

COMPLETED ACQUISITION BY FNZ OF GBST

Summary of Final Report

Notified: 4 June 2021

Introduction

1. The Competition and Markets Authority (CMA) has found that the completed acquisition by Kiwi Holdco CayCo, Ltd (KHC), FNZ (Australia) Bidco Pty Ltd (FNZ (Australia), FNZ (UK) Ltd (FNZ UK) (together FNZ) through its subsidiary FNZ (Australia) of GBST Holdings Limited (GBST) (together known as the Parties) (the Merger) has resulted, or may be expected to result, in a substantial lessening of competition (SLC), as a result of horizontal unilateral effects, in the supply of Retail Platform Solutions in the UK.

Background

The remittal

2. On 5 November 2020, the CMA announced its decision that the completed acquisition by FNZ of GBST (the Merger) has resulted or may be expected to result in a SLC, as a result of horizontal unilateral effects, in the supply of Retail Platform Solutions in the UK (Phase 2 Report).¹
3. On 2 December 2020, FNZ submitted a Notice of Application (NoA) challenging certain of the CMA's findings in the CMA's Phase 2 Report to the Competition Appeal Tribunal (CAT). Following receipt of the NoA, the CMA identified certain potential errors in its market share calculations. In light of the nature of these errors, the CMA requested the remittal of the Phase 2 Report for reconsideration. On 21 January 2021, the CAT ordered the remittal of the Phase 2 Report to the CMA in respect of the finding of an SLC and the final decision as to remedy.

¹ Completed acquisition by FNZ of GBST, Final report, 5 November 2020.

4. In exercise of its duty under section 35(1) of the Act, in the Remittal Inquiry, the CMA must decide:
 - (a) whether a relevant merger situation has been created; and
 - (b) if so, whether the creation of that situation has resulted, or may be expected to result, in a SLC within any market or markets in the United Kingdom for goods or services.

The Parties and the transaction

5. FNZ is a global wealth management technology and investment administration services firm, set up in 2003 and headquartered in the UK since 2005.
6. FNZ is active in the supply of technology solutions in the UK, including software to support pension and investment administration; software to support trade settlement and clearing services; transaction processing; and custody services. These solutions enable its customers to provide investment management platforms, either directly to consumers or to financial advisers and employers.
7. GBST is a financial technology company which provides software to support pension administration, investment management and stockbroking. GBST is headquartered in Australia and was listed on the Australian Stock Exchange before being acquired by FNZ.
8. GBST has two main activities in the UK:
 - (a) A wealth management business that provides software to Investment Platforms to support the provision of pensions administration and investment management services to consumers; and
 - (b) A capital markets business that provides software to stockbroking firms to enable the settlement and clearing of trades in listed securities and margin lending.
9. On 5 November 2019, FNZ acquired the whole issued share capital of GBST via a scheme of arrangement in which all GBST shares were transferred to FNZ. In this document and in this inquiry, the CMA will refer to FNZ and GBST collectively as the Parties and the post-Merger business as the Merged Entity.

10. Prior to its acquisition by FNZ, GBST had been engaging in negotiations with two other parties regarding its potential acquisition and it had received bids from Bravura Solutions (Bravura) and SS&C Technologies (SS&C).

Industry background

11. The Parties are both active in the UK in the supply of Platform Solutions to Investment Platforms in the investment management sector.
12. Investment Platforms enable investors and their advisers to invest in a range of financial products. They provide services such as financial and investment advice, asset management, accounting, tax services, and retirement planning to manage a customer's investments. Products available on these Platforms include tax-efficient investments (known as tax wrappers) such as Individual Savings Accounts (ISAs) and Self Invested Personal Pensions (SIPPs). Investment Platform providers include UK and global banks, insurers, asset managers and wealth managers.
13. Platform Solutions are the software and services which enable the operations of Investment Platforms.
14. Investment Platforms source Platform Solutions using a range of delivery models, including:
 - (a) Software-only Platform Solutions sourced from a third party which the customer combines with in-house servicing or servicing from another third party;
 - (b) Integrated software and servicing Platform Solutions from a single third party provider or a partnership of third party suppliers (known as Combined Platform Solutions); or
 - (c) Software and servicing provided in-house (an in-house solution).

CMA Findings

Relevant merger situation

15. We found that the Merger has resulted in the creation of a relevant merger situation because it resulted in the Parties' enterprises ceasing to be distinct, and as a result, having a combined share of supply of at least 25% in the supply of Retail Platform Solutions in the UK.

16. In accordance with section 35(1) of the Act, we considered whether the creation of that situation has resulted, or may be expected to result, in an SLC within any market or markets in the UK for goods or services.

The counterfactual

17. The counterfactual is an analytical tool used to help answer the question of whether a merger may be expected to result in an SLC. It does this by providing the basis for a comparison of the competitive situation in the market with the merger against the most likely future competitive situation absent the merger.
18. Prior to its acquisition by FNZ, GBST had been engaged in negotiations with, and had received bids from, two other parties: Bravura and SS&C.
19. We found that it is likely, on balance, that GBST would have been acquired by an alternative purchaser, SS&C, but that the conditions of competition under this alternative counterfactual would not be materially different from the pre-Merger conditions of competition. In this regard, we note that SS&C exerts a limited competitive constraint in the relevant market and is not a close competitor to GBST. This evidence indicates that any reduction in competition for the supply of Retail Platform Solutions resulting from an acquisition of GBST by SS&C (if any) would not be material. Furthermore, for completeness, we have seen no evidence that SS&C had planned to materially change the way GBST operates. We therefore find that, under the ownership of SS&C, GBST would have continued to exert broadly the same constraint as it did pre-Merger.
20. We also found that, based on the available evidence, particularly in relation to GBST's pre-Merger financial performance and its competitive strength, GBST's competitive presence absent the Merger would not be materially different to its pre-Merger performance.
21. Accordingly, we conclude that the most likely counterfactual for the purpose of our competitive assessment is the conditions of competition prevailing prior to the contemplation of the Merger.

Market definition

22. Market definition provides a framework for assessing the competitive effects of the Merger and is a starting point for our analysis. The evidence shows that the supply of Retail Platform Solutions is a differentiated service: (i) Investment Platforms have differing needs, depending on their user-base and preferences; and (ii) there is a range of different types of Platform Solutions

providers. Accordingly, our competitive assessment has focused on evidence of closeness of competition between the Parties, taking account of constraints both from within and outside the market.

Product market

23. In line with the CMA's Merger Assessment Guidelines, we started our assessment of the product market with the overlapping products of the Parties - the supply of Retail Platform Solutions in the UK - and then assessed whether it should be widened based on a range of sources of evidence, including: (i) evidence on customers' actual preferences as to who to invite to tender and their subsequent purchasing decisions in tenders; (ii) evidence from customers and their consultants, as well as from tenders, on which suppliers they see as alternatives to the existing supplier of their Investment Platform; and (iii) evidence from suppliers on how easy it would be for suppliers of Non-Retail Platform Solutions to adapt their Platform Solutions to enable them to compete for Retail Platforms.
24. Taken together this evidence has allowed us to identify the extent of substitutability between (i) Retail Platform Solutions and other types of Platform Solutions; (ii) different delivery models; and (iii) in-house and outsourced Platform Solutions.

Retail Platform Solutions and other types of Platform Solutions

25. We first considered whether Retail Platforms can be treated as a distinct product category. To do this we assessed whether there is a clear boundary between Retail Platforms and other types of Investment Platform.
26. Retail Platforms typically serve high volumes of customers and are primarily focused on the mass affluent part of the market. They are likely to offer a more restricted range of investment products than other platform types and tend to be focused on providing tax wrapper products such as ISAs and SIPPs. They are built to be highly automated so that they can efficiently manage a very large number of accounts. This contrasts with Non-Retail Platforms, which tend to deal with more bespoke wealth planning with a focus on managing money across a broader set of investments to meet the complex needs of a smaller number of higher net worth end-investors. Non-Retail Platforms are built to provide a more customised service for investors (in the case of PCIM and private banking platforms) or trade financial instruments on behalf of consumers through advisors or allow the consumer the ability to 'Do-It-Yourself' (in the case of retail stockbroking platforms).

27. Although there has been some convergence between different types of Investment Platforms, and some Non-Retail Platforms provide similar core functionality and can serve similar types of investors, there remain key differences between Retail Platforms and Non-Retail Platforms (as described above).
28. While some Investment Platforms are clearly Retail Platforms and others are clearly Non-Retail Platforms, there are some Investment Platforms which are more difficult to categorise. This is to be expected given the degree of product differentiation within the sector (which also drives the nature of the Platform Solutions specifically sought by each Investment Platform).
29. To determine whether our candidate market should be widened to include providers of Non-Retail Platform Solutions, we considered: (i) the propensity of Retail Platform customers to substitute to Non-Retail Platform Solutions providers (demand-side substitution); and (ii) whether providers of Non-Retail Platform Solutions would have the ability and incentive to quickly adapt their offering and switch capacity to supply Retail Platform Solutions (supply-side substitution).
30. From a demand-side substitution perspective, the evidence we gathered indicates that Retail Platforms would generally be unwilling to substitute to providers of Non-Retail Platform Solutions. In particular:
 - (a) Retail Platforms do not see suppliers of Non-Retail Platform Solutions as credible alternatives because, contrary to FNZ's submissions, these solutions generally lack certain functionalities that Retail Platforms require (eg Non-Retail Platforms are less automated and pensions capabilities are either not required or are significantly less important to these platforms). Even where Non-Retail Platform Solutions providers could provide similar functionalities as Retail Platform Solutions providers, they lack the experience and track record in serving Retail Platforms that Retail Platform Solutions providers have, which is seen as important by Retail Platforms. Evidence from customers indicates that they will take account of a wider set of criteria including the quality and track record of the provider in being able to provide Retail Platform Solutions.
 - (b) Competitors, consultants and customers also consider that there is a distinction between the capabilities of Retail Platform Solutions providers and Non-Retail Platform Solutions providers which would make it difficult for Retail Platforms to switch to providers of Non-Retail Platform Solutions.

- (c) Whilst some suppliers of Non-Retail Platform Solutions compete in some Retail Platform tenders, their participation is materially less common than that of Retail Platform Solutions providers, both at early and late stages. This indicates that providers of Non-Retail Platform Solutions are less credible alternatives than Retail Platform Solutions to Retail Platforms. This in turn indicates limited demand-side substitution.
- (d) The Parties' internal documents show that the Parties recognise that requirements of Investment Platforms vary, and that, as such, different providers of Investment Platform Solution are focused on different Investment Platform types.
31. Evidence from competitors and tender data also indicated that supply-side substitution is likely to be limited. For instance, competitors told us that it would generally take time and would be costly to invest in providing the specific functionalities required to compete effectively in offering Retail Platform Solutions. This means that supply-side substitution is unlikely to be sufficient or timely enough to prevent the merged entity from profitably worsening its offer.
32. On the basis of this evidence, we found that the market should not be widened to include Non-Retail Platforms.
33. FNZ has suggested that our approach to the distinction between Retail and Non-Retail Platforms results in the exclusion from the relevant market of a number of Investment Platforms that, in its view, should be classified as Retail Platforms. We do not agree that this is the case but nevertheless we have considered whether our conclusions would be different in the event that a wider set of Investment Platforms were considered to be Retail Platforms, and accordingly, the Platform Solutions providers to those additional Investment Platforms were competitors in the product market. This has allowed us to test whether our assessment would be affected by including a wider set of Investment Platforms and their Platform Solutions providers in the product market. We identified this wider set using third party information, as well as FNZ's and GBST's views.

Platform Solutions for the management of active and legacy products

34. While there is some distinction in the provision of Retail Platform Solutions to Investment Platforms managing legacy products (ie products that are no longer open for new investments) and those managing active products, Platform Solutions for legacy products can be provided alongside Platform Solutions for active products. We found, on a cautious basis, that the supply of Retail Platform Solutions to both active products and legacy products are

part of the same relevant market. We have taken account of the differentiation between Platform Solutions providers serving legacy products and those serving active products in our assessment of closeness of competition.

Delivery model

35. FNZ and GBST have different delivery models: FNZ offers a Combined Platform Solution and GBST a Software-only Solution. FNZ submitted the main consideration for an Investment Platform when it chooses its Platforms Solutions supplier is whether to choose a Combined Platform Solution or a Software-only Solution. It submitted that these delivery models offer very different solutions for platform customers.
36. We considered whether it is appropriate, within the supply of Retail Platform Solutions, to distinguish between different delivery models and define narrower markets on the basis of the delivery model (Software-only and Combined Platform Solutions). We found that providers are part of the same product market for the following reasons:
 - (a) A material number of customers consider Software-only Solutions (either alone or in partnership with servicing suppliers) and Combined Platform Solutions by a single supplier as credible alternatives;
 - (b) Software-only suppliers and Combined Platform Solutions suppliers compete with each other in a significant number of tenders to provide Solutions to Retail Platforms, even up to the final stage of the tender; and
 - (c) Internal documents of the Parties identified both Software-only and Combined Platform Solutions suppliers as competitors of FNZ and GBST.
37. The evidence also consistently shows that Bravura - a Software-only supplier - is a close alternative (on its own or in partnership with servicing suppliers) to FNZ, a Combined Platform Solutions supplier, which supports our view that both delivery models should be part of the same product market.
38. We found that some Investment Platforms prefer one delivery model over another, but this would not protect other customers that would suffer more from any reduction of competition between FNZ and GBST given that suppliers can tailor their terms by customer.

In-house provision of Platform Solutions

39. In relation to in-house provision of Platform Solutions, we found that Retail Platforms consider developing software in-house to be difficult and unattractive but are more open to the servicing component being supplied in-

house. We therefore concluded that the relevant product market should include the supply of servicing in-house but exclude the in-house supply of software.

Conclusion on the product market

40. On the basis of the findings set out above, we concluded that the relevant product market for examining the effects of this Merger is the supply of Retail Platform Solutions, excluding the in-house supply of software.

Geographic market

41. We found that suppliers of Retail Platform Solutions must ensure that their products meet specific and complex tax and regulatory requirements in the UK and in other countries. As a result of needing to understand and adapt to these complex and specific requirements and the importance the evidence shows that customers place on experience and reputation in serving customers in a particular jurisdiction, Retail Platform Solutions providers cannot easily and quickly enter into a new country.
42. Accordingly, we concluded that the relevant geographic market for the supply of Retail Platform Solutions is the UK.

Conclusion on market definition

43. Based on the findings set out above, we concluded that the relevant market for examining the effects of this Merger is the supply of Retail Platform Solutions in the UK excluding the in-house supply of software (Retail Platform Solutions in the UK).
44. However, we do not consider that market definition is a determinative part of our competitive assessment and we took into account in our competition assessment differences in delivery models and out-of-market constraints including from Non-Retail Platform Solutions suppliers and in-house software.
45. In response to FNZ's argument that we should consider a wider set of platforms in our analysis, we also considered whether our competition assessment, particularly with regard to shares of supply and tender analysis, would be affected in the event a wider set of Investment Platforms were considered to be Retail Platforms and, as such, as a sensitivity, these Investment Platforms and their suppliers of Platform Solutions were included as if they were part of the relevant market.

The nature of competition

46. We assessed how competition operates in the supply of Retail Platform Solutions in the UK in terms of:
 - (a) The degree and ease of switching by customers;
 - (b) The main parameters of competition; and
 - (c) The procurement processes and contractual mechanisms employed by customers.
47. We found that switching costs are high for Retail Platforms. Switching to a new supplier of Platform Solutions involves a complex, risky, lengthy and expensive migration from one system to another. Recent failures of such migrations have highlighted the risks for both customers and suppliers.
48. As Platform Solutions are critical to enable a Retail Platform to effectively serve customers and satisfy regulatory obligations, Investment Platforms require a high degree of confidence in the capability of their chosen provider of Platform Solutions. Established suppliers with good track records therefore have a significant competitive advantage over others.
49. Whilst customers only switch Platform Solutions providers infrequently, they use lengthy procurement processes, and the prospect of such processes, to maintain competitive tension and extract the best possible terms from incumbent or potential suppliers.
50. Good track record, commitment to product development, product fit to the customer requirements and price are important parameters of competition in this market.

Competitive assessment

51. We have assessed whether the Merger would lead to a significant reduction in horizontal competition between the Parties in the supply of Retail Platform Solutions by removing a competitor which previously provided a significant competitive constraint. This could result in Retail Platforms facing higher costs or a lower quality of service in future. Ultimately, these higher costs and deterioration in quality can adversely impact UK consumers that rely on Retail Platforms using Retail Platform Solutions.
52. In differentiated markets, horizontal unilateral effects are more likely where the merger parties are close competitors or where their products or services

are close substitutes. The more closely the merger parties competed pre-merger, the greater the likelihood of unilateral effects.

53. Given the significant degree of differentiation in the provision of Retail Platform Solutions, we have particularly focused on assessing evidence of closeness of competition between the Parties and the extent to which there may be other remaining close competitors after the Merger who could continue to provide a competitive constraint on the Merged Entity.

Shares of supply

54. In differentiated bidding markets, such as the market for the supply of Retail Platform Solutions in the UK, shares of supply do not fully capture the closeness of competition between firms. Accordingly shares of supply have been given only limited weight in our competitive assessment.
55. We have estimated the Parties' shares of supply within the relevant market.² We have addressed the errors in the Phase 2 Report shares of supply estimates that led to the CMA's remittal request and considered additional FNZ submissions and third party evidence.
56. The shares of supply data shows that FNZ is currently the third largest and GBST the fourth largest provider of Retail Platform Solutions in the UK. The Merged Entity would be the second largest provider, after TCS BaNCS (a highly differentiated supplier), followed by Bravura. Our sensitivity analysis (including a wider set of Investment Platforms, and their suppliers) shows broadly similar results (although the Merged Entity would be the largest supplier according to these estimates).
57. We found that TCS BaNCS' share of supply is not a good indicator of the competitive constraint it places on FNZ or GBST, because it is more focused on providing services for legacy or more limited active products, and its offering is therefore differentiated from those of the Parties.

Closeness of competition

58. As explained in paragraph 54, we have relied to a greater extent in our assessment on whether the Parties are close competitors than on shares of supply.
59. In order to assess the closeness of competition between the Parties, we considered evidence from third parties, recent tenders, and the Parties'

² On the basis of assets under administration.

internal documents. All this evidence points in the direction that the Parties are currently close competitors in the supply of Retail Platform Solutions.

Third parties

60. Most third parties considered FNZ and GBST to be close competitors to each other. In general, only Bravura was seen by third parties to be as close a competitor to each of the Parties as they are to each other. This was evident in scores provided by third parties to indicate the closeness of certain suppliers' offerings, and in qualitative evidence provided by third parties on the closeness of the Parties' offering.

Tenders

61. We looked at tender data over five years and considered the analysis over the full period to be probative of closeness of competition because tendering is infrequent and contract awards are long-term, and there is no evidence of material changes to competitive conditions over this period.
62. In tenders to provide Retail Platform Solutions since 2016, FNZ (or JHC, which is now part of FNZ) and GBST have overlapped in a material number of the tenders in which they have participated, and a material proportion of these overlaps were at a late stage. This was a materially more frequent rate of overlap than with any other competitor, except Bravura.
63. We found that there have been significant competitive interactions between the Parties in more recent years, in particular if we assess the tender analysis in the context of evidence from third parties and internal documents indicating that GBST may have been adversely impacted by the Merger.
64. Our sensitivity analysis (including tenders for the wider set of Investment Platforms) shows broadly similar tender results.

Internal documents

65. We have assessed internal documents from each Party, and found, overall, that, to the extent that they provide insight into competitive conditions, they characterise FNZ and GBST as two of a limited number of significant suppliers of Retail Platform Solutions.
66. GBST's internal documents also show that competition from FNZ is a key driver of its product development. While we did not find similar internal documentary evidence relating to GBST having influence on FNZ's product development, we found that product development is driven by customer

requirements and the loss of GBST as an alternative supplier would result in a reduction in competitive tension.

Competitive constraints from other suppliers

67. Having found that the Parties are close competitors, we assessed the competitive constraint from other suppliers of Platform Solutions that would remain post-Merger, including suppliers of Non-Retail Platform Solutions as possible out of market constraints.
68. Bravura was identified as the closest alternative to each of the Parties across all our sources of evidence. Third parties told us that Bravura is a close competitor to FNZ and, in particular, GBST, and our tender analysis also shows that Bravura is a close competitor to each of the Parties. This indicates that Bravura is likely to remain a close competitor to the Parties post-Merger.
69. We found, based on evidence from third parties, tender data and internal documents, that the other competitors to FNZ and GBST (including suppliers of Retail Platform Solutions and Non-Retail Platform Solutions) would not (individually or collectively) impose a significant competitive constraint on the Merged Entity:
- (a) SS&C has a restricted offering and it has gaps in its product capability. Its only material platform administration relationship is with St. James's Place, which it supplies with a specific (closed architecture) solution. FNZ submitted that SS&C is a strong competitor and 'on the up'. Whilst SS&C [REDACTED].
 - (b) SEI was also viewed by third parties as having a restricted offering, using older technology than the Parties and with limited scale in the UK. While it [REDACTED].
 - (c) TCS BaNCS has a high share of supply, but the third-party and tender evidence consistently indicate that it is not a close competitor to either FNZ or GBST given the differentiated nature of its offering. TCS BaNCS did not [REDACTED] and was mentioned (unprompted) as a potential competitor to the Parties by only two out of 30 customers.³ [REDACTED] is mentioned less often than other suppliers in the Parties' internal documents.
 - (d) Although there is a long tail of providers who overlapped at least once with the Parties in tenders, both the tender data, internal documents and third party evidence consistently indicate that these competitors

³ For example FNZ document: [REDACTED].

individually or collectively would not create a significant constraint on the Merged Entity at least for those customers for whom the Parties are currently close competitors.

70. As the Merger will remove the rivalry between GBST and FNZ, we consider that it is likely to result in negative outcomes for Retail Platforms in terms of price and quality of service. Any customers of Retail Platform Solutions (including potentially future customers who would regard the Parties as close alternatives, such as those that currently use in-house supply) are likely to be adversely affected by the Merger. Retail Platforms that consider the Parties to be close alternatives are more likely to be affected. However, even GBST customers with a strong preference for GBST's Software-only model are likely to be affected by the Merger because of the loss of competition between FNZ and GBST in relation to product development.
71. End consumers using the Retail Platforms affected by the Merger can also experience a degradation in the terms of the offering they receive from their Retail Platforms, either in terms of the price, service or quality of the Platform Solutions supplied.

Findings on SLC

72. We concluded that, subject to our findings on countervailing factors, the Merger has resulted, or may be expected to result, in an SLC in the market for the supply of Retail Platform Solutions in the UK.
73. For the reasons set out above and more fully in the Report, Retail Platforms are likely to be adversely affected in terms of price and quality of service by the loss of competition brought about by the Merger. End consumers using the Retail Platforms affected by the Merger can also experience a degradation in the terms of the offering they receive from these Retail Platforms.

Countervailing factors

74. We concluded that there are no countervailing factors that would mitigate the adverse effects of the Merger on competition.

Entry and expansion

75. We found that potential entry from suppliers of Non-Retail Platform Solutions is unlikely to occur, in a sufficiently timely manner, based on evidence from those suppliers. We found some evidence of expansion by smaller firms in recent years. However, this expansion has been limited in nature and would not, either individually or collectively, be of sufficient scale to constrain the

Merged Entity and protect customers from the SLC. We, therefore, concluded that entry or expansion would not be timely, likely and sufficient to outweigh the SLC.

Buyer power

76. We found that customers can generate competitive tension through their tender processes and that larger customers may have more bargaining power than smaller customers. However, we found this does not equate to countervailing buyer power over the Merged Entity for the following reasons:
- (a) Retail Platform customers face a limited choice of credible providers of Retail Platform Solutions. After the Merger, such customers will have lost one of the few major providers who could credibly provide an alternative to FNZ and other providers of Retail Platform Solutions, and consequently will have reduced negotiating leverage with their suppliers.
 - (b) The risks and costs involved in switching providers of Retail Platform Solutions puts customers in a weak bargaining position.
 - (c) Any leverage that some customers may have (eg due to their size) would not protect other customers because commercial terms vary with each customer.
77. Therefore, we consider that the Merged Entity is unlikely to be prevented from worsening their offer by their customers' negotiating strength, post-Merger.

Conclusion

78. For the reasons summarised below and considering all the evidence in the round, we found that the Merger has resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects in the supply of Retail Platform Solutions in the UK.

Remedies

79. Having found that the Merger has resulted, or may be expected to result, in an SLC, we are required by the Act to decide what, if any, action should be taken to remedy, mitigate or prevent that SLC or any adverse effect resulting from the SLC.
80. In the Phase 2 Report, we found that requiring FNZ to sell the entire GBST business was the only action that would properly address the SLC that we expected to result from the Merger.

81. Following the Remittal Inquiry, in light of GBST's and FNZ's more detailed representations on this remedy, in particular, on how it could be effectively implemented, we found that: (i) the full divestiture of GBST is an effective remedy; and (ii) the full divestiture of GBST but with a right for FNZ to buy back certain assets of GBST's Capital Market business (divestiture with the right to buy-back certain assets) is also an effective remedy, subject to certain safeguards (see the paragraph below) built into the design of the remedy and sales process.
82. As set out in more detail in Chapter 11, a divestiture with the right to buy-back certain assets includes sufficient safeguards to mitigate any adverse impact on the competitiveness of the GBST Wealth Management business. These safeguards relate mainly to:
- (a) The assets, in principle, that FNZ may be entitled to buy-back;
 - (b) The transaction structure (a full divestiture with the right to buy certain specified assets), which will give the purchaser (and not FNZ) control over the implementation of the carve-out, with FNZ taking any residual risk associated with any interdependency between the Wealth Management and Capital Markets businesses;
 - (c) Ensuring that GBST is provided with the necessary support during the implementation of the separation and limit the support that GBST will be required to provide to implement the buy-back; and
 - (d) Ensuring that FNZ does not have access to sensitive or confidential information of the GBST Wealth Management business.
83. Furthermore, the CMA and the Monitoring Trustee, with the support of an external consultant contracted by FNZ to assist with the separation process, will: (i) actively oversee FNZ's negotiations with purchasers and (ii) ensure potential purchasers have sufficient access to information relating to and staff from the GBST business. Both the purchaser and all the transaction agreements will be subject to CMA's approval.
84. A divestiture with the right of FNZ to buy-back certain assets of the Capital Markets business is, overall, less onerous from FNZ's perspective than the full divestment of GBST, and is, accordingly, a more proportionate remedy.
85. Therefore, we have concluded that a divestiture with the right to buy-back certain assets of the Capital Markets business would be an effective and proportionate remedy to the SLC and its adverse effects.

86. The CMA has the choice of implementing any final remedy decision either by accepting final undertakings if the Parties wish to offer them, or by making a final order. The CMA will publicly consult on the draft undertakings or order.