



23 Marcus Clarke Street
Canberra ACT 2601

GPO Box 3131
Canberra ACT 2601

tel: (02) 6243 1368
mergers@acc.gov.au

www.acc.gov.au

Our ref: IM-70910
Contact officer: Tim Byrne
Contact phone: 03 9658 6440

26 October 2020

Dear Interested Party

Request for submissions: Proposed acquisition of MLC Wealth Management by IOOF Holdings Limited

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of MLC Wealth Management (**MLC**), owned by National Australia Bank (**NAB**), by IOOF Holdings Limited (**IOOF**) (the **proposed acquisition**).

IOOF and MLC each supply (through licensed financial advisers, corporate/employer sponsors, and directly) superannuation and non-superannuation investment products and financial advice to consumers in Australia.

Further details regarding the proposed acquisition can be found at **Attachment A**.

The ACCC is focused on the impact of the proposed acquisition on competition in the supply of investment platforms for superannuation and other retirement income, retail investment platforms for non-superannuation discretionary investment (wealth management), and financial advice. In particular, we are seeking your views on:

- how closely IOOF and MLC compete
- the likely impact of the proposed acquisition on fees and/or service levels in the areas of overlap between IOOF and MLC
- the likely impact of the proposed acquisition on fees and/or service levels in the supply of financial advice.

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in a market.

Please provide your response by **5pm on 9 November 2020**. Responses may be emailed

to mergers@acc.gov.au with the title: *Submission re: IOOF/MLC - attention Tim Byrne*. If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Tim Byrne on 03 9658 6440.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC will not publish submissions regarding the proposed acquisition. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the *Competition and Consumer Act 2010*. Where the ACCC is required to disclose confidential information, the ACCC will notify you in advance where possible so that you may have an opportunity to be heard. Therefore, if the information provided to the ACCC is of a confidential nature, please indicate as such. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Sheridan de Kruiff
A/g General Manager
Merger Investigations

Attachment A

IOOF and MLC Wealth Management

IOOF is an ASX-listed financial services company operating in Australia.

MLC is the wealth management business owned by NAB.

Both IOOF and MLC offer a range of products and services in the following segments:

- Platforms, retirement and investment solutions, including superannuation and non-superannuation investment administration platforms for financial advisers, individuals, employers and corporations.
- Financial advice, through networks of employed and licensed advisors.
- Investment/asset management, including direct asset management or multi-asset/multi-manager diversified investment products.

IOOF provides financial advice through employed advisors at Shadforth Financial Group and Bridges, and advice licensees at Consultum Financial Advisers, Financial Services Partners, Lonsdale Financial Group, Millennium 3 and RI Advice.

MLC provides financial advice through employed advisors at MLC Advice, and advice licensees at TenFifty and Godfrey Pembroke.

The transaction

On 31 August 2020, IOOF and NAB entered into a Sale and Purchase Agreement under the terms of which IOOF agreed to acquire MLC Wealth Management and its advice business.

IOOF is not acquiring MLC advice licenses, but will seek to attract the approximately 400 affiliated (but not employed) MLC financial advisers to elect to move across to IOOF licenses.

Areas of overlap

Broadly, the parties overlap in the supply in Australia of:

1. superannuation and retirement income products
2. retail investment platforms
3. retail non-superannuation discretionary investment products
4. financial advice.

The ACCC is considering whether segments within areas of overlap (for example, retail platforms, wraps and mastertrusts) have particular characteristics that suggest they should be assessed as separate fields of competition.

Attachment B

1. Please provide a brief description of your business or organisation.
2. Please outline the reasons for your interest in the proposed acquisition, including any commercial relationship(s) with IOOF and/or MLC.

Questions for customers (including financial advisors)

3. If you use any of the following products or services, please identify them, describe the type of product or service you use, and identify your current supplier/s of the products or services:
 - a. retail platform, mastertrust or wrap products for superannuation or other retirement income
 - b. corporate platform, mastertrust or wrap products for superannuation or other retirement income
 - c. retail platform, mastertrust or wrap products for non-super discretionary investment products
 - d. financial advice.
4. For each type of product/service you procure as identified in question 3, please identify the key alternative suppliers of these products/services capable of servicing your needs. In your response, please comment on any suppliers you consider particularly vigorous or effective competitors to IOOF and/or MLC (for example, through their expertise, capability, product offering, price, etc.).
5. Please discuss whether prices may increase or service levels may decrease due to the proposed acquisition for any of the products/services identified in question 3.
6. How closely do IOOF and MLC compete in the supply of the products/services listed in question 3? Do customers readily switch between IOOF and MLC when seeking these products/services? In your response:
 - a. please comment on whether there are particular products/services and/or segments of products/services where competition between IOOF and MLC is stronger or weaker
 - b. please consider factors such as they types of products/services and the type and size of the customers that they service.
7. For the products/services identified in question 3, is there anything unique about or innovative about MLC's offerings?

Questions for competitors

8. Please identify which of the following products/services you supply in Australia, and describe the type of customer you service:
 - a. retail platform, mastertrust or wrap products for superannuation or other retirement income
 - b. corporate platform, mastertrust or wrap products for superannuation or other retirement income
 - c. retail platform, mastertrust or wrap products for non-super discretionary investment products
 - d. financial advice.
9. Please identify your competitors for the supply of each product/service identified in your response to question 8. Please provide estimated market shares where possible.

10. For each product/service identified in your response to question 8, please discuss the possibility of new entry or of expansion by existing competitors.

Questions for customers, competitors and financial advisors

11. For superannuation and retirement income products:
 - a. to what extent do industry superfunds (ISF) and public sector funds compete with retail and/or corporate platforms?
 - b. to what extent do self-managed super funds compete with retail and/or corporate platforms?
 - c. to what extent are platform products, mastertrust products and wrap products substitutes for each other?
 - d. to what extent are corporate and retail products substitutes for each other?
 - e. to what extent are superannuation and non-superannuation retirement income products substitutes for each other?
12. For non-superannuation discretionary investment products, to what extent are platform products, mastertrust products and wrap products substitutes for each other?

Other

13. Please provide any additional information or comments that you consider relevant to the ACCC's consideration.