

Completed acquisition by VTech Holdings Limited of LeapFrog Enterprises, Inc.

Terms of reference

1. In exercise of its duty under section 22(1) of the Enterprise Act 2002 (the **Act**) the Competition and Markets Authority (**CMA**) believes that it is or may be the case that:
 - (a) a relevant merger situation has been created, in that:
 - (i) enterprises carried on by VTech Holdings Limited (**VTech**) have ceased to be distinct from enterprises carried on by LeapFrog Enterprises, Inc. (**LeapFrog**); and
 - (ii) the conditions specified in section 23(2)(b) of the Act are satisfied; and
 - (b) the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition within a market or markets in the United Kingdom for goods or services, including in relation to the supply of toddler electronic learning toys, child laptops/tablets and child electronic reading systems in the UK.
2. Therefore, in exercise of its duty under section 22(1) of the Act, the CMA hereby makes a reference to its chair for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 in order that the group may investigate and report, within a period ending on 13 February 2017, on the following questions in accordance with section 35(1) of the Act:
 - (a) whether a relevant merger situation has been created; and
 - (b) if so, whether the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.

Kate Collyer
Deputy Chief Economic Advisor
Competition and Markets Authority
30 August 2016