EUROPEAN COMMISSION

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PUBLIC VERSION

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus […]. Where possible the information omitted has been replaced by ranges of figures or a general description.

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Subject: **Case M.10728 - CACF / STELLANTIS / FCA BANK / F2ML**
Commission decision pursuant to Article 6(1)(b) of Council Regulation (EC) No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 15 November 2022, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 (the "**Merger Regulation**"),[3] by which: (i) Crédit Agricole Consumer Finance

1 OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.
2 OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').
3 OJ L 24, 29.1.2004, p. 1.

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("**CACF**", France), intends to acquire, within the meaning of Article 3(1)(b) of the Merger Regulation, sole control of FCA Bank S.p.A. ("**FCA Bank**", Italy), which is currently jointly controlled by CACF and Stellantis N.V. ("**Stellantis**", the Netherlands) (the "**FCA Bank Transaction**"); and (ii) CACF and Stellantis intend to acquire, within the meaning of Articles 3(1)(b) and 3(4) of the Merger Regulation, joint control of Free2MoveLease ("**F2ML**"), mainly active in the provision of B2B operational leasing services (the "**LeaseCo Transaction**"). The FCA Bank Transaction and the LeaseCo Transaction, are together referred to as the "**Transaction**". CACF, Stellantis, FCA Bank and F2ML are referred to, together, as the "**Parties**". CACF and Stellantis are referred to, together, as the "**Notifying Parties**".

1. THE PARTIES

(2) **CACF** is a wholly-owned subsidiary of Crédit Agricole S.A., the central body of the Group Crédit Agricole ("**GCA**"), which is a cooperative financial institution, offering retail banking, corporate banking, investment banking, private banking, wealth management and asset management services. CACF is active in the consumer credit sector. It offers financing solutions for individual customers and in a wide range of sectors (banking, distribution and e-commerce, automotive) and is mainly active in Europe but has also operations in China and Morocco.

(3) **Stellantis** is a publicly listed multinational corporation, headquartered in the Netherlands. It was formed in 2021 following a 50-50 cross-border merger between the Italian-American conglomerate Fiat Chrysler Automobiles N.V. ("**FCA**") and Peugeot S.A. ("**PSA**") groups, which was authorised by the Commission on 21 December 2020.[4] Stellantis is active worldwide in the development, manufacturing and distribution of automotive vehicles.[5]

(4) The Stellantis Group includes several financial entities inherited from FCA and PSA, which provide a wide range of financial and leasing services through the existing cooperation entered by FCA Italy[6] (with respect to FCA legacy) or Banque PSA[7] (with respect to PSA legacy) with banking partners, such as BNP Paribas Personal Finance ("**BNPP**") (giving rise to the cooperation agreement referred to as "**OVF**"),[8] Santander Consumer Finance ("**SCF**") (giving rise to the cooperation agreement referred to as "**PCDF**"),[9] and CACF (giving rise to the cooperation agreements referred to as FCA Bank and "**Leasys**").[10] These legal entities carry out

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4 M.9730 – *FCA/PSA*, Decision of 21 December 2020.

5 Stellantis manufactures and distributes automotive vehicles under the following brands: Peugeot, Citroën, DS Automobiles, Opel, Vauxhall, Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Fiat Professional, Jeep, Lancia, Maserati and Ram.

6 FCA Italy S.p.A. ("**FCA Italy**"), a Stellantis subsidiary.

7 Banque PSA Finance, S.A. ("**Banque PSA**"), a Stellantis subsidiary.

8 OVF is a cooperation arrangement concluded by PSA with BNPP in relation to Opel and Vauxhall brands.

9 PCDF is a cooperation arrangement concluded by PSA with SCF in relation to Peugeot, Citroën, and DS brands.

10 FCA Bank is a cooperation arrangement concluded between FCA and CACF in relation to the FCA brands. FCA Bank owns 100% of Leasys, which is a company operating an operational leasing division in all the jurisdictions affected by the proposed reorganization.

financial services and leasing services in connection with Stellantis branded vehicles.

(5) **FCA Bank** mainly operates in the automotive financing sector in Europe and in Morocco. It cooperates with various automotive brands (mainly FCA brands and other white-label brands to a lesser extent) as well as with motorhome and caravan manufacturers.

(6) **F2ML** comes from the PSA side of Stellantis and cooperates with both PCDF and OVF in the provision of B2B operational leasing services in several EEA Member States.

2. THE CONCENTRATION

(7) The **Transaction** is part of the wider reorganisation following the FCA/PSA merger, which created a complex set-up, resulting in up to five entities or joint ventures in each country in charge of the financing activities supporting the sale of vehicles under certain Stellantis brands. The reorganisation, which aims at streamlining the structure of Stellantis' financing activities and rationalising relationships with brands, dealers and customers, gives rise to three separate notifiable transactions (related cases are M.10726 and M.10727).

(8) The target outcome of the reorganization is as follows: (i) SCF and Stellantis will operate a JV which will provide financing activities (excluding B2B operational leasing) for all Stellantis brands in Belgium, France, Italy, Luxembourg, the Netherlands, Poland, Spain and Portugal (the "**SCF-Stellantis JVs**", M.10727); (ii) BNPP and Stellantis will operate a JV which will provide financing activities (excluding B2B operational leasing) for all Stellantis brands in Germany, Austria, and the UK (the "**BNPP-Stellantis JVs**", M.10726); (iii) CACF and Stellantis will operate a JV mainly dedicated to B2B operational leasing for all Stellantis brands in all countries covered by the reorganization (the LeaseCo Transaction, M.10728); and (iv) CACF will solely control FCA Bank (with an altered scope of activities as it will no longer control Leasys) (the FCA Bank Transaction, M.10728).

(9) The concentration concerned by this decision covers two separate but interrelated transactions: (i) the LeaseCo Transaction and (ii) the FCA Bank Transaction.

i. LeaseCo Transaction

(10) CACF and Stellantis will combine the two existing leasing businesses of Stellantis. As a result of the LeaseCo Transaction: (i) the entire operational leasing business of Leasys (currently owned by FCA Bank) will be transferred to LeaseCo, which will be jointly controlled by CACF and Stellantis; (ii) LeaseCo will receive [...] pertaining to F2ML from Stellantis and OVF and PCDF; (iii) Stellantis will establish an exclusive cooperation with LeaseCo with respect to the distribution of B2B operational leasing products relating to Stellantis brands; and (iv) the B2B operational leasing activities currently operated by OVF and PCDF under the F2ML brand will be put into run-off.

(11) LeaseCo will continue to perform on a lasting basis all the functions of an autonomous economic entity within the meaning of Article 3(4) of the Merger Regulation. CACF and Stellantis will exert joint control over LeaseCo pursuant to

paragraphs 62 - 80 of the Consolidated Jurisdictional Notice ("**CJN**"),[11] considering that they will each hold 50% of LeaseCo's share capital, they will be equally represented in LeaseCo's board of directors and all strategic decisions of the LeaseCo, such as the adoption of the budget and the business plan, will be taken by [...].

ii. FCA Bank Transaction

(12) In parallel to the LeaseCo Transaction, CACF will acquire the shares held by FCA Italy in FCA Bank, thus acquiring sole control over FCA Bank within the meaning of Article 3(1)(b) of the Merger Regulation.

(13) CACF will establish, on the basis of the existing activities (excluding Leasys) and staff (excluding staff transferred to the BNPP-Stellantis JV and to the SCF-Stellantis JV), an independent automobile financing company that no longer benefits from the cooperation with Stellantis in the countries affected by the contemplated reorganisation.[12]

iii. Interrelated transactions

(14) The LeaseCo Transaction and the FCA Bank Transaction constitute a single concentration within the meaning of the Merger Regulation[13] and of the CJN,[14] because: (i) both operations will each bring about a change of control, so that they both constitute concentrations within the meaning of Article 3 of the Merger Regulation; (ii) they are linked by mutual conditionality, *i.e.*, neither could take place without the other;[15] and (iii) control will be acquired by CACF in each of these transactions.[16] Such a transaction structure is envisaged by paragraph 42 of the CJN, as CACF will be acquiring both sole and joint control over separate undertakings based on interdependent agreements.

3. UNION DIMENSION

(15) The undertakings concerned have a 2021 combined aggregate worldwide turnover of more than EUR 5 000 million (*CACF*: EUR […]; *Stellantis*: EUR […]; *FCA Bank*: EUR […]; *F2ML*: EUR […]). The undertakings concerned each have an EU-wide turnover in excess of EUR 250 million in 2021 (*CACF:* EUR […]; *Stellantis*: EUR […]; *FCA Bank*: EUR […]; *F2ML*: EUR […]). Not all of the undertakings concerned achieve more than two-thirds of their aggregate EU-wide in one and the same Member State. Therefore, the notified concentration has an EU dimension under Article 1(2) Merger Regulation.

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11 Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings.

12 Following the Transaction, the activities of FCA Bank relating to the financing of FCA brands, dealers and vehicles, will be put into run-off in the countries affected by the reorganisation.

13 Merger Regulation, Article 3.

14 CJN, paragraphs 38-44.

15 Specifically, pursuant to Recital IX of the Umbrella Agreement entered into between Stellantis, FCA Italy, GCA, and CACF, the FCA Bank and the LeaseCo Transactions are defined as constituting a "*[...]*". Article 2.1.3 of the Umbrella Agreement further states that [...] "*[...]*".

16 Form CO, paragraphs 48 - 57.

4. OVERVIEW OF RELEVANT MARKETS

(16) The Transaction primarily concerns automotive financing services. Specifically, the LeaseCo Transaction concerns the following plausible markets where the Parties' activities overlap: (i) operational leasing in Austria, Belgium, France, Germany, Italy, the Netherlands, Poland, Portugal and Spain; (ii) standalone fleet management services in France and Poland;[17] and (iii) distribution of insurance products in Austria, France, Germany, Italy, the Netherlands, Poland, Portugal and Spain.[18]

(17) These overlaps lead to the following horizontally affected plausible markets:[19]

i) Operational leasing in Italy;

ii) Operational leasing for small and medium enterprises ("**SMEs**") in Italy;

iii) Operational leasing for SMEs in France.

(18) The LeaseCo Transaction will also entail the following vertical relationships: (i) the activities of Stellantis in the upstream market for manufacturing the supply of passenger cars and light commercial vehicles ("**LCVs**") and the downstream market for operational leasing; and (ii) the activities of CACF in the upstream market for insurance provision, and those of LeaseCo in the downstream market for insurance distribution.[20] These vertical relationships lead to the vertically affected markets for manufacturing and supply of passenger cars and LCVs, upstream, and those of operational leasing, downstream, in Italy and France.

(19) The FCA Bank Transaction relates to the following plausible markets where the Parties' activities overlap: (i) motor vehicle lending in France, Germany, Italy, the Netherlands, Poland, Portugal and Spain; (ii) financial leasing in France, Germany, Italy, Poland, Portugal and Spain; (iii) loans to SMEs and car dealerships in Belgium, France, Germany, Italy, the Netherlands, Poland and Portugal; (iv) savings accounts in Italy and Germany; and (v) distribution of insurance products in France, Germany, Greece, Italy, Poland, Portugal and Spain.

(20) These overlaps lead to the following horizontally affected plausible markets:

i) Motor vehicle lending in France in non-captive services only;

ii) Motor vehicle lending in Portugal in non-captive services only;

iii) Lending to car dealerships in Italy.

(21) The FCA Bank Transaction also results in the following vertical relationship which does not give rise to an affected market: insurance provision, upstream, where

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17 Even if we would assume that standalone fleet management services constitutes a separate market, the Parties' combined market shares remain below 20%, in all relevant jurisdictions where the LeaseCo will be operational.

18 The Parties' combined market shares remain below 20% in insurance distribution under any plausible market and geographic definition.

19 It is noted that Leasys has a market share of [30-40]% in Italy in operational leasing to large corporate customers. However, there is no increment brought by F2ML or GCA on this segment as a result of the Transaction, so this market segment will not be discussed further in this decision.

20 This vertical relationship does not give rise to any affected markets.

GCA is active, and insurance distribution, downstream, where both GCA and FCA Bank are active.[21]

4.1. Market definition

4.1.1. Automotive financing services – Motor vehicle lending

4.1.1.1. Commission's practice

(22) As regards product market definition, the Commission in previous cases has considered that within retail banking consumer credit could constitute a separate market. The Commission also considered that within consumer credit, consumer credit specifically for the purchase of motor vehicles could be identified as a separate market, *i.e.*, motor vehicle lending.[22]

(23) The Commission did not reach a conclusion as to whether the market for motor vehicle lending should be limited to non-captive activities or whether it should also include captive activities, *i.e.*, financing services offered by car manufacturers' financing subsidiaries to customers purchasing a vehicle of their own car brand.[23]

(24) More broadly, within the market for automotive financing services, the Commission has considered separate markets for motor vehicle lending, on the one hand, and leasing services relating to motor vehicles, on the other hand.[24] The plausible segmentations within the market for leasing services for motor vehicles will be discussed further below.

(25) As regards the geographic market definition the Commission has previously considered the geographic markets for automotive financing (motor vehicle lending and leasing services for motor vehicles) to be national in scope.[25]

4.1.1.2. The Notifying Parties' views

(26) In relation to a potential distinction within automotive financing services between motor vehicle lending and leasing for motor vehicles, the Notifying Parties argue that the exact delineation of the market can be left open, as the Transaction will not give rise to competition concerns regardless of the exact market definition.

(27) Moreover, the Notifying Parties submit that the exact product market definition for motor vehicle lending services can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market whether the market is

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21 Both the LeaseCo Transaction and the FCAB Transaction could give rise to hypothetical conglomerate relationships between the activities of GCA in the market for retail banking and the activities of LeaseCo and FCAB in the various automotive financing market segments. Since these conglomerate relationships would not be merger specific and pre-existing to the Transaction, they will not be discussed any further in this decision.

22 M.9730 – *FCA/PSA*, paragraph 1928; M.8460 – *Peugeot/BNP Paribas/Opel Vauxhall FinCos*, paragraph 15.

23 M.9730 – *FCA/PSA*, paragraph 1929; M.8460 – *Peugeot/BNP Paribas/Opel Vauxhall FinCos*, paragraph 16.

24 M.9730 – *FCA/PSA*, paragraph 1928; M.8460 – *Peugeot/BNP Paribas/Opel Vauxhall FinCos,* paragraph 15.

25 M.4844 – *Fortis/Abn Amro Assets*, paragraph 80.

considered to encompass both captive and non-captive activities or just non-captive activities.[26]

(28) Regarding the geographic market definition, in line with the Commission's past practice, the Notifying Parties submit that the market for automotive financing services as well as the market for motor vehicle lending should be considered as national in scope.[27]

4.1.1.3. Commission's assessment

(29) In relation to the market for automotive financing services and all plausible distinctions therein, the market investigation results suggest that, from a supply-side substitutability standpoint, the plausible markets for motor vehicle lending and financial leasing for motor vehicles do not materially differ, whereas the market for operational leasing for motor vehicles could be considered as a separate market. From a demand-side substitutability point of view, however, these services cater to slightly different customers' needs and therefore may be seen as separate markets.[28]

(30) As regards the plausible market for motor vehicle lending and a potential distinction between captive and non-captive activities, the market investigation results indicate that captive and non-captive financing institutions compete in the same market and car dealerships can generally present a number of different alternative financing offers to their customers, including both captive and non-captive services.[29]

(31) In any event, the exact product market definition for automotive financing services can be left open, as the Transaction does not raise any serious doubts as to its compatibility with the internal market under any plausible market definition. Similarly, the exact market definition can be left open in relation to a potential segmentation between non-captive and captive services since the Transaction does not raise any serious doubts as to its compatibility with the internal market under any plausible market definition.

(32) Regarding the geographic market definition, the vast majority of respondents confirmed that the market for automotive financing services (including the plausible narrower market for motor vehicle lending) is national in scope.[30]

(33) For the purposes of this decision, the Commission will analyse the overall market for automotive financing services and the narrowest plausible market for motor vehicle lending (based on a market encompassing both captive and non-captive services, as well as non-captive services separately) at national level.

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26 Form CO, paragraph 207.
27 Form CO, paragraph 234.
28 Questionnaire to Competitors, replies to questions 1, 6, and 7.
29 Questionnaire to Competitors, replies to question 4.
30 Questionnaire to Competitors, reply to question 5.

4.1.2. Lending to SMEs – Lending to car dealerships

4.1.2.1. Commission's practice

(34) In previous decisions, the Commission has considered a segmentation of the corporate banking market based on the customer group, *i.e.*, a segmentation between: (i) banking services to large corporate customers; and (ii) banking services to SMEs. The Commission has also considered a segmentation of banking services to large corporate customers based on the category of products (*e.g.*, loans, savings, etc.), as well as, within banking services to SMEs, a separate segment for lending to car dealerships. [31]

(35) In relation to the geographic market definition, in its previous decisions, the Commission has considered the market for corporate banking and specifically the potential market for lending to SMEs, to be national in scope.[32]

4.1.2.2. The Notifying Parties' views

(36) The Notifying Parties note that lending to car dealerships should form part of the wider market for lending to SMEs. However, they submit that the exact delineation of the relevant product market for lending to SMEs can be left open as the Transaction will not give rise to competition concerns regardless of the precise market definition.[33]

(37) As regards geographic market definition, the Notifying Parties argue that, in line with the Commission's past practice, this market should be considered as national in scope. Nevertheless, they indicate that the exact scope of the geographic market for lending to SMEs can be left open as the Transaction will not give rise to competition concerns regardless of the precise market definition.[34]

4.1.2.3. Commission's assessment

(38) The market investigation results are not conclusive regarding a plausible identification of a separate market for lending to car dealerships within the market for lending to SMEs. The market investigation results do suggest however, that from a supply side the type of service does not materially change between lending to SMEs and lending to car dealerships and, generally, providers of lending to SMEs are able to provide lending services also to car dealerships.[35]

(39) In any event, the exact definition of the product market for lending to SMEs can be left open, as the Transaction does not raise any serious doubts as to its compatibility with the internal market under any plausible market definition.

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31 M.9730 – *FCA/PSA*, paragraphs 1937 and 1939; M.8460 – *Peugeot/BNP Paribas/Opel Vauxhall Fincos*, paragraph 19; M.5384 – *BNP Paribas/Fortis*, paragraph 11; and M.4844 – *Fortis/ABN Amro Assets*, paragraphs 16 and 19.

32 M.8460 – *Peugeot/BNP Paribas/Opel Vauxhall Fincos*, paragraph 22; M.6168 – *RBI/EFG Eurobank/JV*, paragraph 17; M.4844 – *Fortis/ABN Amro Assets*, paragraph 80.

33 Form CO, paragraph 231.

34 Form CO, paragraph 237.

35 Questionnaire to Competitors, replies to questions 1 and 8.

(40) Regarding the geographic market definition, the vast majority of respondents who replied to the market investigation confirmed that the market for lending to SMEs is national in scope.

(41) For the purposes of this decision, the Commission will analyse the market for lending to SMEs considering both an overall market for lending to SMEs and the narrowest plausible market of lending to car dealerships only, in both scenarios at national level.

4.1.3. Motor vehicle leasing services

4.1.3.1. Commission's practice

4.1.3.1.1. Operational and financial leasing

(42) In past cases, the Commission has considered that financial leasing and operational leasing constitute separate product markets, as leasing agreements for financial leases are concluded with the main purpose of financing vehicles to enable a customer to ultimately purchase a vehicle and do not generally involve any of the additional services which are usually included in an operational leasing contract.[36] However, in the *Daimler/BMW/Car Sharing JV* decision, in light of the supply-side substitutability in that specific case, the Commission conducted its assessment on the basis of an overall leasing market combining operational and financial leasing.[37]

(43) While the characteristics of the two types of leasing can vary, in general, the primary objective of a financial leasing contract is the financing of the acquisition of a vehicle, leading to ownership of the vehicle by the lessee, whereas, in the case of an operational leasing contract, the main objective is the use of the vehicle and therefore a sort of rental contract.

(44) On one hand, a financial lease is a financial product that functions as a loan by the lessor to enable the lessee to purchase a vehicle and pay in instalments.[38] Therefore, in a financial lease contract it is generally the lessee that bears the operational and residual value risk of the vehicle.[39]

(45) On the other hand, in an operational leasing contract, the economic and legal ownership of the vehicle remains with the lessor and the lessee pays monthly instalments for its use.[40] Therefore, in an operational lease contract, it is generally the lessor who bears the risks attached to the property of the vehicle (including in particular, changes to the value of the vehicle and its disposal at the end of the contract).

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36 M.4199 – *De Lage Landen/Athlon*, paragraph 8; M.6333 – *BMW/ING Car Lease*, paragraph 15.

37 M.8744 – *Daimler/BMW/Car Sharing JV*, paragraph 86.

38 M.6436 – *VWFS/D'Ieteren/Volkswagen D'Ieteren Finance JV*, paragraph 25.

39 M.8309 – *Car Corporation/First rent a car*, paragraph 27.

40 M.9501 – *I Squared Capital Advisors/PEMA*, paragraph 11, stating that "[*t]he costs of other related services (such as maintenance and repair services), which form an integrated part of the operating leasing services, are included in the (monthly) lease payments*"

4.1.3.1.2. Operational leasing and fleet management services

(46) Operational leasing includes the leasing of the vehicle (as described above) coupled with the provision of a range of fleet management services, such as maintenance, repair, fuel cards, tire replacement, insurance etc. Such services can also be sourced on a stand-alone basis separately from an operational leasing contract and without the supply of vehicles. This is typically done by customers having their own vehicle fleet or that sourced their fleet through financial leasing.

(47) In past decisions, the Commission considered whether a distinction should be drawn between 'funded' fleet leasing (operational leasing accompanied by fleet management services) and 'unfunded' fleet leasing (fleet management services provided on a standalone basis).[41] Although the Commission left the market definition open, a previous Commission investigation suggested that the segmentation into funded and unfunded was not appropriate, because the main function of full fleet leasing and management services is the outsourcing of the management of the vehicle fleet to a leasing company which may or may not be backed by an operational lease component; and both funded and unfunded vehicle leasing can be offered by the same suppliers.[42]

4.1.3.1.3. Other potential market segmentations of the leasing markets

(48) In prior decisions, the Commission left open the question of whether a segmentation of the leasing markets should be made between vehicles of up to 3.5 tons (passenger cars and light commercial vehicles) and vehicles of more than 3.5 tons (trucks and buses) because of differences in the regulation, maintenance and customer type.[43]

(49) The Commission has not considered a potential segmentation by type (e.g., small, medium, large, executive, sport) or brand of car to be relevant in its previous decisional practice, since customers usually request a diversified fleet and leasing companies offer a range of types and brands.[44]

(50) Moreover, the Commission has previously considered segmentations of the leasing market according to the size of customers (small and SMEs), on the one hand, and large corporate customers, on the other, but has left the precise scope of the product market definition open.[45]

(51) In past cases, while leaving the definition of the relevant geographic market open, the Commission found that the scope of the leasing markets is at least national in scope because of differences between Member States in: (i) tax and duty regimes (and the way different leasing formulas are treated under these regimes, impacting heavily their fiscal 'attractiveness' for customers), (ii) customer needs and

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41 M.6333 – *BMW/ING Car Lease*, paragraph 10; M.8309 – *Car corporation/First rent a car*, paragraphs 34-37.

42 M.4199 – *De Lage Landen/Athlon,* paragraph 16.

43 M.8744 – *Daimler/BMW/Car Sharing JV*, paragraphs 87-89; M.8309 - *Volvo Car Corporation/First Rent a Car*, paragraphs 34-37.

44 M.8744 – *Daimler/BMW/Car Sharing JV*, paragraph 87; M.8309 – *VolvoCar Corporation/First Rent a Car*, paragraph 35(c); M.6333 - *BMW/ING Car Lease*, paragraph 12.

45 M.8744 – *Daimler/BMW/Car Sharing JV*, paragraph 83 and M.8414 – *DNB/Nordea/Luminor Group*, paragraph 67.

preferences and (iii) different levels of wear in vehicles due to road conditions.[46] Furthermore, the Commission found that leasing products are not standardized at European level and that the national markets differ considerably in terms of market size and maturity.[47]

4.1.3.2. The Notifying Parties' views

(52) The Notifying Parties submit that for the purposes of this case, the exact delineation of the relevant product markets for motor vehicle leasing should be left open as the Transaction will not give rise to competition concerns regardless of the precise market definition.[48]

(53) For the purposes of the competitive analysis, in this case the Notifying Parties distinguish between: (i) financial leasing; and (ii) operational leasing for vehicles of up to 3.5 tons, considering that neither Leasys nor F2ML offer vehicle leasing services for vehicles of above 3.5 tons.

(54) With regard to the market for operational leasing, the Notifying Parties maintain that the vast majority of operational leasing contracts include fleet management services.[49] In fact, the Notifying Parties submit that it would not be appropriate to assess their position on a potential segment of pure operational leasing as operational leasing contracts typically include at least some basic components of fleet management services and especially considering that: (i) more than […] of F2ML's and Leasys' operational leasing contracts include fleet management services; (ii) from a supply side perspective all leasing companies can provide fleet management services, since such services are almost inherent to operational leasing contracts; and (iii) from a demand side perspective operational leasing is only seldomly provided without related fleet management services in order to address certain specific customers' needs.[50]

(55) Within operational leasing, the Notifying Parties will also assess the potential sub-segmentations by types of customers (*i.e.,* distinguishing between private customers, SMEs and large corporate customers).[51] The Notifying Parties submit that no segmentation by type of brand of cars would be appropriate for the operational leasing market.[52]

(56) The Notifying Parties suggest that the exact delineation of the relevant geographic market can be left open because the Transaction will not give rise to competition concerns regardless of the precise market definition.[53]

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46 M.6333 – *BMW/ING Car Lease*, paragraph 20; M.4199 – *De Lange Landen/Athlon*, paragraph. 20.
47 M.3090 – *Volkswagen/Offset/Crescent/LeasePlan/JV*, paragraph. 11.
48 Form CO, paragraph 206.
49 Form CO, paragraph 202.
50 Form CO, paragraphs 209 - 211.
51 Form CO, paragraph 208.
52 Form CO, paragraph 213.
53 Form CO, paragraph 235.

4.1.3.3. Commission's assessment

(57) For the purposes of the present decision, the definition of the exact product market can be left open, as no competition concerns would arise under any plausible product market definition.

(58) The assessment of the effects of the Transaction focuses on the plausible separate markets for operational leasing (as defined in paragraph (46) above), financial leasing (as defined in paragraph (44)) and standalone fleet management services (as defined in paragraph (47)).

(59) Although the results of the market investigation point toward a market encompassing services provided to both large corporate customers and SMEs,[54] the Commission will consider the effects of the Transaction on the overall market but also on the plausible segments of large corporate customers and SMEs, in all instances for vehicles of up to 3.5 tons.

(60) The results of the market investigation suggest that the leasing markets are national in scope.[55] For the present decision, the Commission will assess the effects of the Transaction on national markets. However, the definition of the exact geographic market can be left open, as no competition concerns would arise under any plausible geographic market definition.

4.1.4. Savings accounts

4.1.4.1. Commission's practice

(61) In its past practice, the Commission identified a separate market for savings accounts, including various forms of deposits, and considered this market to be national in its geographic scope.[56]

4.1.4.2. The Notifying Parties' views

(62) In line with the Commission's previous practice, the Notifying Parties consider that there is a separate market for savings accounts, including various types of deposits, and they argue that this market should be national in scope.[57]

4.1.4.3. Commission's assessment

(63) The market investigation results do not provide any elements, which would suggest to diverge from the Commission's past practice and, therefore, for the purposes of the present decision, a separate market for savings accounts, national in scope, can be identified. Since the Transaction, however, does not give rise to any affected

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54 Questionnaire to Competitors, replies to question 12.

55 Questionnaire to Competitors, replies to questions 5 and 6.

56 M.6168 – *RBI/EFG Eurobank/JV*, paragraph 12; M.4844 – *Fortis/ABN Amro Assets*, paragraphs 40 and 41.

57 Form CO, paragraphs 232 and 239.

markets in relation to savings accounts, this market will not be assessed any further in this decision.[58]

4.1.5. Insurance distribution

4.1.5.1. Commission's practice

(64) The Commission has identified in the past separate markets for insurance provision and insurance distribution. Insurance distribution involves the procurement of insurance cover for individual and corporate customers through different distribution channels, whether comprised of direct writers, tied agents or intermediaries, such as banks, brokers, and financial promoters. Within the market for insurance distribution, the Commission considered that a distinction could be drawn between the distribution of non-life and life insurance products. Within the market of non-life insurance, the Commission also considered a separate segment for distribution of motor vehicle insurance and for extended warranties and maintenance contracts.[59]

(65) Furthermore, the Commission has left open the question of whether the markets for the distribution of life and non-life insurance include exclusively third-party outward insurance distribution channels (*e.g.*, agents and banks) or whether it should also comprise direct sales forces. With respect to the distribution of non-life insurance through brokers, however, the Commission has considered distinct markets from other types of distribution, in view of the specificities of the services provided by such brokers.[60]

(66) Regarding geographic market definition, in its decisional practice, the Commission has acknowledged that insurance distribution channels may be national or even wider than national in scope, while ultimately leaving this question open. In some of its previous decisions, especially regarding Italy, the Commission has also taken into consideration a narrower segmentation at local level, *i.e.*, at the level of administrative regions or provinces.[61]

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58 For completeness, it is noted that, currently, FCA Bank offers savings accounts in Germany and Italy. Following the FCA Bank Transaction, FCA Bank will continue offering savings accounts in the abovementioned countries. In any event, the Notifying Parties indicate that FCA Bank's activities in the field of savings accounts services are only ancillary to the financial services it offers to its customers in the abovementioned countries. CACF also offers savings accounts to its customers in the abovementioned countries. The Notifying Parties estimate that FCA Bank's market shares do not exceed [0-5]% in the market for the provision of savings accounts in Germany and in Italy. As far as CACF is concerned, the Notifying Parties estimate that its parent company (GCA)'s market shares do not exceed [0-5]% in Germany and [10-20]% in Italy. Overall, the Parties' combined market shares in Italy and Germany would remain below [10-20] % in relation to savings accounts.

59 M.6957 – *IF P&C/Topdanmark*, Commission, paragraph 18; M.6521 – *Talanx International / Meiji Yasuda Life Insurance/Warta*, paragraph 19.

60 M.6957 – *IF P&C/Topdanmark*, paragraph 15; M.9730 – *FCA/PSA*, paragraph 1944; M.6053 – *CVC/Apollo/Brit Insurance*, paragraph 19.

61 M.5057 – *Aviva/UBI Vita*, paragraphs 11-12; M.7233 – *Allianz/Going concern of Unipolsai Assicurazioni*, paragraphs 24-26; and M.10360 – *Assicurazioni Generali/Società Cattolica di Assicurazione*, paragraphs 90-91.

4.1.5.2. The Notifying Parties' views

(67) As regards product market definition, the Notifying Parties consider that the market for insurance distribution should comprise both direct means of sale to end customers and all other outward distribution channels. Additionally, they indicate that a distinction between distribution of non-life and life insurance products may be considered relevant.[62]

(68) In relation to geographic market definition, the Notifying Parties observe that the Parties' activities in insurance distribution are entirely ancillary to the acquired business, *i.e.*, automotive financing services, and the acquired business is of national scope, therefore, they would exclude the necessity to consider a geographic scope narrower than national for the purposes of the present case. The Notifying Parties argue instead that the relevant scope for the market for insurance distribution should be national.[63]

4.1.5.3. Commission's assessment

(69) The market investigation results do not provide any elements, which would suggest to diverge from the Commission's past practice in relation to the market for insurance distribution. Since the Transaction, however, does not give rise to any affected markets, even under the narrowest plausible segments for distribution of non-life insurance specifically in relation to motor vehicle, extended warranties, and maintenance contracts, this market will not be assessed any further in this decision.[64]

4.1.6. Manufacturing and supply of passenger cars and commercial vehicles

4.1.6.1. Commission's practice

(70) The Commission has in the past considered separate markets for the manufacturing and supply of passenger cars, on the one hand, and of commercial vehicles, on the other hand.[65]

(71) For passenger cars, the Commission's decisional practice has defined separate product markets for: (i) mini cars; (ii) small cars; (iii) medium cars; (iv) large cars;

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62 Form CO, paragraph 233.

63 Form CO, paragraphs 243-245.

64 For completeness, it is noted that, currently, FCA Bank distributes insurance products in all countries in which it is active in the EEA, *i.e.*, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Ireland, the Netherlands, Norway, Poland, Portugal, Spain and Sweden. Following the FCA Bank Transaction, FCA Bank will continue to distribute insurance products in the said countries. In any event, the Notifying Parties submit that FCA Bank's insurance distribution activities are only ancillary to the financial services it offers to its customers in the EEA. GCA distributes a wide range of life and non-life insurance products in the following EEA countries: France, Germany, Greece, Italy, Poland, Portugal and Spain. GCA also distributes a wide range of insurance products related to the automotive sector. The Parties' combined market share would remain below 20% in the market for the distribution of life insurance and for the distribution of non-life insurance. Moreover, they would remain below 20% even considering narrower segments for the distribution of motor vehicle insurance and for the distribution of extended warranties and maintenance contracts. This would apply in all countries where the Parties' activities overlap.

65 M.8449 – *Peugeot/Opel*, paragraph 6; M.9360 – *Daimler/Geely/JV*, paragraph 14.

(v) executive cars; (vi) luxury cars; (vii) sport cars; (viii) sport utility vehicles ("SUVs"); and (ix) multipurpose vehicles.[66]

(72) The Commission has previously considered further sub-segmentation of the possible market for SUVs into: (i) small; (ii) medium; and (iii) large SUVs; but ultimately left the precise market definition open. Furthermore, the Commission left open whether electric cars constitute a separate product market and whether this possible market should be further segmented according to: (i) technology (electric battery cars and hybrid cars); or, (ii) by category of car, as those defined in paragraph (71) for vehicles with combustion engines.[67]

(73) In previous decisions, the Commission considered a possible segmentation of the market for commercial vehicles into: (i) LCVs with a gross weight below 6 tons; (ii) medium trucks between 6 and 16 tons; and (iii) heavy trucks above 16 tons.[68]

(74) For LCVs, the Commission considered but ultimately left open, whether to further sub-segment LCVs into vehicles: (i) up to 3.5 tons; and (ii) between 3.5 and 6 tons. The Commission also ultimately left open whether pick-up trucks can be considered passenger cars given that they can be purchased for private use and can transport both goods and people.[69]

(75) In previous decisions, the Commission has ultimately left open whether the geographic scope of the markets for manufacturing and supply of passenger cars and commercial vehicles is EEA-wide or national in scope.[70] In relation to LCVs in particular, the Commission has considered the market to be national in scope, while recognising the presence of some degree of out-of-market constraints from other countries.[71]

4.1.6.2. The Notifying Parties' views

(76) The Parties have not contested the above product and geographic market definitions.

4.1.6.3. Commission's assessment

(77) The Commission considers that, for the purpose of the present decision, the question whether there are separate markets for passenger cars and commercial vehicles and whether they should be further sub-segmented as indicated at paragraphs (70) - (74) can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition for the manufacturing and supply of passenger cars and commercial vehicles.

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66 M.9360 – *Daimler/Geely/JV*, paragraph 15; M.8449 – *Peugeot/Opel*, paragraph 11; M.5518 – *Fiat/Chrysler*, paragraph 12.

67 M.8449 – *Peugeot/Opel*, paragraphs 7-16.

68 M.8309 – *Volvo Car Corporation/First Rent a Car*, paragraph 13; M.8099 – *Nissan/Mitsubishi*, paragraph 17; M.4420 – *Credit Agricole Fiat Auto/FAFS*, paragraph 20.

69 M.9360 – *Daimler/Geely/JV*, paragraph 17; M.8449 – *Peugeot/Opel,* paragraphs 21-24.

70 M.9360 – *Daimler/Geely/JV*, paragraph 19, M.8449 – *Peugeot/Opel,* paragraph 26.

71 M.9730 – *FCA / PSA*, paragraphs 163 and 165.

(78) The Commission considers that for the purpose of the present decision the question whether the market for manufacturing and supply of passenger cars and commercial vehicles (and possible sub-segments) is EEA-wide or national can be left open. The Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.

5. COMPETITIVE ASSESSMENT

5.1. The LeaseCo Transaction

5.1.1. Horizontally affected markets - Operational leasing services in Italy and France

(79) As mentioned above in paragraphs (17) and (20), the Transaction gives rise to the following horizontally affected potential markets:[72] (i) operational leasing in Italy; (ii) operational leasing for SMEs in Italy;[73] and (iii) operational leasing for SMEs in France.

5.1.1.1. The Notifying Parties' views

(80) The Notifying Parties argue that the Transaction does not raise competition concerns in the markets for: (i) operational leasing in Italy (overall and in the segment of operational leasing to SMEs); and (ii) operational leasing to SMEs in France for the following reasons:

(81) *First*, the LeaseCo Transaction essentially consists of a reallocation of Stellantis' operational leasing activities within the same entity, and will therefore not bring about any major change to the structure of the market. They note that the only change of control relates to CACF's acquisition of joint control of F2ML which was previously already controlled by Stellantis, together with the financing joint venture companies established with SCF and BNPP.

(82) *Second*, in relation to both Italy and France, there is no overlap between F2ML and CACF, which means that the affected markets in these Member States are not a direct result of the LeaseCo Transaction.

(83) *Third*, the market shares provided are conservative considering that F2ML's existing fleet will not be transferred to LeaseCo, which means that the market shares provided overstate LeaseCo's market position upon completion of the Transaction.[74] In addition, in relation to operational leasing to SMEs specifically, there is also a risk of overestimating the market shares, as the Notifying Parties have allocated to the SMEs segment all customers to which they lease less than 500 vehicles, even if such customers may in fact have a running fleet of more than 500 vehicles.

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72 The combined market share of the F2ML Business, Leasys and GCA will remain below 20% in all other jurisdictions (Austria, Belgium, Germany, Netherlands, Poland, Portugal and Spain), under any plausible market segmentation.

73 We note that Leasys has a market share of [30-40]% in Italy in operational leasing to large corporate customers. However, there is no increment brought by F2ML or GCA on this segment as a result of the Transaction, so this market segment will not be discussed further in this decision.

74 F2ML Business' existing fleet will be put into run-off at the level of the relevant Stellantis' captive financing companies rather than being transferred together with the corresponding business.

(84) *Fourth*, the market share increment brought by F2ML in Italy does not exceed 5% under any plausible segmentation of the market for operational leasing services, while in relation to France an affected market only arises when looking at the segment for SMEs and then only marginally.

(85) *Fifth*, the operational leasing markets in Italy and France are very competitive with the presence of many established competitors. As indicated in Table 1 below, there are many strong players in the Italian market for operational leasing with meaningful market shares.[75]

Table 1: Operational Leasing Market Shares in Italy – 2021 – Volume

Leasing Companies	Market Share
Leasys	[20-30]%
F2ML	[0-5]%
GCA	[0-5]%
Combined	***[20-30]%***
Arval	[10-20]%
ALD	[10-20]%
LeasePlan	[10-20]%
Volkswagen Financial Services	[10-20]%
Unipol Rental	[5-10]%

Source: Form CO, Table 11 and paragraph 262, Frost & Sullivan data for total market sizes and Dataforce for competitor market shares and Parties' own data.

(86) Similarly to Italy, the Notifying Parties argue that the French operational leasing market is highly competitive and that LeaseCo will be constrained by established competitors which are either subsidiaries of other OEMs or large sophisticated banking groups, which are all players having the size and financial strength to exert an effective competitive constraint on the combined entity.[76] Table 2 below provides an overview of the Parties and their top-5 operational leasing competitors' market shares:

[75] Following the conditional clearance of the acquisition of LeasePlan by ALD by the European Commission on 25 November 2022, in case M.10638 - *ALD/Leaseplan*, the combined ALD/LeasePlan entity is expected to be the second biggest player in operational leasing in Italy with a market share of [20-30]% in terms of volume.

[76] Following the conditional clearance of the acquisition of LeasePlan by ALD by the European Commission on 25 November 2022, in case M.10638 - *ALD/Leaseplan*, the combined ALD/LeasePlan entity is expected to be the first biggest player in operational leasing in France with a market share of [20-30]% in terms of volume.

Table 2: The Parties and their top-5 operational leasing competitors' market shares in France – 2021 - Volume

Leasing Companies	Market Share
Leasys	[0-5]%
F2ML	[10-20]%
GCA	[0-5]%
Combined	*[10-20]%*
ALD	[10-20]%
Arval	[10-20]%
Mobilize (RCI Banque)	[10-20]%
Volkswagen Financial Services	[5-10]%
LeasePlan	[5-10]%

Source: Response to RFI 4, received on 23 November 2022, response to question 3(d), AAA Data.

(87) In view of the unavailability of readily available market shares for competitors specifically in the SME's segment in France,[77] the Notifying Parties have provided market shares of their top-5 competitors in an overall market for operational leasing. They submit that these market shares provide a credible representation of their main competitors' market position in the French market, regardless of any potential customer segmentation (including a segment limited to sales to SMEs). The table above also provides the Parties' market shares in an overall market for operational leasing, regardless of any plausible market segmentations. Based on those market shares, the Transaction would not give rise to an affected market for operational leasing in France, however, if considering the Parties' market shares in the segment for operational leasing to SMEs, the Transaction would give rise to an affected market. In the segment for operational leasing to SMEs in France, the Parties' combined market share would amount to [20-30]%, with an increment of [0-5]% brought by Leasys (F2ML would already hold a market share of [10-20]% and GCA is not active in this market).

5.1.1.2. The Commission's assessment

(88) Leasys and F2ML are already both under the control of Stellantis (F2ML is currently a business unit within Stellantis, jointly controlled by Stellantis, BNPP and SCF through OVF and PCDF, respectively, as regards B2B operational leasing carried out under the F2ML brand, and Leasys is currently jointly controlled by Stellantis and CACF). The Transaction therefore does not bring about a material change to the Parties' market position. In any event, the Parties' combined market shares on the market for operational leasing in Italy (including the segments of SMEs) are moderate and remain below [20-30]%. In particular, the Parties' combined markets shares in Italy in 2021 in terms of volume, amounted to

[77] There is not accepted standard in the industry for the definition of an SME.

[20-30]% in operational leasing (with an increment of [0-5]% brought by F2ML)[78] and [20-30]% in operational leasing to SMEs (with an increment of [0-5]% brought by F2ML).[79] The Commission observes that the increment brought by F2ML is negligible, as it would remain below 5% under any plausible market segmentation.

(89) In relation to France, the Parties' combined market shares in operational leasing to SMEs in 2021 […] exceeded the 20% threshold as they amounted to [20-30]% (by volume) with a limited increment of [0-5]% brought by Leasys.

(90) The results of the market investigation confirmed the Parties' arguments and the overall dynamics on the markets. Respondents to the market investigation indicate that they view the markets as overall competitive, with a sufficient number of companies credibly active in the same markets. The market investigation results highlight the presence of a number of strong competitors active in Italy and France. Specifically:

(91) ***Italy***. Respondents to the market investigation describe the Italian operational leasing market as highly competitive and they mention Arval as the leading player ([20-30]% market share), ALD ([10-20]% market share), LeasePlan (10-20% market share), Volkswagen Financial Services ([5-10]% market share), Alphabet ([0-5]% market share), Unipol Rental ([0-5]% market share) among the main players active in the market. Respondents to the market investigation indicate that the Mercedes Benz Group, Toyota (through KINTO) and RCI Bank also have a presence on this market.[80]

(92) ***France***. Respondents to the market investigation indicate that the French market is highly competitive with many credible competitors such as Arval (the current largest supplier with a market share of [10-20]%), Renault (through DIAC/Overlease) ([10-20]% market share), ALD ([10-20]% market share), LeasePlan (5-10% market share) and Alphabet ([5-10]% market share). Beyond those main competitors, other groups of comparable magnitude are also active in France. These include Mercedes-Benz (through Athlon), Volkswagen Financial Services, BPCE (through BPCE Lease), Toyota (through KINTO) and Crédit Mutuel (through Crédit Mutuel Leasing).[81] The market investigation results do not provide any evidence suggesting that the market dynamics operate differently in an overall market for operational leasing in France and in the potential segment for operational leasing to SMEs in France. Thus, the above considerations equally apply to an overall market for operational leasing in France and to the potential segment for operational leasing to SMEs in France.

(93) In light of the above, and considering that no respondent raised any substantiated complaint as to whether competition would be negatively impacted as a result of the LeaseCo Transaction, the Commission considers that the LeaseCo Transaction

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78 In terms of value the Parties' combined market shares in Italy in operational leasing would amount to [20-30]% with an increment of [0-5]% brought by F2ML.

79 For completeness, the Parties' combined market shares in operational leasing for sales to large corporate customers in Italy in 2021 amounted to [30-40]% with no increment brought by F2ML.

80 Questionnaire to Competitors, replies to questions 10-11. We understand that the market shares are volume based.

81 Questionnaire to Competitors, replies to questions 10-11. We understand that the market shares are volume based.

will not raise any competition concerns in relation to operational leasing in Italy or France (under all plausible segments).

5.1.2. Vertically affected markets - Manufacturing and supply of passenger cars and commercial vehicles by Stellantis (upstream) and operational leasing services by LeaseCo (downstream)

(94) As mentioned above, the Transaction gives rise to the following vertically affected markets: manufacturing and supply of passenger cars and LCVs (upstream)[82] in which Stellantis has a market share of [30-40]% in France and [30-40]% in Italy in terms of registrations in 2021[83] and the downstream markets for operational leasing in Italy and France (including all plausible segments), where the Parties' combined market shares amount to [20-30]% and [20-30]% respectively.

5.1.3. The Notifying Parties' views

Input foreclosure

(95) The Parties argue that there is no risk of input foreclosure for the following reasons. [84]

(96) *First*, the Parties argue that Stellantis' reorganisation essentially consists of an "internal" reorganization of activities, as Stellantis is merely streamlining its three existing partnerships with its existing banking partners (BNPP, SCF and CACF). These partnerships have already been examined and authorized by the Commission,[85] and consequently all vertical links are pre-existent and are not related to this reorganisation.

(97) *Second*, LeaseCo will continue to face several competitors on the operational leasing market, including competition from subsidiaries of other OEMs which also benefit from exclusive cooperation from their OEM (such as Alphabet, Volkswagen Financial Services or RCI Banque), so the LeaseCo Transaction is unable to lead to any foreclosure of LeaseCo's rivals.

(98) *Third*, although Stellantis undertook to cooperate […] with LeaseCo with respect to operational leasing activities to corporate customers, this does not limit the right of Stellantis to continue selling vehicles to any customers, including to customers who

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82 It is noted that the Parties have provided market shares for passenger cars and LCVs because within the category of commercial vehicles they only supply LCVs and have no vehicles that fall under the categories of medium-size trucks and heavy-duty trucks.

83 Considering Stellantis shares at national level in the various segments identified in the past by the Commission within the market for the manufacturing and supply of passenger cars and commercial vehicles, *i.e.*, mini cars, small cars, medium cars, large cars, executive cars, luxury cars, sport cars, sport utility vehicles, and multipurpose vehicles, a number of additional vertically affected markets would arise. These markets, however, would only be vertically affected because of Stellantis' market position pre-existing to the Transaction. The Transaction will not bring about any change to Stellantis' market position in the upstream market. Therefore, these additional vertically affected markets will not be further discussed individually, as the same considerations outlined in relation to the vertically affected market for the overall market for the manufacturing and supply of passenger cars and commercial vehicles apply to them.

84 Form CO, paragraphs 320-324.

85 M.4420 – *Crédit Agricole/Fiat Auto/Fidis Retail Italia,* M.7369 – *Santander/PSA/JVs,* M.8460 – *Peugeot/BNP Paribas/Opel Vauxhall Fincos*.

are competitors of LeaseCo. In addition, this […] cooperation regarding the supply of automotive vehicles and operational leasing in France and in Italy is pre-existent to the LeaseCo Transaction and will not change Stellantis' incentives in that respect.

Customer foreclosure

(99) With respect to customer foreclosure, the Parties argue that no such concerns will arise because F2ML is already offering operational leasing for Stellantis branded vehicles in Italy and France, which means that the LeaseCo Transaction will not affect the OEMs that supply vehicles to players offering operational leasing. In addition, LeaseCo will be offering operational leasing for vehicles of OEMs other than Stellantis and the LeaseCo transaction will not affect Stellantis' competitors in the manufacturing and sale of vehicles to continue to have access to the downstream market for operational leasing.[86]

5.1.4. The Commission's assessment

Input foreclosure

(100) The Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market in relation to the vertical relationship between the manufacturing and supply of passenger cars and commercial vehicles (upstream) and the supply of operational leasing (downstream), as a result of input foreclosure for the following reasons.

(101) *First*, as argued by the Parties, although Stellantis has a non-negligible market share in the upstream market for the manufacturing and supply of passenger cars and LCVs in Italy ([30-40]%) and France ([30-40]%), this vertical relationship with the leasing businesses of F2ML and Leasys (post-Transaction LeaseCo) is pre-existing. In light of this, the Commission considers that the concern expressed by some respondents to the market investigation according to which Stellantis will have the ability and incentive to offer its vehicles on less favourable conditions to operational leasing providers competing downstream,[87] is not merger specific. In fact, the 20-30% market share held by Stellantis downstream in Italy and the [20-30]% in France, were already under the control of Stellantis pre-Transaction, without any additional increment brought by CACF. In addition, the market investigation did not reveal any evidence that would substantiate an increased incentive for Stellantis to engage in input foreclosure as a result of the Transaction.

(102) *Second*, Stellantis will face competitive constraints upstream from active and strong competitors on the market for the manufacturing and supply of passenger cars and LCVs. In fact, the Commission notes that there are several established vehicle suppliers in France, such as Renault ([20-30]% market share), VAG ([10-20]% market share), Toyota ([5-10]% market share) and Hyundai-Kia ([0-5]% market share) as well as in Italy, such as VAG ([10-20]% market share), Renault ([5-10]% market share), Ford ([5-10]% market share) and Toyota ([5-10]% market share). In addition, some of the established competitors of the LeaseCo in

86 Form CO, paragraph 323.

87 Questionnaire to Competitors, replies to question 14 and 17.

Italy and France are the financing arms of OEMs themselves, such as Mercedes-Benz (through Athlon), Volkswagen (through Volkswagen Financial Services), BMW (through Alphabet) and Renault (through DIAC/Overlease).

Customer foreclosure

(103) The Commission does not consider that the Transaction raises serious doubts as to its compatibility with the internal market in relation to the vertical relationship between the manufacturing and supply of passenger cars and commercial vehicles (upstream) and the supply of operational leasing (downstream), as a result of customer foreclosure for the following reasons.

(104) *First*, as mentioned above, this vertical relationship between Stellantis with the leasing businesses of F2ML and Leasys (post-Transaction LeaseCo) pre-existents the Transaction.

(105) *Second*, given LeaseCo's relatively modest market shares in operational leasing of below 30% under any plausible market segment in both Italy and France and the multitude of operational leasing companies active in these countries (see paragraphs (42)-(43) above), competing suppliers of vehicles upstream will continue to have a sufficient number of alternative outlets for their products. As confirmed by the results of the market investigation not all downstream companies offering operational leasing services in Italy and France have agreements with Stellantis for the procurement of vehicles, while most leasing companies have agreements with multiple OEMs.[88]

(106) *Third*, as indicated by the Parties, LeaseCo will be offering leasing services for vehicles of OEMs other than Stellantis and it will therefore have no incentive to discriminate against rival car suppliers as, (in order to stay competitive with rival leasing companies) it will need to offer customers a wide range of vehicles at competitive prices. Such strategy would also be at odds with the overall business model of operational leasing considering that when selecting a vehicle leasing company customers tend to value the offer of multiple car brands and different car categories.[89]

5.2. The FCA Bank Transaction

5.2.1. Horizontally affected markets – Motor vehicle lending and lending to car dealerships

(107) As mentioned above, the FCA Bank Transaction gives rise to the following horizontally affected markets: (i) motor vehicle lending in France in the potential segment for non-captive activities only; (ii) motor vehicle lending in Portugal in the potential segment for non-captive activities only;[90] and (iii) lending to SMEs in Italy, in the potential segment for lending to car dealerships only.[91]

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88 Questionnaire to Competitors, replies to question 13.

89 M.6333 - *BMW/ING Car Lease*, paragraph 43

90 The Parties' combined market shares in automotive financing services remain below 20% in each of the EEA countries where their activities will overlap. Similarly, considering the overall market for motor vehicle lending, including both captive and non-captive activities, their combined market

Motor vehicle lending

(108) The Parties' market shares in the affected markets for motor vehicle lending in France and Portugal are presented in the table below.

Table 3: Parties' market shares on the market for motor vehicle lending in France and Portugal, non-captive activities only – Value – 2021[92]

	France	Portugal
FCA Bank	[0-5]%	[0-5]%
GCA	[20-30]%	[20-30]%
Combined	*[20-30]%*	*[20-30]%*

Source: Form CO, Table 21, based on Finaccord data for total market size and on the Parties' own data.

5.2.1.1. The Notifying Parties' views

(109) The Notifying Parties consider that the FCA Bank Transaction will not raise any competition concerns in relation to motor vehicle lending, non-captive activities only segment, in France and Portugal since the Parties' combined market share remains in both countries below 30% and the increment brought by FCA Bank stays minimal. Additionally, the Notifying Parties argue that, post-FCA Bank Transaction, the combined entity will continue to be constrained by other car manufacturers' captive financial companies or large and sophisticated financial institutions with their consumer finance divisions.[93]

5.2.1.2. The Commission's assessment

(110) The Parties' combined market shares on the market for motor vehicle lending in France and Portugal, segment for non-captive activities only, are moderate and remain below 30%, *i.e.*, [20-30]% in France and [20-30]% in Portugal. The Commission observes that the increment brought by FCA Bank is negligible, as it would remain below [0-5]%.

(111) The results of the market investigation confirmed the Parties' arguments and the overall dynamics on the markets. Respondents to the market investigation indicate that they view the markets as overall competitive, with a sufficient number of companies credibly active in the same markets.[94] It is noted that, while the market for motor vehicle lending would be affected considering only the segment for non-captive, the market investigation results point toward the definition of a market encompassing both captive and non-captive activities, as outlined above in Section 4.1.1.3. Thus, based on the market feedback received, it appears that captive and non-captive financing companies compete in the same market and the

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shares would remain below 20% in each of France, Germany, Italy, the Netherlands, Poland, Portugal, and Spain.

91 The Transaction does not give rise to any affected markets in relation to lending to SMEs, in any of the EEA countries where the Parties' activities will overlap. The Parties additionally confirmed that, considering the potential segment for lending to car dealerships only, the Transaction would not give rise to any affected markets, with an exception – potentially – for Italy, where the Notifying Parties argued that it cannot be excluded that the Parties' combined market share is above 20%.

92 Considering market shares by volume, the Parties' combined market shares would remain below 20%, including in France and Portugal and considering the non-captive segment only.

93 Form CO, paragraphs 353-361.

94 Questionnaire to Competitors, replies to questions 6 and 7.

vast majority of respondents to the market investigation provided their feedback regarding market dynamics and competitive landscape on this basis.

(112) The market investigation results highlight the presence of a number of strong competitors active in France and Portugal. Specifically:

(113) ***France.*** Respondents to the market investigation define the competitive landscape in France as dynamic and they mention BPCE Financement (20-30% market share), BNPP (20-30% market share), Groupe Crédit Mutuel (10-20% market share) among the main players active in the market.[95] Respondents to the market investigation also indicate that Mobilize Financial Services (former RCI Bank), BMW Bank, and Volkswagen Financial Services are equally competing fiercely in the market.[96]

(114) ***Portugal.*** Despite observing that captive finance companies compete more fiercely in the market than non-captive finance companies,[97] the vast majority of respondents indicate that competition take place vigorously in this market. Respondents to the market investigation mention 321 Crédito ([5-10]% market share), Cofidis ([10-20]%), BBVA Consumer Finance ([5-10]%), BNPP ([0-5]%), Montepio Crédito ([0-5]%) among the main players active in the market. Mobilize Financial Services, Volkswagen Financial Services, Mercedes-Benz Financial Services, and Toyota Financial Services are equally competing fiercely in the market.[98]

(115) Finally, respondents point out that the FCA Bank Transaction will generally have no or very limited impact on the markets for motor vehicle lending in France and Portugal. One competitor explains that there would be no impact because: "*the companies/brands involved already have a strong partnership with one of the financial institutions that act as captive in this deal*". Respondents' feedback to the market investigation supports the Commission's understanding that the Transaction is a mere reorganisation of activities and will not bring any acquisition of control by CACF over activities it did not already jointly control with Stellantis. The Transaction will only lead to a change from joint to sole control.[99] Hence, the Commission considers that the FCA Bank Transaction will not raise any competition concerns in relation to motor vehicle lending, segment for non-captive activities, in France and Portugal.

Lending to SMEs – lending to car dealerships

(116) FCA Bank currently offers lending to SMEs in Austria, Belgium, Denmark, Greece, France, Germany, Italy, the Netherlands, Poland, Portugal, and Spain. Post-FCA Bank Transaction, FCA Bank will continue offering lending to SMEs in those same countries either as part of the continuation of its partnership with

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95 The Notifying Parties could be able to provide only market share ranges for these competitors, due to lack of publicly available data and precise internal estimates.

96 The Notifying Parties were not able to provide market shares for these competitors for France, due to lack of publicly available data and precise internal estimates.

97 The Commission observes that this is a feature of these markets which pre-exists the Transaction and is not Transaction-specific.

98 The Notifying Parties were not able to provide market shares for these competitors in Portugal.

99 Questionnaire to Competitors, replies to question 15.

Stellantis for the financing of Stellantis brands or through various agreements with other car manufacturing companies. GCA also offers lending to SMEs in Belgium, France, Germany, Italy, the Netherlands, Poland, and Portugal. In none of the countries where the Parties' activities overlap, their combined market share will be above 20% considering the overall market for lending to SMEs.

(117) On a plausible alternative narrower market limited to lending to car dealerships, due to the absence of publicly available data, the Notifying Parties have not been able to provide estimates of the total market sizes and to estimate precisely the Parties' market shares. The Notifying Parties can, however, indicate that the Parties' combined market shares are below 20% in all the countries where there is an overlap, except for Italy.[100] In Italy, the Parties' combined market share in the potential market for lending to car dealerships would potentially be above 20% because FCA Bank pre-Transaction holds a market share between approximately [20-30]% and [20-30]%. GCA would only have a marginal presence in this market in Italy, giving rise nevertheless to an increment in the combined entity's market share and, therefore, to an affected market.

5.2.1.3. The Notifying Parties' views

(118) The Notifying Parties consider that the FCA Bank Transaction will not raise any competition concerns in relation to lending to car dealerships in Italy, since the Parties' combined market share remains below 30% and the increment brought by GCA would remain minimal. Additionally, the Notifying Parties argue that, post-FCA Bank Transaction, the combined entity will continue to be constrained by other car manufacturers' captive financial companies or large and sophisticated financial institutions with their consumer finance divisions.

5.2.1.4. The Commission's assessment

(119) The Parties' combined market share on the market for lending to car dealerships in Italy would remain below 30% post-FCA Bank Transaction and it would appear that this market is affected mainly due to FCA Bank's pre-existing market share in this market, as the increment being brought by GCA would be minimal.

(120) The results of the market investigation in relation to Italy and, specifically lending to car dealerships, are not particularly conclusive, due to the low response rate Based on the limited feedback received, however, it appears that the market is sufficiently competitive, with competitors such as Compass Banca, Agos, and Santander being credibly active in the market.[101]

(121) Respondents to the market investigation point out that the FCA Bank Transaction will generally have no impact on the market for lending to car dealerships in Italy.[102] As set out above in relation to motor vehicle lending in France and Portugal, also for lending to car dealerships in Italy, the Commission understands that the Transaction is a mere reorganisation of activities and will not bring any acquisition of control by CACF over activities it did not already jointly control

100 Notifying Parties' reply to RFI 4.

101 Questionnaire to Competitors, replies to question 8. The Notifying Parties were not able to provide market share estimates for competitors in Italy for lending to SMEs nor for lending to car dealerships.

102 Questionnaire to Competitors, replies to question 16.

with Stellantis. The Transaction will only lead to a change from joint to sole control. Hence, the Commission considers that the FCA Bank Transaction will not raise any competition concerns in relation to lending to car dealerships in Italy.

6. CONCLUSION

(122) For the above reasons, the European Commission has decided not to oppose the Transaction and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Executive Vice-President