



DETERMINATION OF MERGER NOTIFICATION M/06/074 – DEUTSCHE BANK/TILNEY

Section 21 of the Competition Act 2002

Proposed acquisition by Deutsche Bank AG of Tilney Group Limited

DATED 17/11/06

Introduction

1. On 27 October 2006, 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 proposal whereby Deutsche Bank AG (“DB”) would acquire the entire issued share capital of Tilney Group Limited (“Tilney”) (“the proposed acquisition”).

The Undertakings Involved

2. DB, the acquirer, is a German joint stock company active globally in a variety of banking and financial services.
3. In the State, DB offers the following types of financial services:
 - corporate services – administration of Irish-based special purpose companies on behalf of international companies;
 - asset management services – operation of Irish-domiciled and/or registered funds;
 - private wealth management services – through an agreement with Key Capital, a Dublin-based firm specialising in corporate finance, capital markets and private wealth management, to develop a private wealth management business; and,
 - customer service facility – operation of customer service facility serving customers of DB in Europe, Middle East and Asia through which customers maintain accounts in the United States and European offices of DB.
4. DB is listed on all German Stock Exchanges and on the New York Stock Exchange. For the year ended 31 December 2005, DB’s turnover in the State was €[...] million of which €[...]¹ was attributable to the provision of asset management services to Irish-based clients.
5. Tilney, the target, is a United Kingdom-based independent wealth manager. It offers wealth management services to a broad base of United Kingdom and international private clients, independent financial advisers and institutions. The target specialises in managing core investment

¹ Of which €[...] was attributable to the provision of asset management services to private individuals or ‘private wealth management’.

portfolios for private individuals and small-to-medium sized pension funds, charities and trusts.

6. The target does not market its services directly to Irish investors. All of the target's Irish clients have been introduced to it through independent financial advisors and intermediaries. Further, the target does not have any direct employees or any functioning office space in Ireland. Administrative requirements of the target in the State are outsourced.
7. In the State, the target is active through Tilney (Ireland) Limited and Tilney Investment Management. Tilney (Ireland) Limited is a wholly-owned subsidiary of the target and is the manager of two funds: (1) Opal Funds (Ireland) plc, an investment company with variable capital and (2) Glaneuro UK Property Fund plc, also an investment company with variable capital. Both Opal Funds plc and Glaneuro plc both of which are established in Ireland are regulated by the Irish Financial Regulator.
8. Tilney Investment Management is an indirect subsidiary of the target and provides investment management services to the Irish operations of Royal Liver Assurance Limited. It also provides investment management services to several private clients based in Ireland and in Northern Ireland.
9. For the financial year ended 28 February 2006, the target achieved €[...] turnover from its activities in the State.

Analysis

10. The activities of the acquirer and of the target overlap in the State: both undertakings provide asset management services to private and institutional investors based in Ireland.
11. The undertakings involved have submitted to the Authority that the market for asset management services is a global market and, in this respect, rely on several decisions of the European Commission in support of this submission².
12. The global market for asset management services is measured by having regard to the total value of assets under management, rather than relying on revenue earned by providers of asset management services. On this basis, the global market for asset management services is estimated to be worth [...] in 2004³.
13. The undertakings involved have submitted that pre-merger, the global market share of the acquirer and the target in this market is [...] % and [...] % respectively. Post-merger, the acquirer would have a market share of [...] %, or in other words, market accretion of [...] %.
14. This market is competitive with many providers of asset management services. Other providers of asset management services operating in the global market include, among many, UBS [...] %, Barclays [... %], Allianz

² Case No. IV/M.1067 – *Merrill Lynch/Mercury*; Case No IV/M.1453 – *AXA/GRE*; Case COMP/M.2131 – *BCP/ Interamericain/Novabank JV*; Case COMP/M.2431 – *Allianz/Dresdner*.

³ Source: Pensions and Investments Online: *Pensions and Investments/ Watson Wyatt World 500 – The world's largest managers – as of 31 December 2004*.

[...]%, Fidelity [...]%, State Street Global Advisors [...]%,⁴ Bank of Ireland [...]%, Irish Life Investment Managers [...]%, and Allied Irish Bank [...]%.⁵

15. On this basis, the Authority has concluded that the proposed transaction does not give rise to competition concerns and will not lead to a substantial lessening of competition in the State.

Ancillary restraints

16. As part of the Share Purchase Agreement entered into by the acquirer and the target in respect of the proposed transaction, several ancillary restraints were included.

17. The Authority has concluded that the ancillary restraints in question are directly related and necessary to the implementation of the proposed transaction (as referred to in Sections 4(8) and 5(3) of the Competition Act, 2002).

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 acquisition by Deutsche Bank AG of Tilney Group 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

Dr. Paul K. Gorecki
Member of the Competition Authority

⁴ Source: Pensions and Investments Online: *Pensions and Investments/ Watson Wyatt World 500 – The world's largest managers – as of 31 December 2004*.

⁵ In respect of Allied Irish Bank, Irish Life Investment Managers and Bank of Ireland, approximate share value has been estimated using two sources of data: IPE's Top 400 European Asset Managers, June 2006 and Pensions and Investments Online: *Pensions and Investments/ Watson Wyatt World 500 – The world's largest managers – as of 31 December 2004*.