



News Release

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CC ACCEPTS DEUTSCHE BÖRSE UNDERTAKINGS ON LSE MERGER

The Competition Commission (CC) has today accepted the final undertakings, which will allow Deutsche Börse AG (DBAG) to acquire London Stock Exchange plc (LSE) subject to specified conditions.

The undertakings give effect to the findings of the CC's final report on the proposed mergers, published in November. The CC found that the proposed acquisition of LSE by either DBAG or Euronext NV (Euronext) was likely to give rise to a substantial lessening of competition. This is because either merger could make it more difficult for other exchanges to compete with LSE in trading UK equities due to both bidders' direct control or influence over the provision of clearing services. However, the CC decided that both parties could acquire LSE if they were able to make certain commitments regarding LSE's clearing services provider.

In the case of DBAG, the undertakings, which will require them to implement a package of structural and behavioural remedies to ensure the independence of LSE's clearing provider, will only come into force should it replace LSE's current clearing services provider, LCH.Clearnet, with one in which they hold an interest. (See notes below.)

The CC published the undertakings agreed with Euronext yesterday.

The undertakings agreed with DBAG are published at www.competition-commission.org.uk/inquiries/ref2005/lse/index.htm. The draft undertakings were published for consultation last month.

There has been extensive consultation over several months between the CC, DBAG, Euronext, LCH.Clearnet and the OFT to agree these undertakings and the CC has extended the period outlined for this process in order to accommodate the parties.

Notes for editors

1. If DBAG were to acquire LSE, the CC identified that a substantial lessening of competition may only be expected if an entity under DBAG's control were to provide clearing services to LSE as regards equities trades executed on LSE. The undertakings give effect to the behavioural and structural remedies identified in the CC's report, and apply only in circumstances where DBAG or its subsidiaries should both acquire LSE and seek to have an interest in the clearing provider to LSE. The structural element of the undertakings does not require the divestment of Eurex Clearing should DBAG acquire LSE, but instead provides DBAG with the option to choose to have a stake of up to 14.9 per cent in the provider of clearing services to LSE subject to the CC's consent to such arrangements.

2. The proposed mergers were referred by the Office of Fair Trading (OFT) on 29 March 2005.
3. The Enterprise Act 2002 empowers the OFT to refer to the CC completed or proposed mergers for investigation and report which create or enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.
4. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence, can be obtained from its website at www.competition-commission.org.uk.
5. Enquiries should be directed to Rory Taylor on 020 7271 0242 (email rory.taylor@cc.gsi.gov.uk).