



Case M1657G

Proposed acquisition of Olympic Holdings Limited
by PraxisIFM Group Limited

Decision

Date: 22 June 2023

Guernsey Competition and Regulatory Authority
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Summary

1. PraxisIFM Group Limited (the **Purchaser**) proposes to acquire the entire issued share capital of Olympic Holdings Limited (the **Target**) from their shareholders (the **Sellers**) (together the **Notifying Parties**).
2. The transaction has been notified to the Guernsey Competition and Regulatory Authority (**GCRA**) pursuant to Section 16(1) of the Competition (Guernsey) Ordinance 2012 (the **2012 Ordinance**).
3. The GCRA has determined that the proposed acquisition will not lead to a substantial lessening of competition in any relevant market and hereby approves the notified transaction.

The Notified Transaction

4. On 6 June 2023, the GCRA received a joint application from Praxis and Olympic for the proposed acquisition by the Purchaser of the entire share capital of the Target.
5. The GCRA registered the application on its website with a deadline for comments of 20 June 2023. No submissions were received.

The Parties

6. The Purchaser is a Guernsey registered company, registration number 30367. The Purchaser currently operates in Guernsey, with a core business of fiduciary services specialising in private wealth structures and corporate administration.
7. The Target is a Guernsey registered company, registration number 49668. The Target trades under the Sarnia Yachts brand and provides corporate administration of yacht ownership structures, yacht management, crew management and payroll services.
8. Both the Purchaser and the Target are the ultimate parent companies of respective groups.

Guernsey: Requirement for GCRA Approval

9. Pursuant to s.61(1)(b)(i) of the 2012 Ordinance, a merger or acquisition occurs for the purposes of that Ordinance when: *“an undertaking [...] directly or indirectly acquires or establishes control of another undertaking”*.
10. Accordingly, the acquisition by the Purchaser of the entire issued share capital of the Target amounts to an acquisition of control over the Target and its subsidiaries for the purposes of the 2012 Ordinance. The notified transaction is therefore an acquisition, as defined by the 2012 Ordinance.
11. Under Regulation 2(a) and (b) of the Competition (Prescribed Mergers and Acquisitions) (Guernsey) Regulations 2012 (the **Regulations**), an undertaking is involved in a merger or acquisition if it is acquiring, or being acquired by, another undertaking.

12. On completion of the notified transaction, the Purchaser will acquire 100% of the shares in the Target. Both the Purchaser and the Target are therefore involved in a merger for the purposes of the Regulations.
13. Under s.13(1) of the 2012 Ordinance, certain mergers must be notified to, and approved by the GCRA before they can be put into effect. Regulation 1 of the Regulations provides that mergers must be notified to the GCRA for clearance if:
 - a. The combined Channel Islands turnover of the undertakings involved in the merger exceeds £5 million, and
 - b. Two or more of the undertakings involved in the merger have Guernsey turnover exceeding £2 million.
14. According to information provided by the notifying parties,
 - a. The Purchaser had turnover of £[<] in Guernsey and £[<] in the Channel Islands and
 - b. The Target had turnover of £[<] in Guernsey and the Channel Islands

in the financial year ended 31 December 2022. Therefore, the combined and individual applicable turnover of the Parties in the Channel Islands and Guernsey exceeds these thresholds. On this basis, the GCRA's approval is required before the acquisition is executed.

Market Definition

15. Under s.13 of the 2012 Ordinance, the GCRA must determine if the merger would substantially lessen competition within any market in Guernsey for goods or services.
16. As an initial step, the GCRA will identify the markets which are likely to be affected by the merger since market definition provides a framework within which the competitive effects of a merger can be assessed. However, the boundaries of the market do not necessarily determine the outcome of the analysis of the competitive effects of the merger. This is because there can be constraints on the merging parties from outside the relevant market, segmentation within the relevant market or other ways in which certain constraints are more significant than others. The GCRA will, where appropriate, take these factors into account in its assessment.
17. When defining a market, the GCRA may take note of its own previous decision-making practice and/or market definitions applied by other competition authorities. However, these previous decisions are not precedents and are not binding, either on the merging parties or on the GCRA. Competition

conditions may change over time, changing the market definition. Market definition will always depend on the prevailing facts¹.

Views of the Parties

18. The Notifying Parties state that both the Purchaser and the Target provide trust and corporate administration services. However, the Target is only specialised and active in yacht related services where the Purchaser has negligible presence.
19. In terms of geographical aspect, the Notifying Parties indicate that their customers and the other service providers are based globally.

GCRA Consideration

20. The relevant product market is defined primarily by reference to the likely response of consumers and competitors². It will comprise products and/or services which are regarded as interchangeable or substitutable by the consumer, because of the product's characteristics, prices and intended use. An undertaking cannot have a significant impact on the prevailing conditions of a market if customers can easily switch to other service providers.
21. The geographic market is the area over which substitution takes place. Geographic markets are defined using the same process as that used to define the product market. Some issues, especially from a Guernsey perspective, which are particularly relevant to geographic market definition, are: (i) demand-side, (ii) supply-side and (iii) imports³.
22. According to the information provided by the Notifying Parties, their activities, in broad terms, overlap in trust and company administration services. However, the Target is specialized in the yacht sector and only provides company administration services for yacht ownership purposes, whereas the Purchaser currently has negligible activities in that market segment.
23. For the purposes of the present decision, it is not necessary to determine whether there is a broad product market for trust and company administration services or whether further subdivision of that segment would be appropriate. This is because, for the reasons set out below, the transaction would not lead to a substantial lessening of competition based on any plausible market definition.
24. The Notifying Parties state that their customers are located globally, and they face competition from globally located players mostly from offshore jurisdictions. The relevant geographic market is likely to be wider than Guernsey, possibly as wide as global, whether the product market is defined widely (trust and company administration services) or narrowly (as some subset of trust company administration services). This conclusion is consistent with the previous decision-making practice of

¹ GCRA Guideline 7 – Market Definition, page 26.

² GCRA Guideline 7 – Market Definition, page 14.

³ GCRA Guideline 7 – Market Definition, page 20.

the GCRA and other competition authorities⁴. Nevertheless, the precise geographic market definition can be left open in this case since the transaction would not lead to a substantial lessening of competition on any plausible basis.

Effect on Competition

25. As set out above, there is a horizontal overlap between the activities of the Notifying Parties in the area of trust and company administration services.

Horizontal effects

26. After defining the relevant market, GCRA estimates the respective market shares of the competitors in that market, both before and after the proposed transaction. These shares can be used as an indication of the overall level of market concentration that will be brought about as a result of the merger.

27. As established in previous GCRA decisions⁵, it is difficult to estimate market share as most competing service providers' financial statements are not public records. Much of the statistical data is from the Guernsey Financial Services Commission (**GFSC**) which collects and categorises certain data for its specific legal and regulatory mandate. According to the GFSC data, 139 entities were holding fiduciary lead licences on 30 June 2021 in Guernsey⁶. Additionally, according to We Are Guernsey (Guernsey Finance) data, there are 11 marine finance services providers and more than 50 corporate finance services providers⁷.

28. Based on the GFSC data⁸, the Notifying Parties have estimated their share of the Guernsey general fiduciary services segment (which includes trust and administration services) as [5 - 10%] for 2021 with a similar figure being reported for 2022⁹. As explained above, the actual geographic market is very likely to be broader than Guernsey, and possibly as wide as global.

29. Given that the scope of the geographic market is likely to be broad, the presence of many providers and the specialisation of the Notifying Parties, the merger will not give rise to horizontal anti-competitive effects in Guernsey on any plausible basis.

⁴ GCRA's Trust Corporation/Ocorian Decision (Case M1586G) and JCRA's Capita Fiduciary/Eagle Management Decision (Case M145/07).

⁵ GCRA's Trust Corporation/Ocorian Decision (Case M1586G).

⁶ Guernsey Financial Services Commission: Annual Report and Financial Statements for the year ended 31 December 2021, page 63, Figure 5.

⁷ weareguernsey.com

⁸ Guernsey Financial Services Commission: Annual Report and Financial Statements for the year ended 31 December 2021, page 64, Figure 8.

⁹ Guernsey Financial Services Commission: Annual Report and Financial Statements for the year ended 31 December 2022, page 64, Figure 8.

Decision

30. Based on the preceding analysis, the GCRA concludes that the acquisition will not substantially lessen competition within any market in Guernsey for goods or services.

31. The GCRA is also satisfied that the merger would not be to the prejudice of:

- (a) consumers or any class or description thereof;
- (b) the economic development and well-being of the Bailiwick; or
- (c) the public interest.

53. The merger is therefore approved under s.13 of the 2012 Ordinance.

22 June 2023

By Order of the Board of the GCRA