

***Case No COMP/M.1590 -
HSBC / RNYC / SAFRA***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 30/06/1999

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

Brussels, 30.06.1999

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 party

Dear Sirs,

Subject: Case No IV/M. 1590 – HSBC/RNY/SAFRA

Notification of 31.5.1999 pursuant to Article 4 of Council Regulation No 4064/89

1. On 31 May 1999, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89¹ by which HSBC Holdings plc (“HSBC”) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of Republic of New York Corporation (“RNYC”) and Safra Republic Holdings S.A. (“SRH”).
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 functioning of the EEA Agreement.

I. THE PARTIES AND THE OPERATION

3. HSBC is the holding company of one of the world’s largest banking and financial services organisations operating world-wide under well-established names such as

¹ OJ L 395, 30.12.89 p. 1; corrected version OJ L 257 of 21.9.1990, p. 13; as last amended by Regulation (EC) No 1310/97, OJ L 180, 9.7.1997, p. 1, corrigendum in OJ L 40, 13.2.1998, p. 17.

Hang Seng Bank, Hongkong Shanghai Bank, Midland Bank and others. RNYC is the holding company of, and its principal asset is, Republic National Bank of New York, a full service commercial bank headquartered in the United States. The RNYC group engages in five principal lines of business: private banking, consumer financial services, lending, global treasury and global markets. RNYC also owns a 49.07% participation in SRH, a holding of banks engaged principally in private banking in a number of Member States and in Switzerland.

4. By a transaction agreement and plan of merger dated 10 May 1999 it was agreed that a whole owned subsidiary of HSBC would merge with RNYC. HSBC would become the sole shareholder of RNYC as the surviving corporation. As part of the Merger Agreement, HSBC agreed to make an offer for the outstanding shares of common stock of SRH not owned by RNYC

II. CONCENTRATION

5. The acquisition constitutes a single operation for the purpose of Council Regulation 4064/89 [it relates to SRH's control]. Through the proposed concentration, HSBC will acquire sole control of RNYC and SRH within the meaning of Article 3 of the Merger Regulation.

III. COMMUNITY DIMENSION

6. The combined aggregate worldwide turnover of the undertakings concerned exceeded 5,000 million EURO in the last financial year (HSBC: 18,989.56 million EURO; RNYC: 4,332 million EURO). Each of them has a Community-wide turnover in excess of ECU 250 million (HSBC, EURO 7,969.92 million; and RNYC, EURO 387 million), but they do not 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. It does not constitute a co-operation case under the EEA Agreement, pursuant to Article 57 of that Agreement.

IV. COMPATIBILITY WITH THE COMMON MARKET

A. Relevant product markets

7. Following the practice of the Commission assessing cases in the banking sector, there are three major market segments: retail banking, corporate banking and international financial products. RNYC and SRH are principally active in Europe in private banking, corporate and money market services and any effects of the transaction are therefore limited to these activities.
8. However, in the present case it is not necessary to conclusively define the relevant product markets because, even on the narrowest market definition, the 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.

B. Relevant geographic markets

9. The notifying party states that the relevant geographic markets are either national or international in scope depending on the sector.
10. However, in the present case it is not necessary to conclusively define the relevant product markets because, even on the narrowest market definition, the 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.

C. Competitive assessment

11. HSBC's main banking market in Europe is the UK. According to British Banking Association data, HSBC has 8.83% of the assets of the whole UK banking system, 8.5% of its deposits and 8.6% of its credits. RNYC is a minor player in that market with corresponding shares below 0.25%. The activities in other Member States are very limited and market shares and overlaps are negligible.
12. 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

13. 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,