

DATE

April 09, 2020

SECTORS

Financial Services

DEAL TYPE

M&A Advisory

DEAL LOCATIONS



DEAL TEAM



Henry Berczely
Managing Director

DC Advisory advised Banco Sabadell on the sale of its institutional depositary and custody business to BNP Paribas Securities Services



BACKGROUND

- Banco Sabadell is one of the most relevant players in the Spanish banking system, with total assets of €224bn (€173bn in Spain)
- Sabadell has 1,847 branches in Spain and ranks sixth in the Spanish asset management and pension funds sector
- BNP Paribas Securities Services is part of the Corporate and Institutional Banking (CIB) division of BNP Paribas and provides securities services to its clients worldwide
- It is the largest European global custodian, ranking fifth worldwide (in terms of Assets under Custody), and serves over 1,800 clients, including most of the top institutional investors
- The increasing requirements for the depositary entities as a result of the new regulations (AIFMD, UCITS V, MiFID II and more) have resulted in greater inherent operational and reputational risks
- Moreover, the depositary entities need to undertake major and recurring investments to make the necessary technical and operational developments in order to comply with regulations
- Consequently, the institutional depositary and custody space is becoming one for specialist players with high volumes of AuDs, capable of achieving scale economies

PROCESS

- Sabadell launched a competitive process, seeking a highly-regarded partner for the

entire perimeter of its institutional depository and custody business, which amounted to €22bn as of December 2019

- DC Advisory's deep understanding of the depository and custody business, its knowledge of the key aspects of this type of transactions and relationships, and understanding of the dynamics of candidates were decisive for the successful outcome of the process, especially considering the volatile environment caused by the Covid-19 outbreak

OUTCOME

As a result of the transaction, announced on March 30th 2020:

- Sabadell eliminates any potential conflict of interest with Sabadell's asset management and pension funds businesses, as well as eliminating operational and penalties risks;
- Sabadell's asset management and pension funds affiliates will benefit from best-in-class services, provided by a leading depository specialist; and,
- The agreement foresees additional payments after the closing, subject to the fulfilment of certain objectives.

DC Advisory acted as exclusive financial advisor to Banco Sabadell and continues to be the only financial advisor to close transactions of this type in Spain.

This transaction adds another credential to DC Advisory Spain's long track record of non-core disposals of universal banks.