MEDIA RELEASE

20 July 2016

CCS APPROVES TULLETT PREBON'S PROPOSED ACQUISITION OF ICAP'S WHOLESALE BROKING BUSINESS

1. The Competition Commission of Singapore ("CCS") has cleared the proposed acquisition by Tullett Prebon PLC ("TP") of ICAP's (collectively "the Parties") global wholesale broking business ("the Proposed Transaction"). The Proposed Transaction, if carried into effect, is unlikely to lead to a substantial lessening of competition for the provision of wholesale hybrid broking services in Singapore and the global provision of real-time and periodic pricing data into Singapore (the "Relevant Markets").

2. In Singapore, TP offers wholesale intermediary services in relation to Treasury Products (Spot FX, Forward FX, FX options and Cash Deposits), Interest Rate Derivatives (Interest Rate Swaps ("IRS")), and Fixed Income (Repurchase Agreements). TP also offers broking services in relation to Energy & Commodities (Oil, Gas Metals, Freight and Iron Ore). In addition to wholesale intermediary/broking services, TP is also engaged in the data sales and risk management services businesses in Singapore.

3. In Singapore, ICAP offers wholesale intermediary services in relation to Treasury Products (Forward FX and Cash Deposits), Interest Rate Derivatives (IRS) and Energy & Commodities (Oil, Iron Ore, Coal and Freight). Fusion, an ICAP proprietary platform that provides an all-day Indication of Interest screen in support of the hybrid broking business, also operates in Singapore. ICAP also provides data sales in Singapore.

4. CCS has determined that the areas of overlap between the Parties are:

   a. the provision of wholesale hybrid broking services in Singapore; and

   b. the APAC-wide, if not worldwide provision of real-time and periodic pricing data into Singapore,

   separately for the following products in which the Parties overlap ("Overlapping Products"):

      i. IRS;

      ii. Forward FX;

      iii. Cash Deposits; and

      iv. Oil.

5. After reviewing the Parties' submissions and feedback from customers and competitors following a public consultation, CCS concluded that the Proposed Transaction will not infringe section 54 of the Competition Act for the reasons stated below.

6. In clearing the Proposed Transaction, CCS found that:

   a. Post-Transaction, there will still be sufficient competition from other wholesale intermediaries and trading channels in relation to the provision of broking services for each of the Overlapping Products;

   b. Other wholesale intermediaries are able to expand their broking services due to pre-existing relationships with customers, which enables customers to switch without substantial switching costs;

   c. Countervailing buyer power or the ability of buyers to extract price concessions from the wholesale intermediaries is relatively strong. As most customers are big players, they are able to control the supply of liquidity required for the Parties' hybrid broking services, aggressively and regularly negotiate reduced broking fees (as evidenced by falling commission rates in recent years) and are able to shift the volumes of trades between other brokerage firms and/or alternative trading channels quickly and easily even for complex products; and

   d. The Parties' strength in relation to the provision of pricing data is linked to their strength in the underlying hybrid broking services provided. As such, as with wholesale hybrid broking services, competitors are able to expand and countervailing buyer power is relatively strong with respect to the provision of pricing data by the Parties.

7. The Proposed Transaction has also been notified to competition authorities in three other countries, namely Australia[1], the United States ("US")[2] and the United Kingdom ("UK").[3]

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[1] The Australian Competition and Consumer Commission ("ACCC") has completed its informal review and approved the Transaction.

[2] The US Department of Justice ("US DOJ") had concerns under their legislation which prohibits interlocking directorate. (An interlocking directorate is where one person – or an agent of one person or company – sits on the board of directors of two competitors). The specific legislation is Section 8 of the Clayton Act. This led to a restructuring of the Proposed Transaction to address US DOJ's concerns. Subsequently, the Parties submitted a revised shareholding structure to CCS on 6 July 2016 and CCS has assessed the Proposed Transaction on the basis of the revised structure.

[3] The UK Competition and Markets Authority ("CMA") had raised concerns in relation to the provision of brokering services for oil products in the Europe, the Middle East and Africa ("EMEA"). On 21 June 2016, the Parties offered to sell ICAP's London-based oil trading desks which provided oil broking services to customers in the EMEA, to an up-front purchaser(s). As any decision by CMA on whether to accept undertakings would be limited to oil broking business based out of the London desk for customers in the EMEA region, it is unlikely to have a material impact on CCS's decision, as CCS considers the impact of the Proposed Transaction on Singapore.

8. More information about the Proposed Transaction, including the Grounds of Decision for the clearance, will be available in due course under “Public Register – Mergers & Acquisitions” on CCS’s website - http://www.ccs.gov.sg/content/ccs/en/Public-Register-and-Consultation/Public-Register/Mergers-and-Acquisitions.html.

About The Competition Commission of Singapore (CCS)

CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

About the Section 54 Prohibition under the Competition Act & Merger Procedures

Section 54 of the Act prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition in Singapore.

CCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless:

- The merged entity has/will have a market share of 40% or more; or
- The merged entity has/will have a market share of between 20% to 40% and the post-merger combined market share of the three largest firms is 70% or more

Merging entities are not required to notify CCS of their merger but they should conduct a self-assessment to ascertain if a notification to CCS is necessary. If they are concerned that the merger has infringed, or is likely to infringe, the Act, they should notify their merger to CCS. In such cases, CCS will assess the effect of the merger on competition and decide if the merger has resulted, or is likely to result, in substantial lessening of competition in Singapore. CCS will endeavour to issue a decision within 30 -120 working days, depending on case complexity.

In the event that CCS makes an unfavourable decision, CCS has the power to issue directions to remedy, mitigate or eliminate the adverse effects arising from the merger situation.

For more information, please visit www.ccs.gov.sg

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