

MEDIA RELEASE

Investigation Ref

INV076

Date

09/12/2024

Proposed Merger between Swan Securities Ltd and Capital Markets Brokers Ltd

The Competition Act 2007 provides for the control of merger situations by the Competition Commission. It empowers the Competition Commission to review certain merger situations and where the latter determines that the merger situation is likely to impede competition, it may impose appropriate directions on the concerned parties.

The Competition Commission has received an application for guidance on the proposed merger between Swan Securities Ltd (“SSL”) and Capital Markets Brokers Ltd (“CMB”). Both SSL and CMB hold an investment dealer licence from the Financial Services Commission and, among others, offer stockbroking services in Mauritius.

After a preliminary assessment of the proposed transaction, the Competition Commission is concerned that the proposed transaction may affect competition in the market for supply of execution services on the Stock Market of Mauritius (“SEM”). Currently, there are 7 suppliers of such services in Mauritius, but the market appears to be concentrated. The Competition Commission is concerned that the transaction may result in further concentration affecting the state of competition and pricing for existing and new clients, and competition in terms of research and value-added services.

The parties to the transaction have offered undertakings to address the concerns of the investigation. Among others they have undertaken to:

- Review their client lists to identify common clients and the applicable terms and conditions, including pricing structure (“terms and conditions”), for these clients and applying the most favourable terms and conditions to them in case of disparity.
- Not increase the pricing of their existing client base unless justified by cost increase or by law.
- Offer normal fee schedule by SEM to their new clients who can negotiate for discounts under certain conditions.
- Maintain or improve the terms and conditions under which their respective current client base is currently operating.
- Not to reduce their staff or include staff retrenchment as a result of the transaction.

In this context, the Competition Commission hereby invites the views of interested parties on the potential effects of the proposed merger on competition and also on the proposed undertakings. Views can be submitted either by post or by email, as follows:

The Executive Director
Competition Commission
10th Floor, Hennessy Court, Pope Hennessy St.
Port Louis
Email: info@competitioncommission.mu

Deadline for the submission of views: 23 December 2024