



## *Public Competition Assessment*

9 September 2010

*National Australia Bank Ltd – proposed acquisition of AXA Asia Pacific Holdings Limited*

*AMP Ltd – proposed acquisition of AXA Asia Pacific Holdings Limited*

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### *Executive Summary*

1. On 19 April 2010, the Australian Competition and Consumer Commission (ACCC) announced its decision to oppose the proposed acquisition of AXA Asia Pacific Holdings Limited's Australian and New Zealand businesses (**AXA**) by National Australia Bank Ltd (**NAB**) (**NAB proposed acquisition**). The ACCC also announced its decision not to oppose the competing bid for AXA by AMP Limited (**AMP**) (**AMP proposed acquisition**).
2. The ACCC took the view that the NAB proposed acquisition would be likely to have the effect of substantially lessening, preventing or hindering competition in a market in contravention of section 50 of the *Trade Practices Act 1974* (the **Act**).
3. Subsequently, NAB and AXA proposed a set of undertakings pursuant to section 87B of the Act with the joint aim of remedying the ACCC's competition concerns (the **proposed undertakings**).
4. On 9 September 2010, the ACCC announced its decision to reject the proposed undertakings.
5. This executive summary provides a brief outline of the key reasons for the ACCC's decisions on the NAB and AMP proposed acquisitions and the proposed undertakings. Further information is contained in the body of this Public Competition Assessment.

### **NAB proposed acquisition**

6. The ACCC canvassed a range of potential competition issues in relation to the NAB proposed acquisition, including the impact across retail and corporate/institutional banking markets given that NAB is one of the four major banks in Australia.

### *Banking sector*

7. AXA's operations focus on wealth management products and services and do not extend into retail and corporate/institutional banking. Accordingly, the NAB proposed acquisition was considered unlikely to directly increase NAB's presence in areas such as transaction accounts, home loans, credit cards, business banking, or other retail or corporate/institutional banking markets.
8. The ACCC did note that while the NAB proposed acquisition might provide NAB with some further opportunities for cross selling its retail banking products and wealth management products, inquiries indicated that customers typically tend to seek out wealth management products and services from dedicated financial service outlets. On the basis of the information available, the ACCC considered that the NAB proposed acquisition was unlikely to substantially lessen competition in banking markets.

### *Wealth management sector*

9. The ACCC's review of the NAB proposed acquisition focused on the wealth management sector, where both NAB and AXA are competitors. In particular, in relation to the supply of retail investment platforms for investors with complex investment needs, the ACCC considered that AXA's next generation full service wrap platform is likely to compete closely with NAB's Navigator platform. It is this area where competition concerns were identified in respect of the NAB proposed acquisition.
10. The wealth management sector is an important aspect of the Australian economy. Overall, managed funds, including superannuation funds, in the Australian wealth management sector totalled approximately \$1,300 billion as at December 2009.

### *Retail investment platforms*

11. Retail investment platforms provide a central link between investment product providers, financial planners and investors. To access a broad range of wealth management products and services, retail investors rely on the network of financial planners operating across Australia. In turn, financial planners rely heavily upon retail investment platforms to provide services to retail investors.
12. Retail investment platforms offer considerable benefits to financial planners in the form of, among other things, administrative efficiency and functionality which reduce the time, cost and burden of investing in, managing and reporting on a client's investment portfolio (e.g. access to consolidated client information, tax reporting, transaction statements, portfolio management and online access to share trading).
13. Some of the key elements of the success of a retail investment platform include the ability to offer a range of attractive investment products, access to a strong distribution network via financial planners and the capacity to invest in the development and maintenance of technological functionality to meet the needs of investors and their financial planners.

14. The ACCC's investigation indicated that there are two categories of retail investment platforms and concluded that these formed separate markets. These markets are:
  - (i) retail investment platforms for investors with complex investment needs, such as full service wrap platforms; and
  - (ii) retail investment platforms for investors with simple investment needs, such as master trusts and mini-wrap platforms.
15. The market for retail investment platforms for investors with complex investment needs is substantial, with many billions of dollars in funds invested through these platforms.
16. The ACCC's investigation indicated that demand for retail investment platforms is primarily driven by financial planners. In particular, retail platform providers compete to attract financial planners to use their platforms by investing in innovation. Accordingly, the ACCC formed the view that platform functionality (including service) is a key driver of competition in attracting new fund inflows.
17. Other drivers of platform competition include the breadth and quality of investment options available on the platform, platform administration fees and volume rebates (paid to financial planners or their associated dealer group).
18. In the market for retail investment platforms for investors with complex investment needs, the ACCC's investigations revealed that NAB is a strong competitor, through its Navigator platform. The ACCC's investigation revealed that AXA is an emerging vigorous and effective competitor in this market, through its North platform.
19. Importantly, in recent years there has been increasing consolidation in this market. On the basis of the information available, the ACCC considered that this market is highly concentrated and barriers to entry are high. New entrants are unlikely to be successful in achieving the level of scale and distribution necessary to provide an effective competitive constraint to existing key players.
20. The ACCC formed the view that AXA is likely to provide vigorous and effective competition to the existing key players as a result of its implementation and development of a next generation full service wrap platform. The ACCC formed the view that AXA was ideally placed to inject such competition into the market.
21. In forming this view, the ACCC had regard to the fact that the base technology for AXA's next generation wrap platform is not proprietary and may be utilised by other players. However, it would take significant time and considerable sunk costs for others to replicate and integrate these developments with their existing platforms, while AXA has already implemented and integrated the platform technology.

22. The ACCC considered that the competitive threat likely to be posed by AXA significantly exceeds the threat posed by other platform providers that may acquire this technology for the following reasons:
- AXA has already implemented and integrated the platform technology. Implementation of significant platform developments requires considerable investment and can take a number of years to come to fruition.
  - AXA has an existing distribution capability, including established relationships with a significant number of financial planners to support the platform and a sufficient incentive and reputation to attract further fund inflows from non-aligned financial planners.
  - AXA has existing scale and consolidation plans for its much larger retail investment platforms to be upgraded to the superior platform technology.
  - AXA has a strong brand and reputation and in light of the combination of factors listed above is likely to continue to invest in and maintain its platforms.
23. If NAB were to acquire AXA, given that NAB already has full service wrap platforms, it would not have the incentive to continue to sufficiently invest in and maintain the North platform and a significant source of competition would be lost. The ACCC concluded that the NAB proposed acquisition would impact upon vigorous and effective competition from AXA in the following ways:
- removal of expected strong competitive tension between AXA's next generation full service wrap platform and NAB's Navigator platform;
  - reduced incentives for other competitors to invest in platform innovation;
  - reduced prospect of price competition.

*Proposed undertakings*

24. NAB and AXA proposed to address the ACCC's competition concerns with the NAB proposed acquisition by offering to divest the North platform administration business carried out by AXA to IOOF (the **proposed purchaser**).
25. The proposed undertakings also included the acquisition of platform administration services by the AXA product issuers of the North products on an exclusive basis for three years. NAB would also fund certain enhancements to the North platform, including enhancements already planned by AXA during 2010 and enhancements that would allow the approved purchaser to support its own products on the North platform.
26. The ACCC contacted a range of industry participants in consulting on the proposed undertakings. The majority of these participants raised concerns that the proposed undertakings, including the proposed purchaser would not provide an effective competitive constraint on a merged NAB-AXA or other existing key players.

27. On 9 September 2010, the ACCC decided to reject the proposed undertakings offered by NAB and AXA as they were not sufficient to remedy the ACCC's competition concerns for the following reasons:
- The proposed undertakings do not include the distribution network of financial planners or the North products (which provide scale by way of funds under management) that currently support the North platform. The exclusion of distribution assets and the North products in the proposed undertakings directly impacts the ongoing viability and competitiveness of the divestiture business.
  - The proposed undertakings are dependent on third parties. The heavy reliance placed upon third parties raised risks and uncertainty as to the effectiveness of the proposed undertakings.
28. The ACCC considered that the combination of these factors raised considerable uncertainty as to whether a proposed purchaser operating the North platform administration business would be able to provide an effective competitive constraint to a combined NAB-AXA.
29. The ACCC also noted that the proposed undertakings place a heavy reliance upon the proposed purchaser having sufficient distribution capability to provide an effective competitive constraint upon existing key players in the foreseeable future. The ACCC considered that there was uncertainty that the proposed purchaser has sufficient distribution capability to grow scale on the North platform administration business in a timely manner without the benefit of distribution assets or the North products.
30. In addition, the ACCC considered that the proposed undertakings involved complex and long term behavioural obligations that presented risks and uncertainty.
31. The ACCC concluded that the proposed undertakings would not remedy the ACCC's competition concerns with the NAB proposed acquisition. Accordingly, the ACCC rejected the proposed undertakings.

### **AMP proposed acquisition**

32. The ACCC formed the view that the AMP proposed acquisition would be unlikely to result in a substantial lessening of competition in any market. Unlike NAB, AMP did not have a significant presence in the market for supply of retail investment platforms for investors with complex investment needs as AMP only offers versions of platforms from other providers that are "badged" as AMP platforms.
33. In contrast to the NAB proposed acquisition, the ACCC formed the view that a merged AMP-AXA would have incentives to retain the North platform and continue to invest in platform functionality with a view to introducing an innovative full service wrap platform and to expand its presence in the non-aligned planner channel.

## ***Public Competition Assessment***

### **Introduction**

1. On 19 April 2010, the Australian Competition and Consumer Commission (ACCC) announced its decisions in relation to the proposed acquisitions of AXA Asia Pacific Holdings Limited's Australian and New Zealand businesses (AXA) by two separate and competing bidders: National Australia Bank Ltd (NAB) and AMP Ltd (AMP) (together, the **proposed acquisitions**). The ACCC decided to oppose the proposed acquisition of AXA by NAB (**NAB proposed acquisition**), and not to oppose the proposed acquisition of AXA by AMP (**AMP proposed acquisition**). The ACCC formed the view that the NAB proposed acquisition would be likely to have the effect of substantially lessening, preventing or hindering competition in the national market for the supply of retail investment platforms for investors with complex investment needs in contravention of section 50 of the *Trade Practices Act 1974* (the **Act**).
2. The ACCC's analysis of the competition effects of the proposed acquisitions is detailed from paragraph 93.
3. NAB and AXA proposed a set of undertakings pursuant to section 87B of the Act (the **proposed undertakings**). The proposed undertakings provided for the divestiture of the North platform administration business currently operated by AXA to the proposed purchaser, IOOF Holdings Limited (**IOOF**) (the **proposed purchaser**). On 9 August, the ACCC commenced a process of market consultation on the proposed undertakings, including IOOF as the proposed purchaser of the divestiture business.
4. On 9 September 2010, the ACCC announced its decision to reject the proposed undertakings offered by NAB and AXA on the basis that the proposed undertakings were not sufficient to remedy the ACCC's competition concerns regarding the NAB proposed acquisition. The ACCC's consideration of the proposed undertakings and the proposed purchaser of the divestiture business is detailed at paragraphs 166 to 177.
5. The ACCC views explained in this Public Competition Assessment are based on the information provided by the merger parties and information obtained from the ACCC's market inquiries.

### **Public Competition Assessment**

6. To provide an enhanced level of transparency and procedural fairness in its decision making process, the ACCC issues a Public Competition Assessment for all transaction proposals where:
  - a merger is opposed;
  - a merger is subject to enforceable undertakings;

- the merger parties seek such disclosure; or
  - a merger is not opposed but raises important issues that the ACCC considers should be made public.
7. This Public Competition Assessment has been issued because the NAB proposed acquisition was opposed by the ACCC and because undertakings pursuant to section 87B of the Act were considered. The proposed acquisitions are also considered to raise issues of interest to the public.
  8. By issuing a Public Competition Assessment, the ACCC aims to provide the public with a better understanding of the ACCC's analysis of various markets and the associated merger and competition issues. It also alerts the public to circumstances where the ACCC's assessment of the competition conditions in particular markets is changing, or likely to change.
  9. Each Public Competition Assessment is specific to the particular transaction under review by the ACCC. While some transaction proposals may involve the same or related markets, it should not be assumed that the analysis and decision outlined in one Public Competition Assessment will be conclusive of the ACCC's view in respect of other transaction proposals, as each matter will be considered on its own merits.
  10. Public Competition Assessments outline the ACCC's principal reasons for forming views on a proposed acquisition at the time the decision was made. As such Public Competition Assessments may not definitively identify and explain all issues that the ACCC considers arise from a proposed acquisition. Further, the ACCC's decisions generally involve consideration of both non-confidential and confidential information provided by the merger parties and market participants. In order to maintain the confidentiality of particular information, Public Competition Assessments do not contain any confidential information or its sources.
  11. The ACCC timeline for review of the proposed acquisitions is provided in **Appendix A** to this Public Competition Assessment.

## **The parties**

### **The proposed acquirers**

#### **(i) National Australia Bank Ltd**

12. NAB is a publicly listed company that provides a full range of banking and financial products and services including retail, business and corporate banking products and services. NAB has a significant presence in the supply of personal and business banking products and services, including transaction accounts, deposit/term products, credit cards, home loans and personal loans, SME banking and agribusiness banking products.

13. NAB also provides wealth management products and services including superannuation, investments, retirement income, life insurance and financial planning and advice. NAB also owns and operates a number of retail investment platforms and supplies stockbroking products and services.
14. NAB's wealth management businesses include NAB Wealth, nabInvest, MLC and Aviva Australia, which provide private banking, asset management, superannuation, insurance and financial advisory services. NAB has also recently acquired the JBWere stockbroking business.
15. NAB owns and operates retail investment platforms, including MLC MasterKey, MasterKey Custom, Plum and Navigator.
16. NAB provides financial advisory and planning services through a network of aligned financial planners, including NAB Financial Planning, MLC Financial Planning, Garvan Financial Planning, Godfrey Pembroke and Apogee Financial Planning. NAB also has relationships with non-aligned financial planners.

**(ii) AMP Ltd**

17. AMP is a publicly listed wealth management company providing a range of products and services including superannuation, managed investments, retirement income, insurance, banking and financial planning and advice.
18. AMP provides financial planning and advisory services through its network of aligned planners operating as AMP Financial Planning or Hillross.
19. AMP owns and operates the Flexible Lifetime master trust platform. AMP does not currently own or operate its own wrap platform but uses a badged version of the "Asgard" wrap platform supplied by Westpac and a badged version of the wrap platform supplied by Macquarie.<sup>1</sup>
20. AMP Capital Investors, a business unit of AMP, is a specialist investment manager which offers investment products across major asset classes including local and international shares, local and international fixed interest, property, infrastructure, diversified funds, multi-manager funds under the Future Directions Funds range, and alternative investments such as absolute return funds, structured products and private equity.

**The target – AXA Asia Pacific Holdings Limited**

21. AXA is a publicly listed company which provides wealth management products and services. It has operations in Hong Kong, China, Singapore, Indonesia, Philippines, Thailand, India, Malaysia, Australia and New Zealand.

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<sup>1</sup> The distinction between master trust platforms and wrap platforms is explained at paragraph 39 below.



22. AXA provides a range of wealth management products and services including superannuation, insurance, managed investments, financial planning and advice. Products offered by AXA are mainly sold through brands including AXA, ipac, Generations, Summit and North.
23. AXA provides direct asset management products and services through its joint venture interest in Alliance Bernstein Australia and New Zealand Limited.
24. AXA owns and operates retail investment platforms including Summit, Generations, iAccess and North.
25. AXA's aligned financial planners operate through the AXA advisory network comprising AXA Financial Planning, Charter Financial Planning, Jigsaw Support services, Genesys Wealth Advisors, ipac Securities and Tynan Mackenzie. AXA also has relationships with non-aligned financial planners.

### **The proposed acquisitions**

26. On 7 November 2009, AMP and AXA SA announced their proposed acquisition of AXA by way of a scheme of arrangement whereby AMP would acquire AXA's Australian and New Zealand assets and businesses and AXA SA would acquire AXA's Asian operations.
27. On 9 November 2009, AXA rejected the proposal by AMP and AXA SA.
28. On 14 December 2009, AMP and AXA SA announced a revised proposal for AXA.
29. On 17 December 2009, NAB and AXA announced that NAB would acquire 100 per cent of the shares in AXA, through a scheme of arrangement, whereby NAB would merge AXA's Australian and New Zealand businesses with its own operations and divest AXA's Asian business to AXA SA.
30. On the same day, AXA announced that it had rejected AMP's and AXA SA's revised proposal.

### **Industry background**

31. The ACCC has formed a view of the relevant markets set out below based on the information provided to it for the purposes of this assessment.

## Wealth management

32. Wealth management includes the provision of investment or other products and services, including financial planning, retail investment platforms, funds and asset management services, life insurance, superannuation and retirement income products. The wealth management supply chain is represented below.



33. Retail investment platforms provide the central link in the chain between investment product providers, financial planners and retail investors.
34. Investment product providers rely on retail investment platforms to distribute their products to retail investors. Retail investors rely on financial planners to access a range of wealth management products. In turn, financial planners rely heavily upon retail investment platforms for, among other things, administrative efficiency and to provide their clients with a menu of investment products and consolidated management and reporting of their portfolios.
35. A retail investment platform is an administrative structure for investments and provides a central ‘hub’ account for a range of services, including ‘menus’ of products, capturing details of a client’s portfolio and consolidated reporting. While retail investment platforms can be simplistically described as a ‘hub’, they benefit from economies of scale as they require significant upfront and ongoing capital investment. Retail investment platforms also involve management of complex technology services and are subject to lengthy periods of development.
36. Most retail investors access retail investment platforms through a financial planner.<sup>2</sup> The ACCC understands that approximately 80 per cent of funds invested via financial planners are channelled through retail investment platforms. As an alternative to using a retail investment platform, investment product manufacturers may distribute their products directly. This is largely limited to wholesale investments by institutional investors. Direct distribution to retail investors is not common due to the complexity of wealth management products and the ability to access a more diverse range of investments in one location on retail investment platforms via financial planners.
37. Financial planners therefore rely heavily upon retail investment platforms to provide services to retail investors. The ACCC’s inquiries indicated that for a large proportion of financial planners, it would not be viable to manage client investments without the use of a retail investment platform. This is largely due to the considerable benefits offered by platforms to financial planners in the form of administrative efficiency and functionality which reduce the time, cost and burden of investing in, managing and reporting on a client’s investment portfolio

<sup>2</sup> Financial planners include reference to financial advisers. The ACCC notes that these terms can be used interchangeably.

(e.g. access to consolidated client information, tax reporting, transaction statements, portfolio management and online access to share trading).

38. Some of the key elements of the success of a retail investment platform include the ability to offer a range of attractive investment products, access to a strong distribution network via financial planners, and the capacity to invest in the development and maintenance of technological functionality to meet the needs of investors and their financial planners. That is, to achieve sufficient funds under management (**FUM**) a retail investment platform provider requires the support of investment product providers, financial planners, an effective technological solution, and continued investment to maintain and develop the platform.
39. There are two key types of retail investment platforms: a master trust and a wrap. An investor using a master trust platform holds units in a selection of managed funds. A trustee is the legal owner and holds the assets on the investor's behalf. On the other hand, an investor using a wrap platform is the owner of the underlying non-superannuation investments.
40. Wrap platforms consolidate various investments under one administrative umbrella, including direct investments such as shares and property. The investments in the wrap account are held beneficially by the investor. Wrap platforms can also allow investors to transfer investments without incurring capital gains tax (**CGT**) liabilities which may be incurred for investments held in a trust structure. Wrap platforms can also be differentiated by the greater number of investment options and functionality they provide. Full service wrap platforms offer access to a large number of investment options and a larger range of features and functionality. There are also lower cost mini (or baby) wrap platforms that have fewer investment options, limited features and functionality compared to full service wraps.
41. The types of investment products supplied on platforms, depending on the type of platform, include managed funds, superannuation, life insurance, cash deposits, margin lending, direct equities and term deposit products.
42. Providers of retail investment platforms may receive revenue from a number of sources, including:
  - administration fees – which are charged directly to the investor;
  - rebate payments – which are paid by the investment product provider; and
  - shelf space fees – which are paid by investment product providers.
43. Administration fees and rebate payments are generally charged as a percentage of FUM, while shelf space fees are typically charged as a fixed amount per product.
44. Financial planners provide financial advice to clients based on the needs of the client and on the products the financial planner is able to offer the client. Financial planners usually distribute a range of products, predominantly via retail investment platforms, including cash management accounts, managed investment funds, superannuation and life insurance products.

45. Financial planners are generally considered as either ‘aligned’ or ‘non-aligned’. ‘Aligned’ planners operate as authorised representatives of a financial entity that holds an Australian Financial Services Licence (AFSL) and can be either salaried employees or self-employed. Financial entities with large aligned distribution networks are often vertically integrated and manufacture their own investment products and supply retail investment platforms. Financial planners can operate under their own identity or may operate as part of a financial planner group (commonly known as dealer groups). ‘Non-aligned’ financial planners are not affiliated with an upstream product provider and may operate under their own AFSL or under the licence of a dealer group.
46. In order for investment products to be recommended by a financial planner, the products must first be on the Approved Product Lists (APLs) of the financial dealer group. Generally, financial dealer groups that are aligned with a product manufacturer tend to have an APL weighted towards the aligned manufacturer’s products. In comparison, the ACCC understands that non-aligned financial planners tend to provide APLs with a broader choice of products.
47. Aligned financial planners are an important driver of competition between retail investment platforms, in particular, to attract sufficient scale onto platforms.
48. Non-aligned financial planners are a critical driver of competition between retail investment platforms. This is because non-aligned financial planners have an increased ability to redirect new inflows between competing platforms in response to improvements in platform functionality and service, volume rebate payments, or a combination of other factors, as detailed below.
49. Product manufacturers (such as fund managers, life insurance providers or superannuation providers) and retail investment platform providers may provide commissions to financial planners when a product is recommended.
50. The ACCC notes the Australian Government’s announcement on 26 April 2010 of reforms to the provision of financial advice in response to the Parliamentary Joint Committee on Corporations and Financial Services “*Inquiry into financial products and services in Australia*”.<sup>3</sup> These reforms include a prospective ban on conflicted remuneration structures including commissions and volume-based payments, in relation to the distribution of and advice regarding retail investment products, including managed investments, superannuation and margin loans. This announcement was made after the ACCC made its decisions regarding the proposed acquisitions. The ACCC considers that the timing and final design of the proposed reforms is currently too speculative to enable an accurate assessment of their potential impact upon market dynamics. In any event, in reaching its view on the proposed acquisitions, the ACCC was aware of decisions by some industry participants to move towards more transparent fee structures and did not consider that the proposed reforms would change the basis of the competition analysis in these matters.

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<sup>3</sup> Treasury Media Release, The Hon Chris Bowen MP, ‘Overhaul of Financial Advice, 26 April 2010.

## Industry participants

51. Wealth management providers are often vertically integrated, participating at multiple levels of the supply chain. Vertically integrated providers:
- ‘manufacture’ the investment product (e.g. a managed fund, life insurance or superannuation product);
  - provide retail investment platforms; and
  - have a network of affiliated financial planners distributing their products.
52. Vertically integrated wealth management providers include AMP, AXA and the major banks: NAB, Commonwealth Bank of Australia (**CBA**); Westpac Banking Corporation (**Westpac**) and Australia and New Zealand Banking Group (**ANZ**).
53. Non-vertically integrated wealth management providers operate in one or two levels of the wealth management supply chain. The ACCC understands that these market participants may not have their own distribution capabilities and may rely on unrelated intermediaries (financial planners and dealer groups) to distribute their respective products to investors.

## Market inquiries on the proposed acquisitions

54. The ACCC conducted market inquiries on the proposed acquisitions with a range of industry participants, including competitors, potential competitors, financial planners, financial planning dealer groups, suppliers of investment products, suppliers of superannuation and retirement income products, suppliers of life insurance products, industry bodies, regulatory agencies and other interested parties. Submissions were sought in relation to the proposed acquisitions.

## Statement of Issues

55. On 10 February 2010, the ACCC published its Statement of Issues regarding the proposed acquisitions.
56. The Statement of Issues set out the ACCC’s preliminary view that NAB’s proposed acquisition of AXA would raise a higher level of concern than AMP’s proposed acquisition of AXA, including because the NAB proposed acquisition would result in an increased level of concentration in respect of the wrap platforms. This was based on NAB being an existing provider of wrap platforms, unlike AMP which supplies badged versions of wrap platforms (i.e. AMP is not the platform administrator).
57. The Statement of Issues is available on the ACCC’s website at [www.accc.gov.au/statementsofissues](http://www.accc.gov.au/statementsofissues).

## **With/without test**

58. In assessing a merger pursuant to section 50 of the Act, to determine whether the acquisition was likely to substantially lessen competition in any relevant market, the ACCC considered the effects of the proposed acquisition by comparing the likely future competitive environment if the transaction proceeds (the “with” position) to the likely future competitive environment if the acquisition does not proceed (the “without” or “counterfactual” position).

### *NAB proposed acquisition*

59. The ACCC considered the likely counterfactual for the NAB proposed acquisition was either: (i) AMP as the likely successful bidder for AXA; or (ii) AXA continues to operate as a stand-alone entity.

### *AMP proposed acquisition*

60. The ACCC considered the likely counterfactual for the AMP proposed acquisition was either: (i) NAB as the likely successful bidder for AXA; or (ii) AXA continues to operate as a stand-alone entity.

## **Areas of overlap and market definition**

61. The ACCC formed the view that there was prima facie competitive overlap between the merger parties’ businesses in the areas of financial planning services, superannuation and retirement income, life insurance, retail investment platforms, and manufacture of investment products.
62. On the basis of the information provided to the ACCC prior to the decision, a number of markets were identified for the purposes of assessing the impact of the proposed acquisitions in the areas of (i) wealth management and (ii) banking. The ACCC’s views on market definition in each of these areas are provided below.

### **(i) Wealth management – relevant markets**

63. On the basis of the information available, the proposed acquisitions were assessed in the context of separate but related national markets for the supply of:
- retail investment platforms for investors with simple investment needs;
  - retail investment platforms for investors with complex investment needs;
  - investment products available on retail investment platforms;
  - financial planning and advisory services;
  - superannuation and retirement income products; and
  - life insurance.

## **Retail investment platforms**

64. As discussed above, retail investment platforms provide the central link in the chain between investment product providers, financial planners and retail investors. Retail investment platforms provide a range of investment products and services to financial planners, both aligned and non-aligned, and enable those financial planners, through the use of platforms, to attract investment funds.
65. Retail investment platforms offer considerable benefits to financial planners in the form of, among other things, administrative efficiency and functionality which reduces the time, cost and burden of placing, managing and reporting on a client's investment portfolio (e.g. access to consolidated client information, tax reporting, transaction statements, portfolio management and online access to share trading).
66. Of those investors who use a financial planner, the ACCC understands that approximately 80 per cent of funds invested via financial planners are channelled through retail investment platforms.

### *Product dimension*

#### Substitutability based on platform type

67. The ACCC's inquiries indicated that investors with simple investment needs typically have relatively smaller amounts of superannuation and non-superannuation money to invest than investors with complex investment needs and do not require access to a large number and range of investment options. Financial planners that service investors with simple investment needs will typically direct these clients' funds towards master trust platforms and mini-wrap platforms.
68. Investors with complex investment needs typically have relatively larger amounts of superannuation and non-superannuation money to invest and value access to a broad range of investment options (e.g. a wider selection of growth investment products with greater associated risk and return). In particular, sophisticated investors will often have more complex investment requirements, such as the desire to invest in direct equities. Financial planners that service investors with complex investment needs will typically direct these clients' funds towards full-service wrap platforms.
69. The ACCC inquiries indicated that it is likely that there is asymmetric demand-side substitution between those platforms typically used to service investors with complex investment needs, such as full service wraps, and those platforms typically used to service investors with simple investment needs, such as master trusts and mini-wraps. That is, full service wrap platforms may be an alternative investment option for investors with simple investment needs but financial planners were unlikely to view master trusts and mini-wraps as an alternative investment option for investors with complex investment needs. Reasons provided to the ACCC for this include:

- full service wraps typically offer substantially more investment options (approximately 200+) than master trusts and mini-wraps (approximately 40 to 120), and a wider selection of investments (e.g. the ability to invest in direct equities); and
  - full service wraps are generally targeted at investors with higher account balances (typically greater than \$100,000) while master trusts and mini-wraps are generally targeted at investors with lower account balances (approximately \$50,000) — this occurs by platform providers offering differential tiered pricing structures as discussed below.
70. In addition, the underlying legal structure of a wrap, which provides a custodial service allowing investors to directly own non-superannuation investments, has advantages compared with master trusts, where a trustee holds investments on behalf of the investor. The ACCC understands that these advantages include:
- wraps have more complex reporting capabilities than master trusts, e.g. individual tax accounting/management;
  - wraps offer greater flexibility enabling less costly movement of funds between investment options; and
  - wraps may allow investors to avoid triggering CGT liabilities which may arise as a consequence of moving investments held in a trust structure.



71. The ACCC's inquiries indicate that non-platform options are not close substitutes for the use of platforms. Platforms provide a range of benefits that are not readily available to financial planners via other non-platform investment options. Other investment options such as separately managed accounts (**SMAs**), exchange traded funds (**ETFs**) and direct investment (including direct data feeds, direct distribution of investment products and direct investment into managed funds) do not appear to be close substitutes for the use of platforms for the following reasons:

- **SMAs:** An SMA is similar to a managed fund where the financial planner (or more typically a stock broker) invests in a portfolio of shares on behalf of the investor but the investor remains the beneficial owner. The constraint imposed by SMAs on platforms is likely to be limited as: (i) most SMAs only allow for discretionary investments (i.e. non-superannuation money); (ii) SMAs typically offer a limited number of investment options compared with platforms; (iii) SMAs are increasingly being offered as investment options on major retail investment platforms (i.e. SMAs are converging with and enhancing retail investment platforms rather than replacing them).<sup>4</sup>
- **ETFs:** ETFs are diversified portfolios of securities that are indexed and can be traded on the Australian Securities Exchange (**ASX**). ETFs could be considered a substitute for certain managed fund investment options that sit on retail investment platforms. However, from the perspective of a financial planner, ETFs are unlikely to provide a close substitute for the use of platforms. While the ASX does aid in the movement of assets between investment types, it does not provide the software and consolidated reporting (e.g., tax reporting) that a platform provides.
- **Direct investment:** Direct data feeds (i.e. where the fund manager provides client information direct to the financial planner's desktop software), direct distribution of investment products and direct investment into managed funds are unlikely to provide a close substitute for the use of platforms. While these types of direct investment may present an alternative to platforms for some boutique financial planners, for the majority of financial planners, direct investments to fund managers are not a viable substitute for the use of platforms due to the inefficiencies and costs associated with dealing separately with various fund managers on behalf of a large number of clients.

72. The ACCC's inquiries indicated that superannuation and retirement income products are not close substitutes for the use of retail investment platforms. This is because products which only attract superannuation funds are unlikely to offer a close substitute to platforms which provide investment solutions for both superannuation and non-superannuation funds.

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<sup>4</sup> During the ACCC's consideration of the proposed acquisition of St George by Westpac in 2008, market participants had suggested that the threat of expansion by SMA providers was likely to put further competitive pressure on retail investment platform providers. The ACCC's inquiries in the present matters, however, indicated that SMAs have experienced low growth levels in Australia such that these investment products do not appear to offer strong competitive constraints to retail investment platforms. Furthermore, market inquiries in the present matters indicated that SMAs are converging with and enhancing, rather than replacing, retail investment platforms.

73. In particular, for investors that seek the advice of a financial planner for their superannuation and/or non-superannuation funds, there are disincentives for financial planners to recommend splitting a client's investments across platform and non-platform investment options for superannuation savings (e.g. industry superannuation funds, self managed super funds).
74. In the case of many platforms, the more funds an investor holds in aggregate on the platform, the lower the administration fee. Platforms offer significant efficiencies to financial planners, while splitting of investments between separate investment vehicles will create extra reporting and administrative demands on the financial planner.
75. The ACCC considered that non-platform investment options for superannuation and non-superannuation investments are unlikely to be a close demand-side substitute for the use of retail investment platforms.
76. Therefore, on the basis of the information available, the ACCC formed the view that there is a separate market for superannuation and retirement income products (as discussed further below).

#### Substitutability based on investor type

77. Prior to the Statement of Issues, the ACCC focussed on the underlying legal structure of the platform (wraps and master trusts) as a basis for delineating relevant markets. However, the ACCC's inquiries following the Statement of Issues revealed that the terminology of "master trusts" and "wraps" was not consistently applied across the industry. Therefore, the ACCC considered that it was more appropriate to adopt an approach to market definition for the use of retail investment platforms based on investor types.
78. Information provided to the ACCC following the Statement of Issues indicated that platform providers and financial planners distinguish between investors depending on the complexity of the investor's investment needs. Platform providers have the ability to discriminate between investor types by offering differential tiered administration fees which offer more attractive pricing for particular platforms depending on the investor's account balance.
79. The ACCC's inquiries indicated that financial planners direct an investor to a particular retail investment platform based on a range of criteria, including:
  - the investor's appetite for risk;
  - whether the investor is an active or passive investor;
  - the desire of the investor to invest in direct equities;
  - the investor's taxation position; and

- the administration fees which will be borne by the investor, depending on the amount the investor wishes to invest.
80. As discussed above, the ACCC's inquiries revealed that there is asymmetric demand-side substitution between those platforms typically used to service investors with complex investment needs and those platforms typically used to service investors with simple investment needs.
81. Based on further inquiries and the information obtained, the ACCC concluded that the relevant markets as regards retail investment platforms were:
- (i) the national supply of retail investment platforms for investors with complex investment needs; and
  - (ii) the national supply of retail investment platforms for investors with simple investment needs.

#### Supply-side substitutability

82. The ACCC's inquiries indicated that there is only limited substitutability on the supply-side between platforms which service investors with simple investment needs and platforms which service investors with complex investment needs. Providers of master trusts are unable to quickly adapt to the functionality and legal structure of a wrap platform, which would require significant investment in IT infrastructure and platform technology. The ACCC's inquiries indicated that wraps with limited functionality would similarly require significant investment to compete with full-service wrap platforms.

#### *Geographic dimension*

83. The ACCC considered that the relevant geographic dimensions for the separate markets for the supply of retail investment platforms to investors with simple and complex needs were national, due to the ability for retail investment platforms to service financial planners located across Australia.

#### **Supply of investment products available on retail investment platforms**

84. On the basis of the information available, the ACCC formed the view that there is a national market for investment products available on retail investment platforms. As outlined above, the ACCC inquiries indicated that financial planners generally do not regard other forms of non-platform investment products as sufficiently close substitutes to retail investment platforms.

## **Financial planning and advisory services**

85. The ACCC formed the view that there is a separate market for the supply of financial planning and advisory services. On the demand-side, while certain investment products may also be distributed directly, due to the inherent complexities of these products, direct distribution of products is unlikely to pose a competitive constraint for the vast majority of investors who turn to financial planners for advice. On the supply-side, financial planning and advisory businesses are unable to easily expand in a timely manner or without significant investment to enter upstream sectors of the wealth management value chain (e.g. manufacture of investment products or retail investment platform services). The ACCC's inquiries indicated that establishing an aligned distribution network of financial planners involves considerable investment and that it can take a significant amount of time to develop a client base and reputation. Therefore, the ACCC formed the view that financial planning and advisory services constituted a separate market.
86. The ACCC did not form a definitive view as to the geographic dimension of financial planning and advisory services. The ACCC considered the relevant geographic dimension is, at its narrowest, state based or local markets, and at its broadest, a national market for financial planning and advisory services.

## **Superannuation and retirement income products**

87. On the basis of the information available, the ACCC formed the view that there is a national market for the supply of superannuation and retirement income products, which includes retail superannuation funds, industry superannuation funds, self managed superannuation funds (**SMSFs**) and corporate superannuation funds. Market inquiries revealed that retirement income products and superannuation products are generally based around similar frameworks (i.e. similar investment options, prices and administrative services). The ACCC's inquiries indicated that providers could switch between the supply of superannuation and retirement income products without significant investment being required. On the basis of supply-side substitutability, the ACCC considered it appropriate to include retirement income products and superannuation products in the same market.
88. Superannuation and retirement income products are also commonly available on retail investment platforms. The ACCC's inquiries indicated that financial planners and investors using a retail investment platform do not regard other forms of non-platform investment products as sufficiently close substitutes. The ACCC considered that the extent to which superannuation funds are substitutable to retail investment platforms is limited because superannuation funds are more limited in the range of investment options provided and do not provide a vehicle for ordinary/non-superannuation investments.

## Life insurance

89. On the basis of the information available, the ACCC formed the view that there is a national market for the supply of life insurance products, including individual and group risk products. Market inquiries revealed that life insurance companies generally offer a suite of life insurance products and life insurance companies could supply other categories of life insurance without significant investment being required. On the basis of supply-side substitutability, the ACCC considered it appropriate to include individual and group risk products in the same market.

## (ii) Banking – relevant markets

90. The ACCC also considered the proposed acquisitions in the context of the potential impact upon competition in the banking sector, having regard to a number of markets which relate to (i) retail (personal and business) banking; and (ii) corporate and institutional banking.

### Retail (personal and business) banking

91. The market definitions adopted by the ACCC for the purposes of assessing the proposed acquisitions in banking markets are summarised in the table below.

**Table 1      Retail banking markets**

<i>Product dimension</i>	<i>Geographic dimension</i>
<b>Personal banking markets</b>	
Transaction accounts	Local but price competition is national
Deposit/term products	National
Credit cards	National
Home loans	National
Personal loans	National
Hybrid personal loans (margin loans)	National
<b>Business banking markets</b>	
Small to medium enterprise banking	Local but price competition is national
Equipment finance	National
Agribusiness banking	Local but price competition is national

### Corporate and institutional banking

92. In addition to the various banking markets in the table above, there is a market or markets for the range of corporate and institutional banking products offered to corporate banking customers, including transaction services, commercial credit cards, loans and capital raisings, service and advice in areas including liquidity requirements, funding, interest rate management, capital transactions, debt/equity underwriting, foreign exchange markets and trade finance. The ACCC did not form a definitive view as to whether these activities should be treated as separate markets, or part of a broader corporate and institutional banking market.

## Competition analysis

### (i) Impact of the proposed acquisitions in the supply of retail investment platforms

#### Theory of competitive harm

93. The ACCC formed the view that the NAB proposed acquisition would be likely to result in a substantial lessening, prevention or hindrance of competition in the market for the supply of retail investment platforms for investors with complex needs. In respect of the AMP proposed acquisition, the ACCC concluded that the acquisition would be unlikely to result in a contravention of s 50 of the Act.
94. On the basis of the information available, the ACCC considered that this market is highly concentrated, with three large platform providers (Westpac, NAB and Macquarie) and barriers to entry are high. New entrants are considered unlikely to be successful in achieving the level of scale and distribution necessary to provide an effective competitive constraint to existing key players. Platform providers must have the reputation in the industry, sufficient scale to justify the substantial initial and on-going investment and access to a sufficiently large network of financial planners to be an effective entrant.
95. The ACCC's inquiries revealed that price competition is weak between major platform providers and that there are disincentives to compete on platform administration fees. The ACCC formed the view that the key basis of rivalry and differentiation between platform providers manifests itself in the form of innovation competition, i.e. the platform provider's ability and incentive to continue to invest in platform functionality and service.
96. The ACCC formed the view that AXA is likely to provide vigorous and effective competition to the major incumbent providers as a result of its implementation and development of a next generation full service wrap platform. In forming this view, the ACCC had regard to the fact that AXA's implementation and integration of superior base technology for its next generation wrap platform is well underway and, while the technology is not proprietary and may be utilised by other players, it would take significant time and considerable sunk costs for others to replicate and integrate these developments with their existing platforms. The ACCC considered that AXA's next generation wrap platform is also likely to be versatile in responding to competing platform developments and will continue to offer strong competition to existing key players and drive competition in innovation by other participants, including NAB.
97. The ACCC concluded that the removal of AXA as a likely vigorous and effective competitor with significant distribution, scale and reputation capable of generating a competitive response from leading platform providers would diminish the incentives of large scale platform providers to continue to invest in platform innovations. As noted, platform innovation in terms of functionality and quality of service is, and is likely to continue to be, a key driver of competition in the market.

98. As a result of the factors outlined above, the NAB proposed acquisition would be likely to substantially lessen, prevent or hinder competition in the market for the supply of retail investment platforms for investors with complex needs in contravention of section 50 of the Act.
99. The following sections outline the ACCC's analysis in more detail.

### **Basis of competition between retail investment platforms**

100. The ACCC's investigation of the proposed acquisitions indicated that demand for the use of retail investment platforms is primarily driven by financial planners. That is, suppliers of retail investment platforms market to financial planners and their respective dealer groups to attract fund inflows to their respective platforms.
101. The ability of financial planners to use a particular retail investment platform is typically controlled by their dealer group. Financial planners that are aligned with a financial institution are likely to use the in-house platform/s supplied by that financial institution. Non-aligned planners tend to have broader choice of which platform they use and have more discretion in directing client investments to a particular platform.
102. An important focus of competition between platform providers is competition to attract new fund inflows from financial planners. Financial planners may more readily direct new investment flows to alternative retail platforms that compete with existing platforms, provided the financial planner is permitted to use an alternative platform. While some competition exists to attract existing funds, the ACCC considered that there is 'stickiness' associated with switching existing investments between platforms. The ACCC's inquiries indicated that it is a significant decision for a financial planner to switch a client's existing funds to an alternative platform and that there would be a limit to the number of times a financial planner could credibly recommend to a client to switch platforms as regards to existing funds.
103. Based upon market inquiries, the ACCC formed the view that platform functionality (including service) is a key driver of competition in attracting new fund inflows, particularly with respect to the non-aligned financial planner channel. Other drivers of competition include the breadth and quality of investment options available on the platform, platform administration fees and volume rebates (paid to financial planners or their associated dealer group).

#### *Platform functionality*

104. The ACCC's inquiries indicated that platform functionality is a key determinant for a financial planner (or associated dealer group) in choosing a platform. Platform functionality refers to platform capability and quality of service including features of the platform such as its ease of use, timeliness of reporting, online applications and transactions, direct linking and processing and the extent to which the platform integrates with the financial planner's desktop software.

*Breadth and quality of investment options available*

105. The ACCC's inquiries indicated that the breadth and quality of investment options available on a platform can be an important determinant for a financial planner in directing client funds to a platform. Investment product providers compete to have investment products placed on the menus of retail investment platforms.
106. Retail investment platform providers seek to develop a menu of investment options that meet the needs of a diverse range of customer requirements. The importance of this factor in driving choice of retail investment platform will largely depend on the sophistication and demands of the client base of a financial planner (or their associated dealer group). However, it appears clear that investors with complex needs expect a broader range of investment options than investors with simple needs.

*Volume rebates*

107. The ACCC's inquiries indicated that another important driver of competition is the level of commission (or volume rebates) paid by platform providers to a financial planner or associated dealer group, particularly when competing for non-aligned financial planners. The ACCC formed the view that volume rebates are a relevant consideration for the purposes of assessing competition between retail investment platforms, notwithstanding the trend by some providers in the industry to remove volume rebates.<sup>5</sup>

*Platform administration fees*

108. The ACCC's inquiries indicated that platform administration fees are a secondary consideration amongst financial planners in terms of driving choice of retail investment platform. This is because platform administration fees are borne by end investors who are likely to be relatively insensitive to small but significant and non-transitory price increases. The platform administration fee is only one component of the overall headline fee that an investor is charged.

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<sup>5</sup> On 26 April 2010, following the ACCC's decisions in relation to the proposed acquisitions, the Government announced reforms to financial advice, including a prospective ban on conflicted remuneration structures including commissions and volume based payments.



## Market concentration

109. The ACCC had regard to Plan for Life data in analysing market concentration.<sup>6</sup> In analysing market concentration that would likely arise as a result of the proposed acquisitions in the relevant retail investment platform markets, the ACCC had regard to both FUM and annual inflows, which provide a ‘stock’ and ‘flow’ perspective of market concentration.
110. The ACCC considered two methodologies for measuring market concentration, being either the ‘administrator’ or the ‘marketer’ view of FUM and inflows associated with a platform provider.<sup>7</sup> The ACCC formed the view that market concentration resulting from the proposed acquisitions is more appropriately assessed using the administrator view, because the underlying owner of a badged platform has significant control and influence over platform functionality (including innovation and quality of service) and platform administration pricing.
111. In the market for the supply of retail investment platforms for investors with complex investment needs the ACCC formed the view that:
- a merged NAB-AXA would hold FUM in the range of 29 to 37 percent and annual inflows (up to September 2009) in the range of 17 to 21 per cent;
  - a merged AMP-AXA, or AXA as a stand-alone entity, would hold FUM in the range of 7 to 8 per cent and annual inflows (up to September 2009) in the range of 5 to 6 per cent.
112. The proposed acquisition of AXA by NAB would result in increased horizontal aggregation in this market. Applying the Herfindahl-Hirschman Index<sup>8</sup> measure of post-merger levels of concentration, a merged NAB-AXA exceeds the thresholds which provide an indicator as to potential horizontal competition concerns.

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<sup>6</sup> Plan for Life Pty Ltd collects data from life insurance, managed funds, superannuation and other financial markets to produce reports which detail shares held by market participants in the wealth management industry. The ACCC analysed Plan for Life data as at September 2009. The ACCC’s categorisation of retail investment platform products listed by Plan for Life was not definitive, but rather used as a proxy to measure the level and approximate range of market concentration that would occur as a result of the proposed acquisitions.

<sup>7</sup> The administrator view attributes market share to the company which administers the underlying platform and includes the funds and flows for each platform provider received both from its own marketed platforms as well as those of its badged platforms. The marketer view attributes market share to the marketer of the badged platform even though the funds and flows are ultimately held on the platform of another institution.

<sup>8</sup> The Herfindahl-Hirschman Index (HHI) is a measure of market concentration that results from a merger or acquisition. The HHI indicates the level of market concentration while the change in the HHI (delta) reflects the change in market concentration as a result of the merger. The ACCC will generally be less likely to identify horizontal competition concerns when the post-merger HHI is less than 2000 or greater than 2000 with a delta less than 100. However, the HHI is only one factor among many that the ACCC takes into account in its competition assessments and the HHI levels should not be taken as a presumption as to whether or not a merger will be likely to result in a substantial lessening of competition.

113. AMP only offers badged versions of the Macquarie and Asgard wrap platforms. Accordingly, from an administrator view, the AMP proposed acquisition would not result in increased horizontal aggregation in the market for the supply of retail investment platforms for investors with complex investment needs. The ACCC's inquiries confirmed that the retail investment platform owned by AMP, Flexible Lifetime, is targeted at investors with simple investment needs.

### **Removal of a vigorous and effective competitor**

114. The ACCC formed the view that in the foreseeable future, AXA is likely to provide vigorous and effective competition to the major incumbent providers in the supply of retail investment platforms for investors with complex investment needs. This is despite AXA's smaller presence in this market at the current time.
115. As noted previously, a key dynamic of competition between suppliers of retail investment platforms is the development and implementation of improved platform functionality. Improved functionality is an essential point of difference between platform providers' offerings and a means of attracting and retaining fund inflows.

### **Significant future competitive impact of AXA**

116. On the basis of the information available, the ACCC formed the view that AXA is close to delivering an innovative next generation full service wrap platform, the North platform. The North platform is supported by leading platform technology which enables AXA to improve its platform offering in a number of ways. The North platform also provides a low cost operating model which will be more cost efficient for AXA to maintain and develop, allowing AXA to be increasingly versatile in responding to future competing platform offerings.
117. Based on the information before it, the ACCC considered that improved platform functionality benefits financial planners by providing, among other things:
- more efficient transaction and reporting capabilities, which in turn benefits investors, particularly if a fee for service arrangement is in place, by reducing the time spent by financial planners on processing individual client transactions and reporting;
  - increased choice of investment options available to investors, in particular, direct equities capability; and
  - straight-through processing capability and online processing of investor accounts which offers significant operating cost savings to the platform provider and efficiency benefits for financial planners due to fully automated electronic processing of transactions and streamlined online administration.

118. The ACCC noted that in 2009, Investment Trends awarded AXA's North platform the 'Best New Functionality' Platform award and Brand Management's Adviser Satisfaction survey ranked AXA's North platform 4<sup>th</sup> out of 19 platforms, despite AXA being only part way through implementing the planned enhancements to the North platform's functionality and capabilities.<sup>9</sup>
119. The ACCC considered that other major platform providers will likely react to AXA's investment in innovation to develop a next generation full service wrap platform.
120. The ACCC understands that the technology underlying the North platform is not proprietary. However, on the basis of the information available, the ACCC is of the view that the competitive threat likely to be posed by AXA with its next generation full service wrap platform far exceeds the threat posed by other platform providers that may acquire the underlying technology supporting the North platform today. The key reasons for this view were as follows:
- **AXA has already implemented and integrated the platform technology.** AXA is far ahead of any other platform provider in the implementation and integration of this technology base. The ACCC noted that the implementation of significant platform developments can take a number of years to come to fruition. AXA commenced a process to implement the North platform in 2007. Moreover, AXA has incurred considerable costs in integrating the technology with its existing systems.
  - **AXA's existing scale and consolidation plans.** Following completion of the developments currently underway on the North platform and the emergence of the North platform as a full service wrap platform, AXA has plans to retire its legacy technology supporting its existing, and much larger, Summit, Generations and iAccess platforms and upgrade these products to the superior North platform technology. AXA's existing scale of FUM and plans to consolidate its products onto a new technology base offering increased functionality and quality of service is likely to provide aggressive competition to leading retail investment platform providers. AXA will also have an increased ability and incentive to continue to invest and maintain the North platform, including in response to competing platform developments.
  - **AXA's existing distribution capability.** Importantly, AXA has established relationships with a significant number of aligned and non-aligned financial planners. AXA has an aligned distribution network of approximately 1,600 financial planners (~10 per cent share of financial planners). Following the launch of the North products on the North platform, AXA has increased its usage amongst non-aligned planners. AXA's distribution capability is likely to substantially increase the competitive threat posed by the North platform.

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<sup>9</sup> Investment Trends and Brand Management are market research organisations specialising in the Australian financial services industry.

- **AXA’s brand, reputation and continued investment in platform innovation.** While non-aligned financial planners may be attracted to the North platform, changing platforms is not without reputational risks and significant cost. In directing fund inflows to a new platform, financial planners must have confidence that the platform provider will continue to provide the required service standards and has the ability and incentive to continue to invest sufficiently in the platform on an ongoing basis. The ACCC considered that AXA has a strong brand and reputation and in light of the combination of factors listed above is likely to continue to invest in and maintain its platforms.
121. In determining the likely future competitive impact that AXA would have upon other leading platform providers, the ACCC considered the combination of factors outlined above. The ACCC formed the view that AXA’s platform strategy by investing in platform innovation, in conjunction with its force of distribution, scale and reputation, is likely to generate a competitive response.
122. The ACCC formed the view that the NAB proposed acquisition would impact the likely vigorous and effective competition from AXA in the following ways:
- **Removal of expected strong competitive tension between AXA’s next generation full service wrap platform and NAB’s Navigator platform.** NAB acquired, as part of its acquisition of Aviva in September 2009, the Navigator platform, which was recently described as the “No 1 full function” platform and named Australia’s best platform by Investment Trends. The ACCC considered that AXA’s next generation full service wrap platform is likely to compete closely with NAB’s Navigator platform. The NAB proposed acquisition would not only diminish the incentive for NAB to continue to develop the North platform, but also reduce its incentive to continue to enhance its existing platforms.
  - **Reduced incentives for other competitors to invest in platform innovation.** The removal of AXA as a likely vigorous and effective competitor with significant distribution, scale and reputation capable of generating a competitive response from leading platform providers, would diminish the incentives for large scale platform providers to continue to invest in platform innovations. This is because large scale platform providers already have the scale of FUM to remain profitable and already have an established presence in the non-aligned financial planner channel and established reputation in the industry. The ACCC considered that AXA has greater incentives than other major incumbent platform providers to attract scale due to its relatively smaller position. The ACCC does not consider that sub-scale players are likely to be in a position to replace the competition lost through the removal of AXA as a likely vigorous and effective competitor in the foreseeable future.

- **Reduced prospect of price competition.** The incentives for larger retail investment platform providers to compete by reducing administration fees are weak. The ACCC considered that platform providers are limited in their ability to price discriminate on the basis of lower administration fees on new products. This is because such price discrimination would create arbitrage opportunities and encourage financial planners to follow the new product offered on that platform and switch client investments from the back-book to the front-book. The ACCC considered the significant scale of FUM that would accrue to a merged NAB-AXA would be likely to diminish further its incentive to compete on administration fees.
123. The ACCC formed the view that a merged NAB-AXA would have incentives to further consolidate its platforms to reduce operating costs. In contrast to the NAB proposed acquisition, the ACCC formed the view that a merged AMP-AXA would have incentives to retain the North platform and continue to invest in platform functionality with a view to introducing an innovative full service wrap platform and to expand its presence in the non-aligned planner channel.
124. Further, in contrast to the NAB proposed acquisition, a merged AMP-AXA would not increase its scale of FUM to the same degree. The ACCC recognised that a merged AMP-AXA would be likely to migrate FUM held on its badged platforms, but even taking into account FUM held on AMP's badged platforms, a merged AMP-AXA would not increase its scale of FUM to the same extent as a merged NAB-AXA. Therefore, the ACCC considered that, relative to a merged NAB-AXA, there was a greater prospect of either a merged AMP-AXA or AXA as a stand-alone entity, competing strongly on platform administration fees.

## **Barriers to entry**

125. On the basis of the information available, the ACCC formed the view that barriers to entry in the supply of retail investment platforms are significant, especially given the substantial sunk costs of entry and the scale, distribution capability, and reputation in the industry that would be necessary to be a viable competitive threat to existing key players. Given the high barriers to entry, the ACCC formed the view that there is no credible threat of new entry that will provide an effective competitive constraint on a merged NAB-AXA or to drive competitive responses from other competitors in the way that AXA, as a stand-alone entity or acquired by AMP, is likely to provide.
126. Developing and operating a retail investment platform involves significant upfront capital investment, the development and implementation of sophisticated technology and substantial on-going development and maintenance costs. Inquiries indicate that the initial sunk costs range from around \$30 million to \$100 million. This does not include on-going platform development and maintenance costs.

127. The ACCC inquiries indicated that minimum efficient scale is likely to be significantly higher for vertically integrated firms that have an existing distribution network and a range of legacy products, systems and technology. This is due to the complexities involved in integrating administration systems and technologies when establishing a new retail investment platform.
128. The other significant (and related) barriers to entry in the supply of retail investment platforms are:
- sufficient scale of FUM to generate a reasonable return on investment (to offset the initial sunk costs to establish a retail investment platform);
  - securing access to distribution via financial planners; and
  - developing a strong brand and reputation in the industry to gain confidence from financial planners in directing client funds to the retail investment platform.
129. It is necessary for a new entrant to achieve sufficient scale of FUM in a timely manner in order to generate a reasonable return on investment. The ACCC notes the launch by Credit Suisse of its MasterWrap platform in 2004, which was closed after two years because it did not achieve sufficient scale to be commercially viable.
130. The ACCC noted that ten years ago, Macquarie was able to enter successfully without a network of aligned financial planners by targeting non-aligned financial planners. Such entry would be unlikely to be easily replicated today due to the extent to which non-aligned financial planners have established relationships with retail investment platform providers, even if the potential new entrant had a strong brand and reputation in the industry. In addition, the incremental consolidation of non-aligned dealer groups by the major incumbent wealth management players has reduced the proportion of non-aligned financial planners relative to aligned financial planners. While the non-aligned channel has reduced in proportional terms, non-aligned financial planners still represent a substantial segment of distribution. As discussed above, non-aligned financial planners are a critical driver of competition between retail investment platforms because of their increased ability to redirect new inflows between competing platforms.
131. The ACCC's inquiries indicated that the primary method for attracting scale is through the distribution networks of aligned financial planners that can channel client funds to a particular platform. Scale may also be attracted through non-aligned planner channels. New entrants have previously gained scale by paying volume rebates to dealer groups. The ACCC's inquiries indicated that new entry completely reliant upon attracting minimum efficient scale from non-aligned planner channels was unlikely to occur as a result of the existing relationships between platform providers and non-aligned planners and related switching costs.

132. In recent years, niche players such as Hub 24 and Praemium have launched investment platform offerings. Based on its inquiries, the ACCC considered that these platforms do not provide services that are close substitutes to the services provided by full service retail investment platforms. The ACCC formed the view that these platforms would be unlikely to provide an effective competitive constraint upon full service retail investment platforms because of their limited service offering and lack of an aligned distribution network. The ACCC also noted uncertainty as to the extent to which such niche players can scale up their systems to accommodate a large distribution network of a size that would provide a meaningful competitive constraint to existing retail investment platform providers.
133. Given the high barriers to entry, the ACCC formed the view that there is no credible threat of new entry that will provide an effective competitive constraint on a merged NAB-AXA or to drive competitive responses from other competitors in the way that AXA, as a stand-alone entity or acquired by AMP, is likely to provide.

### **Potential for enhancing platforms using “off the shelf” technology**

134. The ACCC noted that there were a number of alternate retail investment platforms in the market for the supply of retail investment platforms for investors with complex investment needs. However, as outlined above, the ACCC formed the view that, in the absence of AXA’s continued presence as a likely vigorous and effective competitor in the foreseeable future, remaining competitors would not have the incentive to compete strongly in terms of innovation or price.
135. The ACCC also considered whether other market participants would have the ability to easily replicate the developments which AXA is significantly progressed in delivering to market. The ACCC recognised that the base technology of the North platform is not exclusive. The ACCC noted, however, that for any new ‘off the shelf’ base technology purchased by competing platform providers, significant time, cost and resources are needed to customise, adapt, configure and integrate new platform technology to enable it to function effectively with existing software and systems. The ACCC formed the view that, leaving aside other barriers to entry or expansion, it is likely to take a significant length of time and considerable expense for competitors to replicate the developments currently underway by AXA to deliver a next generation full service wrap platform to service clients with complex investment needs. In particular, this is likely to be the case for the major incumbent platform providers which have a significant number of legacy platform systems.

## Coordinated effects

136. The ACCC also considered whether the proposed acquisitions would be likely to raise coordinated effects concerns. Mergers have coordinated effects when they assist firms in the relevant markets in explicitly or implicitly coordinating their pricing, output or related commercial decisions. This may result in a substantial lessening, prevention or hindrance of competition in a number of ways, including resulting in an increase in the prices of the relevant goods or services, or chilling innovation competition.
137. The ACCC conducted inquiries as to whether the removal of AXA as a likely vigorous and effective competitor could give rise to an increased risk of coordinated conduct. This is because AXA may have a greater incentive to win market share in order to grow and maintain scale. Consequently, removing one vigorous and effective competitor from the market may make it more likely that the remaining platform providers can reach a consensus. The removal of such a platform provider in an already concentrated market reduces the number of platform providers that may be willing to deviate from the consensus.
138. In the Statement of Issues, the ACCC outlined some concerns raised during market inquiries that the NAB proposed acquisition may increase the incentive and ability of the merged entity to engage in coordinated conduct in the relevant markets identified. These concerns stemmed from the increasing concentration in the wealth management sector, and in particular the increased market share of the major banks.
139. The ACCC noted that the significant presence of the major banks in wealth management and banking may increase the risk of coordinated conduct in both sectors. A merged NAB-AXA may take into account not only the reaction of competitors within the wealth management market, but also competitor reactions in other markets such as banking. In contrast, a competitor that operates in fewer markets may not be as concerned with the reactions of participants in unrelated markets and hence may be more likely to pursue market share by competing aggressively.
140. The information considered by the ACCC did not rule out the prospect of coordinated effects arising in the market for the supply of retail investment platforms for investors with complex needs as a result of a merged NAB-AXA. However, the ACCC did not consider it necessary to form a view as to whether the NAB proposed acquisition would be likely to result in a substantial lessening, preventing or hindering of competition in this market on this basis.
141. The ACCC considered that an acquisition of AXA by AMP was unlikely to give rise to an increased risk of coordinated effects in this market, as a merged AMP-AXA would continue to have incentives to compete aggressively to enable it to expand in the non-aligned financial planner channel.



### **Conclusion on the likely competitive effects of the proposed acquisitions in the market for the supply of retail investment platforms for investors with complex investment needs**

142. The ACCC concluded that having regard to the likely future competitive environment without the NAB proposed acquisition, AXA, remaining as a stand-alone entity or merging with AMP, is likely to provide vigorous and effective competition which will rival its platform competitors in the market for the supply of retail investment platforms for investors with complex needs.

#### *NAB proposed acquisition*

143. Having regard to the likely future competitive environment with the NAB proposed acquisition, the ACCC concluded the removal of AXA as a vigorous and effective competitor with significant distribution and scale capable of generating a competitive response from leading platform providers would weaken incentives of large scale platform providers to continue to invest in platform innovation. As noted, platform innovation in terms of functionality and quality of service is and is likely to continue to be a key driver of competition in the market.
144. As a result of this and the other factors outlined above, the ACCC formed the view that the NAB Proposed Acquisition would be likely to substantially lessen, prevent or hinder competition in the market for the supply of retail investment platforms for investors with complex needs in contravention of section 50 of the Act.

#### *AMP proposed acquisition*

145. The ACCC formed the view that the proposed acquisition of AXA by AMP would be unlikely to result in a substantial lessening, prevention or hindrance of competition in any of the relevant markets identified.

### **(ii) Impact of the proposed acquisitions in other wealth management markets**

146. In each of the following markets, based on the information available, the ACCC formed the view that the proposed acquisitions were unlikely to raise unilateral competition concerns, although the ACCC considered that it did not need to reach a definitive view in this regard.

#### **Supply of investment products available on retail platforms**

147. On the basis of the information available, the ACCC formed the view that the proposed acquisitions were unlikely to raise unilateral concerns in the market for the supply of investment products available on platforms because of the number of providers which would remain in this market to constrain either merged entity.

148. The ACCC also investigated the ability of either merged entity to limit, remove or deny access to third party providers of investment products seeking to distribute those products on its platforms. Market inquiries indicated that strong incentives remain for platform providers to offer a broad range of investment products on their platforms. The ACCC noted that third party providers of investment products with strong historical performance have considerable bargaining power with platform providers, due to the demand for their products from financial planners and investors.
149. On the basis of the information available, it appeared that the proposed acquisitions were unlikely to result in either merged entity engaging in strategies to foreclose third party providers of investment products.
150. While the ACCC considered that the proposed acquisitions would be unlikely to raise competition concerns in the market for the supply of investment products, the ACCC also considered that having such products available on a platform is necessary for the platform to attract financial planners in order to build the necessary scale (through increasing FUM). The ability to attract and build sufficient scale directly impacts a platform's ongoing viability and competitiveness in the market for retail investment platforms for investors with complex investment needs.

*Potential foreclosure effects on regional banks*

151. The ACCC investigated whether the proposed acquisitions could impact on the ability of regional banks to offer a complete suite of products in banking and wealth management markets, or provide either merged entity with the ability and incentive to restrict channels of distribution for the regional banks.
152. On the basis of the information available, it appeared that neither merged entity would have the ability and incentive to foreclose regional banks due to the existence of a range of alternative providers, both platform providers and non-aligned dealer groups, through which the regional banks may distribute their products. The ACCC also considered that regional banks predominantly supplied their banking products through their own branch networks, and were not reliant on retail investment platform providers to distribute their banking products.

### **Financial planning and advisory services**

153. As discussed above, most retail investors rely on financial planners to access a broad range of wealth management products and services. On the basis of the information available, the proposed acquisitions were unlikely to raise unilateral competition concerns in the market for the supply of financial planning and advisory services. The ACCC considered that neither merged entity would be likely to have the ability and incentive to increase fees for advice charged to investors or reduce quality of service and range of products offered. The ACCC formed the view that either merged entity was likely to be constrained by the remaining financial planners in the market which are not aligned or under the influence of either merged entity.
154. While the ACCC considered that the proposed acquisitions would be unlikely to significantly affect horizontal competition between financial planners, retail investment platforms are a key input to financial planning and advisory services. Accordingly, any reduction in competition between platform providers will flow through to investors via financial planners.
155. At the same time, providers of retail investment platforms rely on financial planners to use their platforms to service investors. The ACCC considered that having sufficient access to financial planners is critical to the viability and success of platforms and competition in the market for retail investment platforms for investors with complex needs.

### **Superannuation and retirement income products**

156. On the basis of the information available, the ACCC formed the view that the proposed acquisitions were unlikely to raise unilateral concerns in the market for the supply of superannuation and retirement income products. The ACCC is of the view that either merged entity was likely to be constrained by alternative suppliers of superannuation and retirement income products, including the competitive constraint imposed on retail superannuation products by industry funds and SMSFs.

### **Life insurance**

157. On the basis of the information available, the ACCC formed the view that the proposed acquisitions were unlikely to raise unilateral concerns in the market for the supply of life insurance products. The ACCC is of the view that either merged entity was likely to be constrained by a number of alternative suppliers of life insurance products.

### **(iii) Impact of the proposed acquisitions in banking markets**

158. The ACCC also investigated the impact of the proposed acquisitions in banking markets. On the basis of the information available, it appeared that the proposed acquisitions were unlikely to substantially lessen competition in banking markets.
159. Conglomerate mergers are mergers between firms that interact across several separate markets and supply products that are typically in some way related to each other, such as products that are in neighbouring markets or products that are complementary in either demand or supply.
160. The ACCC considered that the proposed acquisitions would be unlikely to give either merged entity the ability or incentive to leverage its retail banking products via its wealth management channels or vice versa. The ACCC received information that NAB along with the other major banks already engage in some form of cross selling of their retail banking products and wealth management products. Based on the information available, the ACCC considered that the proposed acquisitions would be unlikely to provide NAB or AMP with any significant additional market share or power in retail banking.
161. The ACCC's inquiries indicated that while the banks distribute their range of financial services products through their branches, customers typically tend to seek out wealth management products and services from dedicated financial service provider outlets.
162. On the basis of the information available, the ACCC considered that either proposed acquisition is unlikely to increase the ability or incentive of the merged entity to leverage its retail banking products via its wealth management channels or vice versa.

### **Conclusion on the proposed acquisitions**

163. The ACCC formed the view that the NAB proposed acquisition would be likely to have the effect of substantially lessening, preventing or hindering competition in the national market for the supply of retail investment platforms for investors with complex investment needs in contravention of section 50 of the Act.
164. In all other relevant markets identified above, the ACCC considered the proposed acquisition of AXA by NAB would be unlikely to result in a substantial lessening, prevention or hindrance of competition, although as noted above the ACCC considered that it did not need to reach a definitive view.
165. The ACCC formed the view that the AMP proposed acquisition would be unlikely to result in a substantial lessening, prevention or hindrance of competition in any of the relevant markets identified.

## Proposed Undertakings

### Undertakings offered by NAB and AXA

166. NAB and AXA offered proposed undertakings pursuant to section 87B of the Act in an attempt to address the ACCC's competition concerns with the proposed acquisition (the **proposed undertakings**). The proposed undertakings provided for the divestiture of the North platform administration business operated by AXA to the proposed purchaser, IOOF.
167. In summary, the proposed undertakings provided for:
- the divestiture of the North platform administration business carried out by AXA using the Bluedoor software (owned by DST Global Solutions (**DST**) (the **divestiture business**). The divestiture business included certain related assets, intellectual property rights, trademarks, rights and obligations under particular agreements, and personnel necessary to operate the business.
  - the acquisition of platform administration services by the AXA product issuers of the North products exclusively from the proposed purchaser for the North products for a period of three years<sup>10</sup> following the completion of the purchaser product capability (see below).
  - NAB to provide funding to an approved purchaser to enable DST to complete (in approximately eight months) the following enhancements to the Bluedoor software:
    - (i) outstanding enhancements to the Bluedoor software that were planned for development by AXA during 2010, including functionality for direct equities capability, model portfolios, dollar cost averaging and term deposits, margin lending (already completed by AXA) and enhanced online/straight through processing (already completed by AXA) (**platform enhancements**);
    - (ii) enhancements to the Bluedoor software that would allow the approved purchaser to support its own products through the divestiture business (**purchaser product capability**).
  - AXA (before the completion of the proposed acquisition) and NAB (after the completion of the proposed acquisition) to provide certain transitional services to the approved purchaser for a period of time.
168. Under AXA's proposed undertaking, AXA would divest the divestiture business to an approved purchaser prior to the completion of the proposed acquisition.

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<sup>10</sup> The proposed undertakings provided for the existing North products being retained by the current AXA product issuers and these product issuers entering into a Platform Administration Services Agreement (PASA) with the proposed purchaser. Under the PASA, the proposed purchaser would provide platform administration services to the product issuers for the North products.

169. The aim of the proposed undertakings was to create a viable, effective, independent and long term competitor in the market for the supply of retail investment platforms for investors with complex needs.
170. The proposed undertakings comprised undertakings offered by NAB and AXA pursuant to section 87B of the Act and a significant number of commercial agreements between NAB, AXA and third parties.

#### **Market inquiries on the proposed undertakings**

171. On 9 August 2010, the ACCC commenced market consultation on the proposed undertakings and on the suitability of the proposed purchaser. The ACCC conducted market inquiries with a range of industry participants, including dealer groups, financial planners, investment product providers and industry associations. Concerns raised during market consultation are discussed below. The majority of these participants raised concerns that the proposed undertakings, including the proposed purchaser, would not provide an effective competitive constraint on a merged NAB-AXA or other existing key players.

#### **ACCC's decision on the proposed undertakings and the proposed purchaser**

172. On 9 September 2010, the ACCC decided to reject the proposed undertakings offered by NAB and AXA as they were not sufficient to remedy the ACCC's competition concerns for the reasons outlined below.
  - **The proposed undertakings do not include any distribution network.** The proposed undertakings do not include the divestiture of any distribution network of financial planners which currently support the North platform. This raises considerable uncertainty as to whether a proposed purchaser operating the divestiture business would be able to offer aggressive competition to restore the competition lost by the proposed acquisition. The lack of distribution assets directly impacts the ongoing viability and competitiveness of the divestiture business, including a heavy reliance upon the proposed purchaser having sufficient distribution capability to provide an effective competitive constraint upon existing key players in the foreseeable future.
  - **The proposed undertakings do not include the North products which provide scale of FUM.** The proposed undertakings do not include the divestiture of the North products which have been important in attracting inflows to the North platform. The North products also provide the North platform scale of FUM to ensure its ongoing viability and competitiveness. Market inquiries confirmed the importance of the North products to attracting scale on the North platform. The omission of the North products raises considerable uncertainty that a proposed purchaser operating the divestiture business would be able to maintain and attract sufficient scale in a timely manner to enable ongoing investment to maintain and develop the North platform. The exclusion of the North products from the proposed undertakings directly impacts the ongoing viability and competitiveness of the divestiture business.

- **The proposed undertakings are uncertain and dependent on third parties.**  
The proposed undertakings are dependent on parties other than NAB and AXA including reliance upon DST and the AXA North product issuers. The proposed undertakings are reliant on a number of separate agreements between different parties. Market inquiries expressed concern regarding the complex nature of the behavioural obligations in the undertakings and noted that effectiveness of the undertakings is critically dependent on third parties to complete actions that will directly impact on the ability of the proposed purchaser to provide an effective competitive constraint and therefore uncertain. Despite certain incentives being built into the proposed undertakings, the uncertainty and dependency on third parties directly impacts the ongoing viability and potential competitiveness of the divestiture business.

173. In forming the view that the NAB proposed acquisition would be likely to result in a substantial lessening, prevention or hindrance of competition, the ACCC concluded that barriers to entry in the retail investment platform market are high and require a new entrant to have sufficient scale and a distribution network of financial planners to be successful in providing a competitive constraint. The divestiture proposal does not include a standalone business which incorporates the distribution assets for the North products or the North products which are integral components to the success of the North platform.
174. The omission of the distribution assets and the North products from the divestiture business results in a reliance on the proposed purchaser's ability to attract sufficient scale to the North platform, to ensure the continued viability of the divestiture business. It also results in a reliance on the merged NAB-AXA to comply with, for a period of three to four years, extensive behavioural obligations in the proposed undertakings.
175. Based on the results of market inquiries and its assessment of the proposed undertakings, the ACCC formed the view that there was considerable doubt that the proposed purchaser with the divestiture package proposed by NAB and AXA would be likely to provide an ongoing and effective competitive constraint on large scale platform providers for the following reasons.
  - The proposed purchaser appeared unlikely to have a sufficient distribution capability or be able to attract such capability in order to provide an effective competitive constraint upon existing key players in a timely manner. Market inquiries confirmed that the lack of any distribution assets in the proposed undertakings would significantly reduce the ability of the proposed purchaser to grow scale on the North platform.
  - There is considerable uncertainty as to the proposed purchaser's ability to grow scale in a timely manner without the benefit of the distribution network and North products which currently support the North platform.
  - The relationship between the proposed purchaser and a merged NAB-AXA created by the proposed undertakings present a risk that the proposed purchaser will have diminished incentives to aggressively compete against a merged NAB-AXA.

176. Finally, the ACCC considered that the proposed undertakings do not provide a complete structural remedy to alleviate the ACCC's competition concerns, but rather involve complex and long term behavioural obligations that presented risks and uncertainty.
177. The ACCC concluded that the substantial lessening, prevention or hindrance of competition which would be likely to arise as a result of the NAB proposed acquisition would not be remedied by the proposed undertakings.



## Appendix A - ACCC review timelines

The following tables outline the timeline of key events in relation to the ACCC's review of the proposed acquisitions.

**Table 1 ACCC timeline for review of the NAB proposed acquisition**

Date	Event
19 January 2010	ACCC commenced review of the NAB proposed acquisition under the Merger Review Process Guidelines.
5 February 2010	Closing date for submissions from interested parties.
10 February 2010	ACCC published a Statement of Issues outlining preliminary competition concerns. Former proposed dates for announcement of ACCC's findings, amended to allow for Statement of Issues.
26 February 2010	Closing date for submissions relating to Statement of Issues.
12 March 2010	Former proposed date for announcement of ACCC's findings of 17 March 2010, amended to allow the ACCC to consider further information requested from the merger parties.
19 April 2010	ACCC announced it would oppose the NAB proposed acquisition.
9 August 2010	ACCC commenced market consultation on the proposed undertakings by NAB and AXA and on the suitability of the proposed purchaser.
23 August 2010	Closing date for submissions from interested parties.
9 September 2010	ACCC announced its decision to reject the proposed undertakings offered by NAB and AXA.

**Table 2 ACCC timeline for review of the AMP proposed acquisition**

Date	Event
4 December 2009	ACCC commenced review of the AMP proposed acquisition under the Merger Review Process Guidelines.
11 December 2009	ACCC requested further information from AMP Limited.
18 December 2009	In light of AMP's announcement to the ASX on 17 December 2009, ACCC timeline for review of the AMP proposed acquisition suspended.
21 December 2009	Upon AMP's request that the ACCC continue with its review of the AMP proposed acquisition, ACCC timeline recommenced.
24 December 2009	Closing date for submissions from interested parties in relation to the AMP proposed acquisition.
10 February 2010	ACCC published a Statement of Issues outlining preliminary competition concerns. Former proposed dates for announcement of ACCC's findings, amended to allow for Statement of Issues.
26 February 2010	Closing date for submissions relating to Statement of Issues.
12 March 2010	Former proposed date for announcement of ACCC's findings of 17 March 2010, amended to allow the ACCC to consider further information requested from the merger parties.
30 March 2010	The ACCC deferred its former proposed date for announcement in relation to the AMP proposed acquisition of 1 April 2010. It is continuing to receive relevant information and will make a decision as soon as all relevant information has been considered.
19 April 2010	ACCC announced it would not oppose the AMP proposed acquisition.