



## **DETERMINATION OF MERGER NOTIFICATION M/09/026 -**

### **State Street Corporation/Certain Subsidiaries of Mourant Limited**

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#### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition by State Street Corporation of certain subsidiaries of Mourant Limited**

**Dated 12 January 2010**

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#### **Introduction**

1. On 14 December 2009, in accordance with section 18 of the Competition Act 2002 (the "Act"), the Competition Authority (the "Authority") received a notification of a proposed transaction whereby State Street Corporation ("State Street") would acquire the entire issued share capital of certain subsidiaries of Mourant Limited ("Mourant"). The subsidiaries of Mourant to be acquired include the following: Mourant & Co. Limited, MIFA Services Limited, Mourant Services Guernsey Limited, Mourant Capital Markets Services Limited, Mourant Client Treasury Services Limited, Mourant Holdings Limited, Colomberie Services Limited and Mourant Fund Services LLC, and their subsidiaries (collectively, the "Target Group"). Certain direct and indirect subsidiaries of Mourant Holdings Limited and Mourant & Co. Limited will be retained by Mourant.

#### **The Undertakings Involved**

##### ***The Acquirer***

2. State Street, a publicly traded company quoted on the New York Stock Exchange, is a global provider of investment servicing, investment management and investment research and trading services to institutional investors, and is incorporated under the laws of Massachusetts, USA.
3. Within the State, State Street is involved in two main business activities: provision of custody services and fund administration services through its Irish subsidiaries, State Street Custodial Services (Ireland) Limited, State Street Fund Services (Ireland) Limited and International Fund Services (Ireland) Limited.
4. Custody Services encompass some of the following activities: safekeeping of assets, income and dividend processing, arranging withholding tax relief, acting as trustee and providing tax reclaim services. Fund administration services include: acting as a trustee, depositary or depotbank of mutual funds, accounting services and net asset valuation, share registration and taxation services, transfer agency, trustee and record keeping services, ancillary legal and secretarial services and transaction and portfolio reporting services.

5. State Street generated turnover of €[...] in the State for the financial year ending 31 December 2008.<sup>1</sup>

### **The Target Group**

6. The Target Group is comprised of certain subsidiaries of Mourant. Mourant is a global provider of financial administration services with offices in Jersey, Guernsey, UK, Ireland, Luxembourg, USA, Hong Kong and Singapore. Mourant is a holding company only and conducts its business through its subsidiaries under the name Mourant International Finance Administration ("MIFA"). Mourant is also the parent of the Mourant group of companies, an offshore specialist legal and administrative services group.
7. Mourant is active in the State only through Mourant Ireland Limited, a subsidiary in the Target Group, providing corporate administration services to Irish vehicles and trust structures. According to information published by Mourant<sup>2</sup>, these services include: local directors and officers, support and participation in the set-up of structures and SPVs, booking keeping and preparation of annual statutory accounts and the management of any audit process, company secretarial services, regulatory filings, registered office, share trustee and charitable trust structuring and process agent.
8. For the financial year ending 30 September 2008, Mourant generated worldwide turnover of €[...]<sup>3</sup> and a turnover in the State for the same period of €[...].

### **Rationale for the Proposed Transaction**

9. According to State Street, the proposed transaction will strengthen their leadership in global alternative asset servicing and expand their reach in Europe and Asia.<sup>4</sup> Mourant state that the proposed transaction will enable it to focus on its core business; the provision of specialist legal services.<sup>5</sup>

### **Third Party Submissions**

10. No submissions were received.

### **Analysis**

11. State Street and Mourant are active globally in the provision of fund administration services. Within the State however, Mourant is not active in the provision of fund administration services nor is it regulated to do so.<sup>6</sup> Mourant is only active in the provision of corporate administration services in the State. State Street is not

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<sup>1</sup> Conversion from \$ to € provided by the parties using the ECB annual average exchange rate for 2008 of 1.4708.

<sup>2</sup> Available at: <http://www.mourant.com/section/176/index.html>.

<sup>3</sup> Conversion rate provided by the parties based on the ECB average exchange rate for the period 1 October 2007 to 30 September 2008 of 0.76354.

<sup>4</sup> State Street Press Release dated 1/12/2009.

<sup>5</sup> Mourant du Feu & Jeune ("MdfJ") is affiliated to the Mourant group of companies and provides legal advice across a range of practice areas including disputes, finance & corporate, funds and trusts to the international finance and funds sectors. MdfJ is not active in the State.

<sup>6</sup> Fund Administrators are regulated by the Irish Financial Services Regulatory Authority and require authorisation prior to the provision of services to collective investment schemes, as per the Investment Intermediaries Act, 1995.

active in the provision of corporate administration services in the State or elsewhere.

12. There is no horizontal or vertical overlap in the activities of State Street and Marrant in the State. The Authority therefore considers that the proposed transaction does not raise any competition concerns in the State.

**Ancillary Restraints**

13. State Street and Marrant have entered into an agreement that includes non-competition and non-solicitation provisions for the duration of three years from the completion date of the proposed transaction. The Authority considers these restrictions to be directly related and necessary to the implementation of the proposed transaction.

**Determination**

14. The Competition Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by State Street of the entire issued share capital of certain subsidiaries of Marrant will not be to substantially lessen competition in markets for goods or services in the State, and accordingly, that the acquisition may be put into effect.

**For the Competition Authority**

**Dr. Stanley Wong**

**Member of the Competition Authority**