



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

FIRST PHASE REVIEW

**IN THE MATTER OF MERGER OF IGI INVESTMENT BANK
LIMITED WITH AND INTO IGI INSURANCE LIMITED**

CASE: 849-Mergers/CCP/16

Commission

**Ms. Vadiyya Khalil
Chairperson**

**Mr. Shahzad Ansar
Member**



I. BACKGROUND

1. The Competition Commission of Pakistan ("Commission") is in receipt of a pre-merger application ("Application") dated 21st October 2016 sent by M/s. IGI Insurance Limited ("IGI Insurance") notifying the Commission of the merger of M/s. IGI Investment Bank ("IGI Bank") with and into IGI Insurance (collectively "Merger Parties"), by way of a Scheme of Arrangement ("Scheme") pursuant to an Amalgamation Agreement ("Agreement"), whereby IGI Bank shall stand dissolved without winding up.

II. PARTIES

IGI Insurance:

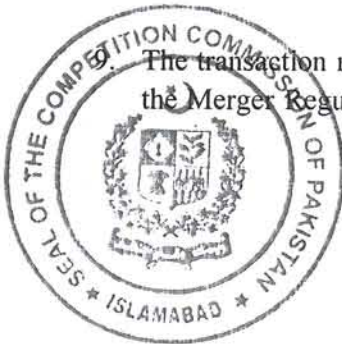
2. IGI Insurance is a public listed company established under the laws of Pakistan, and is engaged in the provision of general insurance services in the areas of fire, marine, motor, health, travel, engineering, bond and miscellaneous services.
3. IGI Insurance achieved a net premium revenue of PKR _____ in the financial year ended December 31st 2015, whereas its assets stood at PKR _____ for the same period.

IGI Bank:

4. IGI Bank is a public listed company established under the laws of Pakistan in 1990 as a joint venture between the Packages Group, American Express Bank and the International Finance Corporation. It is licensed to carry out investment finance activities.
5. IGI Bank's total income for the financial year ended June 30th, 2015, was PKR _____ whereas its assets stood at PKR _____ for the same period.

III. TRANSACTION

6. As per the Application, it is intended that IGI Bank shall be merged with and into IGI Insurance, and IGI Bank shall be dissolved without winding up. The merger is part of the overall restructuring of IGI Group's financial services business.
7. As consideration for the undertaking of IGI Bank, its shareholders shall be issued shares of IGI Insurance in terms of the Scheme at a swap ratio _____ the issuance of _____ of IGI Insurance for every _____ of IGI Bank.
8. The value of IGI Bank's total assets for the financial year ended June 30th 2016 is PKR _____ which is the transaction value in this case.



The transaction meets the notification thresholds as prescribed under Regulation 4 (2) (a) and (c) of the Merger Regulations, as the value of the gross assets of the undertaking is greater than PKR 300

VS

JA

million, and the combined assets of the undertakings are greater than PKR 1 billion, whereas the transaction value in this case is greater than PKR 100 million.

IV. THE RELEVANT MARKET

10. IGI Bank is licensed to carry out investment finance activities. For this reason, the relevant product market in this case has been identified as that of the provision of investment banking services.
11. As IGI Bank provides the above mentioned services across the country, and the conditions of competition are sufficiently homogenous nationwide, the relevant geographic market has been identified as Pakistan.
12. IGI Insurance is not active in the relevant product market, nor has any upstream or downstream relationship with IGI Bank.

V. FINDINGS OF THE PHASE 1 INVESTIGATION ON COMPETITION ASSESSMENT

13. This case is with regard to the merger of IGI Bank with and into IGI Insurance, whereby IGI Insurance shall be the surviving entity and IGI Bank shall be dissolved without winding up. Although this merger is part of the overall restructuring of IGI Group's financial services business, this transaction is not exempt from notification under Regulation 4A of the Merger Regulations, as there is no parent-subsidiary relationship between the Merger Parties.
14. IGI Insurance is engaged in the provision of general insurance services in the areas of fire, marine, motor, health, travel, engineering, bond and miscellaneous services, whereas IGI Bank is licensed to carry out investment finance activities. The Merger Parties are active in distinct sectors, with no overlaps in businesses.
15. The following charts show the ranking of IGI Bank as against other investment banks in Pakistan:

Investment Bank Rankings in terms of Assets (June, 2015)

Rank	Name	Assets (PKR in Millions)	Share in Total Assets (%)
1.	Trust Investment Bank		
2.	Escorts Investment Bank Limited		
3.	Invest Capital Investment Bank Limited		
4.	First Dawood Investment Bank Limited		
5.	First Credit & Investment Bank Limited		
6.	IGI Investment Bank Limited		
7.	Security Investment Bank Limited		
	TOTAL		

Source: Pakistan Credit Rating Agency Limited, January 2016



VSE

HA

Investment Bank Rankings in terms of Equity (June, 2015)

Rank	Name	Equity (PKR in Millions)	Equity (%)
1.	Trust Investment Bank		
2.	First Credit & Investment Bank Limited		
3.	Security Investment Bank Limited		
4.	Escorts Investment Bank Limited		
5.	Invest Capital Investment Bank Limited		
6.	First Dawood Investment Bank Limited		
7.	IGI Investment Bank Limited		
	TOTAL		

Source: Pakistan Credit Rating Agency Limited, January 2016

16. The above charts clearly show that IGI Bank has a share in terms of assets, and share in terms of equity, amongst investment banks in Pakistan. This indicates that IGI Bank does not enjoy a position of dominance in the relevant market.

16. For the reasons recorded above, the intended transaction does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Competition Act, 2010 ("Act").

VI. CONCLUSION

17. In conclusion, there is no evidence that suggests a substantial lessening of competition by creating or strengthening of dominant position in the relevant market. The proposed transaction may be authorized under Section 31 (1) (d) (i) of the Act.

18. It is so ordered.



(Vadiyya Khalil)
Chairperson



(Shahzad Ansar)
Member



Islamabad the 4th November 2016.