

Brussels, 19 February 2008

Mergers: Commission clears acquisition of Reuters by Thomson subject to conditions

The European Commission has cleared under the EU Merger Regulation the proposed acquisition of the UK-based Reuters Group by Thomson Corporation of Canada, subject to conditions and obligations. The Commission's in-depth investigation, opened in October 2007 (see IP/07/1460), indicated that the concentration, as originally notified, could have led to a substantial impediment of effective competition in several markets of the financial information sector. The parties submitted commitments which have removed the Commission's competition concerns and are suitable to restore effective competition in the Single Market.

Competition Commissioner Neelie Kroes said: "The merging parties have offered a remedies package that provides strong safeguards that users of financial data will not be harmed by this major consolidation."

Both Thomson and Reuters are leading financial information providers. The companies source, aggregate and disseminate real-time and historical market data and other type of financial content to respond to the needs of financial professionals, such as traders and sell-side people in the on-trading floor space, of investors on the buy-side and of analysts in the off-trading floor space within banks, investment funds and corporations. In addition, Thomson is active in legal, fiscal, accounting and scientific research markets, whereas Reuters is best known as one of the largest international news agencies.

The Commission's market investigation assessed Thomson's and Reuters' respective positions in the various markets in the financial services sector. The main areas of overlap concerned the off-trading floor space (i.e. the research and asset management area), given Thomson's marginal presence in the on-trading floor area. The in-depth investigation showed that the concentration, as originally notified, would have raised competition concerns in the markets for the distribution of aftermarket broker research reports, of earning estimates, of fundamental financial data of enterprises and of time series of economic data.

Aftermarket broker research reports analyse securities, industries or markets. This market comprises the sale of the reports after an initial "embargo" period of around two weeks, prior to which they are only accessible to selected customers. Earning estimates are predictions by analysts about future earnings of companies. Fundamentals databases contain company-specific data, such as financial statement data, financial ratios or earnings per share data. Time series of economic data comprise data on macroeconomic variables, such as GDP, unemployment rates, etc. collected over long periods of time to allow an analysis of trends. These databases are predominantly used in off-trading floor activities of financial institutions.

The proposed transaction would have eliminated rivalry between the two main suppliers of such databases in the marketplace, both at the worldwide and EEA level, leaving financial institutions and customers of such products with a reduced

choice, the likelihood of price increases and a severe risk of discontinuation of overlapping products.

The proposed transaction would also have had a negative impact on providers of desktop products which obtain and integrate the types of content described above into their own offerings to customers. The merged entity would have had the ability and the incentive to close off such competitors, thereby adversely affecting competition at the downstream level.

To remove the Commission's competition concerns, the parties committed to divest copies of the databases containing the content sets of such financial information products, together with relevant assets, personnel and customer base as appropriate to allow purchasers of the databases and assets to quickly establish themselves as a credible competitive force in the marketplace in competition with the merged entity, re-establishing the pre-merger rivalry in the respective fields. The parties can also continue to use these databases in the future to commercialise the respective data to their own customers. With the remedies, customers of such financial information products therefore would continue to have sufficient alternatives post-merger.

The Commission's investigations, and negotiations of remedies, were undertaken in parallel with the examination of the case by the US Department of Justice. The process involved close co-operation between the two authorities, including exchanges of views on analytical methods and of detailed information, plus joint meetings and negotiations with the parties.

More information on the case will be available at:

http://ec.europa.eu/comm/competition/mergers/cases/index/m94.html#m_4726