



**Determination No. M/05/049 of the Competition Authority, dated 21<sup>st</sup> September 2005, under Section 21 of the Competition Act, 2002**

**Notification No. M/05/049 – Proposed acquisition by Citigroup, Inc. of the capital markets and private client broker-dealer business of Legg Mason, Inc.**

**Introduction**

1. On 11<sup>th</sup> August 2005, the Competition Authority, in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”)<sup>1</sup>, was notified, on a mandatory basis, of a proposal whereby Citigroup, Inc. (“Citigroup”) would acquire all of the capital markets and private client broker-dealer business of Legg Mason, Inc. (“Legg Mason”) by purchasing the shares of certain affiliated companies<sup>2</sup> of Legg Mason.
2. Although not notified to the Authority by the parties, as part of the transaction, Legg Mason would obtain substantially all of Citigroup’s Asset Management (“CAM”) business. The parties contend that this part of the transaction is not notifiable under the Act because neither CAM nor Legg Mason generated revenues in the State exceeding €40 million per annum. The Authority notes that this portion of the transaction is not within the scope of the Determination rendered hereby and further that it reserves its rights under the Act with respect to this aspect of the transaction.

**The Parties**

3. Citigroup, the acquirer, incorporated in the United States, is a global financial services company, with over 200 million customer accounts in 100 countries. Citigroup and its affiliated companies provide consumers, corporations, governments, and institutions with a wide range of financial

---

<sup>1</sup> It should be noted that the parties to the transaction entered into a binding agreement that is, in part, the subject of the Notification on 23<sup>rd</sup> June 2005. Section 18(1) of the Act, in relevant part, states that “each of the undertakings involved in the merger or acquisition shall notify the Authority in writing of the proposal to put the merger or acquisition into effect, and provide full details thereof, *within 1 month after the conclusion of the agreement. . .*” (emphasis added). Accordingly, the Notification should have been submitted to the Authority on or before 23<sup>rd</sup> July 2005.

The legal representative of the parties contended that the failure to timely submit the Notification to the Authority was occasioned by the parties’ initial belief that Legg Mason did not transact business in the State and was therefore not notifiable as the transaction did not meet the notification thresholds set forth in Section 18 of the Act. However, after additional examination, it became clear to the parties that Legg Mason did, in fact, transact business in the State, albeit at a relatively small level, and therefore, the thresholds for notification, as set forth in Section 18(1)(a) of the Act had been met. Although the Authority has taken the view in this instance that the parties’ failure to submit the Notification on a timely basis was not wilful or knowing, the Authority reserves its rights to pursue the sanctions set forth in Section 18(9) in future instances if the facts should differ.

<sup>2</sup> Legg Mason’s broker-dealer business is principally conducted through Legg Mason Wood Walker Inc., a Maryland USA-based corporation which does not have any office or physical presence in the State.



products and services, including consumer banking and credit, corporate and investment banking, insurance, and securities brokerage. Citigroup's common stock is publicly traded on the New York Stock Exchange, the Pacific Exchange, and the Mexican Stock Exchange.

4. Citigroup has had a presence in the State since 1965. Currently, in the State, it operates a full service banking branch providing corporate and commercial banking services for local and multinational banking services (e.g., cash management, rate risk management, funding and investor products, corporate finance, trade services, custody, mergers and acquisition advisory services, and equity and fixed income products). In 1996, Citigroup opened the Dublin Service Centre, which provides operational support for Citigroup's global transaction services business.
5. In 2004, Citigroup's total worldwide revenues amounted to USD \$103 billion (approximately €82.77 billion<sup>3</sup>). In the State, for the same year, Citigroup's revenues amounted to approximately [less than €600 million], the vast majority of which was generated by Citigroup's corporate and investment banking business unit.
6. Citigroup is not directly active in the provision of brokerage services in the State. Indirectly, Citigroup, through its Global Wealth Management business, generated approximately [less than €20,000] from customers located in the State.
7. Legg Mason is an investment firm headquartered in the United States. It provides asset management, securities brokerage, investment banking, and related financial services through its affiliated companies. For its fiscal year ending 31<sup>st</sup> March 2005, Legg Mason's worldwide revenues were approximately USD \$2.4 billion (approximately €1.93 billion) with approximately [less than €20 million] generated in the State. Legg Mason's common stock is publicly traded on the New York Stock Exchange.
8. With respect to its broker-dealer business (the subject of the instant Notification), Legg Mason's worldwide revenue was [less than €1.5 billion] in its fiscal year ending 31<sup>st</sup> March 2005, with approximately [less than €200,000] attributable to customers located in the State.
9. Legg Mason does not have any office or physical presence in the State.

## **Analysis**

10. There is minimal competitive overlap between the business activities of Citigroup and Legg Mason that are the subject of the Notification in the State. Therefore, the proposed transaction does not give rise to competition concerns.

---

<sup>3</sup> All conversions from U.S. dollars to Euro herein are at the exchange rate of €1.00 = USD \$1.24446, the prevailing rate as of the date hereof.



**The Competition Authority**  
An tÚdarás Iomaíochta

### **Determination**

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition of the capital markets and private client broker-dealer business of Legg Mason, Inc. by Citigroup, Inc., through the acquisition of the shares of Legg Mason Wood Walker Inc. will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

**For the Competition Authority**

**Edward Henneberry**  
**Member of the Competition Authority**