



Decision

Proposed acquisition of Brooks Macdonald
Asset Management (International)
Limited by Canaccord Genuity Wealth
(International) Holdings Limited (C-072)

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Jersey Competition Regulatory Authority
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1. Summary

1.1 Canaccord Genuity Wealth (International) Holdings Limited (the **Purchaser**) is proposing to acquire the entire share capital of Brooks Macdonald Asset Management (International) Limited (the **Target**) from Brooks Macdonald Group Plc (the **Seller**) (the **Proposed Transaction**).

1.2 The Proposed Transaction was notified to the Jersey Competition Regulatory Authority (the **Authority**) for approval pursuant to Article 21 of the Competition (Jersey) Law 2005 (the **Competition Law**). The Authority has determined the Proposed Transaction will not lead to a substantial lessening of competition in any relevant market and hereby approves the Proposed Transaction.

2. The Application

2.1 On 31 October 2024, the Authority received an application in respect of the Proposed Transaction. The application, submitted on a joint basis by the Purchaser and the Seller (together, the **Parties**), has been progressed in accordance with the Authority's guideline on mergers and acquisitions¹.

2.2 On 1 November 2024, a notice of application in relation to the Proposed Transaction was published on the Authority's website and listed on the Jersey Gazette. The notice of application initiated the 10-day public consultation, which closed on 15 November 2024 with no responses received.

3. The Parties

The Purchaser

3.1 The Purchaser is a holding company incorporated in Guernsey which wholly owns its own trading subsidiary, Canaccord Genuity Wealth (International) Limited (**CGWIL**). CGWIL is a company incorporated in Guernsey which also operates via its branches in Jersey and the Isle of Man. CGWIL is authorised by the Jersey Financial Services Commission (**JFSC**) to conduct investment business² in Jersey.

The Seller

3.2 The Seller is an investment management services firm which offers services to private high net worth individuals, pension funds, institutions, and trusts. The Seller also provides financial planning as well as offshore investment management, and acts as a fund manager on behalf of

¹ [Guideline 8 - Mergers & Acquisitions](#)

² A regulated activity which requires a JFSC licence.

two Jersey “Recognized Funds”³ structured as Open Ended Investment Companies⁴. As of 30 June 2024, the Seller had funds under management of £18 billion.

The Target

3.3 The Target is a company incorporated in Jersey (registration number 143275). The Target is authorised to conduct investment business and fund services business⁵ in Jersey by the JFSC. The Target is also registered to provide certain financial services in Guernsey, Isle of Man, Malta, and South Africa.

3.4 The Target forms part of a group with one Jersey incorporated subsidiary, Brooks Macdonald International Fund Managers Limited (**BMIFML**), two Guernsey-incorporated subsidiaries, a Guernsey branch and an Isle of Man branch (together, the **Target Group**). The Target and the Target Group had £17.3 million and £20.1 million respectively of annualised income for 2024, with profit after tax of £0.6 million and £1.3 million, respectively.

3.5 BMIFML, a subsidiary of the Target, is incorporated in Jersey (registration number 7313) and authorised to conduct alternative investment fund services business⁶ by the JFSC. BMIFML manages, and the Target provides investment management services to, two of only four Recognized Funds in Jersey, Brooks Macdonald International Investment Funds Limited and Brooks Macdonald International Multi Strategy Fund Limited (together, the **Fund Companies**).

Reasons for the Proposed Transaction

3.6 The Purchaser submits that the Proposed Transaction represents an important addition to its international operations and will complement CGWIL’s existing capabilities in Jersey and Guernsey, providing a strong foundation to strengthen and support its continued growth and development. Upon completion of the Proposed Transaction, the staff and clients of the Target will benefit from being part of a larger, dedicated wealth management business with deep resources and a strong commitment to supporting long-term growth and success. The Seller is looking to exit from the markets which are the subject of the Proposed Transaction.

4. Requirement for Authority approval

4.1 Under Article 2(1)(b) of the Law, a merger or acquisition (referred to in this paper as a ‘merger’) occurs where a person who controls an undertaking acquires direct or indirect control of the

³ “Recognized Fund” means a collective investment fund in relation to which there is a Recognized Fund certificate granted under the Collective Investment Funds (Recognized Funds) (General Provisions (Jersey) Order 1988 or the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003.

⁴ A type of collective investment fund.

⁵ A regulated activity which requires a JFSC licence.

⁶ A regulated activity which requires a JFSC licence.

whole or part of another undertaking. On completion of the Proposed Transaction, the Target Group will be owned and controlled by the Purchaser. The Proposed Transaction, therefore, constitutes a merger as defined by the Law.

4.2 According to Article 20(1) of the Law, a person must not execute certain mergers or acquisitions except and in accordance with the approval of the Authority. The Competition (Mergers and Acquisitions) (Jersey) Order 2010 (the **Order**) sets out those mergers or acquisitions that are to be notified to the Authority prior to execution.

4.3 Article 4 of the Order provides that if one or more of the parties to the proposed merger has an existing share of 40% or more of the supply or purchase of goods or services of any description supplied or purchased from persons in Jersey, then the merger must be notified to the Authority for approval under Article 20(1) of the 2005 Law, unless one of the two exemptions apply⁷.

4.4 The Target provides fund administration⁸ services to two of the four Recognized Funds in Jersey and so, the Parties submit, the Target's share of 'Recognized Funds' in Jersey exceeds 50%. The Parties do not consider either of the exemptions apply and so the Proposed Transaction requires approval of the Authority prior to its execution.

5. Market definition

Approach

5.1 Under Article 22(4) of the Law, the Authority must determine if the merger would substantially lessen competition in Jersey or in any part of Jersey. As an initial step, the Authority will identify the markets which are likely to be affected by the merger since market definition provides a framework within which the competitive effects of a merger can be assessed.

5.2 When defining a market, the Authority may take note of its own previous decision-making practice and/or market definitions applied by other competition authorities. These previous decisions are not precedents and are not binding, either on the merging parties or on the Authority. Competition conditions may change over time, changing the market definition, and market definition will always depend on the prevailing facts.⁹

⁷ Set out at Article 4 to the Order.

⁸ Fund administration refers to the services required to support the functioning of the fund, e.g. client account administration, fund switching and processing requests for payments/allocating contributions.

⁹ This approach is consistent with that taken under EU law – see, for example, Joined Cases T-125/97 and T-127/97 [2000] ECR II-01733, paragraphs 81-82. Article 60 of the Law requires the Authority to attempt to ensure that so far as possible questions arising in relation to competition are dealt with in a manner that is consistent with the treatment of corresponding questions arising under European Union law in relation to competition within the European Union.

Views of the Parties

5.3 The Parties submit that there are two relevant economic markets for consideration.

Fund management services in respect of Recognized Funds

5.4 BMIFML, a subsidiary of the Target, provides fund management services¹⁰ to the Fund Companies. However, BMIFML does not provide fund management services to any other fund in Jersey. The Parties therefore submit the narrowest plausible relevant economic market is considered as fund management services in respect of Recognized Funds in Jersey.

Discretionary investment management

5.5 The Parties submit that the second relevant market would be that of the discretionary investment management market, a subset of wealth management services, in Jersey, but note there is a substantive international component to this market.

Authority consideration

5.6 The relevant product market is defined primarily by reference to the likely response of consumers and competitors.¹¹ It will comprise products and/or services which are regarded as interchangeable or substitutable by the consumer, by reason of the product's characteristics, prices and intended use. An undertaking cannot have a significant impact on the prevailing conditions of a market if customers can easily switch to other service providers.

5.7 The Authority considers the precise market definition can be left open. This is because, as outlined below, the Proposed Transaction would not result in a substantial lessening of competition in Jersey on any reasonable basis.

6. Effect on Competition

Approach

6.1 After defining the relevant market, the Authority considers the respective market shares of the competitors in that market, both before and after the proposed transaction. These shares can be used as an indication of the overall level of market concentration which will be brought about as a result of the merger.

¹⁰ Fund management involves the implementation of a fund's investment strategy, the management of its trading activities and oversight of its operations.

¹¹ JCRA Guideline 7 – Market Definition.

6.2 The analysis will consider whether the merger creates or enhances the ability or incentive to exercise market power, either unilaterally or in co-ordination with competitors, and whether other market forces (such as the entry of new competitors or countervailing power of customers) will eliminate this risk. The assessment will also consider any pro-competitive effects or efficiencies that may result from the merger.

6.3 For conglomerate mergers, the Authority's focus will be on assessing whether the merged entity would have the ability or incentive to foreclose the market to competitors, either by denying access to important inputs upstream, or by denying access to 'routes to market' downstream. Another concern with conglomerate mergers is the ability to condition sales in a way that links products in separate markets together (through tying or bundling).

6.4 When assessing mergers, the Authority will have regard to the guidelines produced by the European Commission. It may also consider the substantive merger guidelines applied by the Competition and Markets Authority in the UK, as well as those of other competition authorities.

Views of the Parties

Fund management services in respect of Recognized Funds in Jersey

6.5 The Parties submit that the Target's share of Recognized Funds in Jersey exceeds 40%. However, the Parties note, the Target (and the Target Group) and Purchaser have no overlap in the market of fund management services in respect of Recognized Funds. The Purchaser is not active in this market and so the Proposed Transaction will simply result in the Purchaser "stepping into the shoes" of the Seller as sole shareholder of the Target.

Discretionary investment management

6.6 The Parties set out that there are areas of overlap in the discretionary investment management services provided by the Target and the Purchaser. The Parties estimate that, following the Proposed Transaction, the Purchaser will hold a 4-8% share of Jersey's discretionary investment management market and, noting this is not sufficient to give rise to a notification requirement, submit that no competition concerns arise.

Authority consideration

6.7 The Target has a share of Recognized Funds in Jersey exceeding 40% which means that the Proposed Transaction requires clearance by the Authority. However, the JFSC's register of functionaries to Recognized Funds¹² demonstrates that whilst the Target holds a permit to act as functionary on a Recognized Fund, the Purchaser does not, meaning there is no overlap in

¹² [Register of functionaries to Recognized Funds — Jersey Financial Services Commission](#)

market. As such, the Proposed Transaction would not give rise to any increase in concentration levels in the market, any changes in market structure or any risk of tying/bundling. Therefore, the Proposed Transaction can be presumed not to have an impact on competition in this market.

6.8 In respect of discretionary investment management services, the increase in market share held by the Purchaser on completion of this transaction is estimated to be small, and well below 25% which is the market share level under which concentrations may not be liable to impede effective competition¹³. It is noted that there are currently 68 active investment business licences issued by the JFSC¹⁴ which allow licensees to perform a range of investment related services including discretionary investment management. The estimated increase in concentration can therefore be presumed not to impede competition in this market.

6.9 On the basis of the above, the Authority concludes the Proposed Transaction will not result in a substantial lessening of competition on any reasonable basis.

7. Decision

7.1 On this basis, the Authority concludes that the Proposed Transaction will not substantially lessen competition in Jersey or any part of Jersey; and are therefore approved under Article 22(1) of the Law or the Authority.

21 November 2024

By Order of the Jersey Competition Regulatory Authority

¹³ Paragraph 18 of the EU Guidelines on the Assessment of Horizontal Mergers.

¹⁴ [Regulated entities — Jersey Financial Services Commission](#)