



DETERMINATION OF MERGER NOTIFICATION M/12/028 – Blackstone/Intertrust

Section 21 of the Competition Act 2002

Proposed acquisition by The Blackstone Group L.P. of Intertrust International Topholding B.V.

Dated 10/01/2013

Introduction

1. On 13 December 2012 the Competition Authority (“the Authority”), in accordance with Section 18 of the Competition Act, 2002 (“the Act”) received a notification of a proposed transaction whereby The Blackstone Group L.P. (“Blackstone”) would acquire sole control of Intertrust International Topholding B.V. (“Intertrust”).

The Undertakings Involved

The Acquirer

2. Blackstone is incorporated in the United States and is a global alternative asset manager and provider of financial advisory services. Blackstone’s funds include private equity funds, real estate funds, customized hedge funds, credit-oriented funds and publicly traded closed-end mutual funds.¹ As a financial service provider, Blackstone provides financial advice and restructuring services.
3. In the State, Blackstone is active, through a number of its portfolio companies,² in various sectors including pharmaceuticals, hospitality, retail and media.
4. For the financial year ended 31 December 2011, Blackstone had a worldwide turnover of approximately €[.] billion. In the State for the same period, Blackstone had a turnover of approximately €[.] million.

¹ These are mutual funds with a fixed number of shares that trade in the marketplace.

² These include: [...], Catalent Pharma Solutions, Inc., [...], Inc., Hilton Hotels Corporation, [...] [...], [...], [...], RGIS, Travelport, Tangerine and [...].

The Target

5. Intertrust is principally a provider of trust and administration services to corporate clients. These services include corporate legal, accounting, and reporting. Intertrust also provides facilities to establish and maintain foreign corporate entities.
6. Intertrust has offices in 20 countries in North America, Europe, the Middle East and Asia employing approximately 1,100 staff. Intertrust has a single office in Ireland in Dublin.
7. Intertrust is established in the Netherlands and is majority owned by Waterland Private Equity Investments B.V. The current management of Intertrust hold a minority shareholding.

Third Party Submissions

8. No third party submissions were received.

Rationale

9. The parties state that the transaction represents an investment opportunity for Blackstone with a view to profiting from an eventual sale.

Analysis

10. Blackstone's core business is to identify and execute investment opportunities on behalf of its clients. Intertrust's core business is to ensure that investments comply with domestic and international laws and regulations.
11. Although both companies offer advisory services to their clients, given the global scale of the financial services industry any horizontal overlap that may exist with respect to advisory services does not represent a concern from a competition perspective.
12. Blackstone does from time to time use the services provided by Intertrust and its competitors, for example company formation services. These services are purchased by Blackstone in support of its core business which is sourcing and executing investments worldwide.
13. A vertical overlap does not occur with respect to the activities carried by Blackstone on the island of Ireland.³ The Authority has been advised that the operations on the island of Ireland of Blackstone, including the entities it directly or indirectly owns or controls, do not involve the purchase of the kinds of services supplied by Intertrust.

³ Blackstone's Dublin-based company, GSO Debt Funds Management Europe Ltd, provides credit-based finance solutions to corporate clients.

14. The trust and corporate administration industry in which Intertrust operates is organised on a global basis. The largest trust and administration services providers have expanded their operations to meet their customers' requirements for administering increasingly complex corporate structures across multiple jurisdictions. In this global operating environment Intertrust faces competition from a number of large scale service providers.⁴
15. While objective market share data is not available, Intertrust estimates that its market share in Ireland is approximately [0-5]% and it is clear that Intertrust's role is not such as to create competition concerns through this acquisition.⁵
16. In light of the above the Authority is of the view that this transaction will not result in a substantial lessening of competition in any market for goods or services in the State.

Determination

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 The Blackstone Group L.P. of Intertrust International Topholding B.V. will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Stephen Calkins
Member of the Competition Authority
Director, Mergers Division

⁴ The largest trust services providers include Citco, Custom House Fund Services, Maples Fund Services, Alter Domus Luxembourg S.a.r.l. and ATC Corporate Services (Netherlands) B.V.

⁵ The largest trust services providers operating in Ireland include Custom House Fund Services (Ireland) Ltd, Citco Fund Services Ltd, IFG, Capita Fiduciary Group and Deutsche International Corporate Services (Ireland) Ltd.