Competition Commission SINGAPORE

Section 57 of the Competition Act (Cap. 50B)

Grounds of Decision issued by the Commission

Notification for Decision: Merger between The Thomson Corporation and Reuters Group PLC

23 May 2008

Case number: CCS 400/007/07

Confidential information in the original version of this Decision has been redacted from the published version on the public register. Redacted confidential information in the text of the published version of the Decision is denoted by [✂].

I. INTRODUCTION

1. On 8 October 2007, the Commission received a notification for decision pertaining to a merger between The Thomson Corporation ("Thomson") and Reuters Group PLC ("Reuters") (collectively referred to as "the parties").

2. During Phase 1 review, the 30-working-day indicative timeframe (within which Phase 1 review is expected to be completed) was extended on two occasions, for a total of 12 working days, due to the parties seeking more time to respond to the Commission's requests for clarifications / further information.

3. At the conclusion of the 30 working-day indicative timeframe, the Commission was unable to conclude, based on the information before it, that the proposed merger does not raise competition concerns. As such, on 5 December 2007, the Commission informed the parties that it was proceeding to Phase 2 review, and requested that the parties file Form M2. On 14 February 2008, the parties submitted a complete Form M2, upon which the 120-working-day indicative timeframe (within which Phase 2 review is expected to be completed) commenced. During Phase 2 review, the 120-working-day indicative timeframe was extended on three occasions, for a total of 17 working days, due to the parties seeking more time to respond to the Commission's requests for clarifications / further information.

4. On 19 February 2008, it was announced that the United States Department

of Justice ("DOJ"), the European Commission ("EC") and the Canadian Competition Bureau ("CCB") had given approval for the merger to proceed, subject to commitments offered by the parties to the DOJ and the EC. The acquisition was completed on 17 April 2008. The parties furnished the Commission with details of the commitments on 23 April 2008.

5. Having considered the commitments that had been agreed between the parties, the DOJ and the EC, the Commission has concluded that the notified merger does not infringe the section 54 prohibition.

II. THE PARTIES

6. Thomson was a global provider of value-added information that is integrated with software tools and applications, to professionals in legal, tax, accounting, financial services, scientific research and healthcare markets.

7. Reuters was a global information company providing financial information, trading capabilities, software and news to professionals in financial services, media and corporate markets.

III. THE MERGER

8. According to the parties, the merger involved the acquisition of control over Reuters by Thomson Reuters PLC. Before the merger, Thomson Reuters PLC was 100% owned by Thomson, which was in turn controlled by Woodbridge Company Ltd, the Thomson family holding company. Post-merger, Reuters would be 100% owned by Thomson Reuters PLC, with Reuters' shareholders receiving shares in Thomson Reuters PLC and cash, in exchange for their Reuters shares. Through voting arrangements between Thomson Reuters Corporation (i.e. Thomson as renamed post-merger) and Thomson Reuters PLC, the voting rights in one company would confer voting rights in the other company. The result would be that these two companies, while remaining separate legal entities, would be managed and operated as if they were a single economic enterprise.

IV. RELEVANT MARKETS

Product market

Parties' submission

9. The parties submitted that Thomson and Reuters provided financial information products and services, i.e. financial information, analytics, trading capabilities and software. The parties claimed that users of such financial information products can broadly be categorised into those engaged in "**on-trading floor**" (also termed "sales and trading") activities and those in "**off-**

trading floor" (also termed "research and asset management") activities:

a. On-Trading Floor Users
The parties said that users in this category are those involved in sales and trading of financial instruments and trade execution. These include "sell-side" salespeople, sales traders and back-office personnel at broker dealers, as well as "buy-side" traders in asset management firms, mutual funds and hedge funds. As traders traditionally specialise in one asset class, the parties subdivided users in the on-trading floor category according to the asset class, i.e.:
i) Institutional Equities ("IE"); and
ii) Fixed Income ("FI").
The parties defined two further asset classes: Foreign Exchange and Commodities & Energy. However, the parties said that the activities of Reuters did not overlap with that of Thomson in these two asset classes, as Thomson was active in neither of them. The parties thus focused only on the IE and FI user segments.

b. Off-Trading Floor Users
The parties said that users in this category are typically involved in research, providing advice and asset management. Given their longer-term focus, these users tend to focus more on historical and reference data and analytics. The parties further subdivided users in the off-trading floor category according to the nature of the user's activity:

iii) Wealth Management ("WM")
According to the parties, users in the WM segment are primarily financial advisers, private bankers and retail brokers whose activities are geared towards servicing private individuals and advising them on the management of or directly managing their assets.

iv) Investment Management ("IM")
According to the parties, users in the IM segment include portfolio managers and research analysts at hedge funds, asset management firms, mutual funds and insurance companies, with the common characteristic that they manage investments on behalf of third parties.

v) Investment Banking ("IB")
According to the parties, users in the IB segment include investment bankers who advise corporate clients on possible mergers and acquisitions activity and on raising finance in the equity and debt capital markets. This segment also includes private equity and venture capital professionals, and sell-side research analysts, who produce research reports on investment

opportunities.

vi) Corporates ("Corp")
According to the parties, the Corp segment relates to tasks carried out internally within companies, including investor relations (presenting to investors the company's position vis-à-vis other firms) and corporate treasury.

10. The parties thus claimed that there are six relevant product markets, comprising the two on-trading and four off-trading floor activities defined above, with the financial information products supplied to each of these six user segments constituting a separate product market. The parties elaborated on their products within each market as follows:

User Segment	Examples of Products	Product Characteristics Sought By Users Within the Segment
IE	• Thomson ONE Institutional Equities • Reuters 3000Xtra • Reuters Trader	Users in the on-trading floor segments need content to monitor markets, as well as transaction services to execute trades and meet settlement and compliance requirements. There is a greater focus on real time data than is the case in the other segments.
FI	• Thomson Tradeweb • Reuters 3000Xtra	
WM	• Thomson Global TOPIC • Thomson Markets • Reuters Wealth Manager • Reuters Investor • Reuters 3000Xtra	Users in this segment typically need access to basic market data, news and basic research products that also provide, or interoperate with client management functionality, allowing users to plan and manage individuals' wealth as well as enhance the client/adviser-banker relationship.
IM	• Thomson Datastream • Thomson Portia • Reuters 3000Xtra • Reuters Trader	Users in this segment have the most sophisticated needs and as such require a much richer mix of historical and reference data (such as company filings and reports) than is the case for users operating in the other segments.
IB	• Thomson ONE Banker • Thomson ONE Institutional Research • Reuters Knowledge	The primary needs of users in this segment are for a combination of market and reference data, deal data and ownership information about the companies they serve.
Corp	• Thomson ONE Investor Relations • Reuters Knowledge for Corporates	Users in this segment require basic market awareness (and trading in the case of corporate treasury), research and advisory services, workflow tools and certain specialised capabilities such as ongoing and special event web-casting and web-hosting services.

Commission's assessment of the relevant product markets

11. The product market definition proposed by the parties focused more on the characteristics of the user groups who typically use the particular solution – essentially a bundle of services – offered by the parties, rather than on the characteristics of the services themselves. Some of these solutions, such as Reuters 3000Xtra, are actually common to user groups which the parties claimed to be in separate product markets. If one looks into the solutions, it is seen that they are actually constituted by discrete content sets, e.g. aftermarket broker research reports, real-time broker research reports, earnings estimates, fundamentals, time series economic data etc. These content sets may either be sold in a raw format, e.g. via datafeeds, or they may be packaged into the parties' desktop solutions, such as Reuters 3000Xtra and Thomson One. Sometimes, the same content set is packaged into multiple solutions (e.g. Reuters offers fundamentals data in many of its desktop applications, including Reuters 3000Xtra, Reuters Station, Reuters Trader, Reuters Knowledge and Reuters Wealth Manager) due to the common needs of different user groups identified by the parties. The content sets that are sold in a raw format may either be sold to end-users (such as banks), or they may be sold to other competitors, such as Factset, who then re-package the parties' content sets into the competitors' own desktop solutions (for the purpose of this decision, these competitors will be termed as "redistributors"). These redistributors then sell their desktop solutions in competition with those of the parties.

12. Due to the specific characteristics of the discrete content sets, some of which are described in detail below, the Commission found that these discrete content sets are, from the user's perspective, largely not substitutable for one another. The more appropriate way of defining the relevant product market in this case would therefore be according to the discrete contents sets which the parties supplied.

13. The Commission's approach finds support in the feedback from customers and competitors received by the Commission during its investigations. Specifically, the feedback raised concerns in the reduction of alternatives for the supply of specific content sets, e.g. fundamentals. Changes in concentration in relation to the six alleged product markets defined by the parties did not appear to be an issue.

14. The commissions approach is also reflected in the application of the hypothetical monopolist test (HMT). Based on the product characteristics and the input from affected parties, a HMT would show that each content set constitute a separate product market. Accordingly, there is no need to consider more broadly if the solutions to various user groups are substitutes to each other, because the underlying product elements of the solutions are already found to be in distinct markets.

15. While the parties supplied a range of different content sets, the Commission

did not find competition concerns in many of them,[1] and hence did not consider them further in this Decision. However, the Commission found that there were 3 separate content sets where there was significant overlap between the parties pre-merger, which were consequently relevant to the assessment of this case, namely: aftermarket broker research reports, earnings estimates and fundamentals.

a. Aftermarket broker research

16. According to the parties, broker research reports are authored by sell-side research firms (brokerage firms) to help generate orders, and also by a small number of independent research firms. A typical broker research report would contain an analysis of a security, industry or market and provide information that may be helpful to investors in making investment decisions. More specifically, a company research report may provide an overview of a company or stock, a textual analysis of its financial statements, a discussion of any significant events (internal or external) that may impact the performance of the company, an analysis of recent stock performance, peer analysis (i.e., comparison with like companies) or across an entire sector. In addition, most research reports also contain some quantitative analysis (e.g. valuation using discounted cash-flow analysis). The parties note that brokers generally exercise tight control over who is permitted to access their research during an initial period where the report is still capable of generating order flow and commission revenue, restricting access to actual or potential customers. This initial "embargo" period could typically stretch to around 14 days. During this period, broker reports are generally referred to as "real-time research". After the initial embargo period, the information in the research report becomes less useful with respect to making trading or investment allocation decisions. At this point the brokers are generally more interested in generating revenue by charging for access to the research. Reports made available for sale after the initial embargoed period are termed "aftermarket". Aftermarket broker reports can help provide useful historical context to a company or sector.

17. The Thomson product offering aftermarket broker research was *Thomson Research*, while Reuters' aftermarket research was offered in the *Reuters Knowledge* solution.

18. As the Commission's investigations did not find any competition concerns in the market for real-time broker research, that market was not examined further.

b. Earnings estimates

19. According to the parties, estimates can be defined as predictions regarding the future performance of a company, typically with respect to key metrics such as annual or quarterly earnings per share. They are typically generated by sell side

[1] For example, in respect of real time market data, the Commission is of the view that there was little overlap in the activities of the parties. While Reuters was active in real-time market data, Thomson was not. Similarly, the Commission did not find any competition concerns arising in the market for the supply of news, given Thomson's limited involvement.

research analysts as a component of an analyst research report or valuation model and they are included within broker research reports. Estimates are watched by the investment community (e.g. investment managers, hedge funds, etc.) because they are an indication of the outlook for a company and can assist in the valuation of that company's securities. For example, estimates can provide investors with a perspective on whether "the market" views a security as over- or under-valued.

20. The Commission noted that estimates can either be in a detailed form direct from the brokers, or in "consensus" form. Consensus estimates are arrived at by collecting estimates from many brokers and, for example, calculating the mean or median value.

21. The Thomson products offering estimates data are:

- i) *Thomson FirstCall*;[2] and
- ii) *IBES*;[3]

while the Reuters products offering estimates data are:

- i) *Reuters Estimates*;[4] and
- ii) *Reuters Estimates Forecast Pro*.[5]

c. Fundamentals

22. According to the parties, fundamentals data consists of various company-specific data, such as financial statement data (both interim and annual), calculated financial ratios (e.g. annual and five-year averages for growth rates, profitability, leverage, liquidity, asset utilisation), per share data (e.g. earnings/book value/cash flow per share), security and market identifiers, product and geographic segment information, and textual company profile data (including officers, address, web address, major shareholders, and business descriptions).

23. Fundamentals can be presented either in the "as reported" form (e.g. the original balance sheet filed by a company) or in a "standardized" form (i.e. where the data is adjusted to fit a standard format so that readers can easily make comparisons between different companies without having to manipulate the data first).

24. The Thomson products offering fundamentals data were:

- i) *Thomson Worldscope*; and
- ii) *Extel*;[6]

while the Reuters products offering fundamentals data was *Reuters Fundamentals*.

[2] This focuses on current estimates data.
[3] This contains detailed estimates history and is targeted for quantitative or analytical use.
[4] This is an estimates database that contain current estimates data, plus 18 months of historical estimates.
[5] This delivers broker detail and consensus data for both current and historical estimates.
[6] This offers "as reported" fundamentals data.

Geographic market

Parties' submission

25. The parties submitted that the geographic market definition for the IE, FI, IM, IB and Corp user segments are global, while that for the WM user segment is likely to be national or regional, due to the fact that the WM market is more influenced by local factors such as cultural differences, the domestic tax regime and retirement provisions.

26. In response to the Commision's queries, the parties submitted that the geographic scope for the discrete content sets is worldwide. The reason is that many suppliers of estimates data are active worldwide and have delivery systems, marketing organizations and product infrastructures that allow them to offer the same product to customers globally. In addition, on the demand-side, the financial services companies have become increasingly global as financial markets have broadened and integrated.

Commission's assessment

27. As the Commission focused its analysis on the product markets constituted by the three content sets described above (i.e. fundamentals, earnings estimates and aftermarket broker research reports), the Commission did not assess the parties' submissions pertaining to the geographic scope of the product markets defined according to the six user segments.

28. In assessing the product markets constituted by the three content sets, the Commission agreed with the parties that the geographic scope of these markets is worldwide. Content is offered and purchased on a worldwide basis. Delivery systems and product infrastructures allow suppliers to offer the product to customers globally, while customers demand content from all over the world as financial markets have broadened and integrated.

V. COMPETITION ASSESSMENT

Market concentration

29. The parties provided the following year 2006 estimates indicating the market shares for the three content sets:

Table 1: Global market shares for 2006 in the markets for the 3 content sets

	Fundamentals (%)	Earnings Estimates (%)	Aftermarket Research (%)
Thomson	[10-20]	[30-40]	[70-80]
Reuters	[0-10]	[0-10]	[10-20]
Thomson-Reuters	**[10-20]**	**[40-50]**	**[80-90]**
Bloomberg	[10-20]	[30-40]	N.A.
S&P/Capital IQ	[0-10]	N.A.	N.A.
S&P/Compustat	[10-20]	N.A.	N.A.
FactSet	N.A.	[0-10]	N.A.

	Fundamentals (%)	Earnings Estimates (%)	Aftermarket Research (%)
Zacks	N.A.	[0-10]	[0-10]
Toyo Keizai	N.A.	[0-10]	N.A.
TheMarkets.com	N.A.	[0-10]	[10-20]

Source: the parties

30. The parties explained that in calculating these market shares, the revenues from the supply of the different content sets were arrived at as follows:

i) Where the content sets is channelled to end users via datafeeds /API solutions, [✂];

ii) Where the relevant content set is woven into a desktop solution (which would generally contain other financial information products), [✂][7][✂].

31. [✂] the market shares presented by the parties were very much lower than what was quoted in feedback received by the Commission in its investigations (this will be elaborated upon further below).

32. Even so, in two of the markets (i.e. the earnings estimates and aftermarket broker research), the combined market shares of the parties exceeded 40%, this being the indicative threshold stated in the CCS Guidelines. Although the figure provided by the parties for the market share for the supply of fundamentals did not cross the indicative threshold, the Commission nevertheless received concerns about this market during its market inquiries as well.

33. As such, the Commission's assessment considered all three markets.

<u>Non-coordinated effects</u>

34. A number of respondents to the Commission's investigations reflected that there were very limited alternatives, of quality comparable to that of the parties, with regard to the supply of the three content sets. The parties were generally accepted as significant players in the provision of these content sets, and there were concerns that the parties would be able to unilaterally increase prices post-merger, given the lack of competitive pressure to constrain the parties. The potential competition concerns raised within the market for each content set are covered below.

<u>Aftermarket Broker Research</u>

35. One could see, based on the market shares of the parties, that the degree of overlap between the parties' activities pre-merger was particularly high in the aftermarket broker research market. The parties' figures indicate that TheMarkets.com[8] was the next largest competitor (with market share of [10-20]%).

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[7] [✂]

[8] Eleven of the top investment banks joined forces in year 2000 to set up TheMarkets.com as a provider of global research and estimates.

However, the Commission understands that TheMarkets.com, in order to have an acceptable range of broker reports, also needed to redistribute some of Reuters' aftermarket research reports. As such, this would impede to some extent the ability of the TheMarkets.com to constrain any post-merger exercise of market power by the merged entity.

36. The parties argued that it would be easy for new players to enter the market for the supply of broker research. However, the Commission understands that to be an effective competitor, a provider of research reports would need to secure contracts with a large number of brokers in order to obtain a critical mass of reports, with sufficient historical reach, that is acceptable to customers. This is a cost to entry.

Earnings Estimates

37. According to the figures presented by the parties, they had a combined share of [40-50]% in the earnings estimates market. However, this is far below what was reflected in the feedback received by the Commission pursuant to its investigations. The Commission received customer feedback estimating the combined market share of the parties in earnings estimates to be approximately 85%. The Commission also received customer feedback that there are no real alternatives to the parties insofar as earnings estimates are concerned.

38. According to the figures presented by the parties, Bloomberg was the next largest competitor (with market share of [30-40]%). However, the Commission understands that the estimates distributed by Bloomberg are found on its desktop solution, the Bloomberg Terminal, which is catered more to the sales and trading activities of customers (in the course of its investigations, the Commission received competitor feedback that "Bloomberg is geared primarily to meet the needs of institutional traders"), as compared to the estimates of the parties, which were geared more towards research and asset management. In addition, Bloomberg does not sell its estimates data on a standalone basis, outside of what is offered on the Bloomberg Terminal. As such, an end user who only wants to use Bloomberg's estimates would have to buy the complete desktop solution. Customers wanting to switch to Bloomberg as a result of a post-merger price increase in the estimates offered by the merged entity could therefore face significant switching costs, as compared to if they could simply replace the parties in selected content sets. These factors appear to limit the ability of Bloomberg to place a competitive constraint on the ability of the merged entity to raise prices post-merger.

39. The parties argued that it would be easy for new players to enter the market for the supply of earnings estimates. However, the Commission understands that to be an effective competitor, a provider of research earnings estimates would, as in the case of broker research described above, need to secure contracts with a large number of brokers in order to form a critical mass of earnings estimates. Additionally, the provider would require skilled staff to normalise the detailed

estimates data from many brokers to produce consensus estimates. These factors thus tend to indicate high entry costs. For related reasons, there does not appear to be much buyer power. It may not be feasible for end-users to, for example, purchase estimates directly from brokers. To get consensus estimates, the end-user would have to go about purchasing estimates from many different brokers in order be in a position to compute the normalised data.

Fundamentals

40. The parties presented a somewhat low market share, i.e. [10-20]%, in the market for fundamentals. However, this figure is in fact far below that reflected in the feedback received by the Commission pursuant to its investigations. The Commission received customer feedback estimating the market share of the parties in fundamentals to be approximately 65%. As with the case for earnings estimates, the Commission received customer feedback that there are no real alternatives to the parties insofar as fundamentals are concerned.

41. According to the figures presented by the parties, Bloomberg was the largest competitor (with a share of [10-20]%), in the market for fundamentals. However, as in the case with estimates, the Commission understands that the fundamentals data distributed by Bloomberg is catered more to the sales and trading activities of customers, as compared to the fundamentals of the parties, which are geared more towards research and asset management. As in the case with estimates, Bloomberg does not sell its fundamentals outside of what is offered on the Bloomberg Terminal. This would greatly raise the switching costs of customers wanting to switch to Bloomberg as a result of post-merger price increase in the fundamentals offered by the merged entity.

42. The market share figures advanced by the parties reflect S&P/Capital IQ as being a somewhat large competitor, with a share of [10-20]%, in the market for fundamentals. However, the Commission understands that S&P/Capital IQ is mainly strong in North American data, and may not possess the same geographical scope to match the offerings of the merged entity.

43. The parties argued that it would be easy for new players to enter the market for the supply of fundamentals, as the data is widely available from companies themselves, as well as from government regulatory authorities to which companies must file various disclosures according to regulatory obligations. However, the Commission understands that an effective fundamentals database would take a long time to compile, in order to achieve the requisite geographical reach and historical depth. Skilled staff would also be needed to standardise the "as reported" fundamentals, so that comparisons can be made. As with the other two content sets mentioned above, these factors tend to indicate high entry costs. Similarly, as with the case for earnings estimates, there does not appear to be much buyer power. Significant resources would have to be expended by end-users in trawling for "as reported" fundamentals data from multiple sources all over the world, and to spend significant resources standardising the data.

Coordinated effects

44. The Commission's investigations did not reveal any concerns of coordinated effects. Customers noted that in addition to price, credibility of the data provider, data coverage and accuracy were also important factors in their decision as to whom to purchase their data from. In this regard, the Commission observed that the product offerings in each market were generally highly differentiated.

Vertical Foreclosure

45. A further dimension to the merger was its vertical effects. As mentioned above, apart from selling content sets directly to end-users, the parties also sold the content sets to redistributors who then re-packaged the parties' content sets into the redistributors' own desktop solutions. These redistributors then sold their desktop solutions in competition with those of the parties. In the course of its investigations, the Commission received concerns that the merged entity would exercise market power by supplying content sets to these redistributors at highly unfavourable terms. Due to the lack of alternatives,[9] the redistributors would have no choice but to accept these unfavourable terms. Alternatively, the merged entity could simply stop supply to these redistributors altogether, so that the latter would be foreclosed from the market. Ultimately, such an outcome would result in higher prices and narrower choices for end-users.

46. When the Commission raised the issue of vertical foreclosure to the parties, they argued, *inter alia*, that they possess neither the ability nor the incentive to foreclose. The parties claimed that such a foreclosure strategy could harm their relationships with the end-users served by the redistributors. However, given the feedback received by the Commission as to the lack of alternatives apart from the parties, the Commission is of the view that the end-users could have limited means to sanction the merged entity. The parties were also unable, despite requests by the Commission, to furnish any accounting data to show that any losses from foreclosing the redistributors would in any way exceed the gains from capturing the redistributors' share of end users.

Commitments accepted in overseas jurisdictions

47. The above circumstances tended to indicate that the merger may substantially lessen competition in Singapore, although more extensive investigations would have to be carried out by the Commission to see if this was the case. However, the Commission noted that commitments have been offered by the parties to the DOJ and the EC. After obtaining feedback from the market, these commitments were subsequently amended and accepted by the EC and DOJ. Where commitments accepted overseas have an international impact, they are apt

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[9] According to the feedback received by the Commission during it investigations, Bloomberg operates on a "closed business model" and does not offer its content sets to redistributors.

to be relevant in the assessment of the competitive impact of the merger in Singapore. However, the Commission stresses that commitments accepted by overseas competition authorities do not, in and of themselves, necessarily imply that the Commission will allow the merger to proceed in Singapore. Any overseas commitments must be viewed in light of the facts and circumstances of the case, to see if they are capable of addressing competition concerns arising within Singapore, if any.

48. Under the commitments agreed between the parties and the EC, the parties undertook, *inter alia*:

a. To sell copies of the following databases:
   i) The databases containing "as reported" fundamentals, as used in Thomson's "Enterprise FX" product, and "standardized" fundamentals, as used in Thomson's "Worldscope File2" product;
   ii) The databases containing both "detailed" and "consensus" estimates, as used in the "Reuters Knowledge Direct-Estimates product";
   iii) The databases containing aftermarket research, as used in the "Reuters Knowledge" product,[10]
   iv) The databases containing time series economic data, as used in Reuters' EcoWin database;

   so as to allow the purchaser of the above databases (the "acquirer") to rapidly enter the market and compete with the merged entity's offerings;[11]

b. To allow the acquirer to hire the necessary personnel from the parties, to help operate the purchased databases;[12]

c. To license to the acquirer (on a royalty free basis) all IP rights, trade secrets, know how and technical information embodied in the databases, as well as provide software for collection, aggregation, normalisation and transmission that will allow the acquirer to operate the database;

d. To provide the acquirer with transitional technical support services for up to [✄] (extendable to [✄] at the option of the acquirer), to enable the acquirer to integrate the purchased databases into its own offerings;

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[10] The commitments required that the acquirer of the aftermarkets research database should already be offering, or intend to offer, real-time broker research. The EC noted that while this requirement narrowed the choice of potential purchasers, it would ensure that the acquirer would already have institutional clients and a proven expertise to manage the database.

[11] In this respect, the commitments required that the purchaser be already serving institutional clients.

[12] The EC noted that staff would be needed to collect, normalize and standardize data for the fundamentals and estimates databases. Such staff are less essential for running the aftermarket broker research databases, which require less manipulation of data.

e. To provide the acquirer with regular updates to the databases, for a period of [✂], to enable the acquirer to compete effectively. For the Thomson fundamentals database and the Reuters estimates database, this period may be extended to [✂];

f. To exercise reasonable best efforts to assist the acquirer in obtaining the consent of the content owners necessary for distributing the contents of the databases.[13] If the acquirer fails to secure agreements with a stipulated proportion of the content owners by the closing date, the parties would have to permit the acquirer to serve (for a period of [✂]) as the parties' redistributor of the relevant content in respect of which the contributor's consent could not be obtained;

g. Not to enter into exclusive agreements with new brokers for the provision of aftermarket research or estimates, for a period of [✂]; and

h. To assign (to the extent assignable) customer contracts in respect of direct content datafeeds of Thomson's fundamentals database and Reuters' estimates database.[14] Where such contracts are not assignable, the parties will allow customers to terminate these contracts early so that the customers will be free to contract with the acquirer.

49. The commitments to the DOJ are largely similar, with some differences, e.g. the commitments to the DOJ do not require the divestment of the Ecowin database. In this respect, the Commission's investigations similarly did not find any competition concerns arising in Singapore in respect of the time series economic data content sent, although the Commission does not rule out that competition concerns in respect of this content set may potentially arise in other markets.

50. According to the parties, the relevant products pertaining to which competition concerns may arise are offered in Singapore in the same manner in which they are offered on a worldwide basis. Since the commitments would essentially create another competitor that could supply its products worldwide (c.f. the discussion on geographic market definition at paragraphs 25 to 28 above), the Commission considers that the commitments have worldwide effect. As such, the Commission is of the view that any competition concerns arising in Singapore will be sufficiently addressed by the commitments offered in the US and EC. On balance, the Commission is of the view that the commitments will be able to

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[13] In arriving at this commitment, the EC took into account the fact that negotiating with hundreds of brokers may prove to be very time consuming, since brokers generate little revenue from the agreements and do not consider them a priority

[14] According to the EC, this assignment was meant to facilitate a transfer of part of the customer base of the parties in fundamentals and estimates to the acquirer, and ultimately increase the viability of the offer by ensuring streams of revenues to the acquirer. The EC did not see a need to effect a similar customer base transfer for aftermarket research, as it was of the view that the costs incurred in the aftermarket research business are more limited.

address any competition concerns that may arise in any of the product markets constituted by the content sets discussed above. In particular, the commitments ought to place the acquirer of the purchased databases in a position to quickly establish itself as a competitive force. The feedback received by the Commission from market inquiries in respect of the commitments is also largely positive.

VII. CONCLUSION

51. For the reasons stated above and based on the information available to the Commission, the Commission has assessed that the merger, if carried into effect, will not infringe the section 54 prohibition.

Teo Eng Cheong
Chief Executive
Competition Commission of Singapore