

***Case No COMP/M.4692 -  
BARCLAYS / ABN  
AMRO***

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**REGULATION (EC) No 139/2004  
MERGER PROCEDURE**

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Article 6(1)(b) NON-OPPOSITION  
Date: 06/08/2007

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## COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 06/08/2007

SG-Greffe(2007) D/204945

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 Sir/Madam,

**Subject: Case No COMP/M.4692 - Barclays/ABN AMRO  
Notification of 02.07.2007 pursuant to Article 4 of Council Regulation  
No 139/2004<sup>1</sup>**

1. On 2 July 2007, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 (the "Merger Regulation") by which the undertaking Barclays PLC ("Barclays", UK) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of the undertaking ABN AMRO Holding N.V. ("ABN AMRO", the Netherlands) by way of public bid announced on 23 April 2007.
2. After examination of the notification, the Commission has concluded that the operation falls within the scope of the Merger Regulation and does not raise serious doubts as to its compatibility with the common market and the EEA agreement.

#### **I. THE PARTIES**

3. Barclays is a global financial service provider active in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. It operates over 60 countries and, within the EEA, it is predominantly active in the UK ([...] of its EEA 2006 turnover).
4. ABN AMRO is an international banking group active worldwide. ABN AMRO is active in four principal customer segments: personal banking, private banking, business and commercial clients and corporate and institutional clients. In the EEA, ABN AMRO is predominantly active in the Netherlands ([...] of EEA 2006 turnover) and Italy ([...] of EEA 2006 turnover).

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<sup>1</sup> OJ L 24, 29.1.2004 p. 1.

## **II. THE OPERATION**

5. On 23/04/2007 Barclays announced its intention to launch a public tender offer for the acquisition of the entire issued share capital of ABN AMRO. The offer is conditional upon the acquisition of at least 80% of ABN AMRO's share capital.

## **III. CONCENTRATION**

6. As a result of this transaction, Barclays would exercise sole control over ABN AMRO. The proposed transaction therefore constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

## **IV. COMMUNITY DIMENSION**

7. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion<sup>2</sup>. Each of Barclays and ABN AMRO has a Community-wide turnover in excess of EUR 250 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 pursuant to Article 1(2) of the Merger Regulation.

## **V. COMPETITIVE ASSESSMENT**

### **A. RELEVANT MARKETS**

#### *Relevant product markets*

8. The proposed concentration concerns the banking and insurance sectors in the EEA.

#### *Banking sector*

9. According to Commission past practice it is possible to divide the banking sector in at least three broad sub-sectors: retail banking, corporate banking and financial market services<sup>3</sup>. The Commission has further analysed whether each banking product and service within the banking sub-sectors constitute a separate market.
10. The Commission has constantly held that retail banking (i.e. banking services provided to households) can be further divided into a number of individual product groups. These groups include deposits and current accounts, lending, payment cards, mortgages and investment products (funds). The market investigation largely confirmed this further segmentation, in particular with regards to current accounts, mortgages and deposit accounts.
11. Corporate banking comprises a broad range of banking services offered to general corporate clients. The Commission has found that within this segment, products such as deposits, lending, payment transactions, documentary credits and international payments may constitute distinct product markets. The Commission has further considered

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<sup>2</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).

<sup>3</sup> Case No COMP/M. 3547 Banco Santander/Abbey National.

whether it could be appropriate to distinguish between services offered to SMEs and large corporate clients<sup>4</sup>.

12. The market investigation indicated that the sub-segmentation by product within the corporate banking sector was plausible. Notwithstanding that the respective views of respondent banks were inconclusive on whether SME products form a separate product market, there have been strong indications that banks have different strategies, distribution channels and different teams/business units dedicated to SMEs as compared to larger corporate clients (including from those respondents who did not view SME services as a separate product market).
13. Financial market services comprise services such as trading in securities and derivatives, foreign exchange and money market instruments. The Commission has additionally analysed in previous decisions the markets for investment banking (e.g. M&A advice, IPOs) and asset management<sup>5</sup> identifying certain sub-segments within each category.
14. For the purpose of the present decision it is, however, not necessary to conclude on the relevant product market definitions in the banking sector since no competition concerns arise in any of the possible alternative definitions.

#### *Insurance sector*

15. In its previous decisions, the Commission has distinguished between three large categories of insurances: life insurance, non-life insurance and reinsurance<sup>6</sup>. This has been confirmed by the market investigation. It has been further suggested that life and non-life insurance can be divided into as many product markets as there are different kinds of risks covered.
16. For the purpose of the present decision it is, however, not necessary to conclude on the relevant product market definitions in the insurance sector since no competition concerns arise in any of the possible alternative definitions.

#### *Relevant geographic markets*

17. In its previous decision, the Commission has considered that with regard to *retail banking* services the relevant geographic market is national in scope due to the different competitive conditions within individual Member States. This has been confirmed by the market investigation.
18. With regard to *corporate banking* services, the Commission has considered the markets to be national in scope (especially for SMEs) but with a tendency to have a more international dimension for products offered to large corporate clients. The market investigation confirmed that the market was national in scope for SME banking, but was inconclusive on corporate banking as respondents expressed diverging views.
19. As regards *financial market services, investment banking* and *asset management*, the Commission has considered that most of these segments are international in scope, but

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<sup>4</sup> Case No COMP/M. 3894 Unicredito/HVB.

<sup>5</sup> See Case No COMP/M. 3894 Unicredito/HVB.

<sup>6</sup> See Case No COMP/M.4284 - AXA/Winterthur.

some of them have been analysed from a national perspective.<sup>7</sup> Despite indications from some respondents of these markets being wider than national, the market investigation has not provided conclusive evidence to definitively exclude that at least some segments of these markets could be considered national.

20. Finally, the Commission has considered in previous decisions that reinsurance market is global in scope whereas life and non-life insurance are national in scope.<sup>8</sup> This has been confirmed by the market investigation.
21. In the present case, the exact geographic definition of the above markets can be left open since the present transaction does not raise any significant competition concerns irrespective of the geographic market definition.

## **B. COMPETITIVE ASSESSMENT**

22. According to Barclays' estimates, the proposed transaction will lead to minor horizontal overlaps in *retail banking* segments in France, Germany, Italy, UK and Spain. Barclays is not active in retail banking in the Netherlands and ABN AMRO is only minimally active in retail banking in the UK. In Italy, the parties' activities also overlap in *life and non-life insurance*. However, the parties' combined market share in any alternative product market definition in these national markets is below 15%.
23. The parties' activities also overlap in *financial market services, investment banking and asset management* but Barclays estimates that the combined market share of the parties at global, EEA and national level will be below 15% in any segment even on a narrower (national) market definition.
24. According to Barclays' the only affected markets by the proposed operation concern the *corporate banking* segment. The proposed transaction will lead to horizontal overlaps in corporate banking in France, Portugal, Spain and the UK. Barclays has no corporate banking activities in the Netherlands. The parties' combined market shares would be below 15% at EEA-level and in all these national markets except in certain segments in the UK.
25. In the UK, the parties' estimated combined market share would be above 15% in the corporate banking segment for deposit accounts (Barclays [10%-20%] and ABN AMRO < [0%-10%]). Within the hypothetical SME's sub-segment, the parties' estimated combined market share would be above 15% in (i) current accounts (Barclays [15%-25%, ABN AMRO < [0%-10%]), (ii) deposit accounts (Barclays [20-30%], ABN AMRO < [0%-10%]) and (iii) loans (Barclays [20-30%], ABN AMRO < [0%-10%])<sup>9</sup>. However, in view of the modest accretion of the combined market share and the presence of strong competitors in these UK corporate banking segments (including HSBC, Lloyds TSB and RBS) the proposed concentration does not raise serious doubts as to the compatibility with the common market.

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<sup>7</sup> See Case No COMP/M. 3894 Unicredito/HVB and Case No COMP/M.4155 BNP Paribas/BNL.

<sup>8</sup> See Case No COMP/M.4284 - AXA/Winterthur.

<sup>9</sup> The Parties do not expect their market shares to be substantially different when using the threshold set in Commission Recommendation of 6 May 2006 concerning the definition of micro, small and medium-sized enterprises.

26. The market investigation has largely confirmed Barclays' market share submissions relating to the markets previously considered by the Commission as possible relevant markets. There were a few exceptions, where competitors would indicate higher market shares. These comprise financial market services (overall), asset management (overall) and investment banking (overall) in the Netherlands and retail banking and personal current accounts (PCAs) in the UK. However the market shares as provided by the respective competitors do not exceed 25% in either of these cases. Moreover, the increment added by ABN AMRO is below [0%-10%] for retail banking and PCAs in the UK, whereas the increment by Barclays is estimated to be below [0%-10%] for the other markets in the Netherlands.

## **VI. CONCLUSION**

27. 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 (EC) No 139/2004.

For the Commission

[signed]  
Joe BORG  
Member of the Commission