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The Turkish Competition Authority
imposes commitments in connection
with an acquisition in the horse racing
statistics data (*Doğan Portal / Lider-*
form)

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This case summary aims to offer insight into Doğan Portal decision (“Decision”).

Turkish Competition Board (“**Board**”) conditionally approved the acquisition of sole control over Liderform by Doğan Portal.¹ The Board determined that the transaction would result in the significant impediment of effective competition in the market. That being said, the Board concluded that the behavioral commitments submitted by Doğan Portal were sufficient to eliminate competitive concerns and therefore the Board conditionally approved to the transaction within the scope of Article 10 of Law No. 4054 on the Protection of Competition (“**Law No. 4054**”).

Background and Relevant Product and Geographic Markets

In its evaluation of the relevant product market within the scope of the Doğan Portal/Liderform transaction, the Board first assessed the activities of the acquirer, Doğan Portal, as well as the scope of the transferred assets (Liderform) in the context of the transaction. Doğan Portal operates in the field of providing internet service provider services, operating website publishing over the internet, and establishing the infrastructure for these services using technology. Furthermore, the Board stated that Nesine, the subsidiary of Doğan Portal, provides services in the field of betting games.

Regarding the activities of Liderform, the Board noted that Liderform provides horse racing statistics to third parties interested in horse racing by liaising with domestic and international data providers during the data processing process.

Accordingly, the Board defined the relevant product

market as “the market for digital integration of horse racing statistics data”. As for the relevant geographic market, the Board determined the relevant geographic market as “Türkiye”, taking into account that the products/services subject to the transaction can be provided across the entire country without any regional limitation.

Following the notification, the Authority requested information from Doğan Portal, Liderform and competitors operating as online betting agents. Moreover, undertakings operating in the horse racing sector provided the requested information and documents.

Furthermore, various information was received from the relevant public institutions that are regulating the horse racing sector to evaluate the notification more comprehensively. The Authority also contacted regulatory authorities and sector representatives.

While the examination process was ongoing, the Doğan Portal submitted its commitments to the Authority to eliminate the potential negative effects of the transaction on competition. The Board evaluated Doğan Portal’s proposed commitments in light of the competitive concerns identified during its review. The Board determined that although there was a risk of anti-competitive effects resulted from the proposed transaction, the commitments were sufficient to eliminate the anti-competitive concerns.

Assessment of the Nature of the Transaction

The Board assessed whether the transaction qualifies as an acquisition within the meaning of Article 7 of Law No. 4054 and Article 5 of the Communiqué on Mergers and Acquisitions Requiring the Authorization of the Competition Board (“Communiqué No. 2010/4”). As a result of the transaction, Doğan Portal will hold a majority stake of Liderform’s issued and outstanding shares and will have sole control over Liderform.

1. Decision of the Board dated 27.06.2024 and numbered 24-27/652-271.

Furthermore, upon reviewing the turnovers of the transaction parties, the Board determined that sector specific jurisdictional turnover threshold exception set forth under Article 2/2 of Communiqué No. 2022/2 on the Amendment of Communiqué No. 2010/4 on the Mergers and Acquisitions Requiring the Approval of the Competition Board, should be applied to Liderform since it falls under the exempted sectors illustrated in Article 4(1)(e) of Communiqué No. 2010/4. Accordingly, the transaction falls within the scope of the exception applicable to certain sectors, whereby the local turnover threshold (i.e. TL 250 million turnover threshold) for the target undertaking does not need to be met. In this context, the Board concluded that the transaction satisfies the relevant notification thresholds and is therefore subject to mandatory notification pursuant to Article 7(1)(a) of Communiqué No. 2010/4.

The Board's Competitive Assessment in terms of the Affected Markets

In assessing the horizontal and vertical aspects of the transaction, the Board noted that (i) the overlap between the market for horse racing betting games played by virtual dealers in the online platforms and the market for the digital integration of horse racing statistics data falls within the scope of vertical mergers, (ii) the overlap between the market for horse racing betting games played by virtual dealers in the online platforms and the market for online bulletin services for horse racing statistics should be considered within the scope of multi-market mergers.

The Board's Evaluation of the Commitments Submitted by Doğan Portal

The Board evaluated the competitive concerns that arose from the proposed transaction in terms of (i) Liderform's unique position as a data provider in the

online betting and horse racing betting markets, and (ii) the fact that Nesine is already a strong competitor in the online betting market. In this regard, Liderform is considered as one of the leading data providers in the sector with its horse racing results, gallop data, comments and technical analysis. Therefore, the Board assessed that the process of Doğan Portal taking control of the Liderform's data could create a risk of non-equal access to the data among other online betting agents. As a result, the Board raised concerns that this could prevent other competitors are prevented from entering the online betting market.

The Board found that the proposed transaction involves two risks: (i) input foreclosure and (ii) market foreclosure. In the light of the foregoing, the Board considered the behavioral commitments made by Doğan Portal to eliminate the input foreclosure risk originating from vertical integration identified in the relevant markets, namely data integration market for horse racing statistics and market for horse racing betting games.

Doğan Portal submitted behavioral commitments aimed to prevent input foreclosure and maintain market access for competitors, including (i) equal access to data services; Nesine has committed to providing horse racing data integration services to competing virtual betting dealers under objective and non-discriminatory conditions, consistent with prevailing market standards (ii) fair access to advertising and redirection channels; the parties have committed that Nesine's competitors will continue to have unbiased access to Liderform's advertising platforms (including banners and pop-ups), thereby preserving visibility and promotional opportunities (iii) safeguards against market foreclosure; the commitments are designed to prevent the merged entity from engaging in exclusionary practices that could undermine competitors' ability to operate effectively.

Accordingly, the Board also evaluated the commitments to eliminate the market foreclosure risk arising from the overlap between the activities of Liderform and Doğan Portal in online bulletin services for horse racing statistics and the activities of online horse racings providing by the online betting agents within the scope of the multi-market mergers. In this regard, it has been assessed that the digital data integration market for horse racing statistics is the upstream market, while the market for horse racing betting games provided by the online

betting agents in the online platforms is the downstream market.

The Board's first concern is the risk of competitors in the online betting market being excluded from data integration services provided by Liderform. More specifically, it is claimed that the data integration service for horse racing bets will not be provided to the online betting agents, which could lead to the input foreclosure as there is a vertical overlap between digital data integration in horse racing market and horse racing bets provided by the online betting agents. Thus, in the commitment made by Doğan Portal, it is stated that the proposed transaction has undertaken to provide data integration services to all online betting agents under the same conditions while preserving the scope of the existing data integration agreements. It has also been stated that the commitments will not be limited to existing data, but will also cover all future developments, and that this service will be provided in a reasonable, equal and non-discriminatory manner, as required by current market conditions.

The second concern raised by the Board within the scope of the multi-market mergers is based on the competitive structure of Liderform's advertising areas as online betting services are considered as an important customer acquisition channel for online betting agents. The Board noted that the proposed transaction could foreclose the market via restricting online betting agents in the horse racing betting market. In particular, the horse racing bets through Nesine would create a risk of excluding competitive online betting agents from banner and pop-up

advertising areas on Liderform's website. In this regard, Doğan Portal provided in its commitments that, the parties of the proposed transaction will adjust the advertising areas to provide equal access based on the concrete and objective criteria.

All in all, the commitments proposed were considered sufficient to address these concerns, and the transaction was conditionally approved by the Board.

Conclusion

The Board assessed that the commitments will be effective as they provide (i) equal access to online betting agents in the horse racing market and that (ii) Nesine will provide unbiased advertising and redirection in its website. Moreover, it is important to highlight that the commitments submitted by Doğan Portal are to be applied indefinite period of time.

Therefore, the Board granted approval to the acquisition of Liderform considering that behavioral commitments provided by Doğan Portal were found sufficient to eliminate anti-competitive effects. The Board's decision provides an invaluable insight into the significance of advertisement practices, the accessibility of such practices and cumulative data in sectors like horse race betting while assessing the possible side effects of mergers and acquisitions on online platforms and generally, the digital world that is continually developing each year.

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