

Completed Acquisition by Electro Rent Corporation of Test Equipment Asset Management Limited (Microlease) and Microlease, Inc.

Notice of Acceptance of Final Undertakings pursuant to section 82 of the Enterprise Act 2002

1. On 19 October 2017, the Competition and Markets Authority (the '**CMA**'), made a reference to its chair for the constitution of a Group of CMA Panel Members (the '**Inquiry Group**') under [Schedule 4](#) of the Enterprise and Regulatory Reform Act 2013 in accordance with [section 33\(1\)](#) of the Enterprise Act 2002 (the '**Act**'), to investigate and report on the completed acquisition by Electro Rent Corporation ('**Electro Rent**') of Test Equipment Asset Management Limited (known as '**Microlease**') and Microlease, Inc. (the '**Merger**') to determine, pursuant to [section 35](#) of the Act (the '**Reference**'):
 - (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 in any market or markets in the United Kingdom (UK) for goods or services.
2. On 7 November 2017 the CMA made an [Interim Order](#)¹ applying to Electro Rent Corporation, Electro Rent Europe NV (including its UK branch) and Test Equipment Asset Management Limited (the '**Parties**') requiring the Parties to hold the business of Electro Rent Corporation and Electro Rent Europe NV (the '**Electro Rent businesses**') separate from the business of Test Equipment Asset Management (the '**Microlease business**') until the Reference was finally determined.
3. On 17 May 2018 the CMA published a [report](#) pursuant to [section 36](#) of the Act which concluded that:
 - (a) the acquisition by Electro Rent of Microlease had created a relevant merger situation;

¹ The [Interim Order](#) replaced the [Initial Enforcement Order](#) (the '**IEO**') made by the CMA on 1 February 2017 at phase 1.

- (b) the creation of that situation has resulted in, or may be expected to result in a substantial lessening of competition ('**SLC**') for the supply of test measurement equipment ('**TME**') rental in the UK. This may be expected to result in adverse effects of higher prices and lower service quality for customers for TME rental than would have been the case had the Merger not taken place;
 - (c) the CMA should take action to remedy the SLC and its adverse effects flowing from it; and
 - (d) having regard to the need to achieve as comprehensive a solution as is reasonable and practicable, the CMA considers divestment of part of Electro Rent Europe which operates in the UK would be sufficient to remedy the SLC and the adverse effects arising from it.
- 4. The CMA has reached agreement with Electro Rent as to the terms of Final Undertakings for the purpose of remedying, mitigating or preventing the SLC it has identified and any adverse effects arising from it.
- 5. On 26 June 2018 the CMA gave [notice of a proposal to accept Final Undertakings and a set of draft Final Undertakings](#) on its website. No representations were received.
- 6. On 23 July 2018 Electro Rent gave the CMA Final Undertakings giving effect to the CMA's decisions as published in its [final report](#) and which are in the same terms as those consulted on.
- 7. The CMA under [section 82](#) of the Act now accepts those Final Undertakings as given by Electro Rent. A copy of the Final Undertakings is attached. The Final Undertakings now come into force and the reference is finally determined. In accordance with [section 81\(8\)](#) of the Act the [Interim Order](#) ceases to be in force.
- 8. The Final Undertakings may be varied, superseded or released by the CMA under [section 82\(2\)](#) of the Act.
- 9. This Notice and a non-confidential version of the Final Undertakings will be published on the CMA [website](#). The CMA has excluded from the non-confidential version of the Final Undertakings information which it considers should be excluded having regard to the considerations set out in [section 244](#) of the Act. These omissions are indicated by [✂].

Signed by authority of the CMA

Simon Polito
CMA Group Chairman
27 July 2018