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COMPETITION TRIBUNAL OF SOUTH AFRICA

Case no: LM167Dec20

In the large merger between:
Business Venture Investment No. 2182 (Pty) Ltd (Primary Acquiring Firm)
And
Silica Holdings (Pty) Ltd (Primary Target Firm)

Heard on:	03 March 2021
Order Issued on:	03 March 2021
Reasons Issued on:	10 March 2021
Revised Reasons Issued on:	24 March 2021

REASONS FOR DECISION

[1] On 03 March 2021, the Competition Tribunal unconditionally approved the large merger between Business Venture Investments No. 2182 (Pty) Ltd ("NewCo") and Silica Holdings (Pty) Ltd ("Silica Holdings").

[2] The proposed transaction involves NewCo acquiring 100% of the entire issued capital in Silica Holdings from Ninety-One Limited ("Ninety-One"). Upon implementation of the transaction, NewCo will have sole control over the business of Silica Holdings.

[3] NewCo is a company incorporated with the laws of the Republic of South Africa, directly and indirectly controlled by various firms that do not have control over any firms in South Africa. The only firm in NewCo's corporate group that conducts activities in South Africa is FNZ SA Proprietary Limited ("FNZ SA"). FNZ SA offers wealth management technology through a platform-as-a-service ("PaaS") operating model to financial institutions that require a digital wealth management platform ("WMP") to distribute their own, or third party, investment offerings.[1]

[4] Silica is directly controlled by Ninety-One Africa Proprietary Limited which is in turn controlled by Ninety-One.[2] Silica is a provider of Third Party Administration Services ("TPA Services") to savings and investment product providers within the savings and investment industry in South Africa.

[5] The Competition Commission ("Commission") considered the merging parties' activities and found no horizontal overlap as the merging parties sells and renders services which are distinct to each other. FNZ's PaaS is different from the TPA services

[1] Currently, [redacted]

[2] Ninety-One is a publicly listed company on the Johannesburg Stock Exchange and the London Stock Exchanges. Ninety-One is not controlled by any single shareholder.

offered by Silica. While these activities are distinct, the merging parties provide services in connection with the platform used by Linked Investment Services Providers ("LISPs") to distribute savings and investment products. However, both Silica and FNZ offer a solution to LISPs that assist with the centralised management of a LISP WMP. Silica focuses on the back-office administration services for the LISP platform whereas FNZ is primarily focused on market distribution.

[6] With relation to the public interest consideration, the merging parties have given an unequivocal undertaking that there will be no termination of existing employees or adverse amendments to the terms and conditions of employment for a period of 24 months from the merger implementation date.[3]

[7] The merging parties have indicated that in addition to Silica's own in-house team, the services of two software vendors, namely [redacted] will continue to be sourced in the development of its proprietary systems.

[8] We conclude that the proposed transaction is unlikely to result in any substantial lessening of competition or raise any negative effects on public interest.

Signed by:Enver Daniels
Signed at:2021-03-24 11:48:52 +02:00
Reason:Witnessing Enver Daniels

Enver Daniels

24 March 2021

Mr Enver Daniels **Date**
Ms Yasmin Carrim and Prof. Fiona Tregenna concurring.

Tribunal Case Manager:	Lumkisa Jordan
For the Merging Parties:	C Charter and N Loopoo of Cliffe Dekker Hofmeyr Inc
For the Commission:	Boitumelo Makgabo and Ratshidaho Maphwanya

[3] The employees, which are not represented by any trade union were notified of the merger through their employee representative and it was confirmed that the employees have no concerns with the proposed transaction.