



## **DETERMINATION OF MERGER NOTIFICATION M/19/035 – BANK OF CHINA / GANMAC**

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### **Section 21 of the Competition Act 2002**

**Proposed acquisition of sole control of GANMAC Holdings (BVI) Limited by Bank of China (UK) Limited, a wholly-owned subsidiary of Bank of China Limited.**

**Dated 16 December 2019**

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#### **Introduction**

1. On 13 November 2019, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Bank of China (UK) Limited (“Bank of China UK”), which is a wholly-owned subsidiary of Bank of China Limited<sup>1</sup> (“Bank of China”), would acquire sole control of GANMAC Holdings (BVI) Limited (“GANMAC”) (the “Proposed Transaction”).

#### **The Proposed Transaction**

2. The Proposed Transaction will be implemented pursuant to a share purchase agreement dated 8 November 2019, between Goodbody Employee Benefit Trust (“GEBT”) trustees (being [...]), FEXCO Holdings Unlimited Company (“FEXCO”) and Bank of China UK (the “SPA”). Pursuant to the SPA, Bank of China through Bank of China UK, will acquire 75% of the issued share capital and thus sole control of GANMAC.
3. The parties state in the notification that Bank of China UK will have an option to acquire the remaining 25% shareholding in GANMAC, which will be exercisable on the third anniversary of completion of the Proposed Transaction.

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<sup>1</sup> Bank of China Limited is incorporated in China with a registered address at No. 1 Fuxingmen Nei Dajie, Beijing, China.



## The Undertakings Involved

### *The Acquirer*

4. Bank of China UK is a wholly owned subsidiary of Bank of China, which is ultimately owned by China Investment Corporation (“CIC”).<sup>2</sup> CIC is a Chinese wholly state-owned company which engages in foreign currency investment management.<sup>3</sup> In the State, CIC is engaged in a joint venture which operates a fund that invests in technology start-up companies.
5. The parties informed the Commission that there has been extensive delegation to Bank of China's board by CIC. Bank of China has the power to determine all key decisions, including the appointment of managers and the evaluation and approval of major investment decisions. In this instance, the Commission considers Bank of China to be the ultimate parent entity of Bank of China UK.<sup>4</sup>
6. Bank of China provides services in corporate banking, personal banking, financial markets, investment banking, direct investment, securities, insurance, funds and aircraft leasing. It has a global service network with institutions set up across the Chinese mainland as well as in 66 countries and regions.
7. In the State, Bank of China operates an aircraft leasing business which generated revenues of approximately €[...] in the State in 2018.
8. For the financial year ending 31 December 2018, Bank of China's worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.
9. Bank of China UK, registered in England and Wales, is a full service bank which offers retail, corporate and trade finance services in the United Kingdom. It has a branch in Dublin.

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<sup>2</sup> Bank of China's controlling shareholder, Central Huijin Investment Ltd (“Central Huijin”), is ultimately owned by China Investment Corporation (“CIC”).

<sup>3</sup> CIC's registered capital is \$200 billion (€179 billion).

<sup>4</sup> The relationship between CIC, Central Huijin and Bank of China is set out in the [Articles of Association](#) of CIC.



10. For the financial year ending 31 December 2018, Bank of China UK's worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.

#### *The Target Company – GANMAC*

11. GANMAC, a British Virgin Islands incorporated company, is a holding company which owns the Goodbody group of companies ("the Goodbody Group"). GANMAC is jointly owned by FEXCO (51%) and GEBT (49%). The Goodbody Group is active in wealth management, alternative investment fund management, investment banking and asset management.
12. For the financial year ending 31 December 2018, the Goodbody Group's worldwide turnover was approximately €[...], of which approximately €[...] million was generated in the State.

#### **Rationale for the Proposed Transaction**

13. The parties state in the notification:

*"The Proposed Transaction is a financial investment designed to diversify Bank of China UK."*

#### **Third Party Submissions**

14. No submission was received.

#### **Competitive Analysis**

##### *Horizontal Overlap*

15. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise relevant product and geographic markets since the Proposed Transaction does not raise competition concerns in any potential market in the State.
16. As described in paragraph 11 above, the Goodbody Group is active in wealth management, alternative investment fund management, investment banking and asset



management. Neither Bank of China UK nor its parent company Bank of China are active in wealth management, alternative investment fund management, investment banking or asset management in the State.

17. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State.

#### *Vertical Relationship*

18. The parties informed the Commission that there is no vertical relationship in the State between GANMAC and Bank of China UK or its parent company Bank of China, which generated turnover in the State in 2018.

19. The Commission has not identified any vertical relationship between the parties in the State. Therefore, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

#### **Conclusion**

20. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

#### **Ancillary Restraints**

21. Clause 10.1 of the SPA imposes non-solicitation and non-compete obligations on FEXCO. The duration of those non-solicitation and non-compete obligations does not exceed the maximum duration acceptable to the Commission.<sup>5</sup> The Commission considers these non-compete and non-solicitation obligations to be directly related to and necessary for the implementation of the Proposed Transaction insofar as they are related to the State.

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<sup>5</sup> In this respect, the Commission follows the approach adopted by the EU Commission in paragraphs 20 and 26 of its "Commission Notice on restrictions directly related and necessary to concentrations" (2005). For more information see [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)



**Determination**

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby Bank of China (UK) Limited, a wholly-owned subsidiary of Bank of China Limited, would acquire sole control of GANMAC Holdings (BVI) Limited will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

**Brian McHugh**

**Member**

**Competition and Consumer Protection Commission**