



Case M1217G

Proposed Acquisition by
SG Hambros Limited
of Kleinwort Benson Channel Islands Holdings Limited

Decision – Preliminary Review

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Background

1. On 12 April 2016 the Guernsey Competition and Regulatory Authority (**GCRA**) received an application for approval from SG Hambros Limited (**SGHL**) for its proposed acquisition of Kleinwort Benson Channel Islands Holdings Limited (**KBCIHL**) and its subsidiaries. This took the form of a request for approval by preliminary review, with both parties being engaged in the financial services sector.
2. The GCRA registered the application on its website on 12 April, with a deadline for comments of 19 April 2016. No comments were received.

Details of the parties

3. The purchaser is SG Hambros Limited, a company registered in England and Wales, no. 03470643, 5th Floor, 8 St James Square, London, England, SW1Y 4JU. The ultimate parent entity / beneficial owner of SGHL is Societe Generale SA (**SocGen**), incorporated in France, registered number 552 120 222 RCS Paris. SG Hambros Limited is a holding company of SG Hambros Bank (Channel Islands) Limited, which is a 'credit institution' and 'financial institution' as defined by the merger regulations.
4. The target is Kleinwort Benson Channel Islands Holdings Limited, Dorey Court, Admiral Park, St Peter Port, Guernsey, a company registered in Guernsey, number 24786. It is headquartered in Guernsey and offers private banking, fiduciary and custody services, and is registered with, and regulated by the GFSC in this market.

The transaction

5. SGHL will acquire the entire issued share capital of KBCIHL. The transaction has been notified to the Financial Conduct Authority (UK), Prudential Regulation Authority (UK), Guernsey Financial Services Commission (Guernsey), Jersey Financial Services Commission (Jersey), Investment Industry Regulatory Organization of Canada (Canada) and Canadian Securities Administrators (Canada).

Need for referral

6. Each of the undertakings has turnover in Guernsey in excess of £2m and a combined turnover in excess of £5m in the Channel Islands, therefore the transaction is prescribed¹.
7. The Societe Generale Group has a global turnover of £30, of which £10 arises in Guernsey and £20 in Jersey. Kleinwort Benson has a total turnover of £30, of which £10 arises in Guernsey and £20 in Jersey.
8. The acquirer is a qualifying 'financial institution' and 'credit institution', and the application for approval through preliminary review in Guernsey is granted in

¹ As set out in the *Calculation of Turnover (Guernsey) regulations 2012*;

accordance with the *Competition (Prescribed mergers and acquisitions) (Guernsey) Regulations 2012*.

Effect on competition

9. SGHL and KBCIHL are both active in the field of private banking services. The Parties provided market assessments based on two measures:
 - i) The number of companies that offer private banking services in Guernsey: on this basis the number of competitors will reduce from 15 to 14 as a result of the transaction.
 - ii) The share of deposits in Guernsey, and the Channel Islands: on this basis the share of the combined entity, post-transaction, will be 38% in Guernsey and 38% in the Channel Islands.
10. The number of companies offering private banking services is based on the number of registered Money Service Providers in Guernsey, excluding those which do not offer private banking services².
11. The share of deposits calculation is based on the Total Deposits in Guernsey at December 2015 (£78,245 million), as reported by the Guernsey Financial Services Commission³.

Conclusion

12. On either basis, the GCRA concludes that in accordance with section 13(2) of the *Competition (Guernsey) Ordinance 2012*, the acquisition would not substantially lessen competition within any market for goods and services in Guernsey.
13. The GCRA therefore approves the application for approval in accordance with section 17(1) of the *Competition (Guernsey) Ordinance, 2012*.

24 April 2016

By order of the GCRA board

² Source: www.gfsc.gg/Registered/Registered-Entities/Pages/Registered-Entities.aspx

³ Source: Based on www.gfsc.gg/The-Commission/Documents%20and%20Forms/Quarterly-Banking-statistics-Q4-2015.pdf