

*Case No IV/M.1138 -
ROYAL BANK OF
CANADA / BANK OF
MONTREAL*

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 002/04/1998

*Also available in the CELEX database
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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 02.04.1998

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties:

Dear Sirs,

Subject: Case No IV/M.1138 - Royal Bank of Canada/Bank of Montreal

Notification of 27.02.1998 pursuant to Article 4 of Council Regulation N° 4064/89

1. On 27.02.1998, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the two undertakings ROYAL BANK OF CANADA (RBC) and BANK OF MONTREAL (BMO) amalgamate so as to form a single bank.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the EEA Agreement.

I. THE PARTIES' ACTIVITIES AND THE OPERATION

3. RBC and BMO are two publicly owned companies headquartered in Montreal active in banking and financial services principally in Canada and the United States with only very limited activities in the Community.
4. The parties according to a Merger Agreement dated 23 January, 1998 will enter into a full merger effected by the amalgamation of RBC and BMO into a new company absorbing the whole assets and liabilities of the two banking groups. Operation completed, RBC shareholders will own 54,9% of the common shares of the new entity, BMO shareholders will hold 45,1%. The operation is a concentration within the meaning of Article 3(1)(a) of the Council Regulation.

II. COMMUNITY DIMENSION

5. RBC and BMO achieve a combined aggregate world-wide turnover in excess of ECU 5,000 million (RBC: 15,417 MECU, BMO: 13,091 MECU). Each of them has a Community-wide turnover in excess of ECU 250 million [...] . Only [...] ² achieves two-thirds of its Community turnover in the UK. The notified operation has therefore a Community dimension. It does not constitute a co-operation case under the EEA agreement.

III. COMPETITIVE ASSESSMENT

6. For the purpose of the present case it is not necessary to proceed to a precise market definition, neither for products nor for geographic areas. The merging parties are principally active in Canada and the United States. Overlapping activities of the parties in the Community concern corporate banking and financial markets. For these activities competition increasingly tends to take place at an international scale. The parties estimate that, even with the narrowest definition of the markets, they do not, individually or in combination, have an overall share exceeding 2% of the total value in the Community as a whole or in any Member State. Consequently, the concentration only has marginal effects in the Community. The Commission has received no indications against this conclusion.
7. In view of the above, the notified operation will 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.

IV. CONCLUSION

8. 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,

¹ Deleted. Business secrets.

² One of the parties.