



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM104Sep16

In the matter between:

JMR HOLDINGS (PTY) LTD

Acquiring Firm

And

TRANSACTION CAPITAL LIMITED

Target Firm

Panel	: Mondo Mazwai (Presiding Member)
	: Yasmin Carrim (Tribunal Member)
	: Imraan Valodia (Tribunal Member)
Heard on	: 12 October 2016
Order Issued on	: 12 October 2016
Reasons Issued on	: 14 November 2016

Reasons for Decision

APPROVAL

- [1] On 12 October 2016, the Competition Tribunal approved a large merger between JMR Holdings (Pty) Ltd ("JMRH") and Transaction Capital Limited ("TCL").
- [2] The reasons for the approval follow.

PARTIES TO THE TRANSACTION AND THEIR ACTIVITIES

Primary Acquiring Firm

- [3] The primary acquiring firm is JMRH, a company incorporated in accordance with the laws of South Africa which, pre-merger, is a dormant firm that does not

control any other firm. JMRH has three shareholders, the Kimberly Investment Trust ("KIT"), the Rutland Trust ("RT") and the Sugar Tube Trust ("STT") which shall be collectively referred to as "the JMR trusts".

Primary Target Firms

- [4] TCL is a company incorporated in accordance with the laws of the Republic of South Africa and which is not controlled by any firm. KIT, RT and STT each possess a shareholding of 14.38% in TCL. The remaining major shareholders are Old Mutual Life Assurance Co. Limited, possessing a 10.2% share and Allan Gray (Pty) Ltd possessing a 10.1% share.
- [5] TCL controls a number of firms and subsidiaries which, collectively as the TCL group are primarily concerned with the provision of specialised financial and allied services in the South African Financial Sector.¹

PROPOSED TRANSACTION AND RATIONALE

- [6] In terms of an exchange agreement between the merging parties, JMRH intends to acquire 43.48% of the share issue capital of TCL in an asset-for-share exchange. This constitutes the 14.38% shareholding held by each of the members of the JMR trust as well as an additional 0.33% acquired from other shareholders of TCL. The merger is in essence an internal restructuring whereby the members of the JMR trusts will use JMRH to indirectly hold their current shareholding (with an additional 0.33%) in TCL.
- [7] In terms of rationale, the merging parties submit that the transaction will facilitate continued confidence in and effective continuity and control by the founders of TCL (namely Jonathan Jawno, Michael Mendelowits and Roberto Rossi) over the TCL group.

¹ TCP controls the following Firms: SA Taxi Finance Holdings (Pty) Ltd (which, in turn controls a number of subsidiaries), MBD Credit Solutions Holdings (Pty) Ltd (which, in turn controls a number of subsidiaries), TC Corporate Support (Pty) Ltd, TC Treasury (Pty) Ltd, Nisela Investments, Bayport Financial services (Pty) Ltd, TC Executive Holdings (Pty) Ltd, Transaction Capital Business Partners (Pty) Ltd, Red Sky Finance (Pty) Ltd.

COMPETITION ANALYSIS

- [8] JMRH is a dormant firm and does not provide any products and/ or services. The TCL group provides specialised financial and allied services in the South African services sector. The Commission investigated the proposed transaction and concluded that the merger presents an overlap only insofar as the acquiring firm has a pre-merger 43.14% shareholding in the target firm.
- [9] The Commission concluded that the transaction is unlikely to change the structure of any market as there is no accretion in market share in any market. We find no reason to differ from the Commission's findings that the proposed merger is unlikely to substantially prevent or lessen competition in any market in South Africa.

CONCLUSION

- [10] The merger will have no negative effect on employment and does not raise any further public interest concerns. Additionally the merger does not substantially prevent or lessen competition in any market. We therefore approved the merger without conditions.


Mondo Mazwai

14 November 2016
Date

Yasmin Carrim and Prof. Imraan Valodia concurring

Tribunal Researcher: Alistair Dey-Van Heerden

For the Merging Parties: Richardt van Rensburg of ENSAfrica

For the Commission: Zintle Siyo