

VIA FACSIMILE & REGISTERED POST
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S O L I C I T O R S

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Attn: The Secretary
The Show Jumping Association of Ireland
Beech House
Millenium Park
Osberstown, Naas
Co. Kildare

OUR REF: AMA.7076.1.1446004

YOUR REF:

10 May 2010

Our Client: Millstreet Equestrian Services Limited

Dear Sir,

We act on behalf of Millstreet Equestrian Services Limited.

Our client is the organiser of the extremely successful "Millstreet Horse Show" which has operated for approximately the past 36 years with the exception of last year. We are instructed to write to you in the following terms.

1 AFFILIATION TO SHOW JUMPING IRELAND

1.1 As you are aware, since 2009, our client has ceased to be affiliated to the Show Jumping Association of Ireland, more commonly known as "Showing Jumping Ireland" ("SJI"). We are instructed that our client's reason for such non affiliation is due to what it perceives as inadequate insurance cover provided by SJI. However, that is not the core subject of this letter and we mention it only by way of background.

1.2 We are instructed that our client intends to run the "Millstreet All Ireland Championships 2010" (the "Millstreet Horse Show") between 10 and 15 August 2010. The Millstreet Horse Show will take a similar format to previous years but will also include an "All Ireland Stallion Championship" and a "Young Rider Grand Prix". Further details can be found on our client's website of www.millstreethorsheshow.ie. For the avoidance of doubt, the Millstreet Horse Show will not be affiliated to the SJI.

2 RULES OF SHOW JUMPING IRELAND (the "SJI Rules")

2.1 Articles 299N and 242.6N of the SJI Rules provide as follows:

Article 299N

"Members of the SJI are not allowed to compete as owner or rider or to officiate in any capacity other than Medical Officer, Veterinary Officer, First Aid or Farrier at unaffiliated shows which offer a prize fund in excess of €50 /£50 per Show. Members may participate at events approved by their Governing Bodies such as AIRC, Irish

Pony Club, Eventing Ireland, Dressage Ireland, interschools, and equivalent Northern Ireland bodies.

2. Members in breach of the above rule, will incur warning /fine /suspension as deemed appropriate (Article 242.6N)".

Article 242.6.N (updated in 2010)

"Fines for members participating in Unaffiliated Shows.

First offence will incur a fine of €100 per member.

Second offence will incur a fine of €200 per member.

Third offence will result in a suspension of 14 days and a fine of €300.

Further infringements will result in a longer suspension and steeper fine."

- 2.2 Our client also instructs that it has recently come to our client's attention that you issued a warning to all members in or around 12 March 2010 stating the following:

"Please be aware that Fine letters will be issued to those who have not complied with the Rules of ShowjumpingIreland.

The fines will be issued as follows

1st Offence - Warning letter

2nd Offence - €50 fine

3rd Offence - €100 fine

4th Offence – suspension for a period to be determined, or fine of not less than €600

The Rules of the Association are available to view on www.sji.ie. The Rule Book is available to view using the Show tab and then select Rules. Rule Books may be purchased from the SJI office.

Please note all members are advised that they should make themselves familiar with the ShowjumpingIreland National Jumping Rules."

- 2.3 The above warning also appears prominently on your website (www.sji.ie). We can only assume that the reminder of your rules issued to members in March was done so in light of the announcement by our client that the Millstreet Horse Show will be held later this year (on dates which it has been traditionally held on for the past 36 years) with a view to preventing your members (save for the exempted members) from competing and/or officiating at the Millstreet Horse Show.

3 COMPETITION LAW ISSUES

- 3.1 It appears that Article 299N may be anticompetitive having regard to the provisions of Sections 4(1) and 5(1) of the Competition Act 2002 (the "2002 Act") and Articles 101 and 102 of the Treaty on the Functioning of the European Union 2009 (the "Treaty").

- 3.2 Section 4(1) of the 2002 Act and Article 101 of the Treaty prohibits agreements between undertakings, decisions by associations of undertakings and concerted practices which have as their object or effect the prevention, restriction or distortion of competition in trade in goods or services. An agreement, decision or concerted practice which infringes this prohibition is void and unenforceable.
- 3.3 Section 5(1) of the Competition Act 2002 and Article 102 of the Treaty prevents the abuse of a dominant position by one or more undertakings.
- 3.4 Breach of the above prohibitions renders the parties and their directors and senior managers liable to fines and/or imprisonment upon indictment.
- 3.5 It appears to us that the effect of Article 299N in the SJI Rules is to prevent and distort competition in the marketplace for show jumping events. It acts as a barrier to entry to third party show jumping event organisers. Members (save for exempted members) of the SJI are precluded from competing and/or officiating in unaffiliated events because of Article 299N and the resulting repercussions. Our client has received reports from potential competitors and officials that they would be delighted to enter the Millstreet Horse Show but are fearful of the action that the SJI might take against them pursuant to Article 299N and Article 242.6N. Our client submits that Article 299N of the SJI Rules is unlawful pursuant to Section 4(1) of the 2002 Act and Article 101 of the Treaty.
- 3.6 In addition, our client believes that the SJI occupies a dominant position within the meaning of Section 5(1) of the 2002 Act and Article 102 of the Treaty and that that the implementation of Article 299N amounts to an abuse of a dominant position contrary to each of the above provisions. The SJI prohibits its members from competing or officiating in unaffiliated events. Such prohibition effectively acts as a boycott of events not affiliated to the SJI. It appears to us that this prohibition falls within the traditional and well established categories of an abuse of a dominant position.
- 3.7 We would refer you to the precedent case of the "Irish Kennel Club". For ease of reference, we enclose copy announcement from the Competition Authority in relation to the Irish Kennel Club. In 2003, following the initiation of an investigation by the Competition Authority, the Irish Kennel Club gave an undertaking to the Competition Authority not to engage in behaviour that would breach the Competition Act 2002 as regards its behaviour towards rival pedigree dog organisations. Our client requires such an undertaking from the SJI.
- 3.8 You should note that we are instructed that our client has submitted a complaint to the Competition Authority regarding Article 299N.

4 DUBLIN HORSE SHOW

- 4.1 We are instructed that the Royal Dublin Horse Show operating from the RDS every year is not affiliated to the SJI. Our client is not aware of any member being disciplined due to their participation in the RDS Horse Show despite the existence of Article 299N.
- 4.2 Our client requires clarification as to the basis for the apparent disparity in the treatment of members competing in the RDS in distinction to members competing in the Millstreet Horse Show. Given the warning notices sent to SJI members in March this year (referred to in paragraph 2.2 above) it appears that SJI members will be

disciplined for participating in Millstreet Horse Show whereas it appears that no such action will be taken in respect of the RDS Horse Show. Please clarify.

- 4.3 Our client submits that the above discriminatory treatment amounts to an abuse of a dominant position within the meaning of Section 5(1)(c) of the 2002 Act and Article 102 of the Treaty on the basis that it amounts to the application of "*dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage.*"

5 UNDERTAKINGS

- 5.1 We are instructed to call upon you to sign and return to us the undertakings in the attached form by close of business **(5.30) on Tuesday 18 May 2010.**
- 5.2 In the event that we do not receive the attached undertakings by the deadline set, our client will take all appropriate action, including, if necessary, seeking interlocutory relief, without further notice. If it is necessary to issue legal proceedings despite the opportunity now being given to you, we will use this letter in support of an application for our client's costs in any such proceedings.
- 5.3 Please note that any continuation of such unlawful activity as set out above following receipt of this letter will constitute further wrongs actionable by our client and our client will not hesitate to take all necessary steps to protect its position. Further, unless we hear satisfactorily from you, we will take it that you intend to continue to enforce Article 299N despite this opportunity being given to you now.
- 5.4 Our client's event has and will provide an invaluable tourist attraction to the town of Millstreet and acts as a significant generator of revenue for the businesses of Millstreet. It is essential that you provide the required undertakings.

6 NEWSPAPER COVERAGE

- 6.1 As you are fully aware, there have been several newspaper articles commenting on the unaffiliated status of Millstreet Horse Show. In particular, we have been passed a copy of an article from "The Irish Field" dated 1 May 2010 (copy attached). The article contains a quotation from a Mr Ronan Corrigan, Chairman of the SJI as follows:

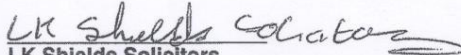
"Horse Racing Ireland and the Turf Club tell their registered trainers not to enter flapper meetings, and if so, they are suspended as they are rules. SJI is no different".

- 6.2 The section of the article in which the quotation appeared dealt with the "stalemate" position between the SJI and Millstreet Horse Show.
- 6.3 It appears to us that you are not only engaging in apparent anticompetitive behaviour by prohibiting and sanctioning your members from competing and officiating in unaffiliated events but you are also comparing Millstreet Horse Show to a "flapper" meeting. The directors of our client take grave exception to the use of this term which has within the horse industry a well-known derogatory and offensive meaning. You are fully aware and have admitted publically that the Millstreet Horse Show has always been a tremendous success and always been operated professionally. It is regarded as one of the top equestrian events in the world. To describe Millstreet Horse Show as a "flapper" meeting is neither fair nor accurate, is defamatory and is seriously damaging to our client's reputation and goodwill.

6.4 We have been instructed to state, lest there be any doubt, that our client will not tolerate under any circumstances such comments as such comments could result in loss and damage to our client, its good name and reputation. Please confirm within the deadline set that you and your directors, servants and agents will cease and desist from making such comments in the future.

We await your response by return but in any event no later than close of business on **(5.30) on Tuesday 18 May 2010.**

Yours faithfully,


LK Shields Solicitors

Encl.

Competition Authority

Irish Kennel Club Undertakings Liberalise Pedigreed Dog Market.

The Competition Authority today (24th June 2003) announced its decision to close a number of complaint files concerning the Irish Kennel Club ("IKC") on the basis that the IKC has given assurances to the Authority that it will not engage in behaviour that could breach the Competition Act, 2002.

The Authority received complaints from a rival pedigreed dog organisation that certain actions by the IKC interfered with its ability to organize and conduct a pedigreed dog show. The Authority entered into discussion with the IKC in respect of its obligations under the Act.

The IKC is of the view that it has not engaged in any activities that breach the Act. However, to address the Authority's concerns and demonstrate its commitment to ensure that its actions would comply with the Act going forward, the IKC has undertaken to refrain from any actions that could breach the Act. It has committed not to engage in activities that might:

- Actively deter, monetarily penalise, or otherwise discipline its members from joining, or participating in events sponsored by entities that are actual or potential competitors of the IKC within the Republic of Ireland, and/or
- Actively deterring of otherwise disciplining persons who serve as judges for IKC-sanctioned events from or for serving as judges for events sponsored by entities that are actual or potential competitors of the IKC within the Republic of Ireland.

These commitments to the Competition Authority will not in any way prevent the IKC from providing information to its members in relation to the laws rules and regulations in the State concerning dogs.

Dr Paul Gorecki, Director of the Authority's Monopolies Division stated, "The Authority is just as concerned with restrictions on competition in small and niche markets because of their exemplary effect. Some markets matter a little to a large number of people, this one matters a lot to a small number, and that makes it no less important. The acknowledgement and undertakings given to the Authority by the IKC ensures that other similar organisations can organize and promote pedigreed dog shows in the State."

He went on to observe that "The undertakings given voluntarily to the Competition Authority by the IKC will ensure that its activities comply with the Act. It gives a positive outcome without requiring the Authority to engage in expensive and lengthy legal proceedings. This is a favourable outcome and result for consumers."

NOTE FOR EDITORS:

A copy of the acknowledgement and undertaking given by the IKC to the Authority is available at <http://www.tca.ie/monopolies/ikc.pdf>

For further information contact Ciarán Quigley at 01 804 5408 or 086 -601 9655.

The Competition Authority

-and-

The Irish Kennel Club Limited

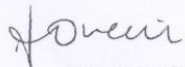
ACKNOWLEDGEMENT AND UNDERTAKING

1. The Irish Kennel Club (hereinafter the "IKC", hereby confirms to the Competition Authority (hereinafter, the "Authority") that it is an "undertaking" and, consequently, is subject to the Competition Act, 2002 (hereinafter, the "Act").
2. The IKC, being of the view that its past behaviour has been fully compliant with the Act, and without making any admissions or acknowledgements with respect to its past behaviour, hereby agrees that, for the avoidance of doubt, if it were to engage in the following actions set forth below in this paragraph 2, such actions could be in breach of the Act:
 - (a) actively deterring, monetarily penalising, or otherwise disciplining its members from joining or participating in events sponsored by entities that are actual or potential competitors of the IKC within the Republic of Ireland, and/or
 - (b) actively deterring or otherwise disciplining persons who serve as judges for IKC-sanctioned events from or for serving as judges for events sponsored by entities that are actual or potential competitors of the IKC within the Republic of Ireland.
3. The IKC hereby further agrees on behalf of itself, its directors, officers, members, servants and agents that it will neither introduce nor implement any actions, schemes or agreements
 - (a) that have the *object* of supporting the activities which are outlined in Paragraph 2 hereof, and
 - (b) that have the *effect* of eliminating competition in the markets for producing pedigreed dog shows, and providing a registry establishing or authenticating the pedigree of dogs.
4. The IKC, on behalf of itself, its directors, officers, members, servants and agents, agrees to do the following:
 - (a) Refrain from introducing or implementing the actions set forth in Paragraph 2 hereof effective immediately;
 - (b) Within three (3) months from the date hereof, amend, to the extent necessary (if any), its Memorandum, Articles of Association or any other of its corporate governance documents to ensure compliance with the terms hereof;
 - (c) Provide information requested from time by the Authority relating to the IKC's compliance with the terms hereof;

(d) Provide information satisfactory to the Authority regarding what steps, in addition to the steps set out at sub-paragraph (b) of this Paragraph 4, it will take to ensure that the IKC and its directors, officers, servants and agents comply with the Act prospectively.

5. Nothing herein shall prohibit the IKC from disseminating guidance relating to laws, rules, and regulations of the Republic of Ireland concerning dogs to and on behalf of its members using non-deceptive information.

Dated this 13th. day of June, 2003



ANTHONY O'NEILL
SECRETARY

FOR AND ON BEHALF OF THE IRISH KENNEL CLUB

TO: MILLSTREET EQUESTRIAN SERVICES LIMITED

UNDERTAKINGS

In consideration of Millstreet Equestrian Services Limited ("Millstreet") agreeing to accept compliance with the following undertakings in full and final settlement of any claim that Millstreet may have against The Show Jumping Association of Ireland ("the "SJI") in respect of existence and enforcement of Article 299N of the SJI Rules: ("Article 299N"), SJI hereby undertakes (whether acting by its directors, officers, servants, agents or otherwise howsoever) to Millstreet:-

- 1 not to engage in activities that might actively:
 - 1.1 deter, monetarily penalise, or otherwise discipline its members from joining or participating in events sponsored and/or operated by entities that are actual or potential competitors of SJI within the Republic of Ireland;
 - 1.2 deter or otherwise discipline persons who serve as judges for SJI-sanctioned events from or for serving as judges for events sponsored and/or operated by entities that are actual or potential competitors of the SJI within the Republic of Ireland;
- 2 not to introduce nor implement any actions, schemes or agreements that:
 - 2.1 have the object of supporting the activities which are outlined in Paragraph 1 hereof, and
 - 2.2 have the effect of eliminating competition in the markets for show jumping events.
- 3 to refrain from introducing or implementing the actions set forth in Paragraph 1 hereof effective immediately;
- 4 within three (3) months from the date hereof, amend, to the extent necessary (if any), its Memorandum, Articles of Association or any other of its corporate governance documents to ensure compliance with the terms hereof.

This Undertaking shall in all respects (including the formation thereof and performance thereunder) be governed by and construed in accordance with the laws of Ireland. SJI irrevocably agrees that the courts of Ireland shall have non-exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Agreement and, for such purposes, each party irrevocably submits to the jurisdiction of the courts of Ireland.

The parties agree to be bound by the above terms and conditions.

Signed: *Noel E Duggan*
For and on behalf of
Millstreet Equestrian Services Limited

Date: *17-5-10*

Signed:
For and on behalf of
The Show Jumping Association of Ireland

Date:.....