

***Case No COMP/M.1771 -
SEDGWICK NOBLE
LOWNDES /
WOOLWICH***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 17/12/1999

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 17.12.1999
SG(99) D/10357-10358

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

Subject: Case No COMP/M.1771 - SEDGWICK NOBLE LOWNDES/WOOLWICH

Notification of 18.11.1999 pursuant to Article 4 of Council Regulation No 4064/89

1. On 18 November 1999, the Commission received a notification of a proposed concentration arising from the creation of a joint venture between Sedgwick Noble Lowndes (UK) Limited and Woolwich plc.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of the Merger Regulation and does not raise serious doubts as to its compatibility with the common market and with the EEA agreement.

I. THE PARTIES

3. Sedgwick Financial Services Ltd is a subsidiary of Sedgwick Noble Lowndes (UK) Ltd which is a subsidiary of the Sedgwick Group plc. The Sedgwick Group plc was acquired towards the end of 1998 by Marsh & McLennan Companies Inc. (Case No IV/M.1307). Marsh & McLennan is a professional service firm engaged in risk and insurance services, investment management and consultancy. Woolwich principally deals in the provision of personal financial services in the UK.

II. THE OPERATION

4. Marsh & McLennan plans to sell part of its interest in Sedgwick FS to Woolwich by way of a business and asset sale to the proposed joint venture company. The joint venture will be active in the provision of independent financial advice in the UK.
5. Woolwich's existing Independent Financial Services subsidiary, WIFAS, will be subject to an ancillary restraint not to compete with the joint venture other than continuing to engage in business with its existing customers.

III. CONCENTRATION

6. Sedgwick Noble UK and Woolwich (the "Shareholders") will each have decisive influence over the business activities of the joint venture with each holding 50 per cent of the voting rights in the new joint venture company. The Board of Directors of the joint venture company will be comprised of six directors; three being appointed by each Shareholder.
7. Furthermore, the joint venture will perform on a lasting basis all the functions of an autonomous economic entity. It is therefore a full function joint venture within the meaning of the Merger Regulation.
8. Based on the foregoing, the Commission concludes that the operation is a concentration within the meaning of Article 3(1)b of the Merger Regulation.

IV. COMMUNITY DIMENSION

9. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion¹ (Marsh & McLennan EUR 7,719.6million; Woolwich EUR 4,051.7 million). Each of Marsh & McLennan and Woolwich have a Community-wide turnover in excess of EUR 250 million, but they do not each achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension.

V. COMPETITIVE ASSESSMENT

(a) Relevant product market

10. The notifying parties submit that the relevant product market definition is *the provision of independent financial services*, and that this constitutes a separate market from the provision of financial advice through tied financial brokers.
11. It is not necessary to define exactly the relevant product markets in this case because, in the narrowest market definition considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

¹ Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

(b) Relevant geographic market

12. The notifying parties consider the market to be national and no indications to the contrary have been received. Financial products are offered by financial institutions specifically for the UK, and financial advisers are subject to UK regulation under the Financial Services Act 1986.

(c) Assessment

13. On the basis of a relevant market definition of *the provision of independent financial services in the UK*, there would be no affected markets. The joint venture company would be the third largest company in the market with a market share of 1.5 per cent. WIFAS has a market share of 1.5 per cent. The largest player in the market (Bradford and Bingley) has a market share of 2 per cent.
14. On the basis of the foregoing, the Commission does not consider that the notified operation will have any material impact on competition in the EEA. Consequently, the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

VI. CONCLUSION

15. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

For the Commission,

Signed by
Mr. David Byrne
Member of the Commission