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Dealbook: Citic to Buy Stake in Credit Agricole Units 2011-06-10
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By CHRIS V. NICHOLSON

June 10 (New York Times) -- Citic Securities, the Chinese brokerage house, said that it had agreed to buy a 20 percent stake in the brokerage and research arms of the French bank Credit Agricole for \$374 million, just one of a number of new partnerships between Chinese and western firms.

The two companies said Thursday that Citic's investment in the Credit Agricole businesses, CLSA and Cheuvreux, was the result of talks that began last year, and part of a larger project to create "a global institutional brokerage platform and an Asia-Pacific focused investment bank."

The tie-up is a response to "the increasing cross-border strategies of our clients," according to Jean-Paul Chifflet, chief executive of Credit Agricole, the third-largest bank in France after BNP Paribas and Societe Generale.

As part of the deal, the two Credit Agricole units may be merged. Cheuvreux has headquarters in Paris and employs 740 people in 15 offices around the world. CLSA, based in Hong Kong, employs more than 1,500 in 20 cities, most of them in Asia. The company name stands for Credit Lyonnais Securities Asia, which took full control of the brokerage firm in 1990, though the unit is now 65 percent owned by Credit Agricole and 35 percent by CLSA employees, according to the CLSA Web site.

"These investments will provide us with a significant opportunity to gain valuable insight in the management of international securities operations," Dongming Wang, chairman of Citic Securities, said in the statement.

Credit Agricole Corporate and Investment Bank employs 13,000 people in 50 countries, and its CLSA unit is involved in well-known deals like the proposed initial public offering by Prada in Hong Kong.

The deal announced Thursday is one of a series of cross-border tie-ups. Morgan Stanley said Friday that it was creating a joint venture with China Fortune Securities, while Citigroup and Orient Securities said this month that they, too, would form a joint venture.

Credit Agricole "will prevail as the controlling shareholder of CLSA and Cheuvreux," the companies said.

Founded in 1995, Citic Securities is based in Shenzhen, just north of Hong Kong, and is listed on the Shanghai Stock Exchange. It employs more than 10,000 people and operates more than 200 branches in mainland China.

Credit Agricole shares slipped 0.06 euros, or 0.638 percent, to 10.13 euros in morning trading in Paris on Friday. Citic Securities stock rose 0.01 yuan, or 0.08 percent, to 12.49 yuan in afternoon trading in Shanghai.

The companies expect the deal to close by the end of the year, pending regulatory approval.

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