



MEDIA RELEASE

2 July 2020

CCCS Raises Competition Concerns on the Proposed Acquisition by London Stock Exchange Group plc of Refinitiv Holdings Limited

The Competition and Consumer Commission of Singapore (“**CCCS**”) has completed its Phase 1 review¹ 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**”).

2. On 6 April 2020, CCCS accepted an application² 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. LSEG and Refinitiv overlap in the supply of fixed income index³ licensing services (excluding hybrids⁴) to customers in Singapore. In addition, there are non-horizontal links between the Parties arising from six categories of products for which either one or both Parties generate revenue from customers in Singapore and require inputs from either of the Parties to be produced. 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.

¹ 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. For more information on what a Phase 1 review entails, please refer to **Annex 1**.

² For more information on the Proposed Transaction, please refer to [CCCS's media release dated 8 April 2020](#) at www.cccs.gov.sg.

³ 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.

⁴ The Parties submit that convertibles and preferred securities are “hybrids”.

3. CCCS has raised competition concerns with the Parties on the Proposed Transaction, based on the information received from the Parties and third parties⁵.

4. Third party feedback revealed concerns as to whether the merged entity will continue to supply Refinitiv's WM/Reuters foreign exchange benchmarks ("**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).

5. This is because post-Transaction, Refinitiv would be merged and/or affiliated to a major clearing provider (i.e. LCH Group⁶) as well as a major index licensing provider (i.e. FTSE Russell⁷) with global presence, which may reduce its incentive to continue the supply of inputs to rival providers. Furthermore, feedback suggests that WM/R FX benchmarks are critical inputs for index licensing and derivatives clearing services as they are considered the industry benchmark for foreign exchange reference rates and there is no reasonable substitute that rival index providers and derivatives clearing service providers are able to switch to without incurring significant disruption and costs to their businesses.

6. CCCS is unable to determine at this stage whether competitors are able to deploy effective and timely counter-strategies to mitigate the risk of foreclosure by the merged entity of access to the WM/R FX benchmarks. There is also insufficient information available for CCCS to determine if the competition concerns could be addressed through any existing regulations overseas on the global supply of the WM/R FX benchmarks. In view of the concerns raised, CCCS will need to consider in more detail the effect of the Transaction in a Phase 2 review⁸.

⁵ 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.

⁶ 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).

⁷ 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.

⁸ Under a Phase 2 review, CCCS will require access to more extensive and detailed information regarding the merger parties and the markets in question to conduct a more detailed and extensive examination of the merger situation. For more information on what a Phase 2 review entails, please refer to **Annex 1**.

7. At this stage, the Parties may offer commitments to address the potential competition concerns of the Proposed Transaction raised by CCCS, or the merger will proceed to a detailed Phase 2 review upon CCCS's receipt of the relevant documents from the Parties. Commitments may also be offered at any time during the Phase 2 review. For more information on the merger review process in Singapore, please refer to **Annex 1**.

- End -

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.

For media clarifications, please contact:

Ms. Grace Suen
Senior Assistant Director
Communications
Competition and Consumer Commission of Singapore
Email: grace_suen@cccs.gov.sg
DID: 6325 8216

Ms. Nawwar Syahirah
Senior Assistant Director
Communications
Competition and Consumer Commission of Singapore
Email: Nawwar_syahirah@cccs.gov.sg
DID: 6325 8313

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 M2⁹. 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

⁹ The form can be accessed at 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.