

**Competition Law Issues For The Syndicated Loan Market:
New Challenges for Singapore and Hong Kong**

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Abstract: Along with London, New York, and Frankfurt, the financial districts of Hong Kong and Singapore play a major role in the global financial services industry, especially in the syndicated loan market. Despite their small size, Hong Kong and Singapore are well integrated into the financial networks that drive the global economy. In syndicated loan markets, the market players tend to be global businesses with diverse commercial interests. In recent years there has been a significant spotlight on the way that financial markets operate. The challenge for the Competition Commissions of Hong Kong and Singapore will be to use their new competition laws to ensure that their financial services industry remain market leaders, professional and open. This change of culture has already been happening in the US and the EU, and Hong Kong and Singapore will need to keep up with their pace for reform in order to remain credible and global participants.

In this paper, the focus is on the syndicated loan market due to its international nature and the fact that some conclusions can already be drawn about these markets from European and US investigations. We address the underlying reasons for the interest recently shown by the Competition Commissions of Hong Kong and Singapore in analyzing potential competition issues related to syndicated lending. Syndication carries inherent competition law risk as it requires at least some degree of cooperation between competitors. The key competition law concern is that syndication and the unavoidable exchange of competitively sensitive information it requires between lenders may lead to potentially anti-competitive co-ordination. In addition, if the Competition Commissions are able to prove the existence of dominant positions in certain relevant markets, it cannot be ruled out that at least some (pre)contractual practices of syndicated financing may be found to be abusive.

Keywords: syndicated loans; price fixing; market partitioning; exchange of information; cartel facilitator.

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