

***Case No COMP/M.7081 -  
CENTERBRIDGE PARTNERS/  
CORSAIR CAPITAL/ ROYAL  
BANK OF SCOTLAND GROUP***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 09/12/2013

***In electronic form on the EUR-Lex website under  
document number 32013M7081***



Brussels, 10.12.2013

C(2010) 9152 final

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

**To the notifying parties:**

Dear Sir/Madam,

**Subject: Case No COMP/M.7081 - Centerbridge Partners/ Corsair Capital/ Royal Bank of Scotland Group**

**Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004<sup>1</sup>**

1. On 12 November 2013, the European Commission (the "Commission") received a notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which the undertakings Centerbridge Partners L.P. ("Centerbridge", USA), Corsair Capital LLC ("Corsair", USA) and the Royal Bank of Scotland Group ("RBSG", UK) acquire within the meaning of Article 3(1)(b) of the Merger Regulation joint control over certain assets of RBSG, namely the Rainbow Business (UK), by way of purchase of securities (the "Transaction").
2. Centerbridge, Corsair and RBSG are designated hereinafter as the "Notifying Parties".
3. After examination of the notification, the Commission has concluded that the notified Transaction falls within the scope of the Merger Regulation and does not raise serious doubts as to its compatibility with the internal market and the EEA Agreement.

**I. THE PARTIES**

4. **Centerbridge** is a multi-strategy institutional investment management firm, with activities principally in North America and Europe, focusing on private equity and credit investments across a variety of sectors, including transportation and logistics, retail and consumer, hospitality, business services, financial institutions, healthcare, industrial, communications and media and real estate.

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<sup>1</sup> OJ L 24, 29.1.2004, p. 1 ("the Merger Regulation"). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ("TFEU") has introduced certain changes, such as the replacement of "Community" by "Union" and "common market" by "internal market". The terminology of the TFEU will be used throughout this decision.

5. **Corsair** is a private equity firm, based in New York, focusing on investing in companies in the financial services industry. Corsair, through firm-managed funds and by selected co-investors, provides capital to financial institutions in return for (primarily minority) interests through various instruments.
6. **RBSG** is the holding company of the RBS group of companies, which provides a wide range of banking and financial services worldwide. RBSG operates retail and commercial businesses with a focus on the UK, Republic of Ireland and United States, while its investment banking, wealth management and payments network have a wider international presence.
7. The **Rainbow Business** is one of the businesses which RBSG has committed to divest in connection with the Commission's State aid approval decision of 14 December 2009 on RBSG's restructuring (hereinafter referred to as "Decision of 14 December 2009").<sup>2</sup> The Rainbow Business is currently wholly owned by RBSG and consists of certain parts of RBSG branch-related retail and SME business and certain mid-corporate accounts in the UK.

## II. THE OPERATION

8. On 21 October 2013, RBSG (pursuant to the Investment Agreement entered into by the Notifying Parties on 27 September 2013) issued a £600 million (app. EUR 740 million) bond (the "Bond") to [...], a special purpose vehicle controlled by Centerbridge and Corsair created for the purpose of the Transaction.<sup>3</sup> Under the terms of the Investment Agreement, the Rainbow Business will continue to be wholly owned by RBSG, but Centerbridge and Corsair, through [...], will acquire certain veto rights over the commercial conduct of the Rainbow Business.<sup>4</sup> [...] Consequently, Centerbridge, Corsair and RBSG will acquire the joint control over the Rainbow Business.
9. The Transaction confers the ability to Centerbridge, Corsair and RBSG to exercise decisive influence over the Rainbow Business and therefore constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

## III. EU DIMENSION

10. [...]<sup>5</sup>. [...] The notified operation therefore has an EU dimension within the meaning of Article 1(3) of the Merger Regulation.

## IV. COMPETITIVE ASSESSMENT

### 1. Market definition

11. The Transaction will lead only to a minimal overlap between the private equity investment activities of Corsair and Centerbridge in the UK, which is completely unrelated to the Transaction and to the activities of the Rainbow Business.
12. In addition, the Transaction will create certain minimal vertical relationships in the EEA between portfolio companies of Centerbridge, Corsair and RBSG in relation to:

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<sup>2</sup> Cases No N422/2009 and N621/2009.

<sup>3</sup> The Bond will convert into shares in the Rainbow Business at the time of its IPO, anticipated to take place within the next two to three years.

<sup>4</sup> Granting of these veto rights is conditional upon the Merger Regulation clearance.

<sup>5</sup> [...].

- a) supply of automated cash handling products on the one hand and supply of cash sales services to the providers of automated cash handling products on the other hand, and
- b) loan/mortgage servicing and the provision of corporate loans.

## **2. Assessment**

- 13. There are no merger-specific, i.e. horizontal, overlaps between the activities of Centerbridge, Corsair and RBSG on the one hand and the Rainbow Business on the other hand in the same potential product and geographical market that would result in a combined market share of 15% or more.
- 14. Furthermore, Centerbridge, Corsair and RBSG do not have an individual or combined market share at either level of 25% or more in a potential product market which is upstream or downstream of a product market in which the Rainbow Business is engaged.
- 15. For these reasons, the Commission concludes that the Transaction will not lead to a significant impediment of competition in the above mentioned markets.
- 16. Furthermore, spill-over effects in the meaning of Article 2(4) of the Merger Regulation as a result of the Transaction can be discarded.
- 17. Apart from the links between the Rainbow Business and RBSG which are not merger-specific, none of the Notifying Parties has activities in the same market as the Rainbow Business or in a market which is up- or downstream from that of the Rainbow Business or in neighbouring markets closely related to this market.
- 18. In fact, the Rainbow Business, Centerbridge and Corsair perform different types of activities. The Rainbow Business is active in retail banking in the UK, while Corsair and Centerbridge are US based private equity firms, while links between the Rainbow Business and RBSG exists pre-merger. Furthermore, the Rainbow Business only represents a small part of the Notifying Parties' portfolio, so that coordination between independent undertakings that restricts competition within the meaning of Article 101(1) of the Treaty on the Functioning of the European Union ("TFEU") is highly unlikely.
- 19. The present assessment under the Merger Regulation in no way prejudices the on-going monitoring of RBSG' implementation of its obligation in line with the above mentioned Decision of 14 December 2009.

## **V. CONCLUSION**

- 20. For the above reasons, the European Commission has decided not to oppose the notified Transaction and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation.

*For the Commission  
(signed)*

*Joaquín ALMUNIA  
Vice-President*