

Crowdcube/Seedrs deal fast tracked to in-depth CMA investigation

Press release

The CMA has agreed to 'fast track' the anticipated merger of Crowdcube and Seedrs to an in-depth Phase 2 investigation, after finding likely competition concerns.



Crowdcube Limited (Crowdcube) and Seedrs Limited (Seedrs) are the 2 largest equity crowdfunding platforms in the UK. Equity crowdfunding platforms connect small and medium-sized enterprises (SMEs) looking to raise capital equity investment with investors willing to provide funding in return for a stake in the business.

The merging companies requested that the Competition and Markets Authority (CMA) fast track the investigation to a Phase 2 stage last month. In most merger cases, a full Phase 1 investigation is needed to determine whether a deal can be cleared or whether further scrutiny is required. However, merging companies can ask for the CMA's review of the deal to be moved more quickly to Phase 2 where it is clear from an early stage that there are competition concerns that require an in-depth investigation.

The CMA today announced that the [criteria for a fast track reference](#) are met as the transaction gives rise to a realistic prospect of a substantial lessening of competition in the supply of equity crowdfunding platforms to SMEs and investors, which would impact on the whole or substantially all of the deal. It found that the merging companies would have a very high combined share of supply in the UK, and evidence from the companies' internal documents and third parties suggest the companies are very close competitors. The CMA is therefore concerned that, if completed, the deal could result in SMEs and investors losing out as a result of fewer choices, higher fees and poorer quality services.

The merger will now be referred for an in-depth Phase 2 investigation, which is overseen by an independent group of panel members. By requesting a fast track, the merging companies waive the right to offer undertakings or formal

commitments to address the CMA's concerns and thereby avoid a Phase 2 investigation. Instead, if competition concerns are found at Phase 2, the independent group will set out potential options for addressing these concerns.

Andrea Gomes da Silva, Executive Director of Markets and Mergers said:

Crowdcube and Seedrs are well-known names in the equity crowdfunding world and are two of the biggest platform providers in this market. Their services are used by thousands of investors and businesses, particularly early stage start-up SME businesses that tend to have limited options for raising investment. We've found a real risk that the merger could lead to less choice for SMEs and investors.

The companies recognised that the issues in this case are complex and that the test for reference at Phase 1 was likely to be met. They therefore requested use of the fast track procedure and, after due consideration, we believe this to be appropriate.

For more information on the next steps in the process, including how third parties can have their say, visit the [Crowdcube/Seedrs merger inquiry page](#).

Media queries should be directed to press@cma.gov.uk or 020 3738 6460.

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