Political Ties and M&A Approvals by Anti-Trust Bodies

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Abstract

This paper investigates whether political ties might serve as a means through which firms achieve favorable outcomes such as merger and acquisition (M&A) approvals from antitrust bodies. In doing so, this paper aims at contributing to the literature by uncovering one of the mechanisms through which the firm might effectively use non-market strategies to achieve firm-specific benefits in the market environment, which might well lead to eventual superior performance. We look into 170 M&A deals by domestic publicly listed acquirers announced and investigated by the Office of Fair Trading (OFT) in the UK between 2003 and 2013. Our results confirm a negative relation between political ties and antitrust holdup, pointing to the existence of firm influence on regulatory bodies through ties with politicians.

Keywords: political ties, antitrust holdup, non-market strategies, M&As

INTRODUCTION

The battle between General Electric (GE) and Siemens over the acquisition of Alstom, the French company, has turned into one of the most interesting recent cases, which show us that business and politics are inextricably intertwined. Alstom CEO Patrick Kron has "*repeatedly called on the French government to back GE's bid",* emphasizing that GE's offer met "*concerns about France's energy independence, local decision-making and job cuts*"[1]; in the meantime GE CEO Jeff Immelt has visited the French soil multiple times. As reported by the Economist in June 2014, Immelt's "*charm offensive, including meetings with France's president, François Hollande, and an appearance before the National Assembly, paid off.*"[2] As of 2015, being already backed up by the French government, GE is now waiting for the European Commission's clearance for closing the deal.

Merger and acquisitions (M&As) entail sizable investments for the achievement of potential inter-firm synergies and greater market power. Yet, the achievement of these objectives depends on regulatory approval from anti-trust bodies; a process that can stall the intended strategic move of the firm, and that is considered to raise a political risk for the firm (Clougherty, 2005; Henisz & Zelner, 2003). Anti-trust bodies adhere to principles mainly based on assessing the impact of the proposed deal on the competition in the market; however deals might also raise political concerns: Such as in the example of the acquisition of Alstom where the French government had resisted strongly against GE's offer at the beginning, expressing concerns about the job security of French employees (Smith, 2014).

[1] Rosemain, M., & Webb, A. 2015. Battle for Alstom Lives on via Executive Barbs After GE Deal, ***Bloomberg Business***, online ed.

[2] Economist. 2014. General Electric- A hard act to follow, ***The Economist***, print ed. New York.

Can firms influence anti-trust decisions through their political ties and therefore manage anti-trust holdup?

By investigating the relationship between political ties and anti-trust holdup in M&A transactions, this paper aims at uncovering one of the mechanisms through which the firm might effectively use non-market strategies to achieve firm-specific benefits in the market environment. We argue that having ties to politicians will decrease the likelihood of anti-trust holdup for proposed M&A deals. We also hypothesize on whether having ties to governing party affiliated politicians or opposition party affiliated politicians matter in influencing the anti-trust body's decisions. We test our hypotheses using a sample of 170 deals proposed by domestic publicly listed acquirers in the UK for the period from 2003 to the end of 2013. Our results confirm the idea that acquirer's ties to politicians result in lower levels of anti-trust holdup for the proposed deals. Furthermore, we find that firms' ties to both the governing party politicians and opposition party politicians have a significant and similar overall effect in reducing anti-trust hold-up; however ties to governing party politicians become slightly more effective in reducing anti-trust hold-up with increasing levels of competition in the relevant industry.

With this paper, we aim to contribute to the literature investigating potential benefits firms draw from their political ties; and also to the emerging debate on performance implications of those ties. In the next sections, we first review the literature and elaborate on the gap we aim at addressing; and we develop our hypotheses. Following this, we describe our empirical setting, analysis, and report our results. We then conclude with a discussion on the paper, and possible avenues for future research.

Literature Review

The political environment imposes constraints and induces uncertainties on firms. Regulations and policies put in place by political actors might target industries specifically -such as through special subsidies, tax breaks-, or indirectly -such as through legislation for environmental protection standards- and will have an impact on firms' competitive positioning and chances of survival (Scarpetta, Hemmings, Tressel, & Woo, 2002; Shaffer, 1995).

Therefore, firms are not "indifferent" to the decision-making processes in the political arena. Firms develop non-market strategies "specifically designed to influence the institutional players" that determine public policy, and shape "the rules of the game" that govern interactions among firms, competitors and consumers in the market environment (Holburn & Vanden Bergh, 2002). Firms might do so collectively, or individually. Research on the outcomes of firms' collective non-market actions goes well back to the 70s. We know that seeking to increase their bargaining power in the political scene, firms form coalitions, trade associations, and political action committees (PACs). For instance, firms may collectively lobby for a regulation that would hamper the competitive position of their foreign rivals in the domestic market and might seek to obtain certain "privileges" such as subsidies and price fixing (Buchanan, Tollison, & Tullock, 1980; Krueger, 1974), or tax benefits (Richter, Samphantharak, & Timmons, 2009). The benefits of such collective action will accrue to all domestic firms in the industry, since those "privileges" are usually industry specific, rather than firm specific. On the other hand, management scholars have recently drawn attention to firm-level non-market strategies, where the firms act on their own in the political arena aiming at benefits that accrue to the firm individually [3]. Firms might become politically active by establishing internal departments for government relations, and forming ties to politicians. Whether ties to politicians have a positive impact on performance of the firm is still an open question. Despite the increasing number of studies looking into this relationship, there still exist two poles regarding the answer of this quest: Many studies show a positive relationship between political ties and firm performance, in financial or market share terms. Frynas, Mellahi and Pigman (2006) show by a case study how Shell-BP established first-mover advantages in Nigeria thanks to their political networks with British colonial officials, and enjoyed high market share in the market later on as a result of the initial asymmetry built through the company's political networks. Faccio (2006) show that having firm's top officers or large shareholders holding political positions, or board members with close relationships with politicians have a positive impact on firms' financial performance. Goldman, Rocholl and Jongil (2009) and Hillman (2005) find a positive relationship between the appointment of ex-politicians[4] to company boards and firm performance. There is an emerging stream of literature, however, which shows a negative impact of political ties on firm performance. Hadani and Schuler's study (2013) challenges prior literature by demonstrating that firms' political investments in the form of financial contributions to politicians and appointing ex-politicians on the board of directors are both negatively associated with firms' market performance. In the same line with Hadani and Schuler, Aggarwal and

[3] Firm level non-market strategies do not exclude the firm from getting involved in collective-level non-market actions. A firm might (and usually does) adopt multiple levels of non-market strategies, e.g. collectively lobby with other firms in its industry and appoint politicians on its board at the same time.

[4] Appointment of current politicians to company boards are prohibited in many countries, hence the appointment of ex-politicians.

colleagues (2012) argue that political sponsorship might actually harm firms' financial performance and indicates "agency" problems within the firm. In other words, recent work suggests that political ties might be an indication of managers diverting firm resources to satisfy their personal political taste (Aggarwal et al., 2012; Hadani & Schuler, 2013; Igan, Mishra, & Tressel, 2011).

One of the caveats of searching for a direct relation between political ties and firm performance has been the difficulty in explaining the mechanism that leads to the variance in performance. There exist studies, mostly by finance scholars, which provide insights into how exactly political ties may pave the way for superior performance:

Faccio and colleagues (2006), in their cross-country empirical setting, investigate the allocation of capital through financial assistance mechanisms and find evidence that firms with ties to politicians are disproportionately more likely to be bailed out when under financial distress. In a similar vein, Dinc (2005) looks into lending patterns of government-owned banks around election times compared to lending by private banks, and results of his study confirm the existence of political influence on credit provision by government-owned banks, which might indicate how politicians can use those banks "to distribute these rents to their supporters". To the extent that firms are among the "supporters" of politicians who have an influence on the banks, they might benefit from privileged access to credit by government-owned banks[5]. This first stream investigates governments' lending patterns as a function of firm's political ties (see also Cull and Xu (2005); Johnson and Mitton (2003); Khwaja and Mian (2005) and Leuz and Oberholzer-Gee (2006) for analyses of firms' "access"

[5] Dinc's study does not into look into which firms benefit from this credit, i.e. whether firms with ties to politicians are more likely to benefit from government-owned banks' lending.

to credit controlled by politicians in China, Malaysia, Pakistan and Indonesia). On the other hand, Goldman, Rocholl, and So (2008) analyze the relation between having ex-politicians on the board of directors of the firm and the allocation of government procurement contracts in the U.S., and provide one of the very first direct evidence of how exactly political ties act as a source of value for the firm.

Inspired by the approach of these studies, rather than searching for a direct impact of firms' political ties on firm performance, we put the spotlight on an intermediary outcome, i.e. regulatory approval for firms' proposed M&A deals. Our study differentiates itself from prior work in two ways:

First, to the best of our knowledge, no prior study has systematically looked into whether political ties actually impact anti-trust body decision-making in favor of involved firms. Prior work looks into how ties to politicians may secure privileged access to resources that are under political control, whereas we look into how political ties might reduce the regulatory holdup risk for a pure market-strategy move for the firm, namely M&A deals. In other words, we look into how political ties might have a "support" function, not only in terms providing privileged access to resources but also by acting as a complement to firms' market strategies by allowing for a smooth accomplishment of the firm's strategic move.

Second, we use an extensive definition of political ties, and look at the simultaneous effect of many types of relations that exist between a firm and a politician: such as board directorships of politicians, other remunerated employment of politicians within the firm (such as via consultancy services), sponsorships provided to politicians, politicians holding shares in the firm, among others[6]. This makes our political tie measure much more comprehensive both conceptually and empirically, compared to the operationalization of political ties in prior studies, which has been mostly limited to board directorship ties and sponsorship ties or friendship ties.

THEORY & HYPOTHESES DEVELOPMENT

Mergers and acquisitions constitute a major strategic move for firms, and they involve a large amount of investment. According to Thomson Reuters data on M&As, just in the first quarter of 2013, worldwide M&A deals announced summed up to over $500 billion.

Investments in the form of M&As create value by increasing the combined entity's market power, by unleashing the synergistic potential in cases of resource fit between the acquirer and the target (Capron & Pistre, 2002; Chatterjee, 1986, 1992) and by improving the target's performance through the application of the acquirer's superior managerial capabilities (Chatterjee, 1992). Despite their strategic importance and value creation potential, the completion of a proposed merger or acquisition is subject to various risks. While M&A negotiations take considerable time and effort, they can be stalled by target firm's management through antitakeover defense mechanisms such as litigation, supermajority requirements, poison pills, share buyback, greenmail, restructuring and cash payouts (Duggal & Millar, 1995; Sundaramurthy, 1996) as well as through appropriation in the form of special bonuses and golden parachute requests (Hartzell, Ofek, & Yermack, 2004). In the meantime,

[6] For an exhaustive list of all “ties” we investigate, please refer to the empirics section of this paper.

the focal deal attracts considerable media attention; and information leakage may result in significant changes in the acquirer or target's stock prices (Ahern & Sosyura, 2014). Even when the acquirer and the target successfully reach an agreement, the deal's completion is subject to a regulatory risk: the antitrust holdup.

M&As and anti-trust hold-up

National authorities assign jurisdictional thresholds to determine whether an M&A deal will be subject to anti-trust approval; the process through which an anti-trust body investigates a merger or acquisition on the basis of its impact on the level of competition in the concerned industry[7]. Antitrust holdup refers to a range of decisions taken by the antitrust body, which jeopardize the expected value creation either by delaying or reducing the intended benefits of the proposed deal (via imposing remedies for example) or by ordering complete prohibition, or reversal, of the deal (Clougherty, 2005).

Whether a proposed deal will be subject to anti-trust hold-up remains uncertain to the involved firms. The timing of the decision involves a high level of uncertainty since the decision deadlines, usually months after the deal proposal, can be extended. The nature of the decision, on the other hand, although based on the major principle of impact of the deal on competition, still cannot be accurately predicted for the following reasons:

First, the decision of the antitrust body will depend on a multiplicity of factors influencing the level of competition in an industry, such as rate of growth, the

[7] For instance some deals do not require notification and are not subject to anti-trust scrutiny, since they involve very limited transaction value and/or have virtually no impact on the market shares, for which the criteria are again defined by anti-trust regulations.

maturity and the dynamics of the relevant market.[8] In addition, antitrust laws allow for certain levels of decision making liberty through exceptions such as market (un)importance, vaguely-defined customer benefits, and target bankruptcy. In other words, there not "solid ceilings" in anti-trust regulations, i.e. clear-cut numbers defined by law, but only thresholds that determine the limits at which the anti-trust body should be concerned about anti-competitive effects (e.g. "the combined entity should have no more than 40 % of the market share"). However, even those thresholds are rebutted in practice (Desai, 2009). Moreover, political preferences might also prevail in the final decision of an anti-trust body: For instance, anti-trust bodies may, under political influence, align their decisions with public interest concerns by giving more favorable decisions to M&A proposals in net export industries (Clougherty, 2005)

Second, regulators may disagree on regulatory direction on how to implement regulations, or on how to interpret definitions, measurements, and rules (Haley & Schuler, 2011). The increasingly global dimension of some deals aggravates this problem since it requires the firms to get approval from anti-trust bodies in multiple countries, exposing them to multiple groups of regulators and multiple rounds of anti-trust scrutiny. In a recently closed merger by H.J. Heinz Company and Kraft Foods Group, backed by Warren Buffet's Berkshire Hathaway and 3G Capital, a Brazilian private equity firm, the proposed deal had to secure approvals from anti-trust bodies in 14 countries (Gelles & Sakoui, 2013). Even though the Heinz-Kraft merger finally got approval from all necessary bodies based in different jurisdictions, there are examples such as GE-Honeywell deal that actually got approved in the US by the

[8] In most countries, the principles to which the antitrust bodies must adhere in their investigations are outlined in publicly available documents.

Federal Trade Commission (FTC), but was blocked by the European Commission (EC) anti-trust team at the beginning of the 2000s.[9,10]

Last but not least, the managers of the firm are constrained by bounded rationality, and thus have limited ability to predict accurately the decision to be made by the anti-trust body (Haley & Schuler, 2011). Moreover, the fact that in many institutional contexts the anti-trust scrutiny process might be opaque makes it more difficult for managers to accurately foresee the outcome of this process.

The non-deterministic nature of anti-trust decisions presents uncertainty for firms, but also opens room for influence for firms seeking to obtain anti-trust approval. Given M&As' strategic importance and the high levels of investment they involve, firms find it in their best interest to try to influence the decision-making by anti-trust bodies. Whereas GE clearly underestimated the holdup risk by the EC and tried to "walk over" Brussels, firms involved in deals usually progress with more caution and activate political channels for the approval of the deal. One way to do that is leveraging the political ties that the firm has.

Political influence on the anti-trust body's decisions

In a recent study, Holburn and Vanden Bergh (2013) observe that firms' election campaign contributions increase short before and after an M&A deal announcement, which might indicate an effort to indirectly influence antitrust

[9] CNN. 2001. EU kills GE-Honeywell, ***CNN Money***, online ed.
[10] BBC. 2001. EU blocks GE/Honeywell deal, ***BBC News***, online ed.: BBC News.

decision-making.[11] Despite having unconditional authority on M&A approvals, anti-trust bodies are nevertheless considered prone to political influence because of politicians' control over the budget of the antitrust body and appointment of its members. In certain cases, politicians will have the authority to open investigations and sanction the anti-trust body; or to change the legislation to limit its authority (Holburn & Vanden Bergh, 2013). Even though the extent of political influence is going to be determined by the level of jurisdictional, decisional and budgetary autonomy[12] of the anti-trust body, scholars agree that political pressures do play a part in anti-trust decisions (Clougherty, 2005; Coate, Higgins, & Mc Chesney, 1990).

How would firms achieve political influence on the anti-trust bodies? Firms can establish with politicians ties to function as channels of influence. Ties might take many forms, such as a politician being a director on the board of the firm, or the firm sponsoring a politician for his/her election campaign, or the politician being a shareholder of the firm. Ties between a politician and a firm indicate an exchange relation between the two parties. For instance the firm might expect political favors from a politician that it has a tie to; the politician, as well, might expect immediate or future gains, such as employment opportunities (Eggers & Hainmueller, 2009); or insider information about an industry that might improve his/her personal investment decisions (Cohen, Frazzini, & Malloy, 2008). Politicians may also obtain indirect benefits through their ties with firms, such as investment in their constituency area

[11] The dependent variable in the study of Holburn and Vanden Bergh (2013) is firms' election campaign contributions around M&A deal announcements. Whether these contributions positively impact anti-trust decisions remains an open issue our paper aims at shedding light on.

[12] Jurisdictional autonomy refers to "whether an anti-trust agency has sole jurisdiction over an anti-trust decision or whether it must cede or share jurisdiction with another government body". Decisional autonomy refers to "whether an anti-trust agency has the final authority to make actual anti-trust decisions" and not only "recommendations". Budgetary autonomy refers "to the financial autonomy of the anti-trust agency" (Clougherty, 2005).

thus employment for their constituents, which would create externalities beneficial to politicians' re-election prospects and turn into a direct benefit for the politician in the future (Bertrand, Kramarz, Schoar, & Thesmar, 2007; Chin, Bond, & Geva, 2000).

Given this "mutual" exchange of favors, we could expect that when faced with anti-trust scrutiny, firms would activate their political ties to influence the anti-trust body's decision, and politicians would be willing to use their political power to interfere with the anti-trust body's decisions. As a result, firms' ties to politicians would allow for the possibility of indirect firm influence on antitrust decision-making. Political interference of politicians that the firm has ties to might result in shortened decision-making time; lighter imposition of remedies; or even increased likelihood of securing regulatory approval. Firms' political ties may therefore become a valuable resource which might help 'absorb' the uncertainty arising from the institutional environment (Hillman, Keim, & Schuler, 2004; Pfeffer & Salancik, 1978), and decrease the risk of anti-trust holdup. Hence, our first hypothesis is as follows:

Hypothesis 1: Proposed M&A deals by acquirers with political ties are associated with lower levels of anti-trust holdup.

Not all political ties would have the same effectiveness in decreasing the anti-trust holdup. More specifically, one could easily argue that the effectiveness of the political ties in influencing anti-trust decisions will also depend on the power of the politician who exerts influence on the anti-trust body. Such power, among other things, resides in the affiliation of the politician: whether the politician's party is in the government at the time of the deal proposal. Politicians affiliated with the ruling party can be considered more resourceful than politicians affiliated with the opposition parties. However, once a politician's service in the government ends, or there is a shift of power in the parliament from the politician's (ruling) party to the opposition party, those politicians might be "denied much of the access" they used to have (Lester, Hillman, Zardkoohi, & Cannella Jr, 2008), and will have less influence on the anti-trust body's decisions.

Therefore, we argue that the relation between political ties and reduced anti-trust holdup is stronger when firms have ties with politicians affiliated to the governing party, as opposed to when they have ties to politicians affiliated to the opposition party. Hence:

Hypothesis 2: For proposed M&A deals, acquirer's ties to politicians affiliated to the governing party have a stronger effect in decreasing the anti-trust holdup, compared to ties to opposition party affiliated politicians.

DATA AND METHODOLOGY

Empirical setting and data

Our empirical setting is the antitrust approval process of merger & acquisitions in the United Kingdom (UK).

Deal level data is collected from publicly available records of The Office of Fair Trading (OFT).[13] The Enterprise Act of 2002, which came into force in June 2003 established The Office of Fair Trading (OFT) responsible for determining whether an M&A deal "has resulted, or may be expected to result in a substantial lessening of competition" within the relevant market in the UK (Enterprise Act 2002).

[13] Information on deals is supplemented by data gathered from Zephyr Database of Bureau van Dijk.

OFT is led by a chairman and four members appointed by the Secretary of State (SoS) for Trade and Industry, who is appointed by the elected Prime Minister. The Secretary of State also has the authority over hiring, promoting and firing decisions. OFT was closed in March 2014 as part of a government reform and its responsibilities were distributed to a number of different bodies. Between 2003 and 2014, OFT investigated 191 M&A deals conducted by domestic publicly listed acquirers, which we examine in this study.

Upon investigation of a deal, OFT may decide either to clear it, or, in case of anti-competitive effects, OFT may grant approval conditional on undertakings. Undertakings are actions remedying, mitigating or preventing expected anti-competitive consequences of M&As. These may include forcing the acquirer to sell all or part of its existing businesses, sell one of the businesses overlapping with the target firm, or abide by requested price caps and supply commitments. Instead of referring the case to the CC, OFT may accept such remedies to the extent that they are reasonably and practically effective in eliminating the adverse effects of the deal on the market. Otherwise, the deal is referred to the Competition Commission for further investigation and final decision.

Our data on UK firms' political ties is collected from the registers of the British Parliament. Compared to similar economies, the UK demonstrates higher rates of ties between firms and politicians (Faccio, 2006). One reason for this is the historical mobility between business and politics in the UK. There exists no regulatory prohibition against movement of politicians to private domains and firm executives to public domains[14]. Moreover, current politicians are allowed to take a

[14] There exists only an advisory body for advising on the mobility of politicians to private sector, which is ACOBA, however ACOBA is not a statuary body and just an advisory one, meaning that it has no discretion over the choice of the politician to serve in the private sector.

seat at the board of directors of firms, or work as consultants to firms, as long as they declare these posts. A recent report from The Guardian states that over the 2012-2013 parliamentary session of the British Parliament, the Members of the Parliament (MPs) have declared earnings more than £7 million from "outside" jobs such as directorships[15]. On the other hand, MPs in the UK are required since 1974 to disclose any type of relation with firms that may result in a clash of interests; meaning any sort of relation with firms that may actually raise doubts about the MPs' complete fulfillment of their public duties. Moreover, since 1996, the requirements in the UK for disclosure have become stricter, and been defined more clearly (Torres-Spelliscy & Fogel, 2012). As a result, the disclosure levels in the UK stand out compared to other countries (Djankov, Porta, Lopez-de-Silanes, & Shleifer, 2009). In most European countries for instance, only partial information regarding relations between firms and politicians are disclosed (Transparency International, 2012). Failure to meet the disclosure requirements may result in suspension of the MP from the House of Commons as well as a reputational scandal for the MP and his/her party[16].

The data on ties between firms and politicians includes information on various types of relations: Board directorships of politicians within the firm; remunerated employment of politicians by the firm; sponsorships; and gifts provided to politicians by the firm; expenses for overseas visits of politicians paid by the firm; shareholdings of politicians in the firm; and finally politicians' miscellaneous types of relations with the firm through which the politician receives any type of financial or material benefit (please see Appendix-1 for detailed description of each of these ties). 21 per cent of

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[15] Ball, J., & Hickman, L. 2013. MPs declare £7m income from other jobs, ***The Guardian***, online ed.

[16] Examples are numerous in the past, such as scandals of Mo Mowlam and Robert Wareing of the Labour Party in the late 90s, or Keith Vaz of the Labour Party in the 2000s.

the firms in our sample have at least one type of political tie on the year of the anti-trust investigation by OFT.

Variables

Our dependent variable, *Antitrust Holdup*, is an ordinal variable increasing in severity of the anti-trust decision. *Antitrust Holdup* is coded 0 when OFT clears the deal; 1 when OFT extends a conditional approval imposing undertakings to remedy the deal's anti-competitive effect. Otherwise, OFT refers the deal to the Competition Commission (CC) for further investigation. *Antitrust Holdup*, then, is coded 2. [17]

Of the 170 deals in our final sample[18], 142 (83%) deals are cleared by the OFT, 11 (7%) deals were conditionally approved by OFT, and 17 (10%) cases were referred to the CC. Please see Table-1 for the frequency distribution of *Antitrust Holdup*.

Our main variable of interest, *Political Ties*, is a count variable for the number of unique ties an acquirer firm[19] in the deal has with politicians (i.e. MPs) during the year of the deal announcement. For instance, if our acquirer firm has both a board directorship tie and a sponsorship tie to the same politician within the same year, the number of ties the firm has is counted as 2. To form firm-year counts, all ties of the

[17] We code referral to the CC as the most severe level of anti-trust hold-up. Even though the final decision of the CC might be to clear the deal (as opposed to asking for undertakings, or prohibiting the deal and requesting a full reversal), once the deal is referred to the CC, the firm has to bear further waiting time, and the deal is less likely to get approval. Actually, our sample shows that for 1 out of three cases, firms take referral to the CC as a signal for severe anti-competitive effects and, rather than waiting for a decision, they choose to cancel and withdraw the deal.

[18] Of the 191 deals investigated by OFT, we excluded 2 cases, which were referred to the SoS due to national security concerns; leaving us with 189 relevant cases. 19 cases, then, were lost due to missing information on firm level data, leaving us with 170 cases in our sample.

[19] The OFT when investigating the M&A deals, always labels one of the parties as "acquirer" and the other "target", even though the deal might supposedly be a merger. Therefore, we follow OFT's classification for deciding which company is the acquirer and which one is the target.

previously mentioned forms (board directorship, remunerated employment, sponsorship, etc.) are added up.

Controls

The decision by anti-trust bodies (OFT and CC in our case), will depend on some firm- and industry-level determinants that need to be controlled for. At the industry level, we control for the competition. OFT and CC have been established primarily for the purpose of ensuring fair competition in industries, or otherwise preventing the lessening thereof. In parallel, the investigation of the M&A deals focuses on the competition in the industry. To control for *Industry Competition*, we follow Macher & Mayo (2014) and use the number of competitors in the 3-digit SIC industry as an indicator of competition. As the number of competitors in the same industry increases, anti-competitive effects of a deal may be less of a concern for the anti-trust body, therefore such deals become more likely to get approval.

At the deal level, we control for the status of the deal. Completed Deal is coded 1 if OFT was informed or has become aware of the deal only after the deal was completed. This is in contrast to anticipated deals for which OFT has the authority not to refer the case to the CC if it believes that the deal is not far advanced, or is not sufficiently likely to proceed. Second, we control whether a deal has previously obtained approval from foreign antitrust bodies. M&A deals by multinational acquirers or targets are subject to approval by a multiplicity of anti-trust authorities in the related set of countries. To the extent that relevant local industries have similar competitive conditions, we expect that it is more likely that deals approved in other countries will also be approved in the UK. To control for this, we use the dichotomous variable *Deal Cleared in Another Country* coded 1 for cases of previous clearance and 0 otherwise.

We also control for firm-level factors, which may influence policy-making. Since bigger firms are more likely to have a political influence on the anti-trust body compared to smaller firms (Hillman et al., 2004; Macher & Mayo, 2014), we control for *Acquirer Size* operationalized as the natural log transformation of the number of acquirer's employees. We also control for *Acquirer Age*; the natural log transformation of the number of years between the announcement of the OFT decision and the acquirer's year of incorporation. Since governments may discriminate against foreign firms in their policy-making, we control for acquirer's origin with the variable *Foreign Acquirer Parent* coded 1 for acquirers owned by foreign firms, 0 for acquirers originating from the UK. Similarly, we control for the origin of the target[20]. *Foreign Target Origin* is coded 1 if the target, or the target's parent, is incorporated in countries other than the UK. The variable is coded 0 for targets of UK origin. The descriptive statistics and the correlation matrix for variables are presented in Table 2 and 3.

Analysis & Results:

Since the dependent variable is ordinal, we use random effects ordered logit estimation *(xtologit in Stata)* with standard errors robust to inter-dependence among deals in the same industry. The model also takes into account the unobserved heterogeneity among acquirers.

[20] Since only British targets are in the jurisdiction of OFT, all targets in our sample are incorporated in the UK. However, foreign firms may own the targets.

To test Hypothesis 1, we use the variable *Political Ties* defined as the total count of unique ties between the acquirer firm and the politician during a given year. To test Hypothesis 2, we use the variable *Ties to Politicians in Power* defined as the number of acquirer ties with politicians whose political party is the governing party at a given year.

The results are presented in Table 4. Model 1 is a baseline model using only the control variables. Model 2 adds *Political Ties*, the variable of interest for testing Hypothesis 1. According to the Hypothesis 1, we expect a negative effect of *Political Ties* on the ordinal dependent variable, *Antitrust Holdup*. *Political Ties* has a negative and statistically significant coefficient, providing support for Hypothesis 1. One might argue that the effect of *Political Ties* is only secondary after the effect of *Industry Competition* on the M&A anti-trust decisions; i.e. the decision is mainly based on industry conditions and political ties can only moderate the relationship. To investigate this, we introduce an interaction effect between *Political Ties* and *Industry Competition* in Model 3. The main effects of *Political Ties* and *Industry Competition* remain negative and statistically significant. The coefficient of the interaction term is also negative and statistically significant. In other words, the coefficients seem to confirm that there exist both a direct and a moderator impact of *Political Ties* on the anti-trust holdup. However, not to draw immediate conclusions on the coefficients, and to correctly interpret the interaction term (Berry, Golder, & Milton, 2012), we plot the marginal impact of *Political Ties* on *Antitrust Holdup* depending on different levels of *Industry Competition* (See Figure-1). The plot shows us that within the 95% confidence interval, we can reject the null hypothesis that the marginal impact would be equal to zero. The graph also shows that as the number of competitors in an industry increases, the marginal impact of *Political Ties* on *Antitrust Holdup* gets stronger.

In Model 4, we use *Ties to Politicians in Power* and *Ties to Politicians not in Power* as predictor variables to test Hypothesis 2. Although *Ties to Politicians in Power* has a negative and statistically significant effect on Antitrust Holdup, the effect of *Ties to Politicians not in Power* is also negative and statistically significant. The t-test does not reject the equality of their coefficients ($\chi 2$= 0.82 and p=0.36). Therefore, while we find evidence that *Ties to Politicians in Power* decrease *Antitrust Holdup*, we cannot argue that the overall effect is stronger as compared to the effect of ties with politicians not in power; providing no support for Hypothesis 2. There might be two explanations for this: First, during the period of observation, both the Labor Party and the Conservative Party (in coalition with Liberal Democrats) have been in the government for some period. It is possible that the opposition party politicians still had an influence on the anti-trust body even after they left the government, since they had long-standing relations with the members of the body. This might be an effect of the "past". Alternatively, politicians of the opposition party might be as strong as politicians of the governing party because they might very well be in the ruling party in the subsequent election period. In other words, expected "future" political power may translate into current power. Second, political power thus influence capacity of a politician does not only come from the politician's affiliation to the governing party. The politician's position as a minister, or tenure in the parliament might also provide him/her with power. Thus it might be well the case that opposition party politicians have power they derive from those other dimensions. We investigate these possible sources of political power in the next section, as part of our further analysis.

In Model 5, we look into the interaction effects between *Ties to Politicians in Power*, and *Ties to Politicians not in Power*, and *Industry Competition*. The main effects of both ties remain negative and significant, however, only the interaction of *Ties to Politicians in Power* and *Industry Competition* is negative and statistically significant. This finding might indicate that ties to government-affiliated politicians become possibly more valuable at certain levels of industry competition compared to ties to opposition party affiliated politicians. Once again to be able to interpret the coefficients, we plot the marginal impact of both groups of ties on *Antitrust Holdup* (see Figure-2). The marginal impact plot indeed shows that as the number of competitors increase (thus at high levels of industry competition), the marginal impact of *Ties to Politicians in Power* on *Antitrust Holdup* is stronger (more negative) than the marginal impact of *Ties to Politicians not in Power*.

Further Analysis

Table 5 reports the results of robustness checks and further analysis.

First, we investigate the effect of *Political Ties* in years preceding the anti-trust decision. Models 6 and 7 present the results for 1-year and 2-year lags to the *Political Tie* variable. Whereas both effects are negative, they are not statistically significant. This may indicate that the benefits to be drawn from political ties fade quickly, and might indicate the necessity for the firm to continuously invest in the relation it has with a politician.

In Model 8, we introduce an alternative specification for testing Hypothesis 2. Instead of the number of ties to politicians in power, we use the percentage of these ties in all political ties that the acquirer firm has. The coefficient of the new variable is negative and statistically significant, providing support to Hypothesis 2.

To explore the sources of political power in more detail, we also investigate the effect of ties to politicians who are appointed as ministers. One could argue that having ties to ministers would increase the likelihood of influencing the anti-trust body's decision, since ministers might have more direct influence in hiring, firing or remuneration decisions for bureaucrats than regular members of the parliament. In Model 9, we use the percentage of the acquirers' ties with ministers. The coefficient is still negative and statistically significant, indicating to the importance of the power for a politician derived from ministerial position. Apart from governing party affiliation and ministerial position, a third source of political power may come from the politician's tenure, e.g. the duration of the politician's membership in the parliament. Tenure is a sign of the profundity, as well as depth of human and social capital of a politician (Hillman & Dalziel, 2003; Lester et al., 2008). Politicians with tenure know better how to navigate through the bureaucracies; are likely to have wider networks, and possibly stronger influence over these networks. Thus tenure provides them with more political power, which eventually might lead to stronger influence on the anti-trust body. To test the effect of tenure, we calculated the sum of the number of years during which the politicians – connected to an acquirer, served in the parliament. The effect, as expected, is negative and statistically significant as shown in Model 10. As the total tenure of the politicians the firm has ties to increases, the anti-trust hold-up risk decreases.

Lastly, we focus on a characteristic of the acquirer-politician relationship and investigated its duration. A long-term tie should increase the likelihood of the politician's willingness for influencing the anti-trust body's decision. In other words, as the tie moves from a short-term character to a longer-term relational character, the benefits it brings about should increase (Hillman & Hitt, 1999). In Model 11, we used the average number of years an acquirer has had a tie with each politician, during a given year. The results confirm that as the duration of the relationship between the firm and the politician increases, the likelihood of antitrust holdup decreases.

DISCUSSION

In this paper, we investigate whether firms' ties to politicians serve as a means through which firms might influence anti-trust bodies' decisions and reduce the level of anti-trust holdup for proposed M&A deals. In other words, we address whether political ties might favorably influence the regulatory control over a critical component of firms' market strategies; namely merger and acquisitions (M&As).

The results confirm our main argument that firms with ties to politicians face lower levels of anti-trust holdup from investigating bodies. Moreover, when we investigate this further, we see that ties to politicians have a stronger effect to reduce anti-trust holdup at high levels of competition. Given that avoiding anti-competitive effects is a primary concern for anti-trust bodies, this shows us that when anti-competitive effects are of less concern, having political ties allows firms to go through the anti-trust process even more smoothly compared to their peers with no ties to politicians. When we distinguish between ties to the governing party and ties to the opposition party, even though we find no significant difference between the overall impact of ties to politicians of the governing party and the impact of ties to politicians of the opposition party (both types of ties reduce anti-trust holdup); we find evidence that ties to politicians of the governing party help more in reducing the anti-trust holdup for deals in industries with high numbers of competitors.

Our contribution is to the literature on firms' non-market strategies, specifically to the stream that investigates the firm-level consequences of having ties to politicians (Aggarwal et al., 2012; Goldman et al., 2009; Hadani & Schuler, 2013; Hillman, 2005); by revealing one of the mechanisms through which political ties might actually lead to superior performance for the firm.[21] This paper sheds light on a concrete case of how ties to politicians may actually act complementary to firms' market strategies by eliminating adverse regulatory impositions, such as anti-trust holdup, and secure the accomplishment of a market strategy move. This way, we aim to address a major challenge for political strategy scholars, and take a step forward to investigate the outcomes of firms' political actions in a 'meaningful' way (Hillman et al., 2004).

Limitations and Avenues for Future Research

Our study is not free from limitations. First, we look into an "indirect" effect firms have on the anti-trust decision body, via ties to politicians. One might argue that firms could target directly the anti-trust body members to influence decision-making. Whereas we cannot rule out this possibility, we could argue that given the anti-trust body's independent status in many institutional contexts, direct relations with the anti-trust body members could be too "visible" and more risky for firms in terms of public reactions or even legal sanctions. In other words, having direct relations with the anti-

[21] Investigation of whether the M&A deals cleared by the anti-trust bodies actually increase performance of the involved firms remains to be conducted, but is beyond the purposes of this study.

trust body members could be considered illegitimate, and illegal; whereas activating a political tie to influence the decision-making of the anti-trust authority would be subtler, avoiding possible negative reactions. Moreover, ties to politicians could be considered as more "flexible" and thus valuable in the sense that politicians have legitimate political power over a wide range of issues, and thus could provide the firm with benefits in various platforms of the political arena once those ties are in place. Ties to anti-trust body members however, would probably be more "specific" and serve a more limited purpose, such as benefits related to the M&A approvals. Since firms have limited resources to allocate for political purposes (Bonardi, 2008; Shaffer & Hillman, 2000), it would make more sense for the firm to invest in and activate ties to politicians when anti-trust scrutiny process is on.

Another limitation is that our empirical analysis is based on data from a single country. Existence and extent of political influence on anti-trust bodies depend on the configuration of institutions in a given country (Bonardi, Hillman, & Keim, 2005; Henisz & Zelner, 2003), and whether this configuration allows for the autonomy of the anti-trust body or not (Clougherty, 2003, 2005). Therefore one might wonder if our results would be similar if the analyses were repeated across different institutional contexts. Future work could look into the same relation in a country in which the dispersion of power among political actors is more scattered (as opposed to two main political parties), or in countries where political pluralism (Kozhikode & Li, 2012) prevails, wherein the political orientations of national policy-makers (such as MPs) and bureaucrats differ. In pluralist structures firms might face difficulties in influencing the anti-trust body's decisions through their ties to politicians since bureaucrats may actually react to influence attempts by firms (Ingram & Rao, 2004). On the other hand, we believe that our analysis of M&A approvals in UK constitutes a conservative test of our hypotheses because the UK has strong norms for transparency and accountability and is considered a developed country by the likes of World Bank and FTSE on the grounds of strong institutional infrastructure. Nevertheless, further research is needed to uncover the interplay of country-level factors and consequences of firms’ political strategies.

A further limitation of our sample is that it is restricted to M&A deals by British acquirers. Although we controlled for the origin of acquirers’ parents, the question remains whether political influence through ties would be different, e.g. fade, for foreign direct acquirers.

Finally, the eventual performance consequences of decreased anti-trust holdup remains to be investigated. Our findings beg the intriguing question of what happens to firm value when firms with ties to politicians announce M&A deals. Do investors react differently to deal announcements by firms with political ties and their peers with no ties?

TABLES & FIGURES

Table 1. Frequency Distribution of Antitrust Holdup

Coding	Frequency	Percent	Cumulative P.
0: Clearance	142	83.53	83.53
1: Conditional Approval	11	6.74	90.00
2: Reference to Competition Commission	17	10.00	100.00

Table 2. Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Antitrust Holdup	170	0.26	0.63	0	2
Political Ties	170	0.45	1.53	0	16
Political Ties (t-1)	170	0.38	0.99	0	8
Political Ties (t-2)	170	0.33	0.84	0	4
Ties to Politicians in Power	170	0.13	0.79	0	9
Ties to Politicians not in Power	170	0.32	0.89	0	7
% Ties to Politicians in Power	170	0.04	0.18	0	1
% Ties to Ministers	170	0.15	0.35	0	1
Tenure of Political Ties	170	6.87	23.26	0	193
Repetitive Political Ties - average years	170	0.73	2.05	0	12
Industry Competition	170	159.7	158.9	1	537
Completed Deal	170	0.47	0.50	0	1
Deal Cleared in Another Country	170	0.01	0.11	0	1
Acquirer Age	170	3.40	0.84	1.79	5.66
Acquirer Size	170	9.14	1.87	2.48	13.24
Foreign Acquirer Parent	170	0.08	0.28	0	1
Foreign Target Origin	170	0.71	0.45	0	1

Table 3. Correlation Matrix

	Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Antitrust Holdup	1.00															
2	Political Ties	**-0.13**	1.00														
3	Political Ties (t-1)	**-0.14**	**0.81**	1.00													
4	Political Ties (t-2)	**-0.13**	**0.61**	**0.76**	1.00												
5	Ties to Politicians in Power	**-0.07**	**0.90**	**0.62**	**0.38**	1.00											
6	Ties to Politicians not in Power	**-0.15**	**0.92**	**0.85**	**0.72**	**0.67**	1.00										
7	% Ties to Politicians in Power	**-0.10**	**0.41**	**0.29**	**0.27**	**0.54**	**0.24**	1.00									
8	% Ties to Ministers	**-0.18**	**0.52**	**0.51**	**0.50**	**0.22**	**0.71**	**0.21**	1.00								
9	Tenure of Political Ties	**-0.12**	**0.94**	**0.74**	**0.61**	**0.85**	**0.87**	**0.44**	**0.48**	1.00							
10	Repetitive Political Ties - average years	**-0.15**	**0.37**	**0.62**	**0.65**	**0.16**	**0.50**	**0.39**	**0.51**	**0.38**	1.00						
11	Industry Competition	**-0.18**	**-0.05**	0.04	0.01	**-0.06**	-0.04	0.00	0.00	-0.04	0.05	1.00					
12	Completed Deal	**0.05**	0.04	-0.02	-0.05	**0.07**	0.00	-0.04	**-0.05**	**0.06**	**-0.06**	**-0.08**	1.00				
13	Deal Cleared in Another Country	-0.05	0.00	**0.07**	-0.04	-0.02	0.02	-0.03	**0.11**	-0.03	0.01	**0.06**	**-0.10**	1.00			
14	Acquirer Age	**-0.09**	**0.12**	**0.08**	**0.15**	**0.09**	**0.12**	**0.09**	**0.14**	**0.13**	0.01	**-0.15**	-0.05	-0.04	1.00		
15	Acquirer Size	**-0.08**	**0.26**	**0.34**	**0.40**	**0.13**	**0.33**	**0.17**	**0.32**	**0.23**	**0.17**	**-0.06**	-0.05	**0.10**	**0.23**	1.00	
16	Foreign Acquirer Parent	0.01	**-0.07**	**-0.09**	**-0.09**	-0.05	**-0.09**	**-0.07**	-0.07	-0.08	**-0.10**	**-0.12**	**-0.07**	-0.03	0.01	**-0.19**	1.00
17	Foreign Target Origin	**-0.08**	0.02	-0.03	**-0.09**	0.02	0.01	**0.07**	0.07	-0.03	-0.02	**0.07**	0.00	**0.07**	**0.06**	**0.05**	0.00

* $p < 0.05$

Table 4. Ordered Logit Results for Antitrust Holdup

	(1)	(2)	(3)	(4)	(5)
Political Ties		-18.709***	-17.938***		
		(0.41)	(0.75)		
Ties to Politicians in Power				-16.198***	-15.995***
				(0.61)	(1.59)
Ties to Politicians not in Power				-16.903***	-17.892***
				(0.49)	(0.80)
Industry Competition	-0.005***	-0.004**	-0.004**	-0.004**	-0.004**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Political Ties x Industry Competition			-0.010*		
			(0.01)		
Ties to Politicians in Power x Ind. Competition					-0.019*
					(0.01)
Ties to Politicians not in Power x Ind. Competition					-0.005
					(0.01)
Completed Deal	0.315	0.262	0.262	0.262	0.262
	(0.41)	(0.44)	(0.44)	(0.44)	(0.44)
Deal Cleared in another Country	-15.608***	-21.308***	-21.320***	-18.717***	-20.144***
	(0.99)	(1.08)	(1.08)	(1.08)	(1.08)
Acquirer Age	-0.265	-0.252	-0.252	-0.252	-0.252
	(0.32)	(0.33)	(0.33)	(0.33)	(0.33)
Acquirer Size	-0.089	-0.005	-0.005	-0.005	-0.005
	(0.12)	(0.13)	(0.13)	(0.13)	(0.13)
Foreign Acquirer Parent	-0.415	-0.465	-0.465	-0.465	-0.465
	(0.69)	(0.64)	(0.64)	(0.64)	(0.64)
Foreign Target Origin	-0.308	-0.280	-0.280	-0.280	-0.280
	(0.41)	(0.38)	(0.38)	(0.38)	(0.38)
cut1 constant	-0.762	-0.176	-0.176	-0.176	-0.176
	(1.54)	(1.82)	(1.82)	(1.82)	(1.82)
cut2 constant	-0.157	0.454	0.454	0.454	0.454
	(1.59)	(1.89)	(1.89)	(1.89)	(1.89)
sigma2_u	0.000	0.000	0.000	0.000	0.000
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
N	170	170	170	170	170
chi2	299.613	3268.382	3180.796	2726.160	3291.225
p	0.000	0.000	0.000	0.000	0.000
ll	-88.862	-83.070	-83.070	-83.070	-83.070

Standard errors in parentheses * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 5. Further Analyses - Ordered Logit Results for Antitrust Holdup

	(1)	(2)	(3)	(4)	(5)	(6)
Political Ties			-17.43***	-17.00***		
			(0.49)	(0.80)		
Political Ties (t-1)	-0.857					
	(0.54)					
Political Ties (t-2)		-0.632				
		(0.43)				
% Ties to Politicians in Power			-2.54***			
			(0.78)			
% Ties to Ministers				-2.81***		
				(0.94)		
Politician Tenure					-3.28***	
					(0.28)	
Repetitive Ties - average						-18.03***
						(0.43)
Industry Competition	-0.004**	-0.005***	-0.004**	-0.004**	-0.004**	-0.004**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Completed Deal	0.261	0.275	0.262	0.262	0.262	0.262
	(0.44)	(0.42)	(0.44)	(0.44)	(0.44)	(0.44)
Deal Cleared in another Country	-22.18***	-18.09***	-20.30***	-20.01***	-24.08***	-21.34***
	(1.06)	(0.97)	(1.08)	(1.08)	(1.08)	(1.08)
Acquirer Age	-0.226	-0.211	-0.252	-0.252	-0.252	-0.252
	(0.31)	(0.32)	(0.33)	(0.33)	(0.33)	(0.33)
Acquirer Size	-0.011	-0.022	-0.005	-0.005	-0.005	-0.005
	(0.12)	(0.12)	(0.13)	(0.13)	(0.13)	(0.13)
Foreign Acquirer	-0.428	-0.436	-0.465	-0.465	-0.465	-0.465
	(0.69)	(0.69)	(0.64)	(0.64)	(0.64)	(0.64)
Foreign Target Parent	-0.342	-0.358	-0.280	-0.280	-0.280	-0.280
	(0.39)	(0.38)	(0.38)	(0.38)	(0.38)	(0.38)
Cut 1 constant	-0.098	-0.146	-0.176	-0.176	-0.176	-0.176
	(1.56)	(1.57)	(1.82)	(1.82)	(1.82)	(1.82)
Cut 2 constant	0.518	0.467	0.454	0.454	0.454	0.454
	(1.61)	(1.61)	(1.89)	(1.89)	(1.89)	(1.89)
sigma2_u	0.000	0.000	0.000	0.000	0.000	0.000
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
N	170	170	170	170	170	170
chi2	518.456	424.213	3309.396	3418.305	985.865	2406.994
p	0.000	0.000	0.000	0.000	0.000	0.000
ll	-86.854	-87.545	-83.070	-83.070	-83.070	-83.070

Standard errors in parentheses * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Figure-1: Plot for the marginal effect of *Ties to Politicians* on *Anti-Trust Holdup* with increasing levels of competition

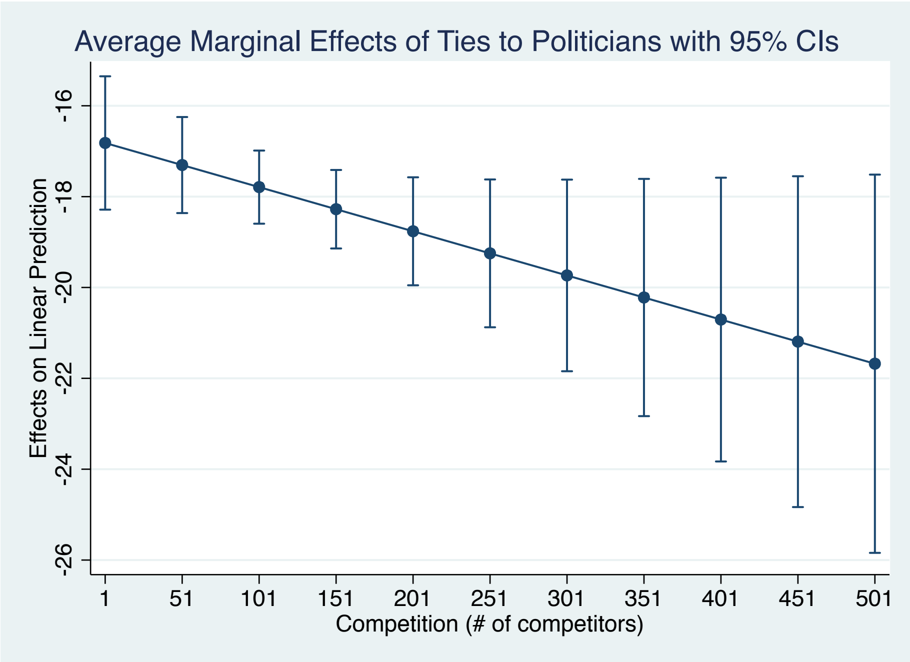
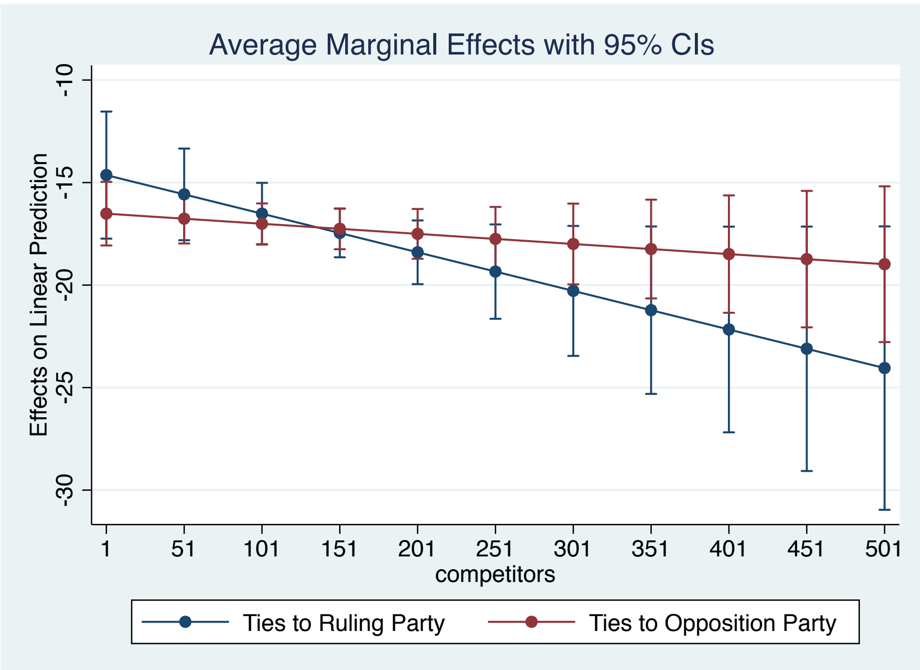


Figure-2: Plot for the marginal effect of *Ties to Politicians in Power* vs *Ties to Politicians not in Power* on *Anti-Trust Holdup* with increasing levels of competition



Appendix A: Definition of the different types of ties (registered by the MPs)[22]

- ***Board directorships*: ** Remunerated directorships of the MPs in public and private companies including directorships which are individually unremunerated, but where remuneration is paid through another company in the same group.

- ***Remunerated employment:*** Employment, office, trade, profession or vocation (apart from membership of the House or ministerial office) of the MP which is remunerated or in which the MP has any financial interest.

- ***Sponsorships*:** (a) Any donation received by an MP’s constituency party or association, or relevant grouping of associations which is linked either to candidacy at an election or to membership of the House; and (b) any other form of financial or material support as a Member of Parliament, amounting to more than £1,500 from a single source, whether as a single donation or as multiple donations of more than £500 during the course of a calendar year.

- ***Gifts and benefits**:* Any gift to the MP or the MP's spouse or partner, or any material benefit, of a value greater than one per cent of the current parliamentary salary from any company, organization or person within the UK which in any way relates to membership of the House or to a Member's political activity.

- ***Overseas visits:*** With certain specified exceptions, overseas visits made by the MP or the MP's spouse or partner relating to or in any way arising out of membership of the House where the cost of the visit exceeds one per cent of the current parliamentary salary and was not wholly borne by the Member or by United Kingdom public funds.

- ***Overseas gifts and benefits:*** Any gift to the MP or to the MP's spouse or partner, or any material advantage, of a value greater than one per cent of the current parliamentary salary from or on behalf of any company, organization or person overseas which in any way relates to membership of the House.

[22] Code of Conduct for the Register of Interests of the MPs, British Parliament, May 2010, http://www.publications.parliament.uk/pa/cm200809/cmcode/735/735.pdf

- ***Shareholdings:*** Interests in shareholdings held by the MP, either personally, or with or on behalf of the MP's spouse or partner or dependent children, in any public or private company or other body which are: (a) greater than 15 per cent of the issued share capital of the company or body; or (b) 15 per cent or less of the issued share capital, but greater in value than the current parliamentary salary.

- ***Miscellaneous***: Any relevant interest, not falling within one of the above categories, which nevertheless falls within the definition of the main purpose of the Register which is "to provide information of any financial interest or other material benefit which a Member receives which might reasonably be thought by others to influence his or her actions, speeches, or votes in Parliament, or actions taken in his or her capacity as a Member of Parliament," or which the Member considers might be thought by others to influence his or her actions in a similar manner, even though the Member receives no financial benefit.

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