

ACQUISITION BY ELECTRO RENT CORPORATION OF TEST EQUIPMENT ASSET MANAGEMENT LIMITED

Derogation from Interim Order

Background

- A. On 7 November 2017 the Competition and Markets Authority (CMA) made an Interim Order pursuant to [section 81](#) of the Enterprise Act 2002 (the Act) applying to Electro Rent Corporation, Electro Rent Europe (including its UK branch) and Test Equipment Asset Management Limited (together ‘the Parties’) to ensure that no action is taken pending final determination of the Reference which might prejudice the Reference or impede the taking of any action by the CMA under Part 3 of the Act which may be justified by the CMA’s decisions on the Reference and adopted the derogations to the Phase 1 Initial Enforcement Order (IEO) to that date.
- B. The Reference has not been finally determined in accordance with [section 79](#) of the Act.
- C. The Interim Order prohibits certain actions without the prior consent of the CMA.

Derogation requests and CMA consent

1. On 27 November 2017, the Parties made requests for derogations from aspects of the IEO, namely:
 - (a) a derogation for the purposes of striking off and liquidating dormant entities (‘the striking off derogation request’);
 - (b) a derogation for the development of a new Global Enterprise Resource Programme (‘the ERP derogation request’); and
 - (c) a derogation for the development and implementation of a new business information tool called Tableau (‘the business information tool derogation request’).
2. The CMA consents to the striking off derogation request.

3. The CMA consents to the ERP derogation request subject to the following conditions:
 - (i) That no European data will be needed for the development and no use of any European data will be allowed until after the Phase II CMA review has been completed, including the implementation of remedies, if required.
 - (ii) The test platform which will be created will be ring-fenced from the rest of the two businesses.
 - (iii) No implementation or deployment of the Global Enterprise Resource Programme will take place in any part of the two businesses prior the resolution of Phase II CMA review, including the implementation of all remedies, if required.
 - (iv) All individuals listed in paragraph 3.2 of the request will sign NDAs acceptable to the CMA.
 - (v) A list of the individuals at Electro Rent that will be involved with the project should be provided, and that they also sign non-disclosure agreements (NDAs) acceptable to the CMA.
 - (vi) The Monitoring Trustee (MT) is present at or will dial in to the initial meeting of the ERP team. A decision regarding MT attendance at future meetings and the extent of the MT's inclusion in future communications and ad hoc meetings between the teams, would be made following this initial meeting.

4. The CMA also consents to the business information tool derogation request subject to the following conditions:
 - (i) No EMEA data will be shared during the development of Tableau.
 - (ii) No implementation or deployment of Tableau will take place in any part of the two businesses prior the resolution of Phase II CMA review, including the implementation of all remedies, if required.
 - (iii) The test platform created using US-based and Asia-based customer data will be fully ringfenced from the rest of the two businesses.
 - (iv) Europe-based customer data will not be added until after the resolution of Phase II CMA review is complete, including the implementation of all remedies, if required.
 - (v) James Marshall-Wilkinson and all individuals in the Electro Rent team will sign NDAs acceptable to the CMA.

- (vi) The MT is present at or will dial-in to the initial meeting of the Tableau team. A decision regarding MT attendance at future meetings and the extent of the MT's inclusion in future communications and ad hoc meetings between the teams, would be made following this initial meeting.
5. Terms in this derogation including the term 'the two businesses' have the same meaning as those in the Interim Order.
 6. Adherence to, and any departures from, the instructions referred to in paragraphs 3 and 4 above should be covered in future compliance statements.

Signed by authority of the CMA

Simon Polito
CMA Group Chairman
18 December 2017