

COMPLETED ACQUISITION BY ALLIANCE MEDICAL GROUP LIMITED OF THE ASSETS OF IBA MOLECULAR UK LIMITED USED TO MANUFACTURE FLUORODEOXYGLUCOSE 18F

Directions issued pursuant to paragraph 6 of the undertakings given by Alliance Medical Group Limited and Alliance Medical Molecular Imaging Limited to the Office of Fair Trading on 6 December 2013 and adopted by the Competition Commission on 26 March 2014 (the Undertakings)

On 24 March 2014 the Office of Fair Trading (OFT) made a reference to the Competition Commission (CC) in accordance with section 22 of the Enterprise Act 2002 (the Act) concerning the completed acquisition by Alliance Medical Group Limited (AMGL) of the assets of IBA Molecular UK Limited used to manufacture fluorodeoxyglucose 18F as well as related rights and activities.

On 26 March 2014 the CC adopted the Undertakings in accordance with section 80(3) of the Act for the purpose of ensuring that no action is taken pending the determination of the reference which might prejudice that reference or impede the taking of any action by the CC under Part 3 of the Act which might be justified by the CC's decisions on the reference.

On 1 April 2014 the functions of the CC transferred to the Competition and Markets Authority (CMA) pursuant to Part 3 of the Enterprise and Regulatory Reform Act 2013 and the Enterprise and Regulatory Reform Act 2013 (Commencement No 6, Transitional Provisions and Savings) Order 2014.

The CMA now issues written Directions under paragraph 6 of the Undertakings that, for the purpose of securing compliance with the Undertakings, AMGL must appoint a monitoring trustee (MT) in accordance with the terms provided for in Annex 1, and must comply with the obligations set out in Annex 1.

The CMA also now issues written Directions under paragraph 6 of the Undertakings that, for the purpose of securing compliance with the Undertakings, AMGL must appoint a hold separate manager (HSM) in accordance with the terms provided for in Annex 2, and must comply with the obligations set out in Annex 2.

(signed) JOHN WOTTON
Group Chairman
9 May 2014

Directions to appoint a monitoring trustee

Interpretation

1. In these Directions:

The '**Act**' means the Enterprise Act 2002;

'**AMGL**' means Alliance Medical Group Limited;

'**AMMIL**' means Alliance Medical Molecular Imaging Limited;

'**CC**' means the Competition Commission;

'**CMA**' means the Competition and Markets Authority;

'**FDG 18**' means fludeoxyglucose 18F;

'**HSM**' means the Hold Separate Manager appointed by AMGL on 1 May 2014;

'**HSM Directions**' means the directions issued to the HSM by the CMA, a copy of which is set out in the appendix to these Directions (*Annex 2*);

'**IBA business**' means the assets of IBA Molecular UK Limited used to manufacture FDG 18 and other radioactive isotopes as acquired by AMGL, acting through AMMIL, on 16 September 2013;

'**MT**' means the monitoring trustee appointed in accordance with these Directions;

'**OFT**' means the Office of Fair Trading;

'**Undertakings**' means the Undertakings given to the OFT by AMGL and AMMIL and adopted by the CC on 26 March 2014 and terms and expressions defined in the Undertakings have the same meaning in these Directions, unless the context requires otherwise.

Appointment

2. AMGL must appoint an MT in order to:

(a) support the CMA taking any remedial action which may be required to maintain the IBA business as a viable business; and

- (b) monitor compliance by AMGL and AMMIL with the Undertakings.
3. The MT must act on behalf of the CMA and be under an obligation to the CMA to carry out his or her functions to the best of his or her abilities.
 4. AMGL and AMMIL must cooperate fully with the MT, in particular as set out below, and AMGL must ensure that the terms and conditions of appointment of the MT reflect and give effect to the functions and obligations of the MT and the obligations of AMGL and AMMIL as set out in these Directions.

General

5. The MT must possess appropriate qualifications and experience to carry out his or her functions.
6. The MT must neither have nor become exposed to a conflict of interest that impairs the MT's objectivity and independence in discharging his or her duties under these Directions, unless it can be resolved in a manner and within a time frame acceptable to the CMA.
7. AMGL shall remunerate and reimburse the MT for all reasonable costs properly incurred in accordance with the terms and conditions of the appointment and in such a way so as not to impede the MT's independence or ability to effectively and properly carry out his or her functions.
8. AMGL must appoint the MT as soon as is reasonably practicable and in any event by 5pm on 9 May 2014 and the MT will continue to act until the CMA has finally determined the reference (within the meaning of section 79 of the Act) or such earlier date as approved by the CMA in writing.
9. The appointment of an MT by AMGL must be subject to the approval of the CMA as to the identity of the MT and his or her terms and conditions of appointment in their entirety.
10. AMGL must inform the CMA as soon as is reasonably practicable and in any event by 6 May 2014 of the identity of the MT that AMGL proposes to appoint and provide the CMA with draft terms and conditions of appointment. If AMGL fails to so inform the CMA, the CMA will notify AMGL of the identity of the MT that AMGL must appoint.
11. Once the MT has been approved by the CMA and appointed, AMGL must provide the CMA with a copy of the agreed terms and conditions of appointment.

Functions

12. The functions of the MT will be to:
 - (a) ascertain the current level of compliance by AMGL and AMMIL with the Undertakings, including the communications within and between AMGL and/or AMMIL and the IBA business, such as written and electronic communications, telephone conversations and meetings;
 - (b) assess the arrangements made by AMGL and AMMIL for compliance with the Undertakings and what changes to those arrangements, if any, are necessary to preserve the possibility of the CMA taking any remedial action, if required;
 - (c) identify (and supervise if necessary) the arrangements made by AMGL and AMMIL for ensuring compliance with the Undertakings;
 - (d) assist the HSM with arrangements for ensuring compliance with the Undertakings and the HSM directions; and
 - (e) without prejudice to the right of AMGL, AMMIL and the HSM to contact the CMA, respond to any questions which AMGL, AMMIL or the HSM may have in relation to compliance with the Undertakings, in consultation with the CMA.
13. The MT must take such steps as he or she reasonably considers necessary in order to carry out his or her functions effectively.
14. The MT must comply with any requests made by the CMA for the purpose of ensuring the full and effective compliance by AMGL and AMMIL with the Undertakings.

Obligations of AMGL

15. AMGL, its subsidiaries and their employees, officers, directors, advisers and consultants must cooperate fully with the MT, in particular by providing the MT with all cooperation, assistance and information as the MT may reasonably require in order to discharge his or her functions, including but not limited to:
 - (a) the provision of full and complete access to all personnel, books, records, documents, facilities and information of AMGL, AMMIL and the IBA business as the MT may reasonably require; and
 - (b) the provision of such office and supporting facilities as the MT may reasonably require.

16. If AMGL or any of its subsidiaries is in any doubt as to whether any action or communication would infringe the Undertakings, it is required to contact the MT for clarification.
17. If AMGL or any of its subsidiaries has any reason to suspect that the Undertakings may have been breached, it must notify the MT and the CMA immediately.

Reporting functions

18. The MT is required to provide an initial report to the CMA, with input from the HSM, no later than ten working days following the date of his or her appointment giving details of any arrangements which have been, or should be, put in place to ensure compliance with the Undertakings, and including among other things:
 - (a) details of the current extent of compliance with the Undertakings;
 - (b) a description of the current arrangements made for the operation of the IBA business and for the preservation of the assets required to operate the IBA business;
 - (c) recommendations as to what changes to those arrangements, if any, are necessary;
 - (d) details of tenders or other contractual negotiations expected to arise within the period of nine months from 24 March 2014 in connection with the supply of FDG 18 by the IBA business;
 - (e) [✂]
 - (f) [✂]
19. In addition to providing the initial report referred to above, the MT must report once per month thereafter (or otherwise as required by the CMA) to the CMA stating whether or not, in his or her view, AMGL and AMMIL have complied with the Undertakings. This assessment should consider the following:
 - (a) the basis for the MT's view that the Undertakings have or have not, as the case may be, been complied with and in particular whether:
 - (i) anything has caused him or her to be concerned as to whether AMGL or AMMIL have complied with the Undertakings, and if it has, whether those concerns have been resolved and why;

- (ii) he or she has any remaining doubts or uncertainties as to whether AMGL or AMMIL have complied with the Undertakings; and
 - (iii) anything that causes him or her to be concerned about a possible future breach of the Undertakings (whether deliberate or inadvertent); and
- (b) whether appropriate steps are being taken to maintain the IBA business as a going concern.

Where necessary the MT may also be required as part of this assessment to consider and report on:

- (c) the extent to which AMGL and AMMIL have cooperated with the MT in his or her task of monitoring compliance with the Undertakings and details of any aspects of the cooperation of AMGL and AMMIL that he considers could be improved;
 - (d) the extent to which the MT considers that he or she is in an appropriate position to monitor the compliance with the Undertakings and details of any aspects of the cooperation of AMGL or AMMIL that he considers could be improved; and
 - (e) any current or anticipated requests for consent to vary the Undertakings.
20. When reporting to the CMA the MT must ensure that he or she does not disclose any information or documents to the CMA which AMGL or AMMIL would be entitled to withhold from the CMA on the grounds of legal privilege.
21. The MT must immediately notify the CMA in writing if he or she forms a reasonable suspicion that the Undertakings have been breached, or if he or she considers that he or she is no longer in a position to effectively carry out his or her functions. In that situation, the MT must give reasons for this view; including any supporting evidence available (unless doing so would infringe the obligations referred to in paragraph 20 above).
22. All communications between the MT and the CMA (including the statements and reports referred to in paragraph 18 and 19 above) are confidential and should not be disclosed to AMGL or AMMIL, save with the prior written consent of the CMA. The MT shall not disclose such communications to third parties.

Directions to appoint a hold separate manager

Interpretation

1. In these Directions:

The '**Act**' means the Enterprise Act 2002;

'**AMGL**' means Alliance Medical Group Limited;

'**AMGL business**' means the business of AMGL and all its subsidiaries, except AMMIL;

'**AMMIL**' means Alliance Medical Molecular Imaging Limited;

'**CC**' means the Competition Commission;

'**CMA**' means the Competition and Markets Authority;

'**FDG 18**' means fludeoxyglucose 18F;

'**HSM**' means the Hold Separate Manager appointed in accordance with these Directions;

'**IBA business**' means the assets of IBA Molecular UK Limited used to manufacture FDG 18 and other radioactive isotopes as acquired by AMGL, acting through AMMIL, on 16 September 2013;

'**MT**' means the monitoring trustee to be appointed by AMGL in accordance with directions issued by the CMA;

'**OFT**' means the Office of Fair Trading;

'**Undertakings**' means the Undertakings given to the OFT by AMGL and AMMIL and adopted by the CC on 26 March 2014 and terms and expressions defined in the Undertakings have the same meaning in these Directions, unless the context requires otherwise.

Appointment

2. AMGL must appoint an HSM, subject to the approval by the CMA of his or her identity and terms and conditions of appointment, to operate a viable, competitive IBA business separately from and independently of the AMGL business. Any appointment must be made in accordance with the provisions of these Directions.

3. AMGL must appoint the HSM without delay and in any event by 5pm on 1 May 2014 (or such longer period as the CMA may reasonably agree in writing) and the HSM will continue to act until the CMA has finally determined the reference (within the meaning of section 79 of the Act).
4. The HSM must act on behalf of the CMA and be under an obligation to the CMA to carry out its functions to the best of its abilities.
5. AMGL must ensure that the terms and conditions of appointment of the HSM reflect and give effect to the functions and obligations of the HSM and the obligations of AMGL as set out in these Directions.
6. AMGL, its subsidiaries and their employees, officers, directors, advisers and consultants must cooperate fully with the HSM, in particular by providing the HSM with all cooperation, assistance and information as the HSM may reasonably require in order to discharge its functions.

Functions

7. The functions of the HSM will be to exercise day-to-day management and control of the IBA business so that it is:
 - (a) operating separately from and competing actively with the AMGL business; and
 - (b) maintained as a going concern with access to sufficient resources for the development of the IBA business.
8. The HSM will also be required to:
 - (a) ensure that the IBA business complies with the Undertakings;
 - (b) assist the CMA in monitoring the extent of compliance by AMGL and AMMIL with the Undertakings;
 - (c) assist the MT in producing an initial report for the CMA no later than ten working days following the date of the MT's appointment. The HSM shall discuss with the MT arrangements which have been, or should be, put in place to ensure the separate operation from AMGL of a viable, competitive IBA business and compliance by AMGL and AMMIL with the Undertakings; and
 - (d) provide every fortnight thereafter (or otherwise as required by the CMA) a statement stating whether or not the IBA business has complied with the Undertakings.

9. The HSM must take such steps as it reasonably considers necessary in order to carry out its functions effectively.
10. The HSM must comply with any requests made by the CMA for the purpose of ensuring the full and effective compliance by AMGL and AMMIL with the Undertakings.
11. The HSM must immediately notify the CMA in writing if it forms a reasonable suspicion that the Undertakings have been breached or if it considers that it is no longer in a position to effectively carry out its functions.

General

12. The HSM must possess the appropriate qualifications and experience to carry out its functions.
13. The HSM must neither have nor become exposed to a conflict of interest that impairs the HSM's objectivity and independence in discharging its functions under these Directions, unless it can be resolved in a manner and within a time frame acceptable to the CMA.
14. AMGL shall remunerate and reimburse the HSM for all reasonable costs properly incurred in accordance with the terms and conditions of the appointment and in such a way so as not to impede the HSM's independence or ability to effectively and properly carry out its functions.
15. AMGL must provide the CMA with a copy of the agreed terms and conditions of the appointment of the HSM prior to its appointment.
16. Any termination of the appointment of the HSM is subject to the agreement of the CMA, such consents not to be unreasonably withheld, and the CMA shall respond within one week of receipt of AMGL's request.
17. All communications between the HSM and the CMA are confidential and should not be disclosed to AMGL or AMMIL, save with the prior written consent of the CMA. The HSM shall not disclose such communications to third parties.
18. All communications between the HSM and the MT are confidential save that they may be disclosed to the CMA. The HSM shall not disclose such communications to AMGL or AMMIL or third parties, save with the prior written consent of the CMA.
19. The CMA may issue such further directions as it considered necessary to ensure compliance with the Undertakings, including, where the appointment

of the HSM has been terminated, directions for the appointment of a further HSM.