

# COMPLETED ACQUISITION BY SPREADEX LIMITED OF THE B2C BUSINESS OF SPORTING INDEX LIMITED SUMMARY OF REMITTAL PROVISIONAL FINDINGS

5 JUNE 2025

## OVERVIEW

1. The Competition and Markets Authority (**CMA**) has provisionally found that the completed acquisition (the **Merger**) by Spreadex Limited (**Spreadex**) of the business-to-consumer (**B2C**) business of Sporting Index Limited (**Sporting Index**) has resulted, or may be expected to result, in a substantial lessening of competition (**SLC**) in the supply of licensed online sports spread betting services in the UK.
2. Spreadex and Sporting Index are each a **Party** to the Merger; together they are referred to as the **Parties** and, for statements relating to the situation post-Merger, as the **Merged Entity**.
3. We invite any interested parties to make representations to us on the findings in the Remittal Provisional Findings report by no later than **26 June 2025**. Parties should refer to the Notice of Remittal Provisional Findings for details of how to do this.

## BACKGROUND ON THE REMITTAL

4. On 22 November 2024, the CMA announced its decision, set out in its final report (the **Phase 2 Final Report**), that the Merger had resulted, or may be expected to result, in an SLC.
5. On 20 December 2024, Spreadex filed a notice of application (the **Application**) to the Competition Appeal Tribunal (**Tribunal**) for review of the CMA's decision in relation to certain of the CMA's findings in the Phase 2 Final Report. Spreadex invited the Tribunal to quash the CMA's decision and to remit the matter to the CMA.

6. Following receipt of the Application, the CMA identified a number of errors in the Phase 2 Final Report, which included instances where the summaries of third party evidence did not accurately reflect the underlying material. In light of these errors, the CMA asked the Tribunal to quash the decisions (on an SLC and as to remedy) in the Phase 2 Final Report and refer the case back to the CMA for reconsideration and to make a new decision or decisions on those matters.
7. On 4 March 2025, the Tribunal quashed the decision on an SLC and the final decision as to remedy in the Phase 2 Final Report and referred the case back to the CMA to reconsider and make a new decision or decisions in respect of those matters (the **Remittal**).

## THE PARTIES AND THEIR PRODUCTS AND SERVICES

### The Parties

8. Spreadex provides online sports betting services, primarily to customers based in the UK. Spreadex offers both fixed odds and spread betting services, covering a range of sports including football, Formula 1 motor racing, rugby, rowing, golf and greyhound racing. It also provides financial spread betting and casino betting services. The turnover of Spreadex in FY24 was approximately £[~~2~~] million in the UK.
9. Sporting Index provides online sports betting services primarily in the UK, with minimal sales to customers in Ireland and Gibraltar. Sporting Index offers both fixed odds and spread betting services. The turnover of Sporting Index in FY24 was around £[~~2~~] million in the UK.
10. Spreadex acquired Sporting Index from Sporting Group Holdings Limited (**Sporting Group**), a subsidiary of La Française des Jeux (**FDJ**), on 6 November 2023. The Merger did not include the purchase of the business-to-business (**B2B**) activities of Sporting Group (namely, **Sporting Solutions**), which was retained by FDJ following a corporate restructure implemented in advance of the Merger, and which it then announced its agreement to sell to another company in August 2024.
11. The Sporting Index business acquired by Spreadex comprised a number of assets, including the Sporting Index Limited legal entity, which, following the corporate restructure, owned or comprised the Sporting Index brand, intellectual property (**IP**), domain names, regulatory licences, customer lists, deferred tax losses, trade debtors and trade creditors/approvals and six employees.

## **The Parties' products and services**

12. Online sports betting services involve a customer staking an amount of money (ie the initial stake) on the outcome of a sports event, or on the likelihood of an event occurring or not occurring. A customer's 'payoff' is the amount they stand to win if their bet is successful, and their 'losses' are the amount they stand to lose.
13. In fixed odds betting, the payoff is determined based on odds set in advance and the losses are capped based on the amount of the initial stake. In spread betting, the provider offers a spread (or range) of outcomes and allows customers to 'buy' (predict higher than the spread) or 'sell' (predict lower than the spread). Customers choosing to buy will win if the outcome is higher than the predicted level and lose if it is lower. Customers choosing to sell will win if the outcome is lower than the predicted spread and lose if it is higher. The payoff is determined based on 'how right' the customer is and both the payoff and the losses can be far higher than the initial amount staked. There are many different outcomes that customers can choose to bet on. By way of example, customers can bet on how many goals will be scored in a football match or the total minutes of all goals scored by headers in a football match; how many sixes will be hit in a cricket match, or how many runs a team or individual player will score in a cricket match.

## **OUR ASSESSMENT**

### **Why are we examining this Merger?**

14. The CMA's primary duty is to seek to promote competition for the benefit of UK consumers, including the investigation of mergers that could raise significant competition concerns in the UK where it has jurisdiction to do so.
15. In this case, the CMA has jurisdiction over the Merger because Spreadex and Sporting Index have a combined share of supply, by revenue, of 100% (with an increment of [20-30%] as a result of the Merger) in the supply of licensed online sports spread betting services in the UK, meaning that the share of supply test is met.

### **How have we approached the Remittal inquiry?**

16. In assessing the competitive effects of a completed merger, the question we are required to answer is whether the merger has resulted in an SLC, or there is an expectation – ie a more than 50% chance – that the merger may be expected to result in an SLC, within any market or markets in the UK. This is also true for this Remittal inquiry, in which we are required to make a new decision on this matter.

17. To determine whether the Merger has resulted, or may be expected to result, in an SLC, we have gathered a substantial volume of evidence that we considered in the round to reach our findings. This includes evidence that we gathered during the course of our phase 1 and phase 2 investigations (insofar as it remains relevant), along with additional evidence that we have gathered during the Remittal inquiry. This evidence has been gathered from a wide variety of sources, and using our statutory powers where necessary. In particular, we have received several submissions and responses to information requests from the Parties and third parties, including FDJ, the seller.
18. Based on this evidence, we have focussed on whether the Merger has resulted, or may be expected to result, in horizontal unilateral effects in the supply of licensed online sports spread betting services in the UK. Horizontal unilateral effects can arise when one firm merges with a competitor, allowing the merged entity profitably to raise prices (or in this case, widen spreads) or degrade non-price aspects of its competitive offering (such as quality, range, service and innovation) on its own and without needing to coordinate with any rivals.
19. When assessing whether a merger has resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects, the CMA's main consideration is whether there are sufficient remaining alternatives to constrain the merged entity. Amongst other factors, our assessment has therefore focussed on the extent to which the Parties are constrained by providers of unlicensed sports spread betting, sports fixed odds betting or financial spread betting.

### **What would most likely have happened absent the Merger?**

20. To determine the impact that the Merger has had, or may be expected to have, on competition, we have considered what would most likely have happened absent the Merger, to provide a comparator. This is known as the counterfactual.
21. In this case, based on submissions and evidence received from the Parties and third parties, we have focussed on what would most likely have happened to Sporting Index absent the Merger, and in particular whether (a) Sporting Index was likely to have exited (whether through failure or otherwise), and (b) there would not have been an alternative, less anti-competitive purchaser (to Spreadex) for Sporting Index or its assets. This two-part test is known as the 'exiting firm' test.
22. In considering the counterfactual, we have reviewed internal documents, analysed financial data, and gathered evidence from the seller (FDJ), professional advisors on the sale process, alternative bidders for the Sporting Index business, and companies which may have been interested in acquiring Sporting Index assets under liquidation. We have carefully evaluated the weight that it is appropriate to place on the different evidence provided to us. In particular, we have had regard to

the extent to which the party had knowledge of the situation relevant to our assessment, and the extent to which the evidence is consistent with other evidence provided to us.

23. In relation to the question of whether Sporting Index was likely to exit the market absent the Merger, our provisional view is that although Sporting Index was not at risk of financial failure, FDJ would not have been incentivised to continue supporting the business, given it was considered to be a non-core business, and FDJ was concerned about the wider reputational risks if Sporting Index were to breach regulations. We have therefore provisionally concluded that absent the Merger or sale to an alternative bidder, Sporting Index would likely have exited the market for strategic reasons.
24. We next considered if there were any alternative purchasers for Sporting Index or its assets. In particular, we considered whether, absent the Merger:
  - (a) FDJ would have completed a sale of Sporting Index to one of the alternative bidders;
  - (b) The alternative bidders would have been committed to completing a purchase of Sporting Index; and
  - (c) The alternative bidders would have operated the Sporting Index business as a competitor.
25. We have provisionally concluded that FDJ would likely have completed a sale to an alternative bidder, on the basis that its bid would likely have been above the liquidation value for the target business, the operational cost of entering into a TSA with an alternative bidder would likely have been manageable, a sale scenario was the preferred option for FDJ (rather than liquidation), and non-financial considerations would not likely have dissuaded FDJ from a sale of Sporting Index to an alternative bidder. We have also provisionally concluded that the alternative bidders would have been well-informed bidders and had identified ways to improve the performance of Sporting Index, and so would likely have been committed to completing a purchase. Finally, our provisional view is that the alternative bidders would have operated the Sporting Index business as a competitor.
26. In view of the above, we have provisionally concluded that the appropriate counterfactual is that Sporting Index, under the ownership of an alternative bidder, would have continued to compete in the supply of licensed online sports spread betting services, broadly in line with the pre-Merger conditions of competition.

## What did the evidence tell us?

### ... about the relevant market?

27. Where the CMA makes an SLC finding, this must be 'within any market or markets in the United Kingdom for goods or services'. The CMA is therefore required to identify the market or markets within which an SLC has resulted, or may be expected to result. Market definition can also be a helpful analytical tool to identify the most significant competitive alternatives available to customers of the merger firms.
28. In this case, we have considered whether one or more of sports fixed odds betting providers, financial spread betting providers and unlicensed sports spread betting providers form part of the relevant market, or should instead be considered as out-of-market constraints on the Parties. We have considered a range of evidence, including third party views (including from sports fixed odds providers, financial spread providers, unlicensed sports spread betting providers, and customers of the Parties), quantitative data and the Parties' internal documents.
29. In relation to sports fixed odds betting, on the basis of the evidence provided to us, our view is that neither customers nor sports fixed odds betting providers see sports fixed odds betting products as close alternatives to sports spread betting products.
30. In relation to financial spread betting providers and unlicensed sports spread betting providers:
  - (a) Financial spread betting providers told us that they did not compete with sports spread betting providers, which is also supported by customer evidence and the Parties' internal documents.
  - (b) Similarly, customers concerned about the Merger told us that unlicensed sports spread betting providers were not credible alternatives, as they lack certain customer protections and are unable to solicit customers in the UK.
31. On the basis of the evidence provided to us, we have provisionally concluded that the relevant market is the supply of licensed online sports spread betting services in the UK, and that any constraint from sports fixed odds betting providers, financial spread betting providers or unlicensed sports spread betting providers will be addressed in the competitive assessment as an out-of-market constraint.

### **... about the Parties' positions in licensed online sports spread betting?**

32. As the Parties' are the only two suppliers of licensed online sports spread betting services in the UK, they have a combined share of 100% (with an increment of [20-30%] as a result of the Merger).
33. Where there are only two providers operating in the relevant market, our starting point is that they will necessarily be each other's closest competitors. This position was supported by the Parties' internal documents and the evidence provided to us from third parties, including customers.

### **... about the competitive constraints on the Parties?**

34. As noted above, the Parties are the only two firms active in the supply of licensed online sports spread betting services in the UK. We have therefore considered the strength of the competitive constraint imposed on the Parties by out-of-market competitors, namely unlicensed sports spread betting firms, financial spread betting firms and sports fixed odds betting firms.
35. Our assessment of the evidence provided to us is, in summary:
  - (a) Spreadex's internal documents show that it was aware that it faced no other licensed sports spread betting competitors, other than Sporting Index. While there are some examples of Spreadex monitoring sports fixed odds betting providers, this demonstrates only a weak constraint from fixed odds betting on its spread betting business. We have not seen evidence in the Parties' internal documents, or other evidence provided by the Parties, that financial spread betting providers or unlicensed sports spread betting providers exert any competitive constraint on the Parties.
  - (b) Sports fixed odds betting providers told us that there were significant differences between sports fixed odds betting and sports spread betting, and that they did not compete, or only competed 'weakly', with the Parties.
  - (c) Of the 33 responses to our customer questionnaire, only two customers told us that they would switch to sports fixed odds betting if their preferred sports spread betting provider were unavailable. Similarly, only two customers told us that they would switch to unlicensed sports spread betting providers, and only one customer told us that they would switch to a financial spread betting provider.
36. We have therefore provisionally concluded that the remaining out-of-market competitive constraints on the Parties following the Merger (including unlicensed sports spread betting firms, financial spread betting firms and sports fixed odds betting firms) are weak.

37. In view of the above, and in particular given the closeness of competition between the Parties, and the absence of sufficient alternative competitive constraints, we have provisionally concluded that that the Merger raises competition concerns in the supply of licensed online sports spread betting services in the UK, with resulting adverse effects in terms of one or more of worse range, user experience and prices than would otherwise have been, or be, the case absent the Merger.

**...about any countervailing factors that prevent or mitigate an SLC arising?**

38. We have also considered whether there are any countervailing factors that prevent or mitigate an SLC arising from the Merger, in particular, (a) any entry and/or expansion and (b) any Merger efficiencies.

39. As the Parties are the only two providers of licensed online sports spread betting services in the UK, we have focused on potential entry to that market. To assess this we have considered whether there are any barriers to entry into licensed online sports spread betting in the UK. Having considered views of the Parties and other industry participants, our provisional conclusion is that developing or acquiring the required technology would be a significant barrier to entry, making it very difficult for any entry into the supply of licensed online sports spread betting to be timely, likely and sufficient to prevent an SLC arising from the Merger. We have also not seen evidence of any potential entrants planning to enter into the market in a way that would be timely, likely and sufficient to prevent an SLC arising from the Merger.

40. To assess merger efficiencies, we have considered whether benefits submitted by the Parties, in the form of a better product and customer experience for Sporting Index customers by using Spreadex's platform, (a) enhance rivalry in the relevant market, (b) are timely, likely and sufficient to prevent an SLC, (c) are merger specific, and (d) benefit customers in the UK. We have provisionally found that that the claimed efficiencies are not merger-specific, as the benefits would have been available to Sporting Index customers with or without the Merger, and do not enhance rivalry, given that the Parties are the only two providers of licensed online sports spread betting in the UK and face weak out-of-market constraints.

41. On this basis, we have provisionally concluded that there are no countervailing factors to prevent or mitigate an SLC arising from the Merger.

## **DECISION**

42. In view of the above, we have provisionally found that:

(a) the Merger has resulted in the creation of a relevant merger situation, and

- (b) the creation of that situation has resulted, or may be expected to result, in an SLC in the supply of licensed online sports spread betting services in the UK.