COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 019158

In the matter between:

LIBERTY HOLDINGS LIMITED Primary Acquiring Firm

And

LIBERTY HEALTH HOLDINGS PROPRIETARY LIMITED Primary Target Firm

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Panel	: Dr Takalani Madima (Presiding Member)
	: Anton Roskam (Tribunal Member)
	: Prof Fiona Tregenna (Tribunal Member)
Heard on	: 30 July 2014
Order Issued on	: 30 July 2014
Reasons Issued on	: 27 August 2014

Reasons for Decision

Approval

[1] On 30 July 2014, the Competition Tribunal unconditionally approved the merger between Liberty Holdings Ltd and Liberty Health Holdings (Pty) Ltd.

[2] The reasons for approving the proposed transaction follow.

Parties to transaction

Primary acquiring firm

[3] The primary acquiring firm is Liberty Holdings Ltd ("**Liberty**") which is a public company listed on the Johannesburg Stock Exchange Limited ("**JSE**") with its largest shareholder being the Standard Bank Group Limited. Liberty controls Liberty Health Holdings, Eq-Fin (Pty) Ltd and STANLIB Ltd, amongst others.

Primary target firm

[4] The primary target firm is Liberty Health Holdings (Pty) Ltd ("**Liberty Health**") which is jointly controlled by Liberty (74.9%) and the NHA Trust ("**NHA**") (25.1%). Liberty Health controls the following firms:

- Unique Payment Services (Pty) Ltd;
- Neil Harvey and Associates (Pty) Ltd;
- Vinnovations (Pty) Ltd;
- Vmed Administrators (Pty) Ltd;
- Vmedical Solutions (Pty) Ltd;
- Guard Risk Cell Captive;
- Main Street (Pty) Ltd;
- Liberty Blue Consultancy Limitada.

Proposed Transaction and Rationale

[5] In terms of the Sale Agreement, NHA undertakes to sell its 25.1% shareholding in Liberty Health to Liberty. This will result in a change from joint to sole control over Liberty Health.

[6] Liberty submits, as a rationale for the transaction, that optimisation and synergies can be better achieved in relation to various aspects of shared services if Liberty Health is a wholly owned subsidiary of Liberty.

Relevant Market and Impact on Competition

[7] Liberty is the holding company of various operating subsidiaries engaged in the provision of financial services outside of traditional banking services. Liberty's product and service offerings include long term insurance products, asset management, property administration and development through its subsidiary Liberty Health, health administration and managed care services. Standard Bank primarily conducts personal and business banking, corporate and investment banking and certain personal and business insurance services.

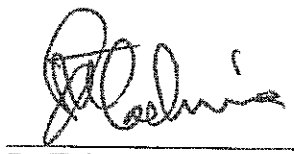
[8] Liberty Health's business primarily comprises the provision of medical scheme administration services ("**Administration Services**"). The other services offered by Liberty Health are managed healthcare services and information technology services ("**IT**") in relation to the licensing of medical schemes administration software and related IT services.

[9] An assessment of the merging parties' activities found that there is no horizontal overlap in the activities of the merging parties as Liberty does not provide medical scheme services, medical scheme administration services or managed healthcare services. It was further considered whether Liberties incentives would change post-merger as a result of the move from joint to sole control. It is found that even though NHA had joint control, which it held due to the minority protection rights it was afforded, it did not exercise control over key management and strategic decisions. Thus the exit of NHA does not afford Liberty any new management control rights as regards to operational or market-specific conduct.

[10] There is further no vertical relationship between Liberty and Liberty Health or between Liberty and any of Liberty Health's customers. Therefore there is unlikely to be any incentive for Liberty to foreclose.

Conclusion

[11] In light of the above i conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any of the markets in which the parties compete in. In addition, no public interest issues arise from the proposed transactions. Accordingly we approve the proposed transaction unconditionally.



Dr Takalani Madima

27 August 2014
DATE

Anton Roskam and Prof Fiona Tregenna concurring

Tribunal Researcher:	Derrick Bowles
For the merging parties:	Paul Cleland - Werksmans Attorneys
For the Commission:	Glementine Mahlangu and Seema Nunkoo