

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 122/LM/Nov08

In the matter between:

Her Majesty's Treasury

Acquiring Firm

and

The Royal Bank of Scotland Group Plc

Target Firm

Panel : D Lewis (Presiding Member), Y Carrim (Tribunal Member) and N Manoim (Tribunal Member)
Heard on : 03 December 2008
Order issued on : 03 December 2008
Reasons issued on : 13 February 2009

Reasons for Decision

Introduction

[1] On 03 December 2008 the Tribunal approved the acquisition by Her Majesty's Treasury of the Royal Bank of Scotland Group Plc. The reasons follow below.

Parties

[2] The primary acquiring firm is her Majesty's Treasury ("HM Treasury"), the United Kingdom's Economics and Finance Ministry. HM Treasury is controlled by the government of the United Kingdom. HM Treasury does not control any firm in South Africa.

[3] The primary target firm is the Royal Bank of Scotland Group Plc ("RBS"), a company incorporated under the laws of Scotland and listed on the London Stock Exchange. No single shareholder controls RBS. It has in excess of fifty

subsidiaries worldwide. In South Africa, RBS is active through ABN AMRO, which operates a branch in Johannesburg.

Transaction

- [4] In terms of the structure of the transaction, HM Treasury intends to acquire 57.9% share in RBS.

Rationale

- [5] The parties submit that the deteriorating conditions in the financial markets, which led to the failure of various institutions worldwide, have resulted in the waning of investor confidence in the financial system. These concerns have compelled governments around the world to introduce measures to stabilize the financial markets.

- [6] On 08 October 2008, the United Kingdom Government announced a range of measures designed to ensure the stability of the financial system and to protect various interest groups including savers, depositors, businesses and borrowers. These measures include the provision of liquidity, funding support and facilities to enable banks to raise new capital so as to strengthen their capital base. This transaction is therefore aimed at rescuing RBS.

Parties' Activities

- [7] HM Treasury is the United Kingdom's Economics and Finance Ministry which does not have any business activity in South Africa.
- [8] RBS is a banking and financial services group which provides retail banking, insurance, corporate banking, investment banking, financial market products, payment systems and private equity. In South Africa, RBS is active through ABN AMRO. ABN AMRO provides wholesale banking primarily to listed corporate, government owned entities, financial institutions and multinational clients with a presence in South Africa.

Competition Analysis

[9] There is no overlap in the activities of the merging parties as the primary acquiring firm is not active in South Africa.

[10] In light of the above the Tribunal finds that the proposed transaction is unlikely to substantially prevent or lessen competition.

Public Interest

[11] The transaction does not raise any significant public interest concerns.

N Manoim

13 February 2009
Date

D Lewis and Y Carrim concurring.

Tribunal Researcher: I Selaledi
For the merging parties: Edward Nathan Sonnenbergs Inc
For the Commission: K Mahlakoana