

Competition Law

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SOUTH AFRICA

- Newsflash: Proposed changes to merger thresholds



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Newsflash: Proposed changes to merger thresholds

After a long period of no adjustments to the merger thresholds, the Minister of Trade, Industry and Competition (Minister) recently published proposed amendments to the merger thresholds and filing fees under the Competition Act 89 of 1998 (Competition Act) for public comment.

In terms of the Competition Act, a transaction that results in the acquisition or establishment of control over the business of another firm which meets certain financial thresholds (so-called "*intermediate*" and "*large*" mergers) cannot be implemented without obtaining the approval of the competition authorities. In order for a transaction to be classified as an intermediate or large merger, both a target **and** a combined financial threshold, i.e. the target considered together with the acquiring group of firms, needs to be met.

The regulatory requirement to obtain prior approval for mergers can attract significant costs and result in delays in closing merger transactions. The Minister's proposal to increase the merger thresholds, once effective, will have the effect of reducing the number of mergers which are likely to be subject to mandatory regulatory oversight from the competition authorities of South Africa. This is particularly significant given the number of transactions which have attracted public interest conditions of late that result in additional deal costs and further complicate transaction implementation.

Proposed merger thresholds

In terms of the proposed amendments, the Minister proposes increasing the thresholds as set out below:

Intermediate mergers

	Current threshold	Proposed threshold
Target firm asset value or turnover (including all firms controlled by it).	R100 million	R175 million
Combined asset value or turnover of the target firm and acquiring group (the above figure together with the asset/turnover for all firms directly and indirectly controlled by the acquiring group).	R600 million	R1 billion



Large mergers

	Current threshold	Proposed threshold
Target firm asset value or turnover (including all firms controlled by it).	R190 million	R280 million
Combined asset value or turnover of the target firm and acquiring group (the above figure together with the asset/turnover for all firms directly and indirectly controlled by the acquiring group).	R6,6 billion	R9,5 billion

It is noteworthy that the proposed increases to the merger thresholds are significant. The proposed target threshold for intermediate mergers has increased by 75%, while the combined threshold has increased by approximately 66%. In the case of large mergers, the proposed thresholds have increased by approximately 50% for both the target and combined thresholds.

While the proposed thresholds may result in smaller, but significant, transactions now escaping the burden of obtaining prior approval before implementation, large corporate transactions will continue to be caught by the thresholds. Overall, this easing of the regulatory burden on smaller deal activity should be a welcomed as a positive step in creating an active South African mergers and acquisitions environment.

Proposed filing fees

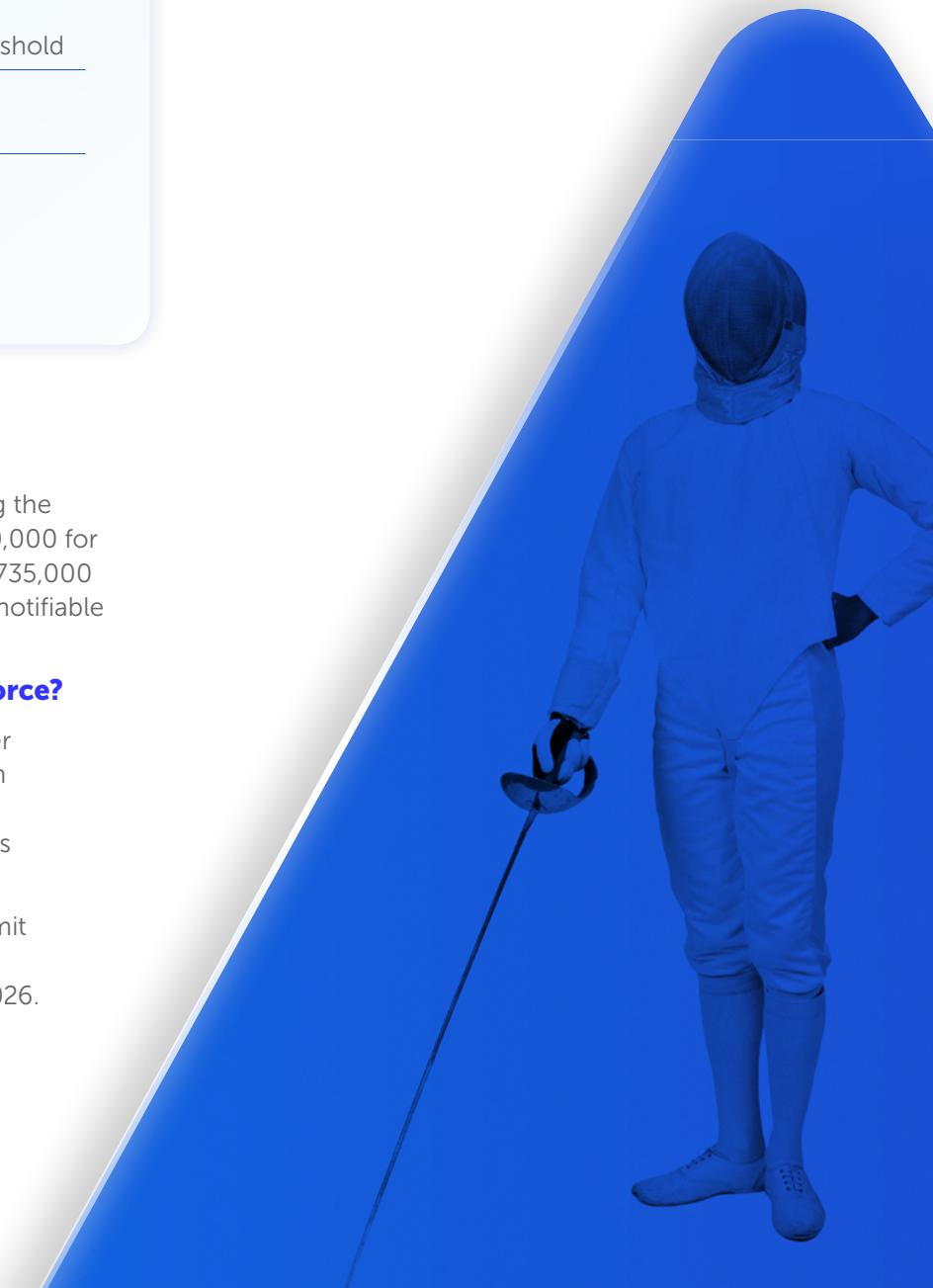
The Minister has also proposed amending the merger filing fees from R165,000 to R220,000 for intermediate mergers and R550,000 to R735,000 for large mergers, adding to the costs of notifiable merger transactions in South Africa.

Are the proposed amendments in force?

The proposed amendments to the merger thresholds and merger filing fees are both in draft format and therefore not in force. It is uncertain when the final amendments will be published by the Minister.

Members of the public are invited to submit comments to the Department of Trade, Industry and Competition by 10 March 2026.

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