



DETERMINATION OF MERGER NOTIFICATION M/07/045 – CACEIS/ Olympia Capital/ Winchester/ Brooke

Section 21 of the Competition Act 2002

Proposed acquisition by CACEIS Fastnet Alternative Administration SAS of Olympia Capital Financial Services Inc., Olympia Capital (Bermuda) Limited, Winchester Global Trust Company Limited, Brooke Securities Holdings Inc. and Olympia Capital (Ireland) Limited.

Dated 18/09/2007

Introduction

1. On 20 August 2007 the Competition Authority (“the Authority”), in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposed acquisition by CACEIS Fastnet Alternative Administration SAS (“CACEIS Fastnet AA”) of Olympia Capital Financial Services Inc. (“OCFS”), Olympia Capital (Bermuda) Limited (“OC Bermuda”), Winchester Global Trust Company Limited (“Winchester International”)¹, Brooke Securities Holdings Inc. (“Brooke”) and Olympia Capital (Ireland) Limited (“OC Ireland”).
2. As a result of the proposed transaction CACEIS Fastnet AA will acquire the entire share capital of OCFS, OC Bermuda, Winchester International, Brooke and OC Ireland and their respective subsidiaries.

The Undertakings Involved

The Acquirer

3. The acquirer, CACEIS Fastnet AA is a subsidiary of CACEIS. [.]
4. CACEIS is a full function joint venture under the joint control of Credit Agricole SA (“CASA”) and NATIXIS SA (“Natixis”).² CACEIS offers custody and depositary, fund administration and corporate trust services mainly in France and Luxembourg, with a small amount of activity in Switzerland, the Netherlands, Belgium and Ireland. In Ireland, CACEIS provides both custody and fund administration services, respectively through a local branch of CACEIS Bank Luxembourg and its subsidiary Fastnet Ireland.
5. CACEIS’ affiliates, Credit Agricole SA and NATIXIS SA, are universal banks present in all banking and insurance activities.
6. CASA is the central body of the Group Crédit Agricole (“GCA”). GCA is active in French retail banking; international banking; specialised financial services; asset management, insurance and private banking;

¹ The notification is made by Winchester Global Trust Company Limited (“Winchester Global”) whose assets and business will be contributed to a newly created company, Winchester International Trust Company (“Winchester International”) prior to closing.

² Each of which holds 50 per cent of its shares. Each appoint half of the members of the supervisory board of CACEIS and have cross-veto rights with regard to the main strategic decisions relating to the company.

corporate and investment banking; and specialised activities and subsidiaries carried out by stand-alone entities. In addition to the activities carried on by CACEIS described above, GCA is present in Ireland in the insurance sector through its subsidiary Arès and Space Reinsurance Company and six funds (CASAM Equity Quant, CASAM Futures Euro, CASAM Systeia Event Driven, CASAM Systeia Global Macro, CASAM Systeia Linked Fund and CASAM Systeia Pair Trading)³, as well as through an investment company Space Holding (Ireland) Limited.

7. Natixis is itself jointly controlled by the Caisse Nationale des Caisses d'Épargne⁴ ("CNCE") and the Banque Fédérale des Banques Populaires group⁵ ("BFBP").⁶ GBP and GCE are universal banks which provide a complete range of banking and financial products and services including insurance services. Natixis is active in corporate and investment banking; asset management; private equity and private banking; services⁷; receivables management; CIFG⁸ and retail banking.
8. In addition to the CACEIS activities described above, Natixis is present in Ireland through the wholly controlled Nexgen Group, which provides corporate financial services and in particular customized risk management solutions combining equity and commodity derivatives, re-insurance and other alternative risk transfer tools, and through a branch of COFACE which provides credit insurance and receivables management services. Other Natixis entities registered in Ireland are the Bloom Asset Holding Fund and a special purpose vehicle, SPV Igloo 2.
9. In 2006 CACEIS, including its parent companies CASA and Natixis and their relevant affiliates, had a worldwide turnover of €[.]. In 2006 CACEIS' turnover in Ireland, excluding its parents, was €[.].

The Targets

10. The target entities are currently part of different groups [.]. Prior to closing, the target companies will have been restructured so that ultimately all targets will be subsidiaries of either Olympia Capital Group Limited or Olympia Capital (Cyprus) Limited. (See Figure 1 for details). [.]. Olympia Capital Group Limited and Olympia Capital (Cyprus) Limited will sell all shares held in the target companies to CACEIS Fastnet AA.

³ According to the Dublin Fund Encyclopaedia 2006/2007 published by Lipper Fitzrovia these funds are administered by Fastnet.

⁴ CNCE is the central body of the Group Caisses d'Épargne ("GCE")

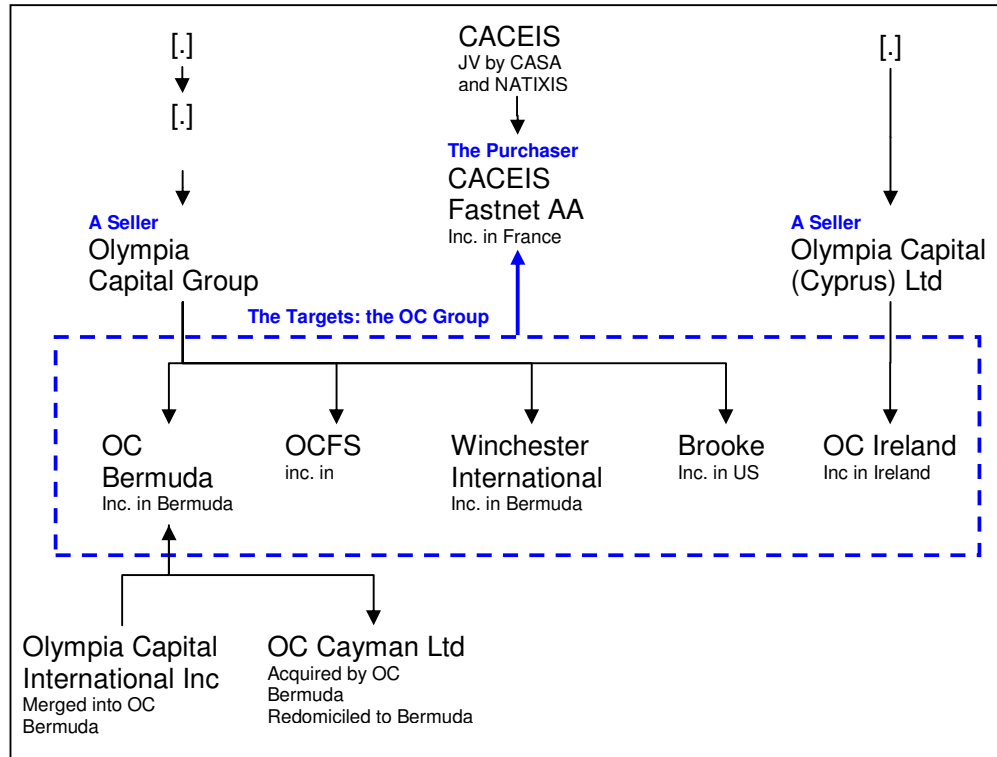
⁵ BFBP is the central body of the Group Banques Populaires ("GBP")

⁶ CNCE and BFBP each hold 34.44% of the share capital of NATIXIS; the remainder of the shares are floated on the Eurolist market of the Paris Stock Exchange.

⁷ Services include insurance, consumer credit and security services, which includes the activities of custody and fund administration for institutional customers of CACEIS.

⁸ CIFG provides financial guarantee insurance to financial investors irrevocably guaranteeing interest and principal payments due from a borrower.

Figure 1: The Proposed Transaction



Source: Based on information contained in the notification of the proposed transaction

OC Bermuda

11. OC Bermuda is incorporated in Bermuda; its principal activity is the provision of administration services to offshore mutual funds. OC Bermuda is currently wholly owned by OC Bermuda Holding Limited, [.]. Prior to closing:
 - Olympia Capital International Inc.⁹ will have been merged into OC Bermuda;
 - OC Bermuda will have acquired the whole share capital of OC Cayman Limited¹⁰; and,
 - Olympia Capital Group Limited will have acquired the whole share capital of OC Bermuda.

OCFS

12. OCFS is incorporated in Canada and is engaged by Olympia Capital International Inc. to provide accounting and administration services. [.]. Prior to closing and after restructuring OCFS will be wholly owned by Olympia Capital Group Limited.

Winchester International

⁹ Olympia Capital International Inc. is incorporated in the British Virgin Islands. The principal activity of the company is the provision of administration and other financial services to offshore mutual funds.

¹⁰ Olympia Capital Cayman Limited is incorporated in the Cayman Islands and licensed as a mutual fund administrator. The principal activity of the company is the provision of management and other financial services outside the United States of America to offshore mutual funds.

13. This notification is made by Winchester Global Trust Company Limited ("Winchester Global"). Winchester Global acts as a trustee and administrator for personal trusts, corporate trusts and unit trusts. It has:
- Winchester Fiduciary Services Limited – provides fiduciary services to the investment industry, acts as registrar and transfer agent for mutual funds and acts as administrator for a range of offshore entities and agency accounts;
 - Winchester Fiduciary Service (BVI) Limited is in turn a subsidiary of Winchester Fiduciary Services Limited; and,
 - Grove Management Limited a subsidiary of Winchester Fiduciary Services Limited.
14. Prior to closing the assets and liabilities of Winchester Global, with the exception of such company's business that is strictly limited to its local trust business, will have been contributed to a newly created Bermuda trust company, Winchester International Trust Company ("Winchester International"). Winchester International will also be substituted as trustee for Winchester Global in all of the trust relationships that Winchester Global currently maintains. Winchester International will be wholly owned by Olympia Capital Group Limited.
15. The assets and liabilities of Winchester Fiduciary Services Limited with the exception of such company's business that is strictly limited to its local trust business, will have been transferred to Winchester International Fiduciary Services Limited, a newly created Bermuda company, wholly owned by Winchester International. Winchester Fiduciary Services (BVI) Limited and Grove Management Limited [.] will not be transferred to Winchester International Fiduciary Services Limited.

Brooke

16. Brooke is incorporated in the U.S. Prior to closing Olympia Capital Group Limited will have acquired all of the issued and outstanding shares of Brooke. Brooke has three wholly owned subsidiaries:
- Brooke Securities, Inc. is a registered broker-dealer with the Securities and Exchange Commission. It is principally engaged in a retail business to generate commission revenue through the sale of securities;
 - Olympia Capital Associates, L.P. provides administration and other services for US based hedge funds, managed accounts and private equity funds. [.]¹¹; and,
 - Olympia Capital Inc is a general partner of Olympia Capital Associates L.P.

OC Ireland

¹¹ [.]

17. OC Ireland provides fund administration services. The entire issued share capital of OC Ireland is being purchased from Olympia Capital (Cyprus) Limited. [.]
18. OCFS, OC Bermuda, Winchester Global, Brooke and OC Ireland are engaged in the business of hedge fund administration, including offshore fund administration, structuring tax efficient vehicles, cash and investment management, offshore trustee and transfer agency services, marketing assistance, distribution, and the provision of services, including certain liaison, support and shareholder services, as well as providing onshore administration services, brokerage, and other broker-dealer services to clients and to Winchester Global Trust Company Limited.
19. The targets are referred to hereafter as the "OC Group". The OC Group is present in Ireland through OC Ireland, a financial services company licensed by the Financial Regulator, offering fund administration services to Irish and non-Irish funds, including fund establishment and authorization processing, accounting and administration (Net Assets Value production, portfolio pricing, fee accrual, collection and payment and preparation and issue of financial statements), registrar and transfer agency and corporate administration services. [.]
20. In 2006 the OC Group had a worldwide turnover of €[.]¹² and turnover in Ireland of €[.]

Analysis

21. There is a horizontal overlap in the State between CACEIS and the OC Group in the provision of fund administration services. The parties submitted that this activity comprises, in particular, the following services:
 - enhancing the value of the different portfolios under administration on certain dates;
 - performance measurement and evaluation of the performance of management remits on certain dates;
 - calculation and distribution of the market values of securities or shares of funds, the assets of which are managed;
 - consolidated recordkeeping of the activities of funds;
 - provision of services to fund management firms, commonly known as outsourcing of middle office. This essentially entails administrative monitoring of orders given by managers to brokers, reconciling the position of the fund/client at the depository, and the accounts of this fund/client, and Net Assets Value (NAV) control; and,
 - other services ancillary to fund administration services, such as brokerage and corporate administration services to funds.
22. CACEIS provides fund administration services via its subsidiary Fastnet Ireland. The OC Group is present in Ireland through OC Ireland.
23. Using Lipper Fitzrovia¹³ data provided by the parties, on the basis of assets under management, the merged entity would have an

¹² [.]

aggregate share of approximately 0.46% of the Irish-domiciled funds administration sector and approximately 1.09% of the combined Irish-domiciled and non-domiciled funds administration sector.

24. On the basis of the number of funds administered, the parties would have an aggregate share of approximately 1.69% of the Irish-domiciled funds administration sector and approximately 1.94% of the combined Irish-domiciled and non-domiciled funds administration sector.
25. Thus, whether calculated on the basis of assets under management or number of funds administered, there would be limited sectoral share accretion post-merger.
26. Lipper Fitzrovia data lists 42 companies in total offering fund administration services in the State as at 30 June 2006. Such companies are global players with significant financial strength, both worldwide and in the State. They include State Street, AIB/BNY Fund Management, JP Morgan, Northern Trust, Bank of Ireland Securities Services and HSBC. Post-merger, the merged entity will face vigorous competition from these strong market players. The parties state that switching costs are not such as to amount to an obstacle to a customer seeking to change a service provider.¹⁴
27. Given the low sectoral shares of the merged entity, the presence of other strong competitors and the ease of switching, the Authority considers that the proposed transaction does not raise competition concerns in relation to fund administration in the State.

Ancillary Restraints

28. The Authority also reviewed restrictive arrangements agreed by the parties in the Stock Purchase Agreement. The Authority considers that these arrangements are directly related and necessary to the implementation of the merger since without them the value to and purpose of the proposed transaction for the acquirer of the current transaction would be undermined.

Determination

The Competition Authority, in accordance with Section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by CACEIS Fastnet Alternative Administration SAS of Olympia Capital Financial Services Inc., Olympia Capital (Bermuda) Limited, Winchester Global Trust Company Limited, Brooke Securities Holdings Inc. and Olympia Capital (Ireland) Limited 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

¹³ Lipper Fitzrovia is a London-based investment funds research company. All the sectoral shares provided are those as at 30 June 2006.

¹⁴ In Case M/07/026, *State Street/IFIN*, the Authority also found that fund administration customers have strong buyer power and that switching between service providers is a regular occurrence.

Dr. Paul K. Gorecki
Member of the Competition Authority