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COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM227Nov17

In the matter between

Sanlam Life Insurance Limited Primary Acquiring Firm

And

Absa Consultants and Actuaries (Pty) Ltd Primary Target Firm

Panel	: Yasmin Carrim (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 7 February 2018
Order Issued on	: 7 February 2018
Reasons Issued on	: 26 February 2018

REASONS FOR DECISION

Approval

[1] On 7 February 2018, the Competition Tribunal ("the Tribunal") conditionally approved the proposed transaction between Sanlam Life Insurance Limited ("Sanlam Life") and Absa Consultants and Actuaries (Pty) Ltd ("ACA"). The reasons for the approval follow.

Parties to the transaction and their activities

[2] Sanlam Life is wholly controlled by Sanlam Limited ("Sanlam"), and controls a number of entities in South Africa. Sanlam Life, through its business clusters, provides insurance, financial planning, retirement, investment, and wealth management products to personal business, and institutional customers in the South Africa and internationally.[1] Of relevance to the proposed transaction is the Sanlam Employee Benefit ("SEB") division. SEB provides employee benefits solutions to employers and retirement funds. This includes, *inter alia*, retirement fund administration services, umbrella fund solutions, group risk products and consulting and actuarial services.

[3] ACA is a wholly owned subsidiary of Absa Financial Services Ltd ("AFS"), which in turn is wholly owned by Barclays Africa Group Ltd. ACA administers pension and provident funds, as well as providing consulting and actuarial services. ACA's three main business offerings include administration and support services; consulting, actuarial and advisory services; and healthcare services. ACA also acts an intermediary by providing certain ACA customers with SEB's group risk products. However, this is the only instance where ACA acts as an intermediary.

Proposed transaction

[4] In terms of the Sale of Shares Agreement, Sanlam Life shall acquire ACA as a going concern from AFS. Post-merger, Sanlam Life will assume sole control over ACA.

Relevant markets and impact on competition

[5] The proposed transaction gives rise to horizontal overlaps in the following markets: (i) the national market for the provision of retirement fund

[1] The business of the Sanlam group of companies is organised into various clusters for management purposes due to its size.

administration services; (ii) the national market for the provision of employee benefit consulting services; and (iii) the national market for the provision of healthcare consulting services. In the first two markets, the merging parties will have a combined post-merger market share of less than 20%, with an accretion of less than 10%. In the third market, the merging parties will have a combined post-merger market share of less than 5%, with an even lower market share accretion.

[6] The Commission submitted that there are other firms in the relevant markets that are able to exercise competitive constraints on the merged entity. The Commission thus concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant markets. We agree with the Commission's conclusion.

Public interest

[7] The Commission found that the proposed transaction raises employment concerns. This is because the merging parties were unable to assess functions or roles that might be duplicated as a result of the merger and the number of employees that might be affected. At the hearing, the merging parties contended that the intention is for the two entities to operate separately so until commercial conditions dictate otherwise.

[8] In addressing these employment concerns, the Commission recommended that the proposed transaction be approved subject to the condition that the merging parties not retrench any ACA employees for a period of two years from the implementation date of the merger. The proposed transaction does not give rise to any other public interest concerns.

Conclusion

[9] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise save for those adequately safeguarded by the

conditions. Accordingly, we approve the proposed transaction with the conditions attached to our order as Annexure “A”.

Ms Yasmin Carrim **26 February 2018**

Ms Medi Mokuena and Ms Andiswa Ndoni concurring.

Tribunal Researcher:	Hlumelo Vazi
For the merging parties:	A Van der Westhuizen of Glyn Marais and M Griffiths of Norton Rose
For the Commission:	N Msiza