

***Case No COMP/M.1887 -
CREDIT SUISSE FIRST
BOSTON / GALA
GROUP***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 13/04/2000

*Also available in the CELEX database
Document No 300M1887*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 13/04/2000 SG(2000) D/103148

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 COMP/M.COMP/M. 1887 – CREDIT SUISSE FIRST BOSTON / GALA GROUP

Notification of 16.03.2000 pursuant to Article 4 of Council Regulation No 4064/89

1. On 16.03.2000, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89¹ by which the Credit Suisse Group (CSG), through its wholly-owned subsidiary CSFB IGP, acquires within the meaning of Article 3(1)(b) of the Council Regulation control of Gala Group Limited (“Gala”), by way of purchase of shares.
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. CSG is a global financial services group, providing a range of banking and insurance products. CSFB IGP is part of the private equity division of CSG. The sole continuing operation of Gala is the operation of Bingo halls in the United Kingdom. CSFB IGP will be at completion of the transaction the general partner of four limited partnerships established as a vehicle through which the limited partners (or investors) can make equity investments in Gala. The issued share capital in the acquiring vehicle will be

¹ OJ L 395, 30.12.1989 p. 1; corrigendum OJ L 257 of 21.9.1990, p. 13; Regulation as last amended by Regulation (EC) No 1310/97 (OJ L 180, 9. 7. 1997, p. 1, corrigendum OJ L 40, 13.2.1998, p. 17).

held as follows: limited partnerships in which CSFB IGP will be the general partner, 70.3%, funds controlled by Prudential Assurance, 14.5%, Royal Bank Investments, 4.8% and Management of Gala, 10.4%. Since minority shareholders cannot oppose decisions adopted, CSFB IGP will control Gala,. The operation constitutes a concentration within the meaning of Article 3.1(b) of the Merger Regulation.

II. COMMUNITY DIMENSION

4. CSG and Gala have a combined aggregate worldwide turnover in excess of EUR 5,000 million (CSG, EUR 28,276 million; and Gala EUR 281.2 million). Each of them has a Community-wide turnover in excess of EUR 250 million (CSG, EUR 10,458.7; and Gala EUR 281.2 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, but does not constitute a cooperation case under the EEA Agreement, pursuant to Article 57 of that Agreement.

III. COMPETITIVE ASSESSMENT

A. Relevant product market

5. The parties consider bingo to be part of the wider UK leisure or gaming market. Gaming is one of a number of leisure activities. However, it is not necessary to further delineate the relevant product markets because, in all alternative market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

B. Relevant geographic market

6. Gala operates bingo halls in the United Kingdom. It is not necessary to delineate the relevant geographic markets because, in all alternative geographic market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

C. Assessment

7. If the operation of bingo were considered a separate market, Gala would have a share of [...] in terms of admissions, although it owns some [...] of Bingo halls in the UK. The transaction will result in the ownership of Gala being transferred from one group of institutional investors to another. CSG does not control any other undertaking that is active in the gaming sector and the transaction does not seem have a substantial impact on Gala's activities. There will remain a strong competitor, Mecca ([...] market share), and many smaller. Therefore, the operation does not lead to any overlap. In view of the absence of any addition of market shares the operation does not raise any competition concerns. 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.

IV. ANCILLARY RESTRICTIONS

8. The notifying party has requested to the Commission that certain provisions contained in the Share Sale and Purchase Agreement be declared ancillary to the concentration.

They refer to restrictions on the operation of Gala in the period between exchange and completion. However, these provisions have no effect on competition and, consequently are not assessed by the Commission.

9. The notifying party has also requested to declare ancillary Clauses 12.1 and 12.2 of the Investment Agreement. They are designed to prevent the managers of Gala from acting in a way that would undermine the value of Gala business and include [*certain restrictions on their conduct*]. To the extent that clauses 12.1 and 12.2 limit competition, they are directly related and necessary for the implementation of the concentration as they serve to guarantee the transfer to the acquirer of the full value of the assets acquired.

V. CONCLUSION

10. 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,