

**SS&C COMMENTS ON THE CMA'S REMEDIES PAPER ON THE CASE  
REMITTED TO THE CMA BY THE COMPETITION APPEAL TRIBUNAL IN THE  
FNZ / GBST MERGER INQUIRY**

**1. Introduction**

- 1.1 This submission sets out SS&C Technologies, Inc.'s ("**SS&C**") brief comments on the CMA's remedies paper, issued on 16 April 2021, on the case remitted to the CMA by the Competition Appeal Tribunal ("**CAT**") on 21 January 2021 (the "**Remedies Paper**") in respect of its investigation into the completed acquisition by FNZ (Australia) Bidco Pty Limited ("**FNZ**") of GBST Holdings Limited ("**GBST**") (the "**Merger**").
- 1.2 The Remedies Paper follows the CMA's revised provisional findings, issued on 15 April 2021 (the "**Revised PFs**"), that the Merger is likely to result in a substantial lessening of competition ("**SLC**") in the supply of retail platform solutions in the UK.
- 1.3 In its Remedies Paper, the CMA's provisional decision is that both of the following remedies would be effective and proportionate at addressing the provisional SLC and the resulting adverse effects of the Merger:
- (a) the full divestiture of GBST; and
  - (b) the full divestiture of GBST with the right for FNZ to buy back certain assets of the capital markets business.

**2. SS&C's views on the remedy options**

*Full divestiture*

- 2.1 SS&C believes a full divestiture would be an effective remedy to the provisional SLC, if a suitable purchaser can be found.

*Full divestiture with a buy-back*

- 2.2 SS&C believes a full divestiture with a buy back for FNZ of certain capital markets assets would be an effective and more proportionate remedy, if the separation of the capital markets business is feasible and if the wealth management business is sold to a suitable purchaser (as further described below).
- 2.3 The CMA notes that third parties are not particularly well placed to provide specific insight into issues concerning the operational integration between GBST's wealth management and capital markets businesses, or the associated challenges of separating them.<sup>1</sup> Therefore, SS&C does not make any further submissions on the scope of the buy-back remedy option, other than to reiterate its comments in the 14 August 2020 response to the CMA's initial remedies notice (the "**Initial Remedies Submission**"), in particular, that any separation of GBST's assets should ensure that the full suite of wealth management assets remain with, and under full control of, the divestment purchaser. In this regard SS&C would expect a purchaser to have full

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<sup>1</sup> Remedies Paper, para 1.31.

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discretion over the assets to be sold back to FNZ (with the exception of assets exclusively used for the capital markets business) and the scope of any separation support and transitional services.

2.4 GBST will have important insights into specific integration and separation issues that may arise during the divestiture process and how to address these without undermining GBST's wealth management business or causing disruption to customers. Therefore, it is important for the divestiture process to provide an appropriate framework for meaningful engagement between potential purchasers and GBST personnel, to allow effective diligence of the separation issues and risks and mitigation strategies, which will inform the contract negotiations with FNZ. SS&C therefore welcomes and supports the CMA's commitment to "seek to ensure that the due diligence process proposed by FNZ grants approved potential Purchaser(s) the level of necessary access".<sup>2</sup>

### 3. **Suitable purchaser**

3.1 SS&C believes that a suitable purchaser should have the necessary scale, resources and commitment to the market to: (i) complete the required upgrades to GBST Composer to ensure it is competitive with other wealth management platforms (in particular Bravura and FNZ); and (ii) continue to invest in R&D to promote ongoing innovation and development needed to ensure GBST's wealth management business remains competitive in the medium term. This applies to both remedy options proposed by the CMA.

3.2 Considerations of purchaser suitability are particularly acute in a buy-back scenario, given the associated composition and assets risks relating to separation and customer disruption highlighted by the CMA.

3.3 The composition and asset risks identified by the CMA in the context of a buy-back highlight the need for a suitable purchaser to have the expertise and technical capability to properly assess (with appropriate cooperation from GBST) those assets that could be included in the scope of buy-back without compromising the retained wealth management business, and to implement the divestiture without causing customer disruption. The separation and buy-back of the capital markets business has the potential to be complex and to cause significant distraction and disturbance to the retained wealth management business and its customers. To minimise disruption, a suitable purchaser should have the necessary industry and M&A expertise and capability to manage a smooth and efficient separation and divestment of assets back to FNZ.

3.4 In this regard, SS&C also reiterates, from its Initial Remedies Submission, that a suitable purchaser should be an experienced and knowledgeable industry player with a strong reputation, established customer relationships, and credibility with existing customers. This is consistent with the CMA's conclusions (which SS&C also endorses) that:

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<sup>2</sup> Remedies Paper, para 1.183.

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- (a) "a sale to a trade buyer with an international footprint, a strong reputation and material resources of its own might help alleviate potential customer concerns about disruption during the separation processes, as well as the purchaser's experience and commitment to the UK market";<sup>3</sup>
- (b) "a positive reputation and track record are important considerations for customers when selecting a Retail Platform Solutions provider";<sup>4</sup> and
- (c) "the sale of GBST's Wealth Management business to a purchaser with complimentary operations and capabilities could potentially mitigate some of the composition and assets risks".<sup>5</sup>

#### 4. **Conclusion**

- 4.1 A full divestiture would be an effective remedy to the provisional SLC identified in the Revised PFs. A full divestiture of GBST with a buy-back for FNZ of certain capital markets assets could also be an effective remedy and would be more proportionate than a full divestment.
- 4.2 For any remedy to be effective the CMA will have to ensure the purchaser has the necessary expertise, resources, reputation and commitment to the market, and also provide a framework for effective engagement with GBST during the divestment process, so that the purchaser is able to properly assess the separation issues and effectively address the risks in the contractual documentation with FNZ.

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<sup>3</sup> Remedies Paper, para 1.154.

<sup>4</sup> Remedies Paper, para 1.128.

<sup>5</sup> Remedies Paper, para 1.154.