EUROPEAN COMMISSION
DG Competition

Case M.11111 - UBS / CREDIT SUISSE

Only the English text is available and authentic.

REGULATION (EC) No 139/2004
MERGER PROCEDURE

Article 6(1)(b) NON-OPPOSITION
Date: 25/05/2023

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EUROPEAN COMMISSION

Brussels, 25.5.2023
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PUBLIC VERSION

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

UBS Group AG
Bahnhofstraße 45
8001 Zurich
Switzerland

Credit Suisse Group AG
Paradeplatz 8
8001 Zurich
Switzerland

Subject: **Case M.11111 – UBS / CREDIT SUISSE**
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 26 April 2023, the Commission received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 ("the Merger Regulation"), concerning UBS Group AG's ("UBS", Switzerland) acquisition of the entire business of Credit Suisse Group AG ("Credit Suisse", Switzerland) by way of a merger within the meaning of Article 3(1)(a) of the Merger Regulation (the "Transaction")[3]. UBS and Credit Suisse are together referred to as "the Parties".

1 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.
2 OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').
3 Publication in the Official Journal of the European Union No C 160, 5.5.2023, p. 63.

1. THE PARTIES AND THE OPERATION

(2) **UBS** is a multinational investment bank and financial services company founded and headquartered in Switzerland, and active globally. UBS' businesses comprise wealth management, asset management, investment banking services, and retail and corporate banking.

(3) **Credit Suisse** is a multinational investment bank and financial services company founded and headquartered in Switzerland, and active globally. Credit Suisse's businesses comprise wealth management, asset management, investment banking services, and retail and corporate banking.

(4) UBS intends to combine the entire business of Credit Suisse with its own activities by way of a merger. Specifically, pursuant to the Merger Agreement dated 19 March 2023 and the Amended Merger Agreement of 6 April 2023, UBS and Credit Suisse shall merge by way of absorption. Upon the completion of the Transaction, Credit Suisse's assets, liabilities and contracts will be transferred to UBS in their entirety and Credit Suisse will cease to exist as a separate legal entity by operation of law. UBS, as the surviving entity, will retain its name and registered address, the composition of the board of directors as well as the executive management. The Transaction therefore constitutes a merger of two previously independent undertakings within the meaning of Article 3(1)(a) of the Merger Regulation.

(5) The Transaction followed on Credit Suisse's financial situation deteriorating following the collapse of three US banks at the beginning of March 2023, which put a spotlight on Credit Suisse's financial difficulties. Credit Suisse closed the 2022 financial year with a loss of over EUR 7 billion, and its market valuation decreased rapidly in the days leading up to the signature of the Merger Agreement with UBS.[4] Moreover, the Swiss National Bank had to take liquidity support measures to avert an even further deterioration of Credit Suisse's financial situation.[5]

(6) On 3 April 2023, in order to implement the measures necessary to ensure the financial stability of Credit Suisse before the adoption of this decision, the Parties requested a derogation from the standstill obligation provided for in Article 7(1) of the Merger Regulation.

(7) On 4 April 2023, the Commission adopted a decision based on Article 7(3) of the Merger Regulation granting the derogation from the standstill obligation subject to certain conditions and to the extent necessary for UBS to ensure the financial stability of Credit Suisse.

2. UNION DIMENSION

(8) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million (UBS: EUR […] million and Credit Suisse: EUR

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4 See e.g. Reuters article of 15 March 2023, "Credit Suisse stock slump triggers close monitoring by regulators", available at: https://www reuters.com/business/finance/credit-suisse-shares-drop-fresh-record-low-cds-widen-2023-03-15/ (accessed on 16 May 2023).

5 See Swiss National Bank's press release of 19 March 2023, titled "Swiss National Bank provides substantial liquidity assistance to support UBS takeover of Credit Suisse", available at: https://www.snb.ch/en/mmr/reference/pre_20230319/source/pre_20230319.en.pdf.

[…] million). Each of them has an EU-wide turnover in excess of EUR 250 million (UBS: EUR […] million and Credit Suisse: EUR […] million), and they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State. The Proposed Transaction therefore has an EU dimension within the meaning of Article 1(2) of the Merger Regulation.

3. LEGAL FRAMEWORK

(9) Article 2 of the Merger Regulation requires the Commission to examine whether notified concentrations are compatible with the internal market, by assessing whether they would significantly impede effective competition in the internal market or in a substantial part of it, in particular as a result of the creation or strengthening of a dominant position.

(10) Moreover, mergers in oligopolistic markets involving the elimination of important competitive constraints that the parties previously exerted on each other, together with a reduction of competitive pressure on the remaining competitors, may also result in a significant impediment to effective competition, even in the absence of dominance.[6]

(11) The Commission Guidelines on the assessment of horizontal mergers under the Merger Regulation (the "Horizontal Merger Guidelines")[7] describe horizontal non-coordinated effects as follows: *"A merger may significantly impede effective competition in a market by removing important competitive constraints on one or more sellers who consequently have increased market power. The most direct effect of the merger will be the loss of competition between the merging firms. For example, if prior to the merger one of the merging firms had raised its price, it would have lost some sales to the other merging firm. The merger removes this particular constraint. Non-merging firms in the same market can also benefit from the reduction of competitive pressure that results from the merger, since the merging firms' price increase may switch some demand to the rival firms, which, in turn, may find it profitable to increase their prices. The reduction in these competitive constraints could lead to significant price increases in the relevant market."*[8]

(12) The Horizontal Merger Guidelines list a number of factors which may influence whether or not significant non-coordinated effects are likely to result from a merger, such as the large market shares of the merging firms, the fact that the merging firms are close competitors, the limited possibilities for customers to switch suppliers, or the fact that the merger would eliminate an important competitive force.[9] That list of factors applies equally regardless of whether a merger would create or strengthen a dominant position, or would otherwise significantly impede effective competition due to non-coordinated effects. Furthermore, not all of these factors need to be present for significant non-coordinated effects to be likely. The list of factors, each of which is not necessarily decisive in its own right, is also not an exhaustive list.[10]

6 Horizontal Merger Guidelines, paragraph 25.
7 OJ C 31, 5.2.2004, p. 5.
8 Horizontal Merger Guidelines, paragraph 24.
9 Horizontal Merger Guidelines, paragraphs 27 and following
10 Horizontal Merger Guidelines, paragraphs 24-38.

(13) Finally, the Horizontal Merger Guidelines describe a number of factors, which could counteract the harmful effects of the merger on competition, including the likelihood of buyer power, the entry of new competitors on the market, and efficiencies.

4. COMPETITIVE ASSESSMENT

(14) Both Parties to the Transaction are active in the provision of banking and other financial services globally. Outside of Switzerland, the Parties' activities overlap mainly in the provision of asset management, wealth management and investment banking. These activities overlap globally, in the EEA and on a national level in some Member States.[11]

(15) While the Transaction does not give rise to any horizontally or vertically affected markets, a concise competitive assessment of the Parties' main horizontal overlaps is provided below.

4.1. Asset management

4.1.1. Market definition

4.1.1.1. Product market definition

4.1.1.1.1. The Commission's previous decisions

(16) Asset management concerns the provision of investment advice and potential implementation of that advice with delegated powers from clients.

(17) The Commission has previously considered an overall market for asset management (as distinct from wealth management services or retail banking), which includes the creation and management of mutual funds which are then marketed on an "off-the-shelf" basis (including, but not limited to, to retail customers), the provision of portfolio management services to institutional investors (pension funds, institutions, and international organisations), and the provision of custody services related to asset management.[12]

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[11] Depending on the geographic product market definition, the Parties' activities may also give rise to overlaps in the area of financial markets services. However, the Parties submit that these are "non-core" activities for the Parties and that Credit Suisse, irrespective of the Transaction, is winding down its non-core activities. In any case, combined market shares would be estimated to be even below the combined market shares concerning the core activities (i.e. asset management, wealth management and investment banking, which do not give rise to affected markets).

[12] M.9810, *Natixis Investment Managers/La Banque Postale/JV*; M.8837, *Blackstone/Thomson Reuters F&R Business*; M.8359, *Amundi/Credit Agricole/Pioneer Investments*; M.8257, *NN Group/Delta Lloyd*; M.6812, *SFPI/Dexia*.

(18) The Commission has also considered a plausible product market for asset management including: (i) the creation and management of mutual funds for retail clients, (ii) tailor-made funds for corporate and institutional customers, and (iii) portfolio management for private investors, pension funds and institutions.[13] The Commission further considered the possible existence of separate relevant product markets for each of the types of products mentioned above, but ultimately left the market definition open.[14]

(19) Separately, the Commission has previously considered that the market for asset management includes the creation, establishment and marketing of retail pooled funds ("collective investment schemes") as well as portfolio management services to pension funds, institutions, international organizations and private investors.[15] In that case, the Commission considered that it is appropriate to distinguish between asset management for institutional clients (and potentially also for high net worth private clients) and asset management for retail customers.

(20) Within the segment for asset management for retail customers, the Commission considered several sub-segmentations:[16] (i) between open and closed retail funds;[17] (ii) between mutual funds sold within a life insurance envelope and mutual funds sold on a standalone basis, (iii) between money market funds and other short term saving agreements, and (iv) a possible distinction of the so-called *Fonds Communs de Placement d'Entreprise* ("FCPE") from open retail mutual funds.[18] Ultimately, the exact product market definition was left open.

(21) Within the segment for asset management for corporate and institutional clients, the Commission has previously considered sub-segments for (i) active asset management and (ii) passive asset management, but left the exact product market definition open.[19]

4.1.1.1.2. The Parties' view

(22) The Parties submit that the market for the provision of asset management services should not be further segmented as (i) asset management products are generally considered homogeneous and interchangeable, (ii) the preference of asset management clients may also be influenced by factors beyond specific product characteristics, (iii) the clients of asset management services often have diversified portfolios and are likely to use a mix of asset management services (and not demand only a specific asset management service), and (iv) various asset management services are often managed using similar investment strategies and techniques.[20]

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13 Ibid.

14 Ibid.

15 M.5728 – *Crédit Agricole/Société Générale Asset Management.*

16 M.9810, *Natixis Investment Managers/La Banque Postale/JV*; M.5728 – *Crédit Agricole/Société Générale Asset Management.*

17 M.9810, *Natixis Investment Managers/La Banque Postale/JV*, M.8359 – *Amundi/Credit Agricole/Pioneer investments;* M.5728 – *Crédit Agricole/Société Générale Asset Management.*

18 M.9810, *Natixis Investment Managers/La Banque Postale/JV*, M.5728 – *Crédit Agricole/Société Générale Asset Management.*

19 M.8359, *Amundi/Credit Agricole/Pioneer Investments*; M.5728, *Crédit Agricole/Société Générale Asset Management*; COMP/M.5580, *Blackrock/BGI*, COMP/M. 5341, *Allianz / Cominvest.*

20 Form CO, paragraph 114.

(23) The Parties also consider that active and passive asset management belong to the same product market as *inter alia* both products are designed to achieve the same goal, are not mutually exclusive and could be considered as substitutes to one another, and are in many jurisdictions subject to similar regulatory framework.[21]

4.1.1.1.3. The Commission's assessment

(24) The Commission's market investigation provided mixed results as to whether the overall market for asset management should be further segmented into narrower plausible markets along the lines considered in previous decisions. Specifically, the responding competitors are split as to whether the market for asset management should be sub-segmented or not,[22] while the majority of customers responding to the market investigation consider that the product market for asset management does not require further sub-segmentation.[23]

(25) In any case, for the purposes of this decision, the exact product market definition can be left open since the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA agreement under any plausible product market definition (i.e. asset management or plausible narrower segments).

4.1.1.2. Geographic market definition

4.1.1.2.1. The Commission's previous decisions

(26) In previous decisions concerning asset management, or any narrower segment, the Commission considered the relevant geographic market to be either national or wider than national (EEA-wide or global), but ultimately left the exact market definition open.[24]

4.1.1.2.2. The Parties' view

(27) The Parties submit that the asset management market is global and at least EEA-wide in scope.[25]

4.1.1.2.3. The Commission's assessment

(28) The results of the Commission's market investigation suggest that the market for asset management and plausible segments is likely wider than national and at least EEA-wide. Specifically, most of the responding competitors and customers considered that competition in the market for asset management takes place at wider than national level.[26]

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21 Form CO, paragraph 115.

22 Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question B.A.1 and B.A.2.

23 Replies to the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question B.A.1.

24 E.g. M.9810, *Natixis Investment Managers/La Banque Postale/JV; M.8359, Amundi/Credit Agricole/Pioneer Investment.*

25 Form CO, paragraph 118.

26 Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question B.D.1., and the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question B.D.1.

(29) In any case, for the purposes of this decision, the exact geographic market definition can be left open since the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA agreement under any plausible geographic market definition (i.e. national, EEA-wide or global).

4.1.2. Competitive assessment

(30) Table 1 below provides an overview of the Parties' market shares in the provision of asset management services under all plausible geographic market definitions.

Table 1: The Parties' estimated market shares, Asset management (based on Assets under Management (AuM)), 2022

	Global	***EEA***	***National (EEA Countries)***[27]
UBS	[0-5]%	[0-5]%	
Credit Suisse	[0-5]%	[0-5]%	
Combined	***[0-5]%***	***[0-5]%***	***[0-5]%***

Source: Parties' estimates, Form CO, Table 5 and Annex 7.C.

(31) Post-Transaction, the Parties' combined market share remains below [0-5]% under all plausible geographic market definitions. The Parties also confirmed that their combined market share would remain well below 20% under all plausible product and geographic market definition combinations.[28] The Transaction is unlikely to give rise to competition concerns in this market for the following reasons:

(a) *First*, post-Transaction, the combined share of the Parties will remain below 20% under all plausible product and geographic market definitions and therefore do not give rise to affected markets. The Parties' market shares are also significantly below the 25% threshold set out in the Horizontal Merger Guidelines, below which a concentration is considered *"not liable to impede effective competition* [and] *may be presumed to be compatible with the [internal] market"*.[29]

(b) *Second*, the market for asset management is considered to be highly fragmented and competitive, with a large number of players active. For example, UBS estimates that there are at least 10 other players active who, based on assets under management, are larger than each of the Parties in relation to asset management services to retail customers. This is confirmed by the results of the market investigation, as the respondents on average rate the overall competitiveness of the market for asset management with a rating of above 4 (out of 5).[30] Some of the respondents in addition described a number of factors driving the competitiveness of the markets, including for

27 The Parties' asset management activities overlap in the following EEA Countries: Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Netherlands, Poland, Spain, and Sweden.

28 Form CO, paragraph 148. The Parties were, however, only able to provide precise market share estimates for the overall asset management market (not further segmented), under all plausible geographic market definitions.

29 Horizontal Merger Guidelines, paragraph 18.

30 Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question C.1., and the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question C.1. The respondents were asked to rate the competitiveness of the market for asset management on a scale from 1 – "none or almost no competition / monopolistic market" to 5 – "extremely competitive, fragmented market with a large number of players with strong offerings".

example low barriers to entry, high price transparency, low product differentiation and low switching costs. One competitor for example describes that market as: *"Extremely competitive, fragmented market with a large number of players with strong offerings."*[31]

(c) *Third*, post-Transaction the Parties will continue facing competitive pressure from a number of competitors that are considered as strong or even stronger than the Parties. For example, at least the following competitors have similar or higher EEA market shares than the Combined Entity: BlackRock ([0-5]%), Vanguard ([0-5]%), Fidelity ([0-5]%), Amundi ([5-10]%), Allianz ([0-5]%) and DWS ([0-5]%), and additional competitors are active in individual Member States. In view of that, virtually all responding competitors and customers are of the view that post-Transaction the Parties will continue facing sufficient competitive pressure.[32]

(d) *Fourth*, the Commission's market investigation indicated that the impact of the Transaction on the market for asset management (and plausible segments) is expected to be neutral or positive. The view is shared by virtually all competitors and customers who responded to the market investigation.[33]

(e) *Finally*, the Commission's market investigation did not reveal any indication that the above-discussed arguments would differ materially for any specific plausible product (i.e. segment within asset management) or geographic market.[34] Specifically, in relation to the plausible distinction between asset management to retail and institutional customers, the Parties confirm that in both of those segments there is a large number of players active in the EEA with market shares larger than that of the Combined Entity.[35]

(32) In conclusion, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement as a result of the horizontal overlap between the Parties in the provision of asset management services under any plausible product or geographic market definition.

4.2. Wealth management

4.2.1. Market definition

4.2.1.1. Product market definition

4.2.1.1.1. The Commission's previous decisions

(33) Wealth management, sometimes referred to as private banking, comprises services which typically include investment advice, financial planning, tax planning, estate

31 Reply to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question C.1.

32 Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question C.2., and the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question C.2.

33 Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question D.1., and the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question D.1.

34 For completeness, given the Parties' strong geographic presence in Switzerland and the close interrelation between the EEA, Swiss and UK financial service markets, the Parties also provided the Parties' and competitors' market shares in a plausible market for asset management covering the EEA, Switzerland and the UK. The Parties' market share in such a market (including plausible segments) remain below 20% and thus do not give rise to affected markets.

35 Form CO, paragraph 160.

planning, and other related services. Wealth management is targeted to affluent, HNW (High Net-Worth) and UHNW (Ultra High Net-Worth) individuals who have significant assets and complex financial needs.

(34) The Commission has in the past considered that the wealth management market is separate from asset management and the provision of other banking products.[36]

(35) The Commission considered the possibility of using EUR 1 million of liquid assets as a potential threshold for a bank's provision of wealth management services, or as an alternative dividing the market into three segments based on the clients' liquid assets (USD 0.5-1.5 million; USD 1.5 – 30 million; and more than USD 30 million).[37] Ultimately, the Commission has left the exact product market definition open.

4.2.1.1.2. The Parties' view

(36) The Parties submit that the market for wealth management should not be sub-segmented, as (i) wealth management services tend to be homogeneous across different customer segments, with similar types of services offered to both HNW and UHNW customers, who are the core of demand in this market; (ii) these services are often offered as a package to customers; and (iii) the competitive landscape is similar across different products and customers, with many of the same providers offering a range of services to both HNW and UHNW clients.[38]

4.2.1.1.3. The Commission's assessment

(37) The Commission's market investigation provided mixed results as to whether the overall market for wealth management should be further segmented into narrower plausible markets along the lines considered in previous decisions. Specifically, the majority of customers responding to the market investigation consider that the market for wealth management should not be further segmented.[39] On the other hand, the majority of competitors consider that it should be further segmented, for example by net worth level of the clients (with results being mixed in terms of the exact appropriate thresholds).[40]

(38) In any case, for the purposes of this decision, the exact product market definition can be left open since the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA agreement under any plausible product market definition (i.e. wealth management or plausible narrower segments).

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[36] See, e.g., M.4844, *Fortis/ABN AMRO Assets*; M.3894, *Unicredito/HVB*; M.1453, *AXA/GRE*; M.5726, *Deutsche Bank/Sal. Oppenheim*.

[37] M.5726, *Deutsche Bank/Sal. Oppenheim*.

[38] Form CO, paragraph 123.

[39] Replies to the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question B.B.1.

[40] Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question B.B.1.

4.2.1.2. Geographic market definition

4.2.1.2.1. The Commission's previous decisions

(39) In a past decision, the Commission assessed the market for wealth management on a national basis, while recognising that some segments may be wider than national.[41] Ultimately, the exact geographic market definition was left open.

4.2.1.2.2. The Parties' view

(40) The Parties submit that the market for wealth management is likely global or at least EEA-wide in scope, for the following reasons:[42]

(a) Providers of wealth management services seek to provide their clients with diversified investment portfolios that offer exposure to a wide range of assets across the world. This requires a deep understanding of global financial markets and investment opportunities, and the ability to manage risk across different jurisdictions;

(b) Wealth management providers have a global client base, and must be able to provide personalized investment advice and support to clients across different time-zones and cultures;

(c) The Parties and their major competitors are capable to provide services and compete globally.

4.2.1.2.3. The Commission's assessment

(41) The respondents to the market investigation provided non-conclusive replies on whether the market for wealth management should be considered of a national, EEA or global scope with a large number of competitors considering a national delineation and most customers considering an at least EEA-wide dimension.[43]

(42) Ultimately, the exact geographic market definition can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible alternative geographic market definition (i.e. national, EEA-wide or global).

4.2.2. Competitive assessment

(43) Table 2 provides an overview of the Parties' market shares in the provision of wealth management services under all plausible geographic market definitions.

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41 M.5726, *Deutsche Bank/Sal. Oppenheim*.

42 Form CO, paragraph 126.

43 Replies to the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question B.D.1. and Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question B.D.1.

Table 2: The Parties' estimated market shares, Wealth management (based on AuM), 2022

	Global	*EEA*	*National (EEA Countries)*[44]
UBS	[5-10]%	[0-5]%	
Credit Suisse	[0-5]%	[0-5]%	
Combined	***[5-10]%***	***[0-5]%***	***[0-5]% (except in Luxembourg [0-20]%)***

Source: Parties' estimates, Form CO, Table 6 and Annex 7.C.

(44) Post-Transaction, the Parties' combined market share remains below [5-10]% under all plausible geographic market definitions, with the exception of a national market in Luxembourg where combined market shares under all plausible market definitions would remain under 15% (with the share increment contributed by Credit Suisse limited at [0-5]%). The Parties also confirmed that their combined market share would remain well below 20% under all plausible product and geographic market definition combinations.[45] The Transaction is unlikely to give rise to competition concerns in this market for the following reasons:

(a) *First*, post-Transaction, the combined share of the Parties will remain below 20% under all plausible product and geographic market definitions and therefore do not give rise to affected markets. The Parties' market shares are therefore below the 25% threshold set out in the Horizontal Merger Guidelines, below which a concentration is considered *"not liable to impede effective competition* [and] *may be presumed to be compatible with the [internal] market"*.[46]

(b) *Second*, the market for wealth management is considered to be highly fragmented and competitive, with a large number of players active. This is confirmed by the results of the market investigation, as the respondents on average rate the overall competitiveness of the market for wealth management with a rating of above 4 (out of 5).[47] One competitor for example explains with respect to the competitiveness of the market for wealth management and plausible segments that:[48] *"Each market shows a large number of wealth management players, both international and domestic"*.

(c) *Third*, post-Transaction the Parties will continue facing competitive pressure from a number of competitors that are considered as strong as the Parties. For example, at least the following competitors have similar EEA market shares: Pictet ([0-5]%), Goldman Sachs ([0-5]%), Deutsche Bank ([0-5]%), Safra ([0-5]%) and Julius Baer ([0-5]%), and additional competitors are active in individual Member States. In view of that, virtually all responding

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44 The Parties' wealth management activities overlap in the following EEA Countries: Denmark, France, Germany, Italy, Luxembourg, Poland, Spain and Sweden.

45 Form CO, paragraph 168. The Parties were, however, only able to provide precise market share estimates for the overall wealth management market (not further segmented), under all plausible geographic market definitions.

46 Horizontal Merger Guidelines, paragraph 18.

47 Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question C.1., and the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question C.1. The respondents were asked to rate the competitiveness of the market for wealth management on a scale from 1 – "none or almost no competition / monopolistic market" to 5 – "extremely competitive, fragmented market with a large number of players with strong offerings".

48 Reply to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question C.1.

competitors and customers are of the view that post-Transaction the Parties will continue facing sufficient competitive pressure.[49]

(d) *Fourth*, the Commission's market investigation indicated that the impact of the Transaction on the market for wealth management (and plausible segments) is expected to be neutral or positive. The view is shared by virtually all competitors and customers who responded to the market investigation.[50]

(e) *Finally*, the Commission's market investigation did not reveal any indication that the above-discussed arguments would differ materially for any specific plausible product (i.e. segment within wealth management) or geographic market.[51] Specifically, in relation to plausible further segmentation of the market for wealth management, the Parties explain that the competitive landscape for wealth management services is similar across different products and customers.[52]

(45) In conclusion, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement as a result of the horizontal overlap between the Parties in the provision of wealth management services under any plausible product or geographic market definition.

4.3. Investment banking

4.3.1. Market definition

4.3.1.1. Product market definition

4.3.1.1.1. The Commission's previous decisions

(46) Investment banking includes services such as advice on the financial aspects of mergers and acquisitions, initial public offerings and arranging new issues of stocks and bonds, excluding the underwriting of such operations.

(47) The Commission has analysed the market for investment banking as a whole in its previous decisions, while identifying the following plausible market segments: (i) M&A advice, (ii) capital markets business such as Initial Public Offering ("IPO") advice and share issue advice, and (iii) services related to arranging new issues of stocks and bonds.[53] Ultimately, the product market definition was left open.

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49 Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question C.2., and the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question C.2.

50 Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question D.1., and the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question D.1.

51 For completeness, given the Parties' strong geographic presence in Switzerland and the close interrelation between the EEA, Swiss and UK financial service markets, the Parties also provided the Parties' and competitors' market shares in a plausible market for wealth management covering the EEA, Switzerland and the UK. The Parties' market share in such a market (including plausible segments) remain below 20% and thus do not give rise to affected markets.

52 Form CO, paragraph 123.

53 E.g M.6168, *RBI/EFG EUROBANK/JV;* M.5384, *BNP Paribas / Fortis*.

4.3.1.1.2. The Parties' view

(48) The Parties submit that the market for investment banking should not be further segmented as (i) investment banking is a highly dynamic and constantly evolving market, with new products and services constantly emerging, (ii) from a client's perspective, investment banking is a single market where they seek a range of financial services to meet their needs and investment banks typically offer multiple services, and (iii) investment banking services are often interconnected and may overlap across different segments.[54]

4.3.1.1.3. The Commission's assessment

(49) The results of the Commission's market investigation as to whether the market for investment banking should be considered as a whole or should be further segmented are inconclusive. In particular, most responding competitors indicate that it would be appropriate to further segment the market for investment banking and propose various plausible segmentations into different types of investment banking services.[55] On the other hand, most responding customers consider that the market for investment banking should be considered as a whole and further segmentation is not appropriate.[56]

(50) In any case, for the purposes of this decision, the exact product market definition can be left open since the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA agreement under any plausible product market definition (i.e. investment banking or plausible narrower segments).

4.3.1.2. Geographic market definition

4.3.1.2.1. The Commission's previous decisions

(51) The Commission considered the geographic scope of investment banking services to be EEA-wide or global, but some market segments have been analysed from a national perspective.[57]

4.3.1.2.2. The Parties' view

(52) The Parties submit that the geographic scope of the market for investment banking is global.[58]

4.3.1.2.3. The Commission's assessment

(53) The results of the Commission's market investigation suggest that the market for investment banking and plausible segments is likely wider than national and at least EEA-wide. Specifically, most of the responding competitors and customers

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54 Form CO, paragraph 130.

55 Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question B.C.

56 Replies to the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question B.C.

57 M.7044 – *Blackstone/Goldman Sachs/Rothesay*; M.5384, *BNP Paribas/Fortis*, M.3894 – *Unicredito/HVB.*

58 Form CO, paragraph 133.

considered that competition in the market for investment banking takes place at wider than national level.[59]

(54) In any case, for the purposes of this decision, the exact geographic market definition can be left open since the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA agreement under any plausible geographic market definition (i.e. national, EEA-wide or global).

4.3.2. Competitive assessment

(55) Table 3 below provides an overview of the Parties' market shares in the provision of investment banking services under all plausible geographic market definitions.

Table 3: The Parties' estimated market shares, Investment banking (based on turnover), 2022

	Global	***EEA***	***National (EEA Countries)***[60]
UBS	[0-5]%	[0-5]%	
Credit Suisse	[0-5]%	[0-5]%	
Combined	***[0-5]%***	***[0-5]%***	***[0-10]%***

Source: Parties' estimates, Form CO, Table 8 and Annex 7.C.

(56) Post-Transaction, the Parties' combined market share remains below 10% under all plausible geographic market definitions. The Parties also confirmed that their combined market share would remain well below 20% under all plausible product and geographic market definition combinations.[61] The Transaction is unlikely to give rise to competition concerns in this market for the following reasons:

(a) *First*, post-Transaction, the combined share of the Parties will remain below 20% under all plausible product and geographic market definitions and therefore do not give rise to affected markets. The Parties' market shares are also significantly below the 25% threshold set out in the Horizontal Merger Guidelines, below which a concentration is considered *"not liable to impede effective competition* [and] *may be presumed to be compatible with the [internal] market"*.[62]

(b) *Second*, the market for investment banking is considered to be highly fragmented and competitive, with a large number of players active including strong global and EEA-wide players and players with strong positions in individual Member States. This is confirmed by the results of the market investigation, as the respondents on average rate the overall competitiveness of the market for in with a rating of above 4 (out of 5).[63] Competitors for

[59] Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question B.D.1., and the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question B.D.1.

[60] The Parties' investment banking activities overlap in the following EEA Countries: France, Germany, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal and Spain.

[61] Form CO, paragraph 191. The Parties were, however, only able to provide precise market share estimates for the overall investment banking market (not further segmented), under all plausible geographic market definitions.

[62] Horizontal Merger Guidelines, paragraph 18.

[63] Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question C.1., and the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question C.1. The respondents were asked to rate the competitiveness of the market for investment banking on a scale

example describe the market for investment banking as:[64] *"There is a large number of local / regional / global banks competing for the business in EEA."*[65] and *"We observe, through dealings with investment banks, and through reviewing various league tables, that investment banking activity in the EEA is extremely competitive."*

(c) *Third*, post-Transaction the Parties will continue facing competitive pressure from a number of competitors that are considered as strong or even stronger than the Parties. For example, at least the following competitors have similar or higher EEA market shares: JP Morgan ([10-20]%), Goldman Sachs ([10-20]%), Morgan Stanley ([5-10]%), and Citi Bank ([5-10]%). In view of that, virtually all responding competitors and customers are of the view that post-Transaction the Parties will continue facing sufficient competitive pressure.[66]

(d) *Fourth*, the Commission's market investigation indicated that the impact of the Transaction on the market for investment banking (and plausible segments) is expected to be neutral or positive. The view is shared by virtually all competitors and customers who responded to the market investigation.[67]

(e) *Finally*, the Commission's market investigation did not reveal any indication that the above-discussed arguments would differ materially for any specific plausible product (i.e. segment within investment banking) or geographic market.[68] Specifically, in relation to plausible further segmentation of the market for investment banking, the Parties explain that all investment banks typically offer multiple products/services.[69]

(57) In conclusion, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement as a result of the horizontal overlap between the Parties in the provision of investment banking services under any plausible product or geographic market definition.

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from 1 – "none or almost no competition / monopolistic market" to 5 – "extremely competitive, fragmented market with a large number of players with strong offerings".

64 Reply to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question C.1.

65 Reply to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question C.1.

66 Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question C.2., and the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question C.2.

67 Replies to the Questionnaire to Competitors in Case M.11111 – UBS / Credit Suisse, Question D.1., and the Questionnaire to Customers in Case M.11111 – UBS / Credit Suisse, Question D.1.

68 For completeness, given the Parties' strong geographic presence in Switzerland and the close interrelation between the EEA, Swiss and UK financial service markets, the Parties also provided the Parties' and competitors' market shares in a plausible market for investment banking covering the EEA, Switzerland and the UK. The Parties' market share in such a market (including plausible segments) remain below 20% and thus do not give rise to affected markets.

69 Form CO, paragraph 130.

5. CONCLUSION

(58) For the above reasons, the European Commission has decided not to oppose the notified operation 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 and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Executive Vice-President