



## **DETERMINATION OF MERGER NOTIFICATION M/14/014 -**

### **Standard Life/Ignis**

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

#### **Proposed acquisition by Standard Life Investments (Holdings) Limited of sole control of Ignis Asset Management Limited**

**Dated 15 May 2014**

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#### **Introduction**

1. On 17 April 2014, in accordance with section 18 of the Competition Act 2002 ("the Act"), the Competition Authority ("the Authority") received a notification of a proposed acquisition whereby Standard Life Investments (Holdings) Limited ("Standard Life Investments") would acquire sole control of Ignis Asset Management Limited ("Ignis"). Standard Life Investments is a holding company for Standard Life Investments Limited ("SLI"). Both Standard Life Investments and SLI are wholly-owned subsidiaries of Standard Life plc ("Standard Life").

#### **The Undertakings Involved**

##### ***Standard Life***

2. Standard Life is involved in the provision of the following types of long-term investment services to customers worldwide:
  - Asset management services for corporate and retail customers;
  - Savings, investment and pensions services for retail customers; and,
  - Pensions and corporate benefits services for corporate customers.
3. In the State, Standard Life's main activities are in the life and pensions sector. Specifically, Standard Life Assurance Limited ("SLAL"), a wholly-owned subsidiary of Standard Life, has an Irish branch which provides individual pensions, savings and investment services to around [...] retail customers in the State. SLAL no longer offers services to corporate customers but it has a closed book of corporate pension schemes.
4. SLI, a subsidiary of Standard Life, is involved in the provision of asset management services in the State. SLI's asset management services allow customers to invest in a wide range of assets, including equities, bonds, real estate, private equity, and multi-asset solutions. SLI has a branch in the State which is used only as a distribution base, leveraging fund management capabilities and all other services from SLI.

5. For the year ending 31 December 2013, Standard Life's worldwide turnover was €24,191 million. Standard Life's turnover in the State for the same period was €[...] million.

### ***Ignis***

6. Ignis is a wholly-owned subsidiary of Impala Holdings Limited, which in turn is a wholly-owned subsidiary of Phoenix Group Holdings ("PGH"). PGH is a closed life assurance fund consolidator that specialises in the management and acquisition of closed life and pension funds, operating primarily in the United Kingdom. PGH has two core businesses:
- life assurance (including its management services operations) under the name of Phoenix Life; and,
  - asset management under the name of Ignis.
7. Ignis provides asset management services to PGH's life companies as well as to third party clients, including retail and institutional investors in the United Kingdom. With offices in London and Glasgow, Ignis has four business units: (i) Ignis Fixed Income and Solutions, (ii) Ignis Equities, (iii) Ignis Real Estate, and (iv) Ignis Advisors.
8. In the State, Ignis currently provides asset management services and promotes a number of Irish UCITS<sup>1</sup> and non-UCITS collective investment funds. The parties informed the Authority that none of these funds has ever been actively marketed to customers based in the State. These investment funds are domiciled in the State for distribution across Europe following the promotion of Dublin's International Financial Services Centre (IFSC) as a financial services base during the last two decades. The current investor profile for these funds consists of United Kingdom and European institutions, wholesale and retail clients.
9. The parties informed the Authority that Ignis [...]. Ignis is also currently in the final stages of migrating the bulk of the Ignis International Funds from the Republic of Ireland to Luxembourg by way of a UCITS cross border merger.
10. For the year ending 31 December 2013, Ignis's worldwide turnover was €177 million. Ignis's turnover in the State for the same period was around €[...].

### **Rationale for the Proposed Acquisition**

11. The parties state in the notification:

"The proposed transaction will deepen Standard Life plc's investment capabilities, and will broaden its third party client base and strengthen its strategic position for the developing liability-aware market. More specifically, the proposed transaction will continue the delivery of Standard Life plc's strategy to grow assets

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1. UCITS stands for Undertakings for Collective Investment in Transferable Securities. UCITS are open-ended investment funds and may be established as unit trusts, common contractual funds, variable or fixed capital companies.

under management through enhancing investment capabilities and to expand its offering to meet the changing needs of customers. It will deliver enhanced earnings and cash generation, and support future growth in revenues. The proposed transaction is also intended to create a (vertical) strategic alliance between Standard Life plc and PGH, whereby SLI will seek to provide asset management services to PGH's life company subsidiaries, including the potential to manage future books of assets that the PGH group may acquire."

### **Third Party Submissions**

12. No submission was received.

### **Competitive Analysis**

13. The parties overlap horizontally in the provision of asset management services to customers located in the island of Ireland. However, the overlap between the parties in the State is minimal. Ignis generated only €[...] from customers based in the State in the most recent financial year and [...].
14. In addition, there is a significant level of competition in this sector and, post-transaction, SLI will face competition in the provision of asset management services in the State from competing providers such as Irish Life Investment Managers, State Street, Zurich, Setanta Asset Management, Schroders, Barclays, and Allianz.
15. There is a vertical relationship between the parties worldwide since Standard Life currently invests on behalf of its customers in a range of investment funds operated by Ignis but the Authority considers that this does not raise any competition concerns.
16. In light of the above, the Authority considers that the proposed transaction will not result in a substantial lessening of competition in any market for goods or services in the State.

### **Ancillary Restraints**

17. The parties have entered into an agreement which includes a [...] non-compete clause for [...] and their respective affiliates. The Parties state that such a restriction is necessary in order to protect the customer loyalty, know-how and goodwill attached to Ignis.
18. The Authority considers this restriction to be directly related and necessary to the implementation of the proposed transaction.

## **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 Standard Life Investments (Holdings) Limited would acquire sole control of Ignis Asset Management Limited 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**