The Autorité clears the acquisition of Aleda by Française des Jeux, subject to conditions

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Background

Having examined the acquisition of Aleda by Française des Jeux (FDJ), the *Autorité* cleared the transaction subject to conditions. FDJ submitted behavioural remedies to address the competition issues identified by the *Autorité*.

On 15 September 2022, Française des Jeux notified the *Autorité de la concurrence* of its plan to acquire sole control of Aleda.

Parties to the transaction

Française des Jeux and its various subsidiaries form the FDJ Group (hereinafter FDJ). FDJ, which has exclusive rights in France to organise and manage lottery games and offer sports betting games in physical sales outlets, and has a licence for its online sports betting business, is primarily active in the gambling and sports betting sector. In this context, FDJ has developed a network of retailers, most of which are tobacconists/newspaper shops. Among its other activities, FDJ operates through its subsidiary *L'Addition* in the sector of cash register solutions and associated services (point of sale and team management, payment services) for cafés-hotels-restaurants. In the area of payments, it also offers third-party payment services from its point-of-sale gaming terminals through its subsidiary FDJ Services.

Aleda is also active in the sector of global cash register solutions for local shops and, more specifically, for tobacconists/newspaper shops.

The *Autorité* identified competition problems that may arise from FDJ's monopoly on point-of-sale gaming and betting

First, the ***Autorité*** examined whether the horizontal merger of the respective activities of L'Addition and Aleda relating to the marketing of global cash register solutions, on the one hand, and FDJ Services and Aleda relating to intermediation for the sale of computerised services through global cash register solutions in tobacco/press, on the other hand, was likely to restrict competition on these national markets.

In this respect, the ***Autorité*** ruled out any risk of harm to competition, as the combined market shares of the parties to the transaction on the horizontally affected markets were modest.

Second, the ***Autorité*** examined whether the transaction had conglomerate effects. At the end of its analysis, it identified competition problems resulting from the merger between FDJ's monopoly activities in the distribution of games and bets and Aleda's activities in the marketing of global cash register solutions for the tobacco/press industry, respectively. In fact, both FDJ and Aleda market their products and services to a clientele mainly composed of tobacconists/newspaper shops. However, with FDJ's monopoly on the distribution of games and bets, the new entity could use its exclusive right as leverage and seek to increase sales of Aleda's global cash register solutions to this joint tobacconist/newspaper customer base. The new entity could therefore try to propose bundled offers to tobacco shops/newspaper shops to increase sales of Aleda cash register solutions (bundled offer strategy) or to make the obtaining, maintaining or renewing of the FDJ licence required for tobacconists/newspaper shops to market its games and bets conditional on the retailers' use of an Aleda cash register solution (licence subordination strategy). The new entity could still seek to reserve certain functionalities for traders with Aleda global cash register solutions (technological bundling strategy), or even downgrade the conditions for accessing FDJ's products and services for traders

with cash register solutions in competition with those of Aleda (interoperability downgrading strategy).

In this respect, the analysis demonstrated that the new entity would have the ability and incentive to consider implementing these strategies and that they would have been effective to the detriment of Aleda's competitors. The *Autorité* therefore concluded that the risk of harm to competition through conglomerate effects could not be excluded.

The proposed commitments

FDJ submitted behavioural remedies to address the competition issues identified by the *Autorité*. According to these remedies, FDJ has undertaken not to make the granting, modification or withdrawal of FDJ's authorisation conditional on the use of an Aleda global cash solution. The proposal of bundled offers is also forbidden. To prevent the risks of technological bundling and the downgrading of access to FDJ's services by Aleda's competitors, FDJ has committed to maintain and ensure in the future the interoperability put in place to allow the use of services and applications directly related to games and bets developed within the framework of its monopoly activity by retailers using global cash register solutions competing with those of Aleda.

In light of the divestiture commitments made by FDJ, the *Autorité* cleared the transaction following a phase 1 examination.

The full text of the decision will soon be published on the Autorité's website

The conglomerate effects

Conglomerate effects are likely to occur when the new entity expands or strengthens its presence in markets that are different from those in which it is active, but whose connectedness may allow it to increase its market power.

DECISION 22-DCC-219 OF 14 NOVEMBER 2022

See the decision

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