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COMP/M.4912 - CALYON / SOCIETE GENERALE / NEWEDGE

SECTION 1.2

Description of the concentration

On 8 August 2007, Société Générale S.A., France ("**Société Générale**") and Calyon S.A., France, part of the Crédit Agricole group ("**Calyon**"), concluded a Joint Venture Agreement for the creation of a joint venture company, to be called Newedge, that will be engaged in the intermediation of various financial and non-financial instruments (brokerage). The joint venture will be created through the combination of the Fimat Group ("**Fimat**", currently part of Société Générale) and the Calyon Financial Group ("**Calyon Financial**").

Newedge will offer (i) brokerage services for the execution and clearing of listed derivatives, (ii) brokerage services for over-the-counter ("**OTC**") products, (iii) brokerage services on listed securities, (iv) prime brokerage services, and various ancillary services. The brokerage activities of Fimat and Calyon Financial that are being contributed to Newedge overlap in the first two areas. Newedge will offer its customers (which are financial institutions, hedge funds and asset managers, and corporate clients) access to more than 70 exchanges in Europe, North America and Asia/Pacific, and global OTC markets. Newedge will not offer derivatives products themselves; its business will be brokerage.

In the view of the notifying parties, the creation of Newedge will **not** give rise to affected markets with the meaning of Form CO, and will not, it is submitted, have any negative impact on competition. As discussed in Form CO, the markets for brokerage services remains highly fragmented, although the industry has seen consolidation since 2000. Considered separately, Calyon Financial and Fimat are relatively small players which lack the critical mass required to compete efficiently and effectively on a global scale alongside existing well-established brokers. In addition, both Calyon Financial and Fimat believe that greater structural independence from their parent entities will be beneficial to the new Newedge businesses.

The proposed transaction will, *in fine*, result in an increase in effective competition in the market for brokerage services, as Newedge will be able to more actively compete with established global market players, such as UBS, Goldman Sachs, Citigroup Global Markets, MF Global (formerly part of Man Group), Merrill Lynch and JP Morgan.