




**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

**IN THE MATTER OF
FIRST PHASE REVIEW**

**ACQUISITION OF SHARES OF CENTRAL DEPOSITORY
COMPANY OF PAKISTAN LIMITED BY HABIB BANK LIMITED
CASE: 814/Merger-CCP/16**

Commission

Mr. Shahzad Ansar 
Member

Mr. Ikram Ul Haque Qureshi
Member





ORDER

I Background

- 1 On 23rd May 2016, Habib Bank Limited ("HBL") (the "Acquirer") and Citibank Overseas Investment Corporation ("COIC") (the "Seller"), submitted a pre-merger application (the "application") to the Commission, for the intended acquisition of shares of Central Depository Company of Pakistan Limited ("CDC") (the "Target") by HBL, along with the applicable processing fee and necessary information in accordance with the Competition (Merger Control) Regulations 2007 (the "Merger Regulations").

II Merger Parties

Acquirer

- 2 HBL is incorporated in Pakistan and is engaged in commercial banking and asset management services in Pakistan and overseas. The Agha Khan Fund for Economic Development is the parent company of the Bank.
- 3 Total assets of HBL as on 31st December 2015 were _____ its turnover for the above mentioned period remained at _____

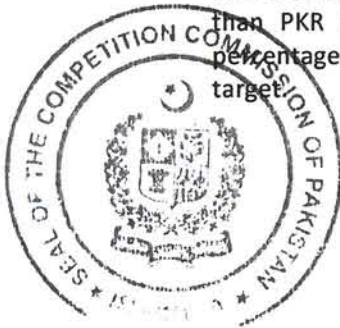
III Target

- 4 CDC was incorporated as a public limited company in 1993. The principal business activity of the company is to act as a depository for securities and to open securities account. The company also acts as a registrar to the issuer of securities.
- 5 Total assets of CDC as on 30th June 2015 were _____ its turnover for the above mentioned period remained at _____

IV Transaction

- 6 In the proposed transaction HBL intends to acquire _____ ordinary shares of CDC from COIC. COIC is divesting its minority stakes _____ in CDC which is being acquired by HBL. HBL currently holds _____ shares in CDC after the proposed transaction the shareholding of HBL in CDC will increase to _____. The consideration of the transaction is estimated to be _____

- 7 The transaction meets the notification thresholds prescribed in Regulation 4(2) (a) (b) (c) & (d) of the Merger Regulations, by having acquirer's assets valuing more than PKR 300 million and combined assets being more than PKR 1 billion and turnover of acquirer more than PKR 500 million and combined turnover being more than PKR 1 billion. The transaction value also exceeds PKR 100 million and percentage of share to be acquired exceeds 10% of the total shareholding of the target.



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V Relevant Market:

8 The relevant product market in this case is "central securities depository". A central securities depository (CSD) is a specialist financial organization that holds securities such as shares either in certified or uncertified (dematerialized) forms to ensure transfer of ownership through a book entry. Pakistan like many other countries has one domestic CSD in the form of CDC.

9 The Relevant Geographic market is Pakistan.

VI Findings of the Phase I investigation on the competition assessment


10 The competition assessment in Phase I has resulted in the following finding:

- The proposed transaction involves acquisition of . . . shares of The Target by the Acquirer. The Target i.e CDC is the sole securities depository in the relevant geographic market thus, having . . . market share in the relevant product market, while the Acquirer is not a participant of the relevant product market and has nil market share. Post- merger the market share in the relevant product market will remain the same. The relevant market is a specialized market with single participant. The proposed transaction involves a conglomerate and is a divestment of minority stakes by COIC i.e. the seller in this case. The transaction is not likely to result in creation or strengthening of dominant position in the relevant market. The intended merger does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Competition Act 2010 ("the Act").

VII Conclusion

11 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 is hereby authorized under Section 31(1) (d) (i) of the Act.

12 It is so ordered.


(Shahzad Ansar)
Member


(Ikram Ul Haque Qureshi)
Member



Islamabad 10th June, 2016