



Determination No. M/04/068 of the Competition Authority, dated 23rd December 2004, under Section 21 of the Competition Act, 2002

Notification No. M/04/068 – Proposed joint venture between Cazenove Group plc and JPMorgan Chase & Co.

Introduction

1. On 24th November the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Cazenove Group plc and JPMorgan Chase & Co. would create a joint venture known as JPMorgan Cazenove.

The Parties

2. JPMorgan is a global financial services firm with operations in more than 50 countries. It is a publicly owned company whose stock is listed on the New York Stock Exchange, the London Stock Exchange and the Tokyo stock exchange. It provides services in the following areas: investment banking, private equity, asset management and treasury and security services. In 2003 JPMorgan generated turnover in the Republic of Ireland of €[].
3. Cazenove is an independent investment bank which operates primarily in the United Kingdom and has corporate finance, capital markets and equities activities. It provides investment banking services to some Irish clients. However, it does not have any offices in Ireland and Irish clients are serviced through its UK offices. During the financial period ended 30 April 2004, Cazenove generated turnover in the Republic of Ireland of €[].
4. The joint venture will be jointly controlled by JPMorgan and Cazenove. JPMorgan will own 50% of the ordinary shares in the joint venture and the existing Cazenove shareholders will own the remaining 50% of the ordinary shares. The existing Cazenove business, apart from Cazenove’s fund management and private equity businesses, will be contributed to the joint venture. JP Morgan’s contribution to the joint venture will consist of its UK M&A advisory business, UK Equities Capital Markets and Debt Capital Markets businesses and corporate broking business. It will continue to carry on equities trading services to Irish clients outside the joint venture. Cazenove will contribute its equities trading services to the joint venture. Both JP Morgan and Cazenove will contribute £50m of capital each to the joint venture. In addition, Cazenove Group will receive £110 million from JPMorgan. []. It will give JPMorgan the opportunity to provide services to a much broader client base.

Analysis

5. The principal areas of overlap in Ireland within the joint venture will be M&A advisory services and equities underwriting services (although the parties do not



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currently have any clients situated in Ireland to whom they provide equities underwriting services). The parties estimate that their combined market share in Ireland for M&A advisory services is [0 – 5]%. There is also a potential overlap in relation to corporate broking services although JPMorgan does not currently have any corporate broking clients situated in Ireland. There is minimal overlap, i.e. under 5% between the retained activities of JPMorgan and the joint venture with regard to equities trading in Ireland. Therefore the transaction does not give rise to any competitive concerns.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed joint venture between JPMorgan Chase & Co and Cazenove Group plc will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority