

CMA clears LSEG / Quantile merger

The Competition and Markets Authority (CMA) referred the merger between London Stock Exchange Group (LSEG) and Quantile Group Limited (Quantile) for an in-depth Phase 2 inquiry by a group of independent CMA Panel members in May 2022, after identifying competition concerns during an initial Phase 1 review that warranted further investigation.

Following that Phase 2 investigation, the CMA has concluded that the deal does not raise substantial competition concerns in the UK. The Phase 2 investigation considered the deal against a higher threshold than Phase 1, and included consultation on provisional Phase 2 findings, published in September 2022.

LSEG is an international financial markets infrastructure and data business which holds a majority shareholding in the LCH clearing house group (LCH). A clearing house helps reduce the costs and risk of a contract between a buyer and a seller in a financial market by acting as a central counterparty between the parties to a transaction.

Quantile helps financial institutions trading in derivative instruments to reduce their capital requirements, along with their overall regulatory costs, through services such as multilateral compression. Multilateral compression service providers for interest rate derivatives, cleared through LCH, depend on LCH to be able to provide these services.

The CMA's Phase 1 review raised concerns that, after the acquisition of Quantile, LCH could potentially disadvantage third party compression providers who are in competition with Quantile, leading to reduced competition.

During the in-depth Phase 2 investigation, the CMA engaged extensively with customers of LSEG and Quantile, and with third party compression providers, and conducted a more detailed analysis of the anticipated acquisition. Although the evidence showed that LSEG may have the ability to disadvantage Quantile's rivals post-merger, the investigation found LSEG would not have the commercial incentive to do so as its customers were clear they could take steps to stop such efforts.

In light of all the evidence, including responses to its consultation on the provisional Phase 2 findings, the CMA considers that the anticipated acquisition will not lead to a substantial lessening of competition between Quantile and its rivals and, therefore, has cleared the deal.

Martin Coleman, chair of the CMA independent inquiry group said:

The in-depth investigation and consultation allowed us to engage extensively with LSEG, Quantile, and their customers and competitors, enabling us to better understand the impact of the transaction on those businesses and the market. On the basis of

that engagement, and other evidence we have gathered, we are satisfied that this deal will not worsen the options available to businesses and consumers. As such, the transaction can go ahead.

For more information, visit the [LSEG/Quantile inquiry page](#).

1. For media enquiries, contact the CMA press office on 0203 738 6460 or press@cma.gov.uk.
2. A Phase 1 inquiry determines whether there is a realistic prospect that the merger could substantially lessen competition. A Phase 2 inquiry has a different statutory test to Phase 1. Phase 2 determines whether it is more likely than not that a substantial lessening of competition will occur because of the merger – a higher threshold than Phase 1. For this reason, and because phase 2 decisions are taken by a different group of independent decision-makers following a further in-depth review, some transactions will ultimately be cleared at Phase 2 that are not cleared at Phase 1.