

The JFTC Reviewed the Proposed Acquisition of Shares of BASF Colors & Effects Japan Ltd. by  
DIC Corporation

(Tentative Translation)

December 24, 2020

Japan Fair Trade Commission

Receiving notifications regarding the proposed acquisition of shares of BASF Colors & Effects Japan Ltd. (JCN5010401124061) (hereinafter referred to as “BCE”) by DIC Corporation (JCN7011401003807) (hereinafter referred to as “DIC”), the Japan Fair Trade Commission (hereinafter referred to as “JFTC”) reviewed the transaction and reached the conclusion that, given the remedies proposed by the parties, competition in any particular fields of trade is unlikely to be substantially restrained. Accordingly, the JFTC has notified DIC that it will not issue a cease and desist order, resulting in the completion of its review.

Likewise, the European Commission (hereinafter referred to as “EC”) and other foreign competition authorities also reviewed this case, and the JFTC conducted the review of this case through exchanging information with EC and other foreign competition authorities.

(\*)JCN: Japan Corporate Number

I. Overview of the transaction

DIC plans to acquire the shares of BCE and thereby to obtain all BCE’s voting rights. This proposed acquisition of shares is part of the plan that DIC acquires shares of all companies which operate pigment business under BASF SE headquartered in Germany as the ultimate parent company.

II. Reviewing Process

- Receipt of the notification regarding the proposed transaction on April 20<sup>th</sup>, 2020 (the start of the primary review)
- Request for reports, etc. by the JFTC on May 20<sup>th</sup>, 2020 (the start of the secondary review)
- Receipt of all requested reports, etc. on November 27<sup>th</sup>, 2020 (the due date for a prior notice was set on February 26<sup>th</sup>, 2021)
- Clearance notification on December 24, 2020

III. Conclusion

As a result of its review, based on the premise that the parties will implement their proposed remedies, the JFTC concluded that the proposed transaction is unlikely to

substantially restrain competition in the particular fields of trade.

(Footnote)

The JFTC has been authorized to conduct reviews on whether plans of business combination may be substantially to restrain competition in particular fields of trade by following procedures prescribed in the Antimonopoly Act (hereinafter referred to as the “AMA”). When a notifying corporation submits a notification form to the JFTC and the JFTC receives it, the notifying corporation is prohibited from effecting the planned business combination in question by the expiration of the 30-days waiting period from the date of receipt of the said notification. During the waiting period, concerning the business combination in question, the JFTC will either; (1) judge that the said business combination is not problematic in light of the AMA, or; (2) judge that more detailed review is necessary and request submission of the necessary reports, information or materials, or; (3) provides Notification of the Commitment Procedures.

In the case of (1) above, to improve transparency of the review of business combination, the JFTC shall give notification to the effect that it will not issue a cease and desist order.

In the case of (2) above, the period when the JFTC may give notice of hearing of opinions shall be extended until 120 days after the date of receipt of the notification or 90 days after the date of receipt of all reports etc., whichever is later. In case the JFTC judges, within this extended period, that the business combination plan in question is not problematic in light of the AMA, it shall give notification to the effect that it will not issue a cease and desist order, same as the case of (1).

In the case of (3) above, the procedures in detail are described in the Policies Concerning Commitment Procedures.