



## MEDIA RELEASE

16 September 2020

### **CCCS Consults on In-Depth Review of the Proposed Acquisition by London Stock Exchange Group plc of Refinitiv Holdings Limited**

The Competition and Consumer Commission of Singapore (“**CCCS**”) is inviting public feedback on the in-depth review of the proposed acquisition by London Stock Exchange Group plc (“**LSEG**”) of sole control over Refinitiv Holdings Limited (“**Refinitiv**”) (collectively, the “**Parties**”) (the “**Proposed Transaction**”).

#### **Background**

2. On 6 April 2020, CCCS accepted an application<sup>1</sup> from the Parties for a decision on whether the Proposed Transaction infringes section 54 of the Competition Act (Cap. 50B), which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

3. LSEG and Refinitiv overlap in the supply of fixed income index<sup>2</sup> licensing services (excluding hybrids<sup>3</sup>) to customers in Singapore. In addition, there are non-horizontal links<sup>4</sup> between the Parties arising from six categories of products for which either one or both Parties generate revenue from customers in Singapore. These are namely, (i) trading services; (ii) clearing services; (iii) index licensing; (iv) financial information products; (v) regulatory reporting services; and (vi) IT services/software.

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<sup>1</sup> For more information on the Proposed Transaction, please refer to [CCCS's media release dated 8 April 2020](#) at [www.cccs.gov.sg](http://www.cccs.gov.sg).

<sup>2</sup> Indices measure changes in the value or performance of one or more underlying markets, market/geographic sectors or performance characteristics. Indices are used by financial market participants for a broad range of purposes e.g., as a reference value for the amount payable under financial contracts or the value of tradable investment products, to track fund portfolios and benchmark investment performance, to indicate the performance or movements in price of a market, portfolio, market rate or basket of securities or as a benchmark against which to assess the performance and risk of a given financial instrument or investment.

<sup>3</sup> The Parties submit that convertibles and preferred securities are “hybrids”.

<sup>4</sup> Non-horizontal links could exist between market players who supply each other with different inputs at various levels of the supply chain.

## Initiation of in-depth review

4. CCCS had earlier raised competition concerns with the Parties on the Proposed Transaction after completing its preliminary review<sup>5</sup> following public consultation<sup>6</sup>. Based on the information furnished by the Parties and feedback from third parties<sup>7</sup>, CCCS was unable to conclude that the Proposed Transaction would not raise competition concerns. Third parties noted that post-Transaction Refinitiv would be merged and/or affiliated to a major clearing provider (i.e. LCH Group<sup>8</sup>) as well as a major index licensing provider (i.e. FTSE Russell<sup>9</sup>) with global presence and which may reduce the merged entity's incentive to continue the supply of inputs to rival providers. In particular, third parties have concerns about continued access to Refinitiv's WM/Reuters foreign exchange benchmarks ("**WM/R FX benchmarks**"), which are considered critical inputs<sup>10</sup> for index licensing and derivatives clearing services. Specifically, the concerns are:

- whether the merged entity will continue to supply WM/R FX benchmarks at Fair, Reasonable and Non-Discriminatory ("**FRAND**") terms to rival providers in the market for the global supply of index licensing and derivatives clearing services to customers globally (including Singapore);
- Whether competitors are able to deploy effective and timely counter-strategies to mitigate the risk of the merged entity denying access to the WM/R FX benchmarks; and
- Whether there are any existing regulations overseas on the global supply of the WM/R FX benchmarks which can address the above-mentioned competition concerns.

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<sup>5</sup> <https://www.cccs.gov.sg/media-and-consultation/newsroom/media-releases/lseg-acquisition-of-refinitiv-phase-2>

<sup>6</sup> The public consultation for Phase 1 review was held from 8 April 2020 to 22 April 2020. For more information, please refer to [CCCS's media release dated 8 April 2020](#) at [www.cccs.gov.sg](http://www.cccs.gov.sg).

<sup>7</sup> Third parties include the Parties' competitors, and customers for fixed income index licensing services and the abovementioned six categories of products where either one or both Parties generate revenue from customers in Singapore and whose production require inputs from either Parties.

<sup>8</sup> LSEG has a majority ownership interest in LCH Group, a holding company of two separate multi-asset class global clearing house operators with an open access model (i.e. LCH Ltd and LCH SA).

<sup>9</sup> FTSE Russell is a wholly owned subsidiary of LSEG which supplies over approximately 250,000 indices, which are grouped into more than 200 index families, based on different exposures such as geographies, sectors, and asset classes, and other classifications such as size and style.

<sup>10</sup> Feedback suggests that WM/R FX benchmarks are considered the industry benchmark for foreign exchange reference rates and there is no reasonable substitute that rival providers and derivatives clearing service providers are able to switch to without incurring significant disruption and costs to their businesses.

5. Following further filing of the relevant documents by the Parties to CCCS on 31 August 2020, CCCS is commencing an in-depth review of the effect of the Proposed Transaction. The Parties may offer commitments to address the competition concerns at any time during the review. Upon completion of the review, CCCS will decide whether to issue a favourable decision or unfavourable decision. For more information on the merger review process in Singapore, please refer to **Annex 1**.

### **Public Consultation**

6. In relation to the in-depth review, CCCS is inviting feedback on the Proposed Transaction and the identified competition concerns from 16 September 2020 to 7 October 2020.

7. More information on the public consultation can be accessed and downloaded from CCCS website at [www.cccs.gov.sg](http://www.cccs.gov.sg) under the section "[Public Consultation](#)". If the submission/correspondence contains confidential information, please also provide CCCS with a non-confidential version of the submission or correspondence.

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## **About the Competition and Consumer Commission of Singapore**

The Competition and Consumer Commission of Singapore (“**CCCS**”) is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act (Cap. 50B) which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) or CPFTA which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

For more information, please visit [www.cccs.gov.sg](http://www.cccs.gov.sg).

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## ANNEX 1

### **About the Section 54 Prohibition under the Competition Act & Merger Procedures**

Section 54 of the Competition Act (Cap. 50B) (“the **Act**”) prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition in Singapore. CCCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless:

- The merged entity has/will have a market share of 40% or more; or
- The merged entity has/will have a market share of between 20% to 40% and the post-merger combined market share of the three largest firms is 70% or more.

Merging entities are not required to notify CCCS of their merger but they should conduct a self-assessment to ascertain if a notification to CCCS is necessary. If they are concerned that the merger has infringed, or is likely to infringe, the Act, they should notify their merger to CCCS. In such cases, CCCS will assess the effect of the merger on competition and decide if the merger has resulted, or is likely to result, in a substantial lessening of competition (“**SLC**”) in Singapore.

Separately, CCCS has the ability to conduct an investigation into an un-notified merger if there are reasonable grounds for suspecting that the merger infringes section 54 of the Act. In the event CCCS finds that a merger situation has resulted or is expected to result in an SLC, CCCS has powers to give directions to remedy the SLC. For example, CCCS can require the merger to be unwound or modified to address or prevent the SLC, as the case may be. CCCS may also consider issuing interim measures prior to the final determination of the investigation.

### **Phase 1 and Phase 2 Merger Review**

A Phase 1 review entails a quick review and allows merger situations that do not raise competition concerns under the section 54 prohibition to proceed. CCCS expects to complete a Phase 1 review within 30 business days. By the end of this period, CCCS will determine whether to issue a favourable decision and allow the merger situation to proceed. If CCCS is unable, at the end of the 30-day period, to conclude that the merger situation will not result in a substantial lessening of competition, CCCS will inform the merger parties and the merger parties may file further information and supporting documents as listed in Form M2<sup>11</sup>. Upon receipt of Form M2, CCCS will proceed to a Phase 2 review.

A Phase 2 review entails a more detailed and extensive examination of the merger situation. While the principles of substantive assessment are the same, CCCS will

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<sup>11</sup> The form can be accessed at [www.ccs.gov.sg/approach-cccs/notifying-a-merger/filing-a-merger-notification-with-cccs](http://www.ccs.gov.sg/approach-cccs/notifying-a-merger/filing-a-merger-notification-with-cccs).

require access to more extensive and detailed information regarding the merger parties and the markets in question.

As the Phase 2 review is more complex, CCCS will endeavour to complete a Phase 2 review within 120 business days.

### **Commitments**

Section 60A of the Act states that CCCS may, at any time before making a decision as to whether the section 54 prohibition has been or will be infringed, accept commitments that remedy, mitigate or prevent the substantial lessening of competition or any adverse effect arising from the merger situation. Where CCCS has accepted a commitment, CCCS will make a favourable decision.

Further details can be found in the [CCCS Guidelines on Merger Procedures 2012](#).

For more information, please visit [www.cccs.gov.sg](http://www.cccs.gov.sg).