidentiality	A public version of the guidance that concludes that the planned course of action will not infringe the laws will be published.	The laws require that CICRA publishes details of exemption applications and decisions of exemptions that have been granted.
Legal Certainty	Provides parties with guidance on the potential applicability of the prohibitions regarding anti-competitive agreements or arrangements, or abuse of a dominant position. However, guidance is no bar to action if CICRA receives a complaint or to third party civil actions.	If granted, an agreement or arrangement is exempt from the laws. An exemption may be withdrawn in particular circumstances e.g. the terms of the agreement or arrangement materially change.
Fee	£2,000, or more, depending on complexity	No fee
Time	Guidance will normally be provided within 4 weeks.	A decision will usually be provided within 4 weeks.
Consequences of Negative Decision	Guidance that the planned course of action could infringe the laws remains confidential between CICRA and the applicant.	A refusal to grant an exemption will be published, in addition to an infringement decision under the prohibitions regarding anti-competitive arrangements.

## 7 How can I find out more?

Please contact us if you have a question about the competition laws in either island, or if you suspect that a business is breaching the law and wish to complain or discuss your concerns.

2<sup>nd</sup> Floor Salisbury House  
1-9 Union Street  
St Helier  
Jersey  
JE2 3RF

T: +44 (0) 1534 514990  
E: [info@cicra.je](mailto:info@cicra.je)

Suites B1 & B2  
Hirzel Court  
St Peter Port  
Guernsey  
GY1 2NH

T: +44 (0) 1481 711120  
E: [info@cicra.gg](mailto:info@cicra.gg)

### Publications

All our publications, including the detailed guidelines we publish covering specific areas of the laws, can be downloaded from our website: [www.cicra.je](http://www.cicra.je) and [www.cicra.gg](http://www.cicra.gg). You can order copies of our publications by telephone from the numbers above.

## Annex 1 - Exemption Application Form

The Exemption Application Form is intended to assist Applicant(s) to provide information to us in a structured way. Providing the information requested below will generally be sufficient to assess an application for exemption although we may have to request further information or seek clarification from you.

### 1 Preliminary Information

#### 1.1 Contact details of the parties to the arrangement, including

The principal contact, their name and title, the business addresses, telephone number, email address and website. For companies include details of where the company is incorporated, its registered office and if any of the parties or parents are listed companies, provide details of the listing.

#### 1.2 Contact details for the parties' authorised legal representative(s) including name and title, telephone number and email address.

#### 1.3 Are the parties making a joint application?

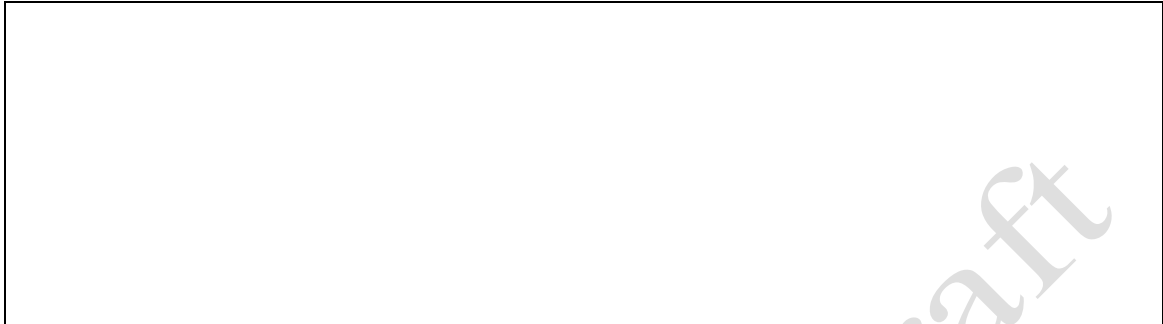
1.4 Is the application being made under Article 9 of the Competition (Jersey) Law 2005 and/or Section 6 of the Competition (Guernsey) Ordinance 2012?

1.5 Explain why the parties are required to seek approval for the exemption under that legislation.

**2 Description of the Arrangement**

2.1 Provide a summary of the agreement between the parties, setting out the arrangement and all supplemental agreements that the parties have signed or intend to sign. If the arrangement is in writing please provide a copy of the final version or the latest draft.

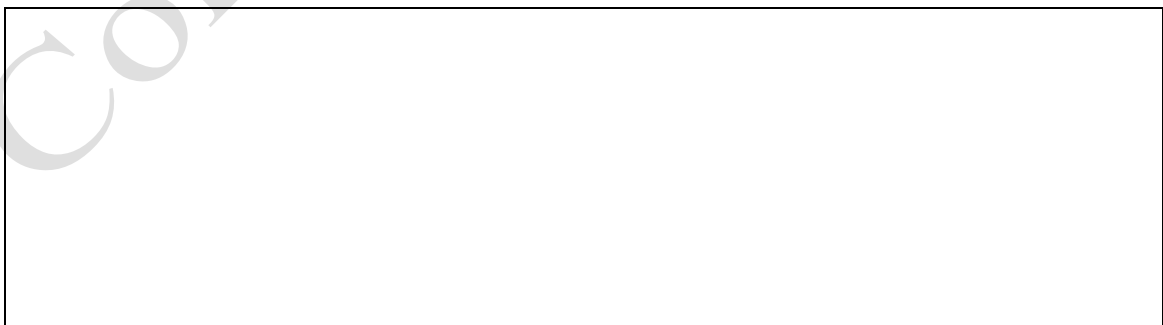
2.2 Explain, with express reference to clauses in the agreement, why you consider the arrangement to be anti-competitive. Please refer to the types of arrangement detailed in Article 8(2) of the Jersey Law or Section 5(2) of the Guernsey Ordinance if applicable



2.3 Confirm whether the arrangement is a unique arrangement or part of a category of practices, either involving at least one of the parties to the arrangement or involving other businesses than the parties active in the same sector.



2.4 Provide details of how long the arrangement has been, or is anticipated to be, in place.



### 3 Effects on Competition

- 3.1 Briefly explain giving reasons, what you consider to be the economic markets both geographically, and in terms of the product, in order to assess the competition effects of the merger. CICRA Guideline 7 – Market Definition may help with this.

- 3.2 Provide a description of how competition works in the market(s) identified in 3.1 above. Give details of market shares, competitors/suppliers/consumers. Do businesses compete on price, service, quality or innovation? What are the customary terms with suppliers and customers? What substitutable products exist to those covered by your arrangements?

- 3.3 With express reference to each of the following four criteria detailed in Article 9(3) of the Jersey Law or Section 6(2) of the Guernsey Ordinance, explain why you consider the arrangement satisfies the criteria for exemption:

- 3.3.1 Is it likely to improve the production or distribution of goods or services, or to promote technical or economic progress in the production of goods or services?;



3.3.2 Will it allow consumers of those goods or services a fair share of any resulting benefit?;



3.3.3 What steps have been taken to ensure it does not impose on the businesses concerned terms that are not necessary to the attainment of the objectives mentioned in 3.3.1 and 3.3.2?;

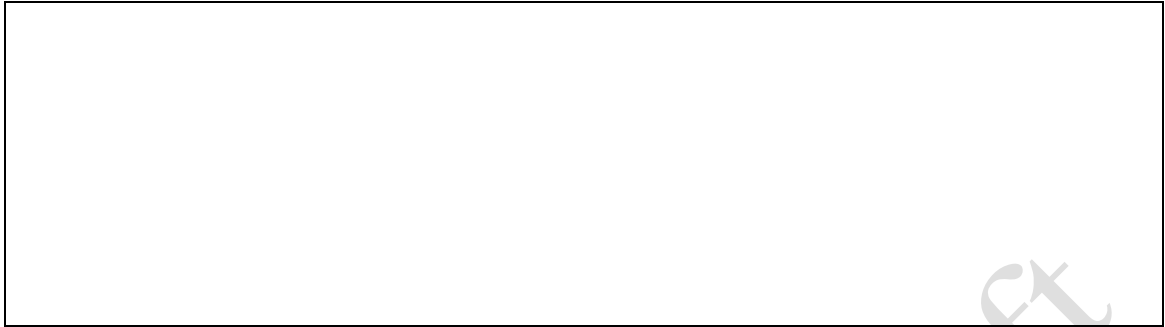


3.3.4 It does not afford the company concerned the ability to eliminate competition in respect of a substantial part of the goods or services in question.

3.4 Provide details as to the duration of the exemption sought. Explain when you would like the exemption to be effective from, giving reasons if you are requesting any retroactive effect.



3.5 Provide details, including dates, in respect of other exemptions sought by the any of the applicants in the past.



3.6 Provide a brief assessment of any other features that we should take into account in considering the effect of the arrangements.



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## Submission

A hard copy plus an electronic copy of the completed application form, together with any attachments, should be sent to CICRA at either:

2<sup>nd</sup> Floor Salisbury House  
1-9 Union Street  
St Helier  
Jersey  
JE2 3RF

T: +44 (0) 1534 514990  
E: [info@cicra.je](mailto:info@cicra.je)

Suites B1 & B2  
Hirzel Court  
St Peter Port  
Guernsey  
GY1 2NH

T: +44 (0) 1481 711120  
E: [info@cicra.gg](mailto:info@cicra.gg)

The application must include a completed declaration in the format shown in Annex 2.

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## Annex 2 – Declaration

The following Declaration must be submitted together with the completed Exemption Application Form.

### Declaration

I declare that:

- The information given herein and in any appendices and attachments hereto is, to the best of my knowledge and belief, accurate and complete, that all estimates are identified as such and are the best estimates of the underlying facts, and that any opinions expressed herein are sincere.
- Photocopies of any documents submitted with this Exemption Application Form are exact duplicates of the original documents.
- I have read and am aware of the provisions of Articles 8, 9 and 55 of the Competition (Jersey) Law 2005 and/or Sections 5, 6 and 48 of the Competition (Guernsey) Ordinance 2012.
- I have the authority to sign this declaration on behalf of [one party/all parties] *(please delete as appropriate)* to the arrangement.<sup>1</sup>

**First:**

**Second (if necessary):**

Signed:

Signed:

Name:

Name:

Company:

Company:

Position:

Position:

Date:

Date:

For and on behalf of:

For and on behalf of:

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<sup>1</sup> If necessary, attach signed Power(s) of Attorney or similar written authorization showing authorization to sign on behalf of the notifying parties.