MEDIA RELEASE

8 April 2020

CCCS Consults on 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 proposed acquisition by London Stock Exchange Group plc ("**LSEG**") of sole control over Refinitiv Holdings Limited ("**Refinitiv**") (collectively, the "**Parties**") (the "**Proposed Transaction**").

2. CCCS received an application from the Parties on 27 March 2020 for a decision on the Proposed Transaction. CCCS is now assessing whether the Proposed Transaction would infringe 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.

The Parties

LSEG

3. LSEG is an international financial markets infrastructure business headquartered in the United Kingdom, with significant operations in North America, Italy, France, Romania and Sri Lanka. LSEG's main business activities globally include: (a) capital markets; (b) post-trade and risk management; (c) information services; and (d) technology services.

4. LSEG generates revenue from customers in Singapore through its global activities in capital markets, post-trade and risk management (through LCH Group Holdings Limited), information services (through FTSE Russell) and technology services.

Refinitiv

5. Refinitiv is one of the main providers of financial markets data and infrastructure, serving over 40,000 institutions in 190 countries. Refinitiv provides data and insights, trading platforms, and open data and technology platform that connects

the global financial community to transact and manage risk in a safe, effective and efficient way. Refinitiv's services are generally available globally and the range of solutions offered can broadly be divided into three primary business segments: (a) data and analytics; (b) capital markets and workflow solutions; and (c) risk management services.

6. Refinitiv generates revenue from customers in Singapore through its global activities in data and analytics, capital markets and workflow solutions and risk management services.

The Proposed Transaction

7. The Parties submit that they overlap in providing fixed income index[1] licensing services (excluding hybrids[2]) to customers in Singapore.

8. The Parties submit that the market definition can be left open, as the Transaction will not raise competition concerns under any plausible market definition or have any material effect on any relevant market in Singapore. However, on a conservative basis and for the purposes of the notification, the Parties submit that it has assessed the competitive impact of the Transaction based on the global market for fixed income index licensing (excluding hybrids).

9. According to the Parties, the Proposed Transaction will not give rise to anti-competitive effects because:

a. **<u>Multitude of existing competitors</u>**

Post-merger, the Parties will continue to face strong competition from a wide range of competitors (e.g. Bloomberg, JPMorgan, IHS Markit and S&P), many of whom can be characterised as major global players that are established and have sophisticated capabilities.

b. **<u>Low incremental effect on market share</u>**

The aggregation in market shares for fixed income index licensing (excluding hybrids) as a result of the Transaction, whether on a global or Singapore-wide basis, is not significant. Accordingly, the effect on

[1] 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 funds (such as an ETF or mutual fund) portfolios and benchmark investment performance and 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.

[2] The Parties submit that convertibles and preferred securities are "hybrids".

competition within the market for fixed income index licensing (excluding hybrids) is marginal.

c. **<u>Low barriers to entry, ease of switching and strong buyer power</u>**

The market for index licensing is characterised by relatively low barriers to entry and there is strong buyer power as the customer base for index licensing is relatively concentrated[3]. While the cost of switching index providers can vary due to various factors, switching can and does happen in practice. It is also possible for customers including investment banks and corporates amongst other, to self-supply by creating their own indices to constrain any attempt by the merged entity in raising prices.

d. **<u>Collusion is not sustainable</u>**

The Proposed Transaction is also unlikely to lead to collusion in the relevant market, given the presence of a large number of existing competitors, the threat of disruption by new entrants and new index products.

10. According to the Parties, the Proposed Transaction will also not give rise to non-horizontal[4] competition concerns[5] in any plausible market in Singapore due to the limited number of non-horizontal links in Singapore, minimal presence of the Parties in the downstream activities including clearing services and financial information products amongst others in Singapore relative to global sales and strong buyer power.

Public Consultation

11. CCCS is inviting public feedback on the Proposed Transaction from 8 April 2020 to 22 April 2020.

12. More information on the public consultation can be accessed and downloaded from the CCCS website at 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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[3] The number and size of firms in a market can be an indicator of competitive pressure pre and post-merger.
[4] This refers to vertical or conglomerate effects.
[5] Vertical mergers (between companies in the same industry but at different stages of production process) can, in some circumstances, reduce the competitive constraint faced by the merged entity by foreclosing a substantial part of the market to competitors, or by increasing the likelihood of post-merger collusion.

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.

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