

# Completed acquisition by Sony Music Entertainment of all of the issued shares of the entities comprising the AWAL and the Kobalt Neighbouring Rights businesses from Kobalt Music Group Limited

## 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 Sony Group Corporation, including its subsidiary, Sony Music Entertainment, have ceased to be distinct from enterprises carried on by the AWAL business<sup>1</sup> and the Kobalt Neighbouring Rights business;<sup>2</sup> and
    - (ii) the condition specified in section 23(2)(b) of the Act is 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 the wholesale digital distribution of recorded music in the United Kingdom.
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 2 March 2022, on the following questions in accordance with section 35(1) of the Act:
  - (a) whether a relevant merger situation has been created; and

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<sup>1</sup> The AWAL business comprises AWAL Digital Limited, AWAL Recordings Licensing Ltd, AWAL Recordings Ltd, AWAL Recordings America, Inc., AWAL Recordings Licensing America, Inc. and In2une Inc.

<sup>2</sup> The Kobalt Neighbouring Rights business comprises Kobalt Neighbouring Rights Limited, Kobalt Neighbouring Rights II Limited, Kobalt Music Netherlands Artists B.V. and Kobalt Music Netherlands OH Records B.V.

(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.

**Colin Raftery**  
**Senior Director, Mergers**  
**Competition and Markets Authority**  
**16 September 2021**