



## **DETERMINATION OF MERGER NOTIFICATION M/14/022 -**

### **BNP Paribas/Credit Suisse**

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#### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition by BNP Paribas Securities Services S.C.A. of sole control of the global custody and fund administration business of Credit Suisse AG**

**Dated 12 September 2014**

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#### **Introduction**

1. On 28 August 2014, in accordance with section 18 of the Competition Act 2002 ("the Act"), the Competition Authority ("the Authority") received a notification of a proposed acquisition whereby BNP Paribas Securities Services S.C.A. ("BNP Paribas Securities") would acquire sole control of the global custody and fund administration business of Credit Suisse AG ("the Target"). BNP Paribas Securities is ultimately controlled by BNP Paribas S.A. ("BNP Paribas"). The Target is wholly owned by Credit Suisse AG.

#### **The Undertakings Involved**

##### ***BNP Paribas***

2. BNP Paribas provides retail banking services, corporate and investment banking services, and investment solutions in 75 countries. BNP Paribas has been active in the State since 1973 and through the BNP Paribas Dublin Branch offers investment banking services primarily to multinationals, large companies, financial institutions and private investors and it also provides full cash management services.
3. BNP Paribas Securities specialises in the administration and protection of financial securities for institutional investors, financial intermediaries and international companies. Its customers include funds, insurance companies, sovereign-wealth funds, pension funds, brokers and investment banks, commercial banks, major companies and issuers. BNP Paribas Securities' primary activities include: (a) clearing and custody services; (b) assets and fund services (fund administration and performance); (c) corporate trust services (services for issuers of equity and debt); and (d) market and financing services. In the State, BNP Paribas Securities provides all these services to customers, including global custody and fund administration services.
4. For the year ending 31 December 2013, BNP Paribas' worldwide turnover was €[...]. BNP Paribas' turnover in the State for the same period was €[...].

#### ***The Target***

5. In the State and worldwide, the Target provides fund administration and custody services (including depository and treasury services) and its clients range from boutique asset managers to large scale global institutions such as pension funds and sovereign wealth funds.
6. Fund administration services include accounting services and net asset valuations, share registration and taxation services, transfer agency, record keeping services, and portfolio reporting services.
7. Fund custody services involve the safekeeping of assets, presentation of securities for, and reception of securities from, clearing/settlement platforms, income and dividend processing, arranging of withholding tax relief and tax reclaim, and acting as a trustee of mutual funds.
8. For the financial year ending 31 December 2013, the Target's worldwide turnover was €[...]. The Target's turnover in the State for the same period was €[...] (based on the location of the customers) and €[...] (based on the location of the branch that generated the turnover).

### **Rationale for the Proposed Acquisition**

9. The parties state in the notification:

"The strategic rationale for the proposed transaction is to expand and develop a global fund administration business. The transaction will facilitate this strategy via access to a recognised market administration platform and a significant book of client names."

### **Third Party Submissions**

10. No submission was received.

### **Competitive Analysis**

11. There is a minimal horizontal overlap between BNP Paribas Securities and the Target in the State for the provision of custody services and fund administration services.
12. With respect to the provision of custody services in the State, data presented in *Monterey Insight: Ireland Fund Survey 2013* illustrates that BNP Paribas Securities is ranked 12<sup>th</sup> with a [0-5]% share (as of 30 June 2013). The Target is ranked 9<sup>th</sup> in the State with a [0-5]% share of custody services. Post-transaction, BNP Paribas Securities will have a [0-5]% share in the provision of custody services in the State and it will continue to face competition from 17 competitors including State Street Custodial Services ([20-25]%), BNY Mellon ([15-20]%), JP Morgan ([15-20]%), Northern Trust ([10-15]%), and Brown Brothers Harriman ([10-15]%).
13. With respect to the provision of fund administration services in the State, data presented in *Monterey Insight: Ireland Fund Survey 2013* illustrates that BNP Paribas Securities is ranked 19<sup>th</sup> with a [0-5]% share (as of 30 June 2013). The Target is ranked 12<sup>th</sup> in the State with a [0-5]% share of fund administration services. Post-transaction, BNP Paribas Securities will have a [0-5]% share in the provision of fund administration services in the State and it will continue to face

competition from 44 competitors including State Street ([15-20]%), BNY Mellon ([15-20]%), Northern Trust ([10-15]%), JP Morgan ([10-15]%), and Brown Brothers Harriman ([5-10]%).

14. In light of the above, the Authority considers that the proposed transaction will not substantially lessen competition in any market for goods or services in the State.

## **DETERMINATION**

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed acquisition whereby BNP Paribas Securities Services S.C.A. would acquire sole control of the global custody and fund administration business of Credit Suisse AG will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

**For the Competition Authority**

**Stephen Calkins**

**Member of the Competition Authority**

**Director, Mergers Division**