

Completed acquisition by Topps Tiles Plc of certain assets of Tildist Realisations Limited (formerly CTD Tiles Limited)

**Directions issued on 17 October 2024 pursuant to
paragraph 10 of the Initial Enforcement Order imposed
by the Competition and Markets Authority on Topps
Tiles Plc and Tiles4Less Limited on 3 October 2024**

1. Whereas:
 - (a) On 19 August 2024, Topps Tiles Plc (**Topps**), through its subsidiary Tiles4Less Limited, acquired 30 stores, together with all supporting infrastructure (including intellectual property, assets, employees and goodwill) (the **Target**), from Tildist Realisations Limited (formerly CTD Tiles Limited) (the **Transaction**).
 - (b) On 3 October 2024, the Competition and Markets Authority (**CMA**) issued an Initial Enforcement Order (the **Order**) addressed to Topps Tiles Plc and Tiles4Less Limited (together, the **Addressees**) in accordance with section 72(2) of the Enterprise Act 2002 (the **Act**) to prevent pre-emptive action. The Order is still in force.
 - (c) On 17 October 2024, the CMA issued directions to the Addressees to appoint a monitoring trustee (**MT**) for the purposes of securing compliance with the Order.
 - (d) The CMA wishes to ensure that no action is taken pending final determination of any reference under sections 22 or 33 of the Act which might prejudice that reference or impede the taking of any action by the CMA under Part 3 of the Act which might be justified by the CMA's decision on the reference.
 - (e) As confirmed by the Addressees' responses to the integration questionnaire of 3 October 2024 (together with other correspondence), substantial integration between the Target business and the Topps business has already taken place prior to the implementation of the Order, and a large proportion

of the pre-Transaction senior management of the Target has exited the business. As a result, the CMA believes it may be the case that the current management of the Target is insufficient to properly support the business and not sufficiently independent of the Topps business.

- (f) The CMA now issues written directions under paragraph 10 of the Order that, for the purpose of securing compliance with the Order, the Addressees must appoint a formal hold separate manager (**HSM**) of the Target business in accordance with the terms provided for in Annex A and must comply with the obligations set out in Annex A.

Philippa Allan
Assistant Director, Mergers
Competition and Markets Authority
17 October 2024

ANNEX A: DIRECTIONS TO APPOINT A HOLD SEPARATE MANAGER

1. INTERPRETATION

1. In these directions:

the Act means the Enterprise Act 2002;

the Addressees means Topps Tiles Plc and Tiles4Less Limited, and their respective subsidiaries;

business has the meaning, unless otherwise stated, given by section 129(1) and (3) of the Act;

CMA means the Competition and Markets Authority;

Commencement Date means 3 October 2024;

Derogations means any derogations granted whether before or after the appointment of the HSM by the CMA by which the Addressee(s) may undertake certain actions that derogate from the Order;

Order means the initial enforcement order made by the CMA on means 3 October 2024 and addressed to the Addressees;

Topps means Topps Tiles Plc, a company registered in England and Wales with company number 03213782 (and **the Topps business** shall be construed as meaning the business of Topps and its subsidiaries but excluding the Target business, carried on as at the Commencement Date);

Target or **Target business** means the businesses carried on at or from the 30 stores, together with all supporting infrastructure (including intellectual property, assets, employees and goodwill), and all other business activities, formerly of Tildist, which were acquired by Tiles4Less Limited on 19 August 2024;

MT means the monitoring trustee appointed in accordance with the directions issued on 17 October 2024;

subsidiary has the meaning, unless otherwise stated, given by section 1159 of the Companies Act 2006 (and **subsidiaries** shall be construed accordingly); and

Transaction means the completed acquisition of the Target by Topps;

2. Terms and expressions defined in the Order have the same meaning in these directions, and the singular shall include the plural and vice versa, unless otherwise specified or the context requires otherwise.

2. APPOINTMENT

3. The Addressees must appoint a formal HSM to ensure that the Target business operates as a viable and competitive business, separately from and independently of the Topps business. The HSM must be subject to the approval by the CMA of his or her identity and the terms and conditions of appointment. Any appointment must be made in accordance with the provisions of these Directions.
4. The Addressees must appoint the HSM without delay and in any event by **5pm on 25 October 2024** (or such longer period as the CMA may reasonably agree in writing) and the HSM will continue to act until the CMA has finally determined the reference (within the meaning of section 79 of the Act), has revoked the Order, or has otherwise directed that the HSM is no longer required. The Addressee(s) must provide the CMA with the draft terms and conditions of appointment of the potential candidate HSM by **5pm on 23 October 2024** (or such longer period as the CMA may reasonably agree in writing).
5. The Addressee(s) must ensure that the terms and conditions of appointment of the HSM reflect and give effect to the functions and obligations of the HSM and the obligations of the Addressee(s) as set out in these Directions.
6. The Addressee(s), their subsidiaries and their employees, officers, directors, advisers and consultants must provide the HSM with all cooperation, assistance and information as the HSM may reasonably require in order to discharge his or her functions.

3. FUNCTIONS

7. The functions of the HSM will be to exercise day-to-day management and control of the Target business so that:
 - (a) it operates as a viable and competitive businesses, separately from and independently of the Topps business and competes actively with the Topps business;
 - (b) appropriate management, reporting and decision-making systems are put in place to preserve the independence of the Target business and ensure such independence on an ongoing basis; and
 - (c) the Target business is maintained as a going concern with access to sufficient resources for its continued operation and development.

8. The HSM will also be required to:
- (a) ensure the economic viability and competitiveness of the Target business in accordance with good business practice;
 - (b) minimise, as far as possible, any risk of loss of competitive potential of the Target business;
 - (c) assist the CMA and MT in monitoring the extent of compliance by the Addressee(s) with the Order (including any direction issued under paragraph 10 of the Order) or any other order issued by the CMA pursuant to section 72 of the Act;
 - (d) discuss with the CMA and MT arrangements which have been, or should be, put in place to ensure the separate operation from the Topps business of a viable, competitive Target business and compliance by the Addressee(s) with the Order; and
 - (e) provide every two weeks (or otherwise as required by the CMA) a statement stating whether or not the Addressees have complied with the Order.
 - (f) The HSM must act on behalf of the CMA and be under an obligation to the CMA to carry out his or her functions to the best of his or her abilities.
 - (g) The HSM must take such steps as he or she reasonably considers necessary in order to carry out the HSM's functions effectively.
 - (h) The HSM must comply with any requests made by the CMA for the purpose of ensuring the full and effective compliance by the Addressees with the Order.
 - (i) The HSM must immediately notify the CMA in writing if he or she forms a reasonable suspicion that the Order has been breached or if he or she considers that he or she is no longer in a position to effectively carry out the HSM's functions.

4. GENERAL

9. The HSM must possess the appropriate qualifications and experience to carry out the HSM's functions.
10. The HSM must neither have nor become exposed to a conflict of interest that impairs the HSM's objectivity and independence in discharging his or her functions under these Directions unless it can be resolved in a manner and within a timeframe acceptable to the CMA.

11. The Addressee(s) shall remunerate and reimburse the HSM for all reasonable costs properly incurred in accordance with the terms and conditions of the appointment and in such a way so as not to impede the HSM's independence or ability to effectively and properly carry out the HSM's functions.
12. The Addressees must provide the CMA with a copy of the agreed terms and conditions of the appointment of the HSM prior to his or her appointment.
13. Any termination of the appointment of the HSM is subject to the agreement of the CMA, such agreement not to be unreasonably withheld.
14. All communications between the HSM and the CMA are confidential and should not be disclosed to the Addressee(s), save with the prior written consent of the CMA. The HSM shall not disclose such communications to third parties.
15. The CMA may issue such further directions as it considers necessary to ensure compliance with the Order, including, where the appointment of the HSM has been terminated, directions for the appointment of a further HSM.