

## Business Questions Briefing

Cleared By Ministers: No

### Heading

CHELSEA FOOTBALL CLUB

### Accusation

Are there any concerns over the take-over of Chelsea Football Club? have there been any suggestions that the new owner will apply for a British passport? Is it true that the Financial Services may look into the take-over because of concerns on insider dealing?

### Lines to Take

The proposed acquisition of Chelsea Football Club by Roman Abramovich will be subject to regulatory scrutiny under the merger provisions of the Enterprise Act 2002 if it reaches the qualifying thresholds for investigation. It will be for the independent competition authorities to decide whether the merger raises competition concerns.

### Policy Content

Ministers decided that the consideration of mergers should be carried out by independent competition authorities using an explicit competition test. This was introduced by the Enterprise Act, the merger provisions of which came into force on 20 June. The exceptions are tightly defined "public interest considerations" – currently national security, though the Communications Bill will introduce considerations relevant to newspapers and plurality of the media.

### Facts and Background

The Enterprise Act uses a competition test to consider whether mergers should be allowed to proceed. This has replaced the "public interest" test in the Fair Trading Act; however, for many years Ministers focussed on competition concerns when using the Fair Trading Act merger provisions.

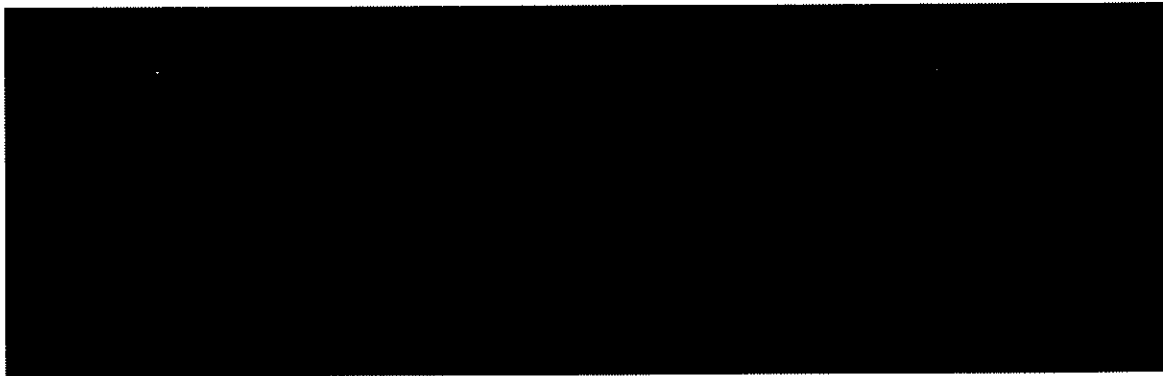
### Elephant Traps

New "public interest considerations" can be added to the Enterprise Act which would allow Ministers to step in and consider whether the merger would be against the public interest on the basis of the specified consideration. If a new

public interest consideration to cover this merger is suggested Ministers have a duty to consider the proposal fairly and with an open mind. Ministers should encourage any such proposal to be put in writing and copied to the Office of Fair Trading.

Background:

Roman Abramovich (not Norman as suggested by Harry Barnes) has agreed to buy Chelsea from Ken Bates. There has been significant news coverage of the announcement.



The case will have to meet qualifying thresholds before it can be considered under the Enterprise Act. The key threshold would appear to be whether Chelsea has a UK turnover in excess of £70m. The OFI do not yet know whether or not it meets the qualifying thresholds.

**EDM 1513**

**CHELSEA FOOTBALL CLUB**

Harry Barnes

Lines to take:

The Enterprise Act has introduced a clear, consistent and predictable merger control system with independent competition authorities using a focussed competition test. Competition is at the heart of the assessment unless there are exceptional public interests at stake such as national security. Mr Abramovich's agreement with Chelsea is in the first instance a matter for the shareholders and will then be considered by the Office of Fair Trading to see if it qualifies for investigation.

Handling position: Oppose