

LSEG's anticipated Quantile purchase raises competition concerns

The Competition and Markets Authority (CMA) opened its investigation into London Stock Exchange Group PLC's (LSEG) anticipated acquisition of Quantile Group Limited (Quantile) in March 2022.

LSEG is an international financial markets infrastructure and data business which holds a majority shareholding in the LCH clearing house group. A clearing house helps reduce the costs and risks of a transaction between a buyer and seller in a financial market, by standardising the steps leading up to payment.

Quantile also helps financial institutions to reduce risk in transactions, along with their overall regulatory costs, including through specific services such as multilateral compression for financial institutions dealing with derivative instruments.

Multilateral compression providers for over-the-counter interest rate derivatives depend on LCH to help build compression proposals for trades cleared at LCH. The CMA is concerned that after the acquisition of Quantile, LCH could refuse to allow third party compression providers to provide these services. LCH could also provide support to Quantile's rivals in multilateral compression on worse terms. This could potentially lead to reduced competition in UK financial services, which is a key employer and contributor to GDP.

Following its Phase 1 investigation, the CMA has therefore found that the proposed merger could lead to competition concerns in the supply of this service for over-the-counter interest rate derivatives.

David Stewart, Executive Director of Markets and Mergers at the CMA, said:

'Reducing risk' can sound abstract, but it matters – it underpins a range of services, like fixed-rate mortgages, that are vital to consumers. Post-trade services, including compression, are one way of doing this.

After investigating LSEG's and Quantile's activities, we are concerned that the planned merger could harm competition between multilateral compression providers. It is vital we ensure that LSEG, as a large and powerful firm in the financial sector, isn't likely to use its strong market position to stifle competition or restrict innovation.

Unless the companies address our concerns, we will refer the deal to a more in-depth review.

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

For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.