



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 04/LM/FEB10

In the matter between:

SANLAM LIFE INSURANCE LIMITED

Acquiring Firm

And

CORIS CAPITAL HOLDINGS (PTY) LTD

Target Firm

Panel : Yasmin Carrim (Presiding Member),
Norman Manoim (Tribunal Member)
and Andreas Wessels (Tribunal Member)
Heard on : 03 March 2010
Order issued on : 03 March 2010
Reasons issued on : 10 March 2010

Reasons for Decision

Approval

[1] On 3 March 2010 the Competition Tribunal (“Tribunal”) approved the acquisition by Sanlam Life Limited of Coris Holdings (Pty) Ltd. The reasons for approval follow below.

The Transaction

[2] The primary acquiring firm is Sanlam Life Insurance Limited (Sanlam Life), a wholly owned subsidiary of Sanlam Limited (“Sanlam”).

[3] The primary target firm is Coris Capital Holdings (Pty) Ltd (“Coris Holdings”).

[4] Sanlam currently exercises joint control over Coris Holdings through its shareholding in Sanlam Independent Financial Services Limited (“SIFS”). The proposed transaction entails the acquisition by Sanlam Life of an additional 37.82% of the issued share capital in Coris Holdings, as well as the transfer of 62.18% currently held by SIFS to Sanlam Life. The implementation of the proposed transaction would therefore entail that Sanlam Life shall hold the entire share capital of, and exercise sole control of Coris Holdings.

The Rationale

[5] The proposed transaction represents an opportunity for the remaining shareholders of Coris Holdings to recoup their investments in the firms by selling their shareholding to Sanlam.

The parties and their activities

[6] Both Sanlam and Coris Holdings are involved in the broader financial services industry, both are licensed financial service providers that offer a wide variety of financial service products and services to their clients.

[7] The Sanlam group conducts its business through the following four business clusters; the retail cluster, the short term insurance cluster, the institutional cluster and the corporate cluster.

[8] The activities of Coris Holdings include the following; retirement fund products and retirement fund administration (Coris Capital), Financial advisory (Fin-Q), collective investment scheme management (CCIM and Coris Capital), Pension backed home loans (iKasa)

The relevant market and the impact on competition

[9] There is a significant horizontal overlap between the activities of the merging parties as both are active in the provision of financial advisory services, collective investment scheme management services, the provision of retirement fund products to consumers and the provision of home loans in South Africa.

[10] Market shares held by Sanlam and Coris Holdings in their respective markets:

Market For:	Sanlam	Coris Holdings	Total
The provision of financial services in South Africa	<u>5.4%</u>	<u><1%</u>	<u>>6.4%</u>
The Supply of collective investment scheme management services	<u>6.7%</u>	<u>0.3%</u>	<u>7%</u>
The provision of retirement fund products (based on long term insurance activities)	<u>10%</u>	<u>N/A</u>	<u>10%</u>
The supply of retirement fund products	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Provision of retirement fund administration services	<u>N/A</u>	<u>6.8%</u>	<u>6.8%</u>

(Source: Merging parties best estimate)

[11] Although a significant overlap exists the merging parties both have relatively small market shares in respect of all sectors in which their businesses overlap. This low market share coupled with the highly fragmented nature of the industry as well as the presence of sufficient alternative provider's means that such a merger is unlikely to present adverse competition effects.

[12] In respect of the question whether dominance may arise either up or down stream after the proposed merger, it appears that the post merger position will not result in increased market power, and the transaction does not bring about any foreclosure concerns.

[13] In light of the above, we find that the transaction is unlikely to substantially prevent or lessen competition the relevant markets.

CONCLUSION

[14] There are no public interest issues and we accordingly approve the transaction.

Yasmin Carrim

09 March 2010
DATE

Norman Manoim and Andreas Wessels concurring.

Tribunal Researcher: Thandi Lamprecht

For the merging parties: Edward Nathan Sonnenbergs

For the Commission: Nazeera Ramroop