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**COMP/M.6692 - CIRCULO / TELEFONICA / JV**

**SECTION 1.2**

**Description of the concentration**

The concentration concerns the subscription by TME for shares in YADICAN, giving it a 50% stake in YADICAN. Since YADICAN is currently a wholly-owned subsidiary of CIRCULO, there will be a change in the quality of control over YADICAN from sole control by CIRCULO to joint control by CIRCULO and TME (the "Proposed Transaction"). As a result of the Proposed Transaction, TME will control 50% of CIRCULO's existing on-line e-books commercialisation business, including an on-line Spanish language e-book club based on a subscription service model.

The Parties' activities are as follows:

- TME is a wholly owned subsidiary of TELEFONICA S.A., an integrated operator in the telecommunication sector that provides communication, information and entertainment solutions in Europe and Latin America.
- CIRCULO is a 50/50 full function joint venture between BERTELSMANN and PLANETA whose main business activity is the operation of a Spanish language book club which sells books and e-books, and, to a lesser extent, other multimedia products (such as CDs, games and DVDs) to its members.
- YADICAN is a wholly-owned subsidiary of CIRCULO active in the commercialisation of Spanish language e-books via the Internet in Spain. In April 2013, YADICAN launched an on-line e-book store into which CIRCULO is integrating thee-book business of its other on-line store (Booquo).

The rationale behind the Proposed Transaction is to launch an improved on-line e-book club in Spain based on a subscription model using a technological platform developed by TME.

The Parties consider that the Proposed Transaction will not lead to a significant impediment of effective competition within the Internal Market or a substantial part of it.