

From:
To: [FNZ-GBST](#)
Subject: RE: CMA Merger Investigation: Completed acquisition of GBST Holdings Limited by FNZ (Australia) Bidco Pty Ltd
Date: 24 August 2020 18:22:26
Attachments:

Afternoon

With regards to your question, I would reassert that we do not have any relationship with either FNZ or GBST, so we can only consider this from an outside perspective. In that regard, it is clear from the remedies notice that concerns were apparent in respect of market competitiveness and contracting participants, costs & risks to consumers, disruption and impact to development / market appeal / internal investment should a divestiture be seen as the best outcome.

[REDACTED] the main consideration is the longer term impact to the market if participants reduce and competition is less weakened. We have a market trend whereby platform and custodian costs are falling, which naturally creates a cost saving and value benefits for consumers. Whilst we do not use the firms in question, any condensing of the companies may slow or stop this trend, especially where the facilities are used as components of a number of other platforms. This of course may materialise as a risk to consumers, although reducing costs is clearly not sustainable indefinitely and costs should naturally reflect the quality of services, company sustainability / security and functionality.

In theory, a larger number of participants can advantage firms and consumers through an ability to tailor services, bespoke charging and systems in order to cater for differing target markets. Consolidation may lead to more standardisation and less appetite to deviate from core systems and approaches if larger market players look to 'regulate' available technology across their corporate clients.

In the same way, there is a risk that development is less driven and the competition to be innovative and build intuitive consumer / advisory tools also idles. The market is dominated by new functionality and pricing competition that is unlikely to be advantaged with any future consolidation. With fewer providers and suppliers, there is a risk that development is driven by their larger corporate relationships and smaller firms or even market disrupters are forced to wait or be side-lined by the commercial influence of larger established business. This again may lead to a slower pace of development, less diversity of technology solutions and less overall innovation.

As mentioned, we are not familiar with the granular detail of services provided by either firm or the specifics of the proposed merger. As such, the views expressed above are broad in nature and are intended to be a generalised view of market participants condensing.

If you require any further information, please let me know.

Regards,