

**COMPETITION TRIBUNAL  
REPUBLIC OF SOUTH AFRICA**

**Case no.: 09/LM/Feb03**

**In the large merger between:**

**Corpcapital Investments (Pty) Ltd**

**and**

**CICL Investment Holdings (Pty) Ltd**

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**Reasons**

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**Approval**

On 30 April 2003 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Corpcapital Investments (Pty) Ltd and CICL Investment Holdings (Pty) Ltd. The reasons are set out below.

**The transaction**

A consortium of investors, represented by Corpcapital Investment Holdings (Pty) Ltd (“Corpcapital”), intend to acquire three companies via three separate transactions namely:

1. CICL Investment Holdings (Pty) Ltd (“CICL”)
2. Chastead Investments (Pty) Ltd (“Chastead”)
3. Brummers Funeral Insurance Company (Pty) Ltd (“Brummers”)

Of the above three transactions only the first transaction, i.e. the acquisition of CICL by Corpcapital, meets the determined threshold for a merger to be notifiable in terms of the Act. The second and third transactions fall outside the Commission’s jurisdiction.

In the the first transaction Corpcapital Investments will acquire, on behalf of purchasers nominated by Corpcapital Investments, all the issued share capital in and claims on the loan account against CICL from Unifer. In terms of the second transaction Oakwood and Stenny will sell all their shares in Chastead to CICL and in terms of the third transaction CICL will acquire all the shares and claims on loan account in Brummers. Following the

completion of all three transactions Brummers and Chastead will be wholly owned subsidiaries of CICAL. Corpcapital and Ellerines, holding 30% and 37.5% respectively, will control CICAL. The remaining shareholders in CICAL will be Oakwood with 12.5%, Stenny 12.5% and Expectra 7.5%. Oakwood, Stenny and Expectra are each entities owned by management of the core businesses within the newly structured CICAL.

CICAL, the primary target firm, is a shell company incorporated for the purpose of holding shares and loan accounts in Constantia Insurance Company Ltd, Peoples' Industrial Advice Centre (Pty) Ltd ("PIA") and PIA Finance Ltd.

### **Effect on Competition**

Corpcapital operates in the financial services industry and provides investment banking and private equity, property asset management, corporate finance, financial products and funding and group support services.

Ellerines operates in the retail furniture and household appliance sector. Its wholly owned subsidiary CPICL is a short-term insurer. However, it operates under a licence that limits it to providing consumer insurance to Ellerine's credit customers only.

CICAL's subsidiary, Constantia, is also a short-term niche insurer deriving income mainly from underwriting activities and from renting out its insurance licence. PIA provides underwriting manager services while PIA Finances is a dormant company.

Although both CPICL and Constantia are active in the short-term insurance market they do not compete in the same market due to CPICL's limited trading license. None of Corpcapital's business activities overlap with those of CICAL.

There is thus no horizontal product overlap or vertical integration between the products of the merging parties. We therefore agree with the Commission that the merger will not substantially prevent or lessen competition

### **Public interest considerations**

The transaction will not result in any retrenchments and does not raise any other public interest grounds.

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tt.08.08  
**Date**

Concurring: D Lewis, L Reyburn