



DETERMINATION OF MERGER NOTIFICATION M/20/008 - KIWI / IPSI

Section 21 of the Competition Act 2002

Proposed acquisition by Kiwi Holdco Cayco, Ltd of sole control of Irish Progressive Services International Limited.

Dated 17 April 2020

Introduction

1. On 9 March 2020, 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 transaction whereby Kiwi Holdco Cayco, Ltd (“Kiwi”), would acquire sole control of Irish Progressive Services International Limited (“IPSI”), from Irish Life Group Limited (“Irish Life”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented by way of a share purchase agreement dated 8 February 2020 between Sage Hill Limited, a wholly-owned indirect subsidiary of Kiwi, Irish Life and Kiwi UK Holdco 2, Ltd (another wholly-owned indirect subsidiary of Kiwi) (the “SPA”). The SPA provides that Sage Hill will acquire the whole of the allotted and issued share capital, and thus sole control, of IPSI. Following implementation of the Proposed Transaction, Kiwi would exercise sole control of IPSI through Sage Hill

The Undertakings Involved

The Acquirer – FNZ

3. Kiwi is the ultimate parent company within the FNZ group of companies (“FNZ”), which includes Sage Hill.¹ FNZ is a global financial technology and administration services firm which was founded in New Zealand and is now headquartered in Edinburgh, Scotland.

¹ Sage Hill Limited was registered as a company with the Companies Registration Office on 7 January 2020 under company registration no. 663709.



FNZ's customers are major financial institutions that provide wealth management platform services to their clients across direct, intermediated and workplace channels.

4. FNZ's transaction processing, asset custody and technology services enable its customers to provide wealth management platform solutions to financial advisers and end-investors (retail consumers).
5. Globally, FNZ's main customer base is in the wealth management sector. FNZ's core business is to provide a "platform as a service" (PaaS) solution to wealth management platform businesses, combining investment administration, transaction execution and custody services.
6. FNZ's activities in the State are limited to the provision, through JHC Systems Limited,² of stockbroking and non-life investment management software solutions for [...].³
7. For the financial year ended 31 December 2018, FNZ's worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.

The Target - IPSI

8. IPSI is a Dublin-based wholly-owned subsidiary of Irish Life, which provides life insurance and pensions services in the State. Irish Life is controlled by Great-West Lifeco Inc. ("Great-West Lifeco"), a Canadian insurance company which is listed on the Toronto stock exchange.⁴ IPSI is regulated in the State by the Central Bank of Ireland ("CBI") pursuant to the MiFID Regulations.⁵
9. IPSI provides a range of technology-enabled third-party administration services to European and global life assurance companies. These services are known as Life Insurance Third Party Administration ("LITPA") and include the provision of investment services for which IPSI is currently authorised by the CBI. These LITPA services are

² More information on JHC Systems Limited is available from the company's website at: <https://jhc.financial/>
³ [...].

⁴ More information on Great-West Lifeco is available from the company's website at: <https://www.greatwestlifeco.com/>.

⁵ The European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No. 375 of 2017), as amended (the "MiFID Regulations"), transposed Directive 2014/65/EU and Commission Delegated Directive (EU) 2017/593 into Irish law and gave full effect to Regulation (EU) No 600/2014. The MiFID Regulations govern the provision of investment services in financial instruments. This legislation is intended to increase transparency across the European Union's financial markets and standardise the regulatory disclosures required for particular markets.



provided via IPSI's core policy and life fund administration technology platforms by a team of approximately 250 people (including both employees and external contractors).

10. IPSI's clients are primarily life assurance companies. IPSI's service offering incorporates an end-to-end LITPA solution for its life assurance clients. IPSI provides three categories of services:

- On-boarding (building and migrating customised policy and life fund administration systems and processes);
- Technology and business operations (managed IT, distribution and agency management, policy administration, life fund administration and financial reporting); and
- Change, development and regulatory services (consulting and solutions, new product launch and support, systems feature enhancements, and regulatory change services (e.g., solutions to ensure compliance with data protection law).

11. For the financial year ended 31 December 2019, IPSI's worldwide turnover was approximately €[...], of which approximately €[....] was generated in the State.

Rationale for the Proposed Transaction

12. FNZ stated the following in the notification:

[...]

Third Party Submissions

13. No submission was received.

Competitive Analysis

Horizontal Overlap

14. 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.



15. Although both FNZ and IPSI are active in the provision of service and/or software solutions to the financial services sector in the State, they appear to be active in distinct segments of the financial services sector.
16. FNZ's core business is to provide a platform as a service solution to wealth management platform businesses, combining investment administration, transaction execution and custody services. As noted at paragraph 6 above, FNZ's activities in the State are limited to the provision of stockbroking and non-life investment management software solutions for [...].
17. IPSI does not provide any stockbroking and non-life investment management software solutions in the State or globally. IPSI specialises in the supply of third-party administration services to the life assurance sector.
18. In the light of the above, the Commission considers that the Proposed Transaction is unlikely to raise any horizontal competition concerns in the State.

Vertical relationship

19. The parties informed the Commission that there is currently no actual vertical relationship between FNZ and IPSI either in the State or globally. The Commission has not identified any existing vertical relationship between the parties in the State.
20. The Commission notes, however, that following implementation of the Proposed Transaction, FNZ could potentially start to provide software to IPSI for providing LITPA services. The Commission considers that this potential vertical relationship would not give rise to any vertical competition concerns in the State for the following reasons:
21. Firstly, IPSI's 'client facing' technology solutions are predominantly proprietary, i.e. technology which IPSI has developed in-house.⁶ In some cases, IPSI acquires additional third-party software to support the operation of its own technology and processes (e.g., general ledger, workflow, imaging solutions, time-recording or operating system solutions). IPSI does not currently procure any software for providing LITPA services from FNZ.

⁶ Client facing services include hardware, software or technology with user interfaces or applications that directly interact with clients.



22. Secondly, even if IPSI were to switch to sourcing certain software products from FNZ following implementation of the Proposed Transaction, FNZ's competitors would not be foreclosed from supplying software products and services in the State. There are a significant number of LITPA service providers in the State, such as Capita Life and Pensions Services (Ireland) Limited, International Financial Data Services (Ireland) Limited and Diligenta Limited, to which FNZ's competitors can continue to provide software for providing LITPA services.
23. Thirdly, IPSI's competitors would not be foreclosed as a result of the Proposed Transaction as, following implementation of the Proposed Transaction, there would remain a significant number of well-resourced companies competing with FNZ in the supply of software products to companies operating in the financial services sector in the State, such as Pershing LLC, Temenos AG and SS&C Technologies Inc. IPSI's competitors would continue to have a choice between these providers of software for providing LITPA services in the State.
24. In light of the above, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

25. 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

26. Clause 11 of the SPA contains restrictive obligations on Irish Life including non-compete and non-solicitation obligations for a period of [...] from completion of the Proposed Transaction. The duration of these non-compete and non-solicitation obligations does not exceed the maximum duration acceptable to the Commission.⁷ The Commission considers these restrictions to be directly related to and necessary for the implementation of the Proposed Transaction.

⁷ In this respect, the Commission follows the approach adopted by the European Commission in paragraphs 20 and 26 of its Notice on restrictions directly related and necessary to concentrations (2005) OJ C56/03. For more information see

[https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)



Coimisiún um
Iomaíocht agus
Cosaint Tomhaltóirí

**Competition and
Consumer Protection
Commission**



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 Kiwi Holdco Cayco, Ltd, would acquire sole control of Irish Progressive Services International Limited from Irish Life Group 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