

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: 60/LM/JUN07

In the matter between:

BARCLAYS PLC

Primary Acquiring Firm

and

ABN AMRO HOLDING N.V

Primary Target Firm

Panel : DH Lewis (Presiding Member), N Manoim (Tribunal Member), and M Mokuena (Tribunal Member)

Heard on : 8 August 2007
Order issued on: 8 August 2007
Reasons issued on: 13 August 2007

REASONS FOR DECISION

APPROVAL

[1] The Competition Tribunal issued a Merger Clearance Certificate on 08 August 2007, approving without conditions the proposed merger between Barclays PLC (“Barclays”) and ABN AMRO Holding N.V (“ABN AMRO”). The reasons are as follows:

THE MERGER TRANSACTION

[2] The primary acquiring firm is Barclays PLC (“Barclays”), a public company which is incorporated in England and Wales, and which its principal place of business is London, United Kingdom. Barclays has only one direct subsidiary; Barclays Bank PLC, which is also incorporated in England and Wales, and has a substantial number of subsidiaries worldwide, which includes a substantial number in South Africa.¹

¹ These include among others; Absa Bank Limited; AbsaAsset Management nominees (Pty)

[3] The primary target firm is ABN AMRO Holding N.V (“ABN AMRO”), a public company which is incorporated in the Netherlands, where its principal business place is also found. ABN AMRO also has numerous subsidiaries worldwide, except in South Africa where it operates a branch in Johannesburg, Sandton.

[4] Barclays intends to acquire 100% of the shares in ABN AMRO either directly or through subsidiary, and in exchange that ABN AMRO’s existing ordinary shareholders will acquire 48% of the shares in the combined entity. That way Barclays’ existing ordinary shareholders will own 52% of the shares in the combined entity, while ABN AMRO’s existing ordinary shareholders will own the balance of 48% of the shares in the combined entity.

[5] Approval by the banking regulator is not required as ABN AMRO is not a registered bank in South Africa but a branch of a foreign bank.

RATIONALE FOR THE TRANSACTION

[6] The rationale for this merger appears to be Barclays’ desire to expand its scale globally.

THE RELEVANT MARKET

[7] In South Africa Barclays operates mainly through ABSA, and ABN AMRO’s operation scale and activities are minimal in South Africa. This is an international merger, however the effects on the South African market are trifling. The parties’ activities reflect a clear but limited overlap in the segments of financial services and corporate banking. At the hearing we were advised that ABN AMRO was principally in the South African market to provide a local service to its international clients, who did business in this country. It had also expanded to provide services to some other corporate clients, but it would seem that this business is small.

COMPETITION EVALUATION

[8] There is no reason to delve in the details of the market share analysis in this merger as the effect thereof in the relevant South African markets are glaringly trivial. The overall post merger market share in the national market for the provision of corporate banking and financial services are low.

CONCLUSION

Ltd; Absa Fleet Services Ltd; Absa Group Ltd; Allan Grey Property trust Nominees (Pty)Ltd; Alberton Industrial Properties (Pty) Ltd; Barclays International Funds (South Africa),etc.

[9] We are satisfied that the proposed transaction is unlikely to result in a substantial lessening or prevention of competition both in the national and international markets for the provision of corporate banking and financial services. There are no public interest issues. We accordingly approve the proposed transaction unconditionally.

N Manoim
Tribunal Member

D Lewis and M Mokuena **concur** in the judgment of N Manoim.

Tribunal Researcher: L Xaba

For Barclays PLC : V Koovejee (Deneys Reitz)

For ABN AMRO : R Labuschagne (Bowman and Gilfillan)

For the Commission : M Mohlala and I Selaledi
(Mergers and Acquisitions)