



Case M1182G

Proposed Acquisition by Praxis IFM Group Limited of Confiance Limited

Decision – Preliminary Review

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Background

On 17 September 2015 the Guernsey Competition and Regulatory Authority (GCRA) received an application for approval from Praxis IFM Group Limited (Praxis) for its proposed acquisition of Confiance Limited (Confiance). This took the form of a request for approval by preliminary review. Both parties are engaged in the financial services sector and are registered with the Guernsey financial Service Commission (GFSC).

The GCRA registered the application on its website on 13 October, with a deadline for comments of 20 October 2015. No comments were received.

Details of the parties

The acquirer is Praxis IFM Group Limited, a Guernsey registered company, no. 30367, Sarnia House, St Peter Port, Guernsey GY1 4HV. Praxis operates in the financial services sector providing a range of services to clients in Guernsey, Jersey and worldwide. Praxis and various of its subsidiaries are registered with and regulated by the GFSC.

The target is Confiance Limited, Elizabeth House, Ruettes Brayes, St Peter Port, GY1 4NA, a company registered in Guernsey, number 40906. Confiance provides fiduciary trust and administration services in Guernsey and is registered with, and regulated by the GFSC in this market.

The transaction

Praxis will acquire the entire issued share capital of the target (Confiance). Note that it has already acquired its subsidiary Confiance Pension Services Limited (CPSL). This transaction was agreed prior to discussions on the acquisition of its parent company, and did not on its own require approval because CPSL's turnover is significantly below the threshold for referral. The inclusion of CPSL within CICRA's consideration of the acquisition of Confiance (as a connected transaction) does not alter the consideration or recommendations in respect of the overall transaction.

The transaction has been notified to the Guernsey Financial Services Commission (GFSC).

Need for referral

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. The acquirer is a qualifying financial institution by virtue of the operation of its parent and wider group businesses which provide portfolio management and investment advice and fiduciary services. The application for approval through preliminary review in Guernsey is granted in accordance with the *Competition (Prescribed mergers and acquisitions) (Guernsey) Regulations 2012*.

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

Effect on competition

Praxis and Confiance both operate in the financial services sector providing a range of services. Praxis has a total turnover of £23.2m, of which £11.2m is Guernsey based. Confiance has a total turnover of £4.8m, all in Guernsey and derived from fiduciary trust and company administration services.

Their businesses overlap in the provision of fiduciary services in Guernsey. This is a highly fragmented market, with a total of 157 companies registered with, and regulated by, the GFSC as lead licensees. It is difficult to obtain an overall figure for the value of this market, but the parties estimate that their combined turnover (£11.2m) in this market will account for less than 5% of the total turnover of the Guernsey fiduciary sector.

While there is a clear overlap in fiduciary services, the degree of concentration is not significant in a market in which more than 150 companies are approved to operate by the GFSC and to which there do not appear to be significant barriers to entry.

Conclusion

On the basis of the information provided by the parties, 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.

The GCRA therefore approves the application for approval in accordance with section 17(1) of the *Competition (Guernsey) Ordinance, 2012*.

30 October 2015

By order of the GCRA board