



DETERMINATION OF MERGER NOTIFICATION M/13/019 -

Blackstone / ATC

Section 21 of the Competition Act 2002

Proposed acquisition by the Blackstone Group L.P. of ATC Midco S.à.r.l. (Luxembourg)

Dated 26 June 2013

Introduction

1. On 11 June 2013, in accordance with section 18 of the Competition Act 2002 ("the Act"), the Competition Authority ("the Authority") received a notification of a proposed acquisition of indirect sole control by The Blackstone Group L.P. ("Blackstone"), through its wholly-owned vehicle Blackstone Perpetual Topco S.à.r.l., of the entire issued share capital of ATC Midco S.à.r.l. (Luxembourg) ("ATC") from ATC HoldCo S.à.r.l. (Luxembourg) ("ATC HoldCo").

The Undertakings Involved

The Acquirer - Blackstone

2. Blackstone is incorporated in the United States and is a global alternative asset manager and provider of financial advisory services. Blackstone's core business is to identify and execute investment opportunities on behalf of its clients. Blackstone's funds include private equity funds, real estate funds, customized hedge funds, credit-oriented funds and publicly traded closed-end mutual funds.¹ As a financial service provider, Blackstone also provides financial advice and restructuring services.
3. In the State, Blackstone is active, through a number of its portfolio companies, in various sectors including pharmaceuticals, hospitality, retail and media.² The only company in Blackstone's portfolio that is active in a similar sector to ATC is the Intertrust Group ("Intertrust").³
4. Intertrust is a global trust, administration and corporate services firm, headquartered in the Netherlands. Intertrust provides a broad range of commercial, legal, tax and administrative (e.g. accounting and reporting) services to corporations and high net worth individuals. Intertrust also provides facilities to establish and maintain foreign corporate entities. Intertrust has offices in 20 countries in North America, Europe, the Middle East and Asia and has one office in Dublin.

¹ These are mutual funds with a fixed number of shares that trade in the marketplace.

² These include: [...], [...], [...], Harbourmaster Capital (Holdings) Limited, Hilton Hotels Corporation, [...], [...], [...], RGIS, Tangerine Confectionary, United Biscuits, the Intertrust Group and [...].

³ Please see Determination of the Competition Authority dated 10 January 2013 in M/12/028 Blackstone / Intertrust available at: www.tca.ie

5. For the financial year ending 31 December 2011, Blackstone had a worldwide turnover of approximately €[...] and a turnover in the State of approximately €[...].

The Vendor – ATC HoldCo.

6. ATC HoldCo owns 100% of the shares in ATC. The shares in ATC HoldCo are indirectly controlled by funds managed by HgCapital LLP and by ATC's management.

The Target – ATC

7. ATC is a provider of trust and corporate administration services including company secretarial services and a broad range of other administration services.
8. Globally ATC operates from a network of 20 offices providing services to clients on a multi-jurisdictional basis. ATC is primarily active in the following areas of trust and corporate administration services:
 - (i) corporate services, including the provision of (a) domiciliation services; (b) escrow services; (c) management services; and (d) accounting and legal compliance services;
 - (ii) private wealth services, including providing portfolio management services to high net worth individuals; and
 - (iii) institutional services, including the provision of: (a) capital market services⁴; (b) fund services⁵; and depositary services.⁶
9. ATC provides these services to a diverse variety of clients, including major banks, financial institutions, listed companies, international private equity firms and real estate management companies, and also to small businesses, sports stars and entrepreneurial individuals.
10. Within the State, ATC focuses on the provision of capital markets services to institutional clients serviced from its Dublin office. ATC also provides corporate services (such as domiciliation, corporate secretarial, bookkeeping or payroll services) [...].
11. For the financial year ending 31 December 2012, ATC had a worldwide turnover of €[...] and a turnover in the State of €[...] million.

The Proposed Transaction and Rationale

12. This is an acquisition of indirect sole control of ATC pursuant to a Share Purchase Agreement dated 1 June 2013. Following completion of the proposed transaction Blackstone will have indirect sole control of ATC.

⁴ Capital market services include services such as arranging the incorporation of Special Purpose Vehicles (SPV) and an independent shareholder, overseeing the day-to-day operations of the SPV, performing all accounting and reporting for the SPV and acting as an independent trustee.

⁵ Fund services include services such as fund establishment, accounting and valuations, registrar and transfer agency and corporate secretarial services.

⁶ Depositary services include the provision of custody and safe keeping services under the Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011.

13. The parties state that the transaction represents an investment opportunity for Blackstone with a view to profiting from an eventual sale.

Third Party Submissions

14. No submissions were received.

Competitive Analysis

15. The activities of ATC and Blackstone, through Intertrust, overlap horizontally as both ATC and Intertrust provide trust and corporate administration services globally and within the State.
16. The trust and corporate administration industry in which both ATC and Intertrust operate is organised on a global basis. The largest trust and administration services providers have expanded their operations to meet their customers' requirements for administering increasingly complex corporate structures across multiple jurisdictions. In this global operating environment the combined entity faces competition from a number of large scale service providers.⁷
17. While objective market share data is not available, the parties estimate that Intertrust has [0 – 5]% and ATC has [0 – 5]% of the shares of the market for the provision of trust and corporate administration services within the State. Thus post transaction the combined entity would have a share of [0 – 5]% within the State.⁸ These figures indicate that the combined entities' role would not be such as to create competition concerns through this acquisition.
18. The proposed transaction does not give rise to any vertical competition concerns.
19. In light of the above the Authority is of the view that this transaction will not result in a substantial lessening of competition in any market for goods or services in the State.

Ancillary Restraints

20. ATC HoldCo has entered into a non-solicitation covenant with respect to [...] ATC employees to apply for a period of [...] months post completion.⁹ These restrictions are consistent with past Authority guidance and as such can be considered as directly related to and necessary for the implementation of the proposed transaction.

⁷ The largest trust services providers include Alter Domus Luxembourg S.a.r.l., Citco, Custom House Fund Services, Maples Fund Services, SGG and the TMF Group.

⁸ The largest trust services providers operating in Ireland include Capita Fiduciary Group, Citco Fund Services Ltd, Custom House Fund Services (Ireland) Ltd, Deutsche International Corporate Services (Ireland) Ltd, IFG, and the TMF Group.

⁹ Namely: [...].

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 whereby the Blackstone Group L.P. would acquire indirect sole control of ATC Midco S.à.r.l. (Luxembourg) will not be to substantially lessen competition in markets for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Stephen Calkins

Member of the Competition Authority

Director, Mergers Division