

Appendix A: Terms of reference and conduct of the inquiry

Terms of reference

1. In exercise of its duty under section 33(1) of the Enterprise Act 2002 (the Act) the Competition and Markets Authority (CMA) believes that it is or may be the case that:
 - (a) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, in that:
 - (i) enterprises carried on by Crowdcube Limited will cease to be distinct from enterprises carried on by Seedrs Limited; and
 - (ii) the condition specified in section 23(2)(b) of the Act is satisfied; and
 - (b) the creation of that situation may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom for goods or services, including the supply of:
 - (i) equity crowdfunding platforms to small and medium-sized enterprises in the United Kingdom; and
 - (ii) equity crowdfunding platforms to investors in the United Kingdom.
2. Therefore, in exercise of its duty under section 33(1) of the Act, the CMA hereby makes a reference to its chair for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 in order that the group may investigate and report, within a period ending on 28 April 2021, on the following questions in accordance with section 36(1) of the Act:
 - (a) whether arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and
 - (b) if so, whether the creation of that relevant merger situation may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.

Andrea Gomes da Silva

**Executive Director, Markets and Mergers
Competition and Markets Authority
12 November 2020**

Conduct of the inquiry

3. On 12 November 2020, the CMA [referred, under its fast track procedure¹](#), the proposed acquisition (the Merger) by Crowdcube Limited (Crowdcube) of Seedrs Limited (Seedrs) (together, the Parties) for an in-depth Phase 2 investigation by a group of CMA panel members.
4. The CMA published the biographies of the members of the inquiry group conducting the phase 2 inquiry on the inquiry [webpage](#) on 13 November 2020 and the [administrative timetable](#) for the inquiry was published on the inquiry webpage on 26 November 2020.
5. On 3 December 2020, the CMA published its [Phase 1 decision](#) on the reference under section 33(1) of the Enterprise Act 2002.
6. We issued detailed questionnaires to various third parties including competitors and customers of the Parties. We supplemented these questionnaire responses with a number of telephone calls. Evidence submitted during Phase 1 was also considered in Phase 2.
7. We received written evidence from the Parties in the form of submissions and responses to information requests.
8. Members of the Inquiry Group and CMA staff received separate ‘virtual’ presentations from Seedrs and Crowdcube, on 2 December 2020 and 7 December 2020 respectively, in lieu of a physical ‘site visit’.²
9. On 4 December 2020, the CMA published an [Issues Statement](#) setting out the issues on which the Phase 2 inquiry would focus. The Parties’ responses to our issues statement were published on the inquiry webpage on [27 January 2021](#).
10. During our inquiry, we sent the Parties a number of working papers for comment. We also sent an annotated issues statement to the Parties, which outlined our emerging thinking at that point, prior to separate hearings with the Parties on 4 February 2021.

¹ [CMA Mergers: Guidance on the CMA’s Jurisdiction and Procedure, Paras 6.61-6.65](#)

² A physical ‘site visit’ was not practical due to the ongoing Coronavirus (COVID-19) pandemic. As noted in the CMA’s guidance Merger assessments during the Coronavirus (COVID-19) pandemic (CMA120), paragraph 15, ‘The ‘site visits’ that typically occur during the early weeks of a Phase 2 investigation will not take place at present. The CMA will arrange an alternative opportunity to gain a greater understanding of the Parties’ businesses and meet (remotely) key operational staff during the early stages of the Phase 2 investigation.’

11. A non-confidential version of our provisional findings report has been published on the [inquiry webpage](#). We have provisionally concluded that the Merger may be expected to result in an SLC in the supply of equity crowdfunding (ECF) platforms to SMEs and investors in the United Kingdom. A notice of possible remedies has also been published on the inquiry webpage. Interested parties are invited to comment on both of these documents.
12. We would like to thank all those who have assisted in our inquiry so far.