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COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM093Aug15

In the matter between:

SA Taxi Development Finance Proprietary Limited
SA Taxi Securitization Proprietary Limited Primary Acquiring Firms

and

SATS Exchange Assets
SATDF Exchange Assets Primary Target Firms

Panel	: Mr. Norman Manoim (Presiding Member)
	: Mr. Andreas Wessels (Tribunal Member)
	: Ms. Medi Mokuena (Tribunal Member)
Heard on	: 26 August 2015
Order Issued on	: 26 August 2015
Reasons Issued on	: 22 September 2015

Reasons for Decision

Approval

[1] On 26 August 2015, the Competition Tribunal ("Tribunal") unconditionally approved two transactions simultaneously. The first is between SA Taxi Development Finance Proprietary Limited ("SATDF") and SATS Exchange Assets and the second between SA Taxi Securitization Proprietary Limited ("SATS") and SATDF Exchange Assets.

[2] The reasons for approving the proposed transaction follow.

Parties to transaction

Primary acquiring firms

[3] SATDF is directly controlled by SA Taxi Finance Holdings Proprietary Limited ("SA Taxi Finance Holdings") and ultimately controlled by Transaction Capital Limited.

[4] SATS is directly controlled by the Transaction Capital Securitization Trust which is in turn controlled by individual trustees. SA Taxi Finance Holdings holds 100% of the preference shares in SATS.

[5] SATDF as the operating arm of the SA Taxi group is responsible for the origination of credit agreements for each credit providing entity and for its own balance sheet. The allocation of these agreements is a random process and is dependent on third party funding lines. SATDF is also responsible for the management and administration of each credit provider. SATS is among one of the credit providing entities that SATDF is responsible for.

[6] SATS is a ring-fenced special purpose vehicle which was an active credit provider which originated new credit agreements. Its revolving period has currently expired and its current business is to realise the value of residual credit agreements and pay back its creditors. SATS is dependent on the administration and management functions provided by SATDF to fulfil its obligations.

Primary target firm

[7] The primary target firms are SATS Exchange Assets and SATDF Exchange Assets.

[8] SATS Exchange Assets comprises SATS Qualifying Rental Agreements. Rental Agreements which qualify consists of vehicles which fall under the entry level vehicle portfolio.

[9] SATDF Exchange Assets comprises SATDF Customer Credit Agreements. Customer Credit Agreements falling under this category are vehicles in the premium vehicle portfolio.

Proposed transaction and rationale

[10] The proposed transaction involves an "asset swop" whereby the SATS Exchange Assets are transferred to SATDF and the SATDF Exchange Assets are transferred to SATS. The result of the transaction is that ownership of the SATS Exchange Assets would pass to SATDF and ownership of the SATDF Exchange Assets would pass to SATS.

[11] The target firms have submitted that the 'asset swop' is in order to protect SATDF from the exposure of entry level vehicle credit agreements as SATDF will pursuant to the transaction comprise 100% of premium level vehicle loans. SATS was submitted to be an ideal candidate for entry level vehicle credit agreements as it has no external debt exposure. It is also houses a majority of the SA Taxi Groups entry level loans.

Impact on competition

[12] The Competition Commission ("the Commission") identified an overlap in the merging party's activities in so far as both provide credit finance to operators of minibus and midibus taxi vehicles.

[13] The Commission in their investigations established that the proposed transaction would not alter the existing structure of any market. This is because SATDF is responsible for the management and administration of both SATS Exchange Assets as well as SATDF Exchange Assets. This status quo will remain the same post-merger. The Commission recommends that the proposed transaction be approved without conditions as it is unlikely to lead to a substantial lessening or prevention of competition.

[14] The Tribunal is of the view that the post-merger structure does not change subsequent to the proposed transaction and therefore finds that the proposed transaction would not lead to a substantial lessening or prevention of competition.

Public interest

[15] The merging parties confirmed that the proposed transaction will not result in an adverse impact on employment.[1] The proposed transaction further raises no other public interest concerns.

Conclusion

[16] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transactions. Accordingly, we approve the proposed transaction unconditionally.

Mr Norman Manoim

22 September 2015
DATE

Mr Andreas Wessels and Ms Medi Mokuena concurring

Tribunal Researcher:	Aneesa Ravat
For the merging parties:	Zainobia Mohammed
For the Commission:	Thato Mkhize, Seema Nunkoo and Xolela Nokele

[1] *Inter alia* merger record page 2.