

*Case No IV/M.508 -
BHF / CCF (II)*

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

Article 6(1)(b) NON-OPPOSITION
Date: 28/10/1994

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 28.10.1994

MERGER PROCEDURE
ARTICLE 6(1)b DECISION

PUBLIC VERSION

To the notifying parties

Dear Sirs,

Subject: Case N° IV/M.508 - BHF/CCF (II)
Your notification of 29.9.1994 pursuant to Article 4 of Council Regulation N° 4064/89

1. On 29 September 1994 Crédit Commercial de France S.A. (CCF) and Berliner Handels- und Frankfurter Bank (BHF) notified an operation by which they will acquire joint control of CCF Finanziaria SpA and CCF Finanzas SA - two small financial institutions established in Italy and Spain respectively which were prior to the notified operation exclusively controlled by CCF.
2. After examination of the notification, the Commission has concluded that the proposed operation falls within the scope of the Council Regulation No 4064/89 and does not raise serious doubts as to its compatibility with the common market and the functioning of the EEA Agreement.

I. THE OPERATION AND THE PARTIES

3. CCF and BHF acting through a jointly controlled vehicle, European Corporate Financial Holding (ECFH) will acquire a 60% shareholding in two subsidiaries of CCF, CCF Finanziaria (Italy) and CCF Finanzas (Spain). CCF will retain a 20% shareholding in each company and the remaining 20% is to be acquired by

Charterhouse Bank Ltd (Charterhouse) which is itself jointly controlled by BHF and CCF¹.

4. BHF is a German bank whose main activities are commercial banking and financial services. CCF is a French bank whose main activities are commercial and retail banking. CCF Finanziaria and CCF Finanzas are existing undertakings engaged in providing mergers and acquisitions advice in Italy and Spain respectively.

III. CONCENTRATION

5. CCF Finanziaria and CCF Finanzas will be controlled by ECFH which will own the majority of the share capital and voting rights in both companies. ECFH is a holding company established as vehicle for BHF and CCF to acquire jointly corporate finance businesses outside their domestic markets. Consequently, CCF Finanziaria and CCF Finanzas will be jointly controlled by BHF and CCF.
6. CCF Finanziaria and CCF Finanzas are existing enterprises which have the personnel and the basic facilities to perform in the field of mergers and acquisitions advice services all the functions of autonomous economic entities on a long term basis. On the other hand it is very unlikely that the notified operation will give rise to coordination between the parent companies since neither of the parents are active on the geographic markets of the joint ventures (see paragraphs 10 and 11 below).
7. Therefore, the joint acquisition of CCF Finanziaria and CCF Finanzas by BHF and CCF is a concentration as the joint ventures are full-function autonomous economic entities performing on a lasting basis and there is no coordination of the competitive behaviour of the undertakings concerned.

III. COMMUNITY DIMENSION

8. The enterprises concerned had in 1993 a combined aggregate worldwide turnover, calculated in accordance with Article 5(3)(a) of the Merger Regulation, in excess of 5,000 million ECU (one-tenth of total assets of CCF 4,998 million ECU and of BHF 3,030 million ECU). Both BHF and CCF have a Community-wide turnover in excess of 250 million ECU and do not achieve more than two-thirds of their aggregate Community-wide turnover in one and the same Member State. The operation therefore has a Community dimension.

IV. COMPATIBILITY WITH THE COMMON MARKET

9. M &A advice is a services activity which consists on advising companies on public bids and defences as well as on private company sales and purchases.

¹ See Case n° IV/M.319 - BHF/CCF/Charterhouse.

10. Although many M & A transactions are cross-border, it is important to distinguish the activity, which may be international in scope from the service provided which is national in scope. The national character of M & A advice services results from a number of factors such as the need for detailed knowledge of local corporate law and business structures, accounting rules, regulatory regimes and market practices². In practice, the provision of M & A advice services generally requires that the principal advisor should be physically established in the country where the target company is situated. Therefore, the relevant geographic markets in the present case are the Italian and Spanish M & A advice services markets in which the two J.Vs are established.
11. As a result of the present operation, CCF withdraws from the Spanish and Italian M&A advice services markets, apart from its interests in the two jointly controlled subsidiaries. Furthermore, the parent companies, BHF and CCF, have agreed that neither of them nor any of their subsidiaries shall be or remain engaged in M & A advice services in a country in which a jointly controlled subsidiary is carrying out the same kind of activity. Therefore the present operation will not result in any addition of market shares in the relevant geographic markets, Italy and Spain.
12. Both CCF Finanziaria and CCF Finanzas are very small undertakings. CCF Finanziaria achieved in 1993 a total turnover of less than [...] ³ ECUs and employed 6 persons only. CCF Finanzas is even smaller as its turnover did not exceed [...] ³ ECUs in 1993 and it had only 3 employees. The most important players in the Italian and Spanish M & A advice markets are local financial institutions such as Mediobanca and Euromobiliare in Italy and Banco de Santander, Banco Bilbao Vizcaya and Mercapital in Spain. In both countries there is also a large number of other players including major international investment banks such as, for example, J. P. Morgan, Morgan Stanley, and the Swiss Bank Corporation in Italy and Goldman Sachs, Solomon Brothers, J. P. Morgan and Morgan Grenfell in Spain.

V. CONCLUSION

13. The Commission has decided for the above reasons not to oppose the notified operation and to declare it compatible with the common market and with the functioning of the EEA agreement. This decision is adopted in application of Article 6(1)b of Council Regulation No 4064/89 and article 57 of the EEA agreement.

For the Commission

² See Case n° IV/M.319 - BHF/CCF/Charterhouse.

³ Amount deleted - business secret.