

***Case No COMP/M.1997 -  
SCHRODERS / LIBERTY  
INTERNATIONAL  
PENSION***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 28/06/2000

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## COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, **28/6/2000**

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 Madam/Sir,

**Subject:** Case No. COMP/M. 1997 - Schrodgers / Liberty International Pensions Limited  
Notification of 22.05.2000 pursuant to Article 4 of Council Regulation No 4064/89

1. On 22.05.2000, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the undertaking Schrodgers plc (UK) propose to acquire, within the meaning of Article 3(1)(b) of Council Regulation, sole control of the whole of Liberty International Pensions Limited (LIPL) (UK), a subsidiary of UK group Liberty International PLC, 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. Schrodgers is one of the world's leading asset management groups acting mainly as manager of active retail and wholesale funds.
4. LIPL, a UK life insurance and pensions company, and its wholly-owned subsidiaries Hermes Liberty International Pensions Limited and Liberty International Services Limited provide pension products and services.

5. Schrodgers will acquire 100% of the ordinary share capital of LIPL from UK property group Liberty International (which owns 80% of the share capital of LIPL) and the Trustees of the BT Pension Scheme and Capital Group International Inc (which own 10% each).

## **II COMMUNITY DIMENSION**

6. Schrodgers (included Schrodgers Ventures Funds under its control) and LIPL's combined aggregate worldwide turnover exceeds EUR 5,000 million<sup>1</sup> (Schrodgers, EUR [...] million; and LIPL, EUR [...] million). Each of them has a Community-wide turnover in excess of EUR 250 million (Schrodgers, EUR [...] million; and LIPL, EUR [...] 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**

7. Schrodgers is one of the world's leading asset management groups with most of its clients in UK. It provides mainly fund management services covering equity, bond, private equity and real estate markets to a range of clients including pensions funds, government bodies, corporations, charities and high net worth individuals and family groups throughout the world (wholesale asset management segment). It also operates retail pooled funds, which are marketed on a retail basis to a larger number of individuals (retail asset management segment). Schrodgers' share of funds under management would be well under 10% in the UK in each of the wholesale and retail asset management segments. There is a wide range of providers of asset management in both segments in the UK.
8. LIPL is a specialist provider of defined contribution pension services. It does not itself carry out fund management. Its core activities are: a) Provision of defined contribution group personal pensions to employers and affinity groups. LIPL's share in the UK would be less than 1%. b) Provision of pension administration services to other pension providers and to employers and trustees of pension schemes, on an outsourced basis. LIPL's share in the UK would be less than 5%. c) Provision of index tracking fund management services and the underlying contract of insurance to institutional pensions funds and other pension providers. LIPL's share in the UK would be less than 2%. There is a wide range of alternative pension providers in the UK.
9. Schrodgers is not active in any of the product areas where LIPL is active; therefore there are no horizontally affected markets. And neither are there any vertically affected markets. Therefore, irrespective of the product and geographic market definitions to be adopted

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<sup>1</sup> Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

(UK, EEA-wide or global), no competition concerns arise from the proposed concentration. The precise market definitions can therefore be left open.

10. In view of the market position of the parties to the concentration, it appears that the notified operation 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**

11. The notifying party has requested that the following provisions contained in the Share Purchase Agreement be assessed in conjunction with the concentration and declared restrictions ancillary to it:
  - a non-compete covenant limited in scope to the business of LIPL in the UK which will prevent Liberty International Financial Services group (LIFS) from acquiring or establishing any business which provides "pension scheme record keeping administration services whether or not provided with fund management services" to persons in United Kingdom for a period of [...] after completion;
  - a non-solicit covenant prohibiting LIFS group from soliciting customers or employees from LIPL for [...] after completion; and
  - a prohibition on LIFS using in relation to a business which is competitive or likely to be competitive with LIPL any trade or business name or distinctive mark, stripe or logo used by LIPL before completion.
12. Such contractual prohibitions on competition on the vendor guarantee the transfer to the acquirer of the full value of the assets transferred. These are directly related to the concentration and necessary to protect Schroders against the possibility of the value of the business it is acquiring being undermined post-completion. These prohibitions match the criteria established in the Commission Notice regarding the treatment of restrictions ancillary to concentrations, particularly in the Title III "Evaluation of common ancillary restrictions in cases of the transfer of an undertaking", and, therefore, they can be declared as ancillary restrictions to the concentration.

#### **V. 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,  
**(signed) Mario Monti**