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***Case No COMP/M.6600 -  
AAEC / ENTERO / BMC  
INVESTMENTS***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004  
MERGER PROCEDURE**

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Article 6(1)(b) NON-OPPOSITION  
Date: 03/08/2012

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In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

**To the notifying parties:**

**Subject: Case No COMP/M.6600 - AAEC / ENTERO / BMC INVESTMENTS  
Commission decision pursuant to Article 6(1)(b) of Council Regulation  
No 139/2004<sup>1</sup>**

Dear Sir/Madam,

1. On 9 July 2012, the European Commission received the notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which ABN AMRO Effecten Compagnie B.V. ("AAEC", the Netherlands), a wholly owned subsidiary of ABN AMRO Bank N.V. ("ABN AMRO", the Netherlands) and Entero B.V. ("Entero", the Netherlands), a wholly owned subsidiary of ING Bank N.V ("ING", the Netherlands) acquire within the meaning of Article 3(1)(b) of the Merger Regulation joint control of BMC Investments B.V. and certain of its subsidiaries ("BMC", the Netherlands) by way of purchase of shares.<sup>2</sup> (ABN AMRO and ING are designated hereinafter as the "notifying parties".)
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 the EEA Agreement.

**I. THE PARTIES**

3. ABN AMRO and ING are large financial institutions, active in the Netherlands and internationally.

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<sup>1</sup> OJ L 24, 29.1.2004, p. 1 ("the Merger Regulation"). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ("TFEU") has introduced certain changes, such as the replacement of "Community" by "Union" and "common market" by "internal market". The terminology of the TFEU will be used throughout this decision.

<sup>2</sup> Publication in the Official Journal of the European Union No C 212 19.07.2012, p 4

4. AAEC is a wholly owned subsidiary of ABN AMRO specialising in holding equity stakes for ABN AMRO (for example following restructurings).
5. Entero is a wholly owned subsidiary of ING specialising in risk bearing capital (for example by holding equity stakes following restructurings).
6. BMC is a consultancy and management firm specialising in consultancy services for the Dutch public sector. It employs approximately 1,200 consultants who assist government at central, local and regional level, to improve the quality of public sector services in the Netherlands.

## **II. THE OPERATION**

7. The proposed concentration concerns the acquisition of a shareholding and veto rights by AAEC and Entero which relate to the whole of BMC. Given a restructuring required to decrease the level of debt of BMC, ABN AMRO and ING (lenders to BMC), agreed with BMC a debt to equity swap (by means of conversion of part of the loans to BMC into equity). As a result of this restructuring and according to a shareholders' agreement ("SHA") signed on 30 March 2012, AAEC and Entero will hold [...] % and [...] % of the ordinary shares in BMC respectively. The SHA also foresees that AAEC and Entero will each be provided with veto rights on the adoption of the budget, business plan and major investments at the general shareholders' meetings.
8. Therefore, AAEC and Entero will acquire joint control over BMC and the notified transaction represents a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

## **III. EU DIMENSION**

9. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million<sup>3</sup> (ABN AMRO: EUR 7 794 million, ING: EUR [...] million, BMC: EUR [...] million). At least two of them have an EU-wide turnover in excess of EUR 250 million (ABN AMRO: EUR [...] million, ING: EUR [...] million, BMC: EUR [...] million), but they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State.
10. Therefore, the transaction has a Union dimension pursuant to Article 1(2) of the Merger Regulation.

## **IV. COMPETITIVE ASSESSMENT**

### **1. Market definition**

11. According to the notifying parties, BMC is a consultancy and management firm specialising in providing consultancy services to the Dutch public sector.<sup>4</sup> It provides

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<sup>3</sup> Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C95, 16.04.2008, p. 1).

<sup>4</sup> The notifying parties note that over the past five years BMC has also assisted organisations in the Czech Republic, Germany, Hungary, Lithuania, Poland, Slovakia, Romania, Serbia, Croatia and Turkey. However, these activities represent less than [0-5] % of BMC's activities.

advice to government or non-profit institutions such as local authorities, ministries, provinces, regional collaborations, care institutions, institutions for arts, culture and sports, educational institutions, judicial organisations, social security organisations, aliens and naturalisation offices and refugee centres, welfare organisations, housing corporations, water boards, other boards and agencies. BMC's consultancy services can broadly be divided into five categories: (i) advisory services, which include consultant advisory, benchmarking and research services; (ii) change management, which is advice on cultural and behavioural changes within client organisations; (iii) temporary interim management services; (iv) secondment and policy advice; and (iv) coaching to public-sector workers to improve performance and results. According to the notifying parties, BMC's activities do not in any way include consultations regarding the financing of its clients. BMC does not provide management consultancy services to the private sector.

12. The Commission has not examined the area of provision of consultancy services to public administrations yet. It nonetheless recognised in a previous decision that the markets for the provision of management consultancy services, in general, have both national and international aspects, but left open whether in particular the markets for retirement benefits consulting, pension administration, human capital consulting and investment consulting services are national or EEA-wide in scope.<sup>5</sup>
13. ABN AMRO and ING are large financial institutions and are both active in (i) retail banking, (ii) corporate banking, (iii) investment banking, (iv) financial market services, (v) factoring, (vi) asset management and (vii) insurance in the Netherlands and internationally. Both parents are also active in provision of credit to public authorities.<sup>6</sup>
14. As the concentration does not raise serious doubts under any alternative definition, the product and geographic delineation of the relevant markets can be left open for the purpose of this decision.

## **2. Assessment**

15. Neither of the notifying parties is active in the provision of consultancy and management services to the public sector (or upstream or downstream of such markets) in the Netherlands (or elsewhere), in which BMC is specialised.
16. For these reasons, the Commission concludes that the concentration will not lead to a significant impediment of competition in those markets.
17. Furthermore, spill-over effects in the meaning of Article 2(4) of the Merger Regulation as a result of the proposed transaction can be discarded.
18. None of the parents has activities in the same market(s) as the joint venture or in a market which is up- or downstream from that/those of the joint venture.

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<sup>5</sup> Case COMP/M.5597 - Towers Perrin/Watson Wyatt.

<sup>6</sup> The Commission in the past found that financing of local authorities has to be considered distinct from corporate banking (see case M.873 – Bank Austria/Creditanstalt; case COMP/M. 2400 - Dexia/Artesia; case COMP/M.5861 – Republik Österreich/Hypo Group Alpe Adria), but left open the question of whether the overall market of credit to public authorities and the market for financing of infrastructure constitute in themselves other separate relevant markets (see case COMP/M.5508 - Soffin/Hypo Real Estate). The geographic dimension of financing of local authorities has been considered to be national

19. Indeed, the parent companies and BMC perform different types of activities. ING and ABN AMRO are large financial institutions and are both active in (i) retail banking, (ii) corporate banking, (iii) investment banking, (iv) financial market services, (v) factoring, (vi) asset management and (vii) insurance in the Netherlands and internationally, while BMS is a Dutch management consultancy firm specialised in providing management consultancy services to the Dutch public sector.
20. The only market where ABN AMRO and ING are active in and which could, hypothetically, be conceived as related to the activities of BMC is the market for credit to public authorities (including financing of local authorities). Although the notifying parties maintain that BMC's activities do not relate in any way to the financing of its clients, for the sake of completeness they have estimated that the combined market share of ABN AMRO and ING in the provision of credit to public authorities in the Netherlands is only [10-20]% with a negligible increment (ABN AMRO [10-20]%, ING [0-5]%).<sup>7</sup> The activities of BMC in management consulting services to the public sector are also small. They are estimated at below [5-10]% in the Netherlands and negligible on any wider market.
21. Furthermore the joint venture only represents a small part of the parents' portfolio, so that coordination between independent undertakings that restricts competition within the meaning of Article 101(1) of the TFEU is highly unlikely.

## V. CONCLUSION

22. For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation.

*For the Commission*

*(signed)*  
*Antonio TAJANI*  
*Vice-President*

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<sup>7</sup> It shall also be noted that any further market segmentation (e.g. infrastructure financing, financing of local authorities) would not materially impact the position of the parties, [...]