



Mergers: Commission clears acquisition of Refinitiv by London Stock Exchange Group, subject to conditions

Brussels, 13 January 2021

The European Commission has approved, under the EU Merger Regulation, the acquisition of Refinitiv by the London Stock Exchange Group ('LSEG'). The approval is conditional on full compliance with a commitments package offered by LSEG.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: "*Infrastructure competition in trading services and access to financial data products on fair and equal terms is essential for the European economy and in particular for consumers and businesses. Today, we can approve the proposed acquisition of Refinitiv by LSEG because LSEG offered commitments that will ensure that the markets will remain open and competitive and the acquisition will not lead to higher prices or less choice and innovation for these products.*"

Today's decision follows an [in-depth investigation](#) of the proposed transaction, which combines the activities of LSEG and Refinitiv. **LSEG** is a global financial markets infrastructure business. It also offers financial data products. **Refinitiv** is a provider of financial data products. It also controls Tradeweb, which operates trading venues.

The Commission's investigation focused on trading services for European Governments Bonds ('EGBs'), where both parties are active, as well as on the provision of financial data products and the provision of trading and clearing services for over-the-counter interest rate derivatives ('OTC IRDs'), where one party is active upstream of the other in the value chain.

The Commission's investigation

During its in-depth investigation, the Commission gathered extensive information and feedback from a very large number of competitors and customers of LSEG and Refinitiv, in particular trading venues, clearing houses, data vendors, banks and other investors. The Commission has also cooperated with competition authorities around the world, as well as with the European Securities and Markets Authority ('ESMA').

Following its in-depth investigation, the Commission had concerns that the transaction, as initially notified, would have harmed competition in the following markets:

a) Horizontal concerns in electronic trading of European Government Bonds ('EGBs'):

The Commission's investigation confirmed the concerns identified at the time of the opening of the in-depth investigation that the transaction would have led to the creation or the strengthening of a dominant position in the market for EGB electronic trading, and its potential sub-segments.

b) Vertical concerns in trading of dealer-to-customer over-the-counter interest-rate derivatives ('OTC IRDs'):

The Commission's investigation confirmed that the transaction would have given to LSEG the ability and incentives to foreclose Tradeweb's rival trading venues and middleware providers. LSEG would do this by ceasing to clear, increasing charges, degrading the quality, imposing disadvantageous requirements for trades executed on Tradeweb's rival venues or through middleware providers, or also by degrading LSEG's cooperation with Tradeweb's rivals for the introduction of new products.

c) Vertical concerns in consolidated real-time datafeeds ('CRTDs') and desktop services:

The market investigation showed that the London Stock Exchange trading data generated and the UK Equity Indices provided by FTSE Russell, are significant inputs for datafeeds and desktop services, and that there are no viable alternative to LSEG's offerings. As such, absent the commitments, the proposed transaction would have given to LSEG the ability and incentives to refuse or limit the access of Refinitiv's competitors in LSEG's venue data and FTSE Russell UK Equity Indices.

d) Vertical concerns in index licensing:

The market investigation showed that Refinitiv's WM/R FX benchmarks are among the most important inputs for index design and calculation and that Refinitiv's benchmarks have widespread acceptance on the market with no viable alternative. The Commission thus found that following the proposed transaction, competitors in index licensing could be denied access to Refinitiv's necessary input data.

The proposed remedies

To address the Commission's competition concerns, LSEG offered the following commitments:

- **To divest its 99.9% stake in the Borsa Italiana group**, which includes **MTS** (LSEG's trading venue for EGBs), to a suitable purchaser. In this regard, on 9 October 2020 LSEG and Euronext signed a definitive and binding sale and purchase agreement. This commitment fully removes the horizontal overlap between the companies' activities in EGB electronic trading.
- **To continue offering its global OTC IRD clearing services performed by LCH Swapclear on an open access basis** and to not engage in commercial strategies that would discriminate customers based on the source of their OTC IRD trade submitted to LSEG for clearing. By this commitment, LSEG undertakes especially to:
 1. Comply with the provisions of the [EU EMIR regulation](#) regarding the non-discriminatory and transparent clearing of OTC IRDs despite Brexit, and comply with these requirements vis-à-vis trading venues and also middleware providers; and
 2. Not discriminate between Tradeweb and third party trading venues and middleware providers in relation to (i) clearing charges, (ii) service levels, technical specifications and operational standards, and (iii) the introduction of new products.
- **To provide access to the LSE venue data, FTSE UK Equity Indices, and WM/R FX Benchmarks to all existing and future downstream competitors.** More specifically LSEG commits to not degrade technology, quality or service compared to that provided intragroup. LSEG also commits to maintain an information barrier between the personnel handling sensitive information of LSEG's customers and Refinitiv's CRTD and desktop service businesses to ensure that there is no exchange of such information with Refinitiv that could negatively impact third party data vendors.

The duration of the OTC IRD and financial data commitments is ten years.

The commitments also include a fast track and binding dispute resolution mechanism that can be relied upon by third parties who believe that LSEG does not comply with these commitments. A trustee will monitor the implementation of the commitments, and act as a point of contact for potential complainants, including in the context of the fast track dispute resolution mechanism.

The commitments offered by LSEG fully address the competition concerns raised by the proposed transaction. The Commission therefore concluded that the transaction, as modified by the commitments, would no longer raise competition concerns. This decision is conditional on full compliance with the commitments.

Companies and products

London Stock Exchange Group, headquartered in London (UK) is one of Europe's pre-eminent financial infrastructure companies, best known for operating the London Stock Exchange. It also owns Borsa Italiana, the Italian stock exchange, and operates a number of other trading platforms for trading of stocks, other equity-like exchange traded products, bonds and derivatives. LSEG is also active in the post-trading space, most notably in clearing through the London Clearing House ('LCH') including LCH SwapClear, and the Italian clearing house Cassa di Compensazione e Garanzia ('CC&G'). LSEG also offers settlement and custody services as well as indices, data, and other information products.

Refinitiv, headquartered in New York City (US) is one of the main providers of financial markets data and infrastructure, serving over 40,000 institutions in 190 countries. Refinitiv offers consolidated real-time datafeeds through its product Elektron, desktop solutions through its product Eikon (being rebranded as Refinitiv Workspace) as well as non-real time datafeeds and discrete content sets. It is active in indices predominantly in the foreign exchange benchmarks segment, where it provides its flagship WM/Reuters FX benchmark. Refinitiv also controls several electronic trading venues in various asset classes.

Merger control rules and procedures

The transaction was notified on 13 May 2020 and the Commission opened an in-depth investigation on 22 June 2020.

The Commission has the duty to assess mergers and acquisitions involving companies with a

turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the European Economic Area or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

There are currently six on-going Phase II merger investigations: the [proposed acquisition of Chantiers de l'Atlantique by Fincantieri](#), the [proposed acquisition of DSME by HHIH](#), the [proposed acquisition of GrandVision by EssilorLuxottica](#), the [proposed acquisition of Transat by Air Canada](#), the [proposed acquisition of Eaton Hydraulics by Danfoss](#), and the [proposed acquisition of Willis Towers Watson by Aon](#).

More information will be available on the [competition](#) website, in the Commission's [public case register](#) under the case number [M.9564](#).

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