

REFERENCE RELATING TO THE ANTICIPATED ACQUISITION BY HITACHI RAIL, LTD OF THALES SA'S GROUND TRANSPORTATION SYSTEMS BUSINESS

Notice of provisional findings made under Rule 11.3 of the Competition and Markets Authority Rules of Procedure¹

1. On 23 December 2022, the Competition and Markets Authority (the **CMA**), in exercise of its duty under section 33(1) of the Enterprise Act 2002 (the **Act**), made a reference to its chair for the constitution of a Group of CMA Panel Members (the **Inquiry Group**)² regarding the anticipated acquisition (the **Merger**) by Hitachi Rail, Ltd of Thales SA's Ground Transportation Systems Business for further investigation and requiring it to report within a period ending on 8 June 2023.
2. On 9 and 13 January 2023, the CMA published notices of an extension of the reference period, made pursuant to section 39(4) of the Act as a result of the failure by both Hitachi and Thales to comply with the requirements of notices of 23 December 2022 under section 109 of the Act (the section 109 notices).
3. On 14 March 2023, the CMA was satisfied, for the purposes of section 39(8) of the Act, that the documents and information required by the section 109 notices had been provided. The CMA accordingly terminated the extension of the reference period and 64 days were added to the statutory deadline such that the reference period was due to expire on 11 August 2023. The notices of termination of extension were published on the CMA's website on 14 March 2023.

Provisional findings

4. The Inquiry Group appointed to consider this reference has made the following provisional findings on the statutory questions it has to decide pursuant to section 36(1) of the Act:

¹ See [Rules of procedure for merger, market and special reference groups: CMA17](#).

² Under [Schedule 4](#) to the Enterprise and Regulatory Reform Act 2013.

- (a) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and
 - (b) the creation of that situation may be expected to result in a substantial lessening of competition (**SLC**) in:
 - (i) the supply of digital mainline signalling systems and related services (digital mainline signalling systems) in Great Britain; and
 - (ii) the supply of communications-based train control signalling systems and related services in the United Kingdom (ie the type of signalling used on metro systems for example, on some lines of the London Underground).
5. The Inquiry Group's reasons are set out in full in the provisional findings report, which is attached to this notice, and are summarised in the summary of the provisional findings report (see note below).

The next steps

6. Anyone wishing to comment on the provisional findings is now invited to provide the Inquiry Group with their reasons in writing as to why these provisional findings should not become final (or, as the case may be, should be varied).
7. These reasons should be received by the Inquiry Group no later than **17:00 (UK time) on Thursday 29 June 2023**. For comments submitted by email, these should be sent to Hitachi.Thales@cma.gov.uk.
8. The Inquiry Group will have regard to any such reasons in making its final decisions on the statutory questions and actions. However, the Inquiry Group shall not be obliged to take into account reasons which are provided after the deadline specified in paragraph 7.
9. The Inquiry Group is also publishing a notice of possible remedies (the **Remedies Notice**). This sets out the actions which it considers might be taken by the CMA to remedy the SLCs and/or resultant adverse effects provisionally identified.

Stuart McIntosh
Inquiry Group Chair
8 June 2023

Note: A copy of this notice and the summary of the provisional findings report will be placed on the [CMA website](#) on 8 June 2023. The CMA proposes to publish the provisional findings report on its website shortly thereafter. The published version of the provisional findings report will not contain any information which the Inquiry Group considers should be excluded from the report, having regard to the three considerations set out in section 244 of the Act. These omissions are indicated by [✂].