COMPLETED ACQUISITION BY SPREADEX LIMITED OF THE B2C BUSINESS OF SPORTING INDEX LIMITED

Remittal Provisional Findings Report

ME 7085/23

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Website: www.gov.uk/cma

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The Competition and Markets Authority has excluded from this published version of the Remittal provisional findings report information which the Remittal inquiry group considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [✄]. Some numbers have been replaced by a range. These are shown in square brackets. Non-sensitive wording is also indicated in square brackets.

CONTENTS

APPENDICES AND GLOSSARY

SUMMARY

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 £[✂] 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 £[✂] 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.

REMITTAL PROVISIONAL FINDINGS

1. THE REMITTAL

1.1 On 17 April 2024, the Competition and Markets Authority (**CMA**), in exercise of its duty under section 22(1) of the Enterprise Act 2002 (the **Act**),[1] referred the completed acquisition (the **Merger**) by Spreadex Limited (**Spreadex**) of the business-to-consumer (**B2C**) business of Sporting Index Limited (**Sporting Index**) (together, the **Parties** or the **Merged Entity**[2]) from Sporting Group Holdings Limited (**Sporting Group**) for further investigation and report by a group of CMA panel members (the **inquiry group**).

1.2 On 22 November 2024, the CMA announced its decision, set out in its final report (the **Phase 2 Final Report**[3]), that the Merger had 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 United Kingdom (**UK**).

1.3 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 advanced two grounds of review:[4]

(a) **Ground 1**: that it was unfair of the CMA not to provide third party evidence[5] referenced in Chapter 5 (Counterfactual) of the Phase 2 Final Report to Spreadex's advisers within the confidentiality ring which the CMA had established for the purposes of its investigation; and

(b) **Ground 2**: that the CMA's conclusion in Chapter 5 (Counterfactual) of the Phase 2 Final Report was not properly justified by the evidence and/or was irrational; as a result, the CMA's conclusion on the SLC, which was dependent on the conclusion on the counterfactual, was also not properly justified by the evidence and/or irrational.

1.4 Spreadex invited the Tribunal to quash the CMA's decision and to remit the matter to the CMA.

1.5 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

[1] Section 22(1) of the Act.
[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] Completed acquisition by Spreadex Limited of the B2C business of Sporting Index Limited, Phase 2 Final Report, 22 November 2024.
[4] Summary of Application under section 120 of the Enterprise Act 2002, case no. 1700/4/12/24, 9 January 2024.
[5] Call notes, responses and transcripts.

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.

1.6 On 4 March 2025, the Tribunal quashed the decision on an SLC (at paragraph 8.1(b) of the Phase 2 Final Report) and the final decision as to remedy (at paragraph 9.387 of 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**).[6] Subsequently on the same date, the members of the inquiry group were appointed by the CMA for the purposes of the Remittal inquiry (the **Remittal inquiry group**).

1.7 In the Remittal inquiry, we have reconsidered the statutory questions afresh,[7,8] namely:

(a) Whether a relevant merger situation has been created;[9] and

(b) If so, whether the creation of that relevant merger situation has resulted, or may be expected to result, in an SLC within any market or markets in the UK for goods or services.

1.8 Our terms of reference, along with information on the conduct of the inquiry, are set out in Appendix A and Appendix B respectively.

1.9 This document, together with its appendices, constitutes the provisional findings in the Remittal inquiry (the **Remittal Provisional Findings**) published and notified to the Parties in line with the CMA's rules of procedure.[10]

1.10 In the Remittal inquiry, we have applied the Enterprise Act 2002 and CMA Guidance as they were in effect on 17 April 2024, when the Merger was referred for a phase 2 investigation. Further information relevant to this inquiry, can be found on the CMA webpage.[11]

[6] Reasoned Order (Remittal), 4 March 2025, paragraphs 1 and 2.
[7] As explained in Appendix B (Conduct of the inquiry), in answering these questions we will take account of the evidence gathered in the inquiry leading to the Phase 2 Final Report (insofar as it remains relevant) as well as new evidence gathered as part of the Remittal process.
[8] Section 35(1) of the Act.
[9] Although the decision in the Phase 2 Final Report on this statutory question was not challenged by Spreadex and was not quashed by the Tribunal, we have nonetheless reconsidered it in the interest of maintaining the integrity of our provisional findings in the Remittal inquiry.
[10] CMA rules of procedure for merger, market and special reference groups (CMA17), March 2014 (corrected November 2015), Rule 11.
[11] See: Spreadex / Sporting Index Merger inquiry.

2. INDUSTRY BACKGROUND

2.1 In this chapter we provide an overview of the licensed online sports (including spread and fixed odds) betting services sector (**Online sports betting services**) in the UK, in which the Parties are active (see also Chapter 3, Parties, Merger and Merger Rationale).

2.2 We have not received any further evidence on the matters covered in this chapter during the Remittal inquiry.

Overview of the industry

2.3 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.[12] 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 if their bet is unsuccessful. Online sports betting services involve customers using websites and apps to place their bets.

2.4 In fixed odds betting, the payoff is determined based on odds set in advance. The losses are capped based on the amount of the Initial Stake. Within fixed odds betting, odds can be determined by the bookmaker (**Sportsbook Betting**) or through a betting exchange, where customers set their own odds and bet against each other (**Exchange Betting**). In this report, references to 'fixed odds' do not include exchange betting.

2.5 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 spread 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.[13] 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.

[12] Under section 9(1) of the Gambling Act 2005, betting is defined as 'making or accepting a bet on: (a) the outcome of a race, competition or other event or process; (b) the likelihood of anything occurring or not occurring; or (c) whether anything is or is not true'.
[13] Spreadex, response dated 21 December 2024 to the CMA's section 109 notice (**s109 notice**) dated 14 December 2023, question 26.

2.6 Using the example of customers betting on how many goals will be scored in a football match, a sports spread betting provider may provide a spread of 2.8–3. A customer choosing to buy in this scenario would be predicting that there will be more than three goals scored, while a customer choosing to sell will be predicting that fewer than 2.8 goals will be scored. The amount of money a customer wins or loses will depend on how right or wrong the customer is (ie the difference between the actual number of goals scored and the predicted number of goals scored). For instance, if seven goals are scored in the match, then a customer choosing to buy will win their Initial Stake multiplied by four (ie 7 minus 3) while a customer choosing to sell will lose their Initial Stake multiplied by 4.2 (ie 7 minus 2.8). However, if no goals are scored, then a customer choosing to buy will lose their Initial Stake multiplied by three while a customer choosing to sell will win their Initial Stake multiplied by 2.8.

2.7 Customers of online sports spread betting services are therefore generally individuals who are comfortable with the increased risk and complexity of spread betting.

2.8 In order to create a new sports spread betting account with a licensed online sports spread betting provider in the UK, customers are asked to provide certain financial information as part of the sign-up process, including information on the individual's employment status, net annual income, and total levels of savings/investments.[14] FDJ and Sporting Group (the previous owner of Sporting Index) said that, pre-Merger, it required Sporting Index customers to provide proof of wealth multiple times per month.[15] Further detail on compliance requirements for licensed online sports spread betting providers are provided below.

Pricing spreads

2.9 As set out in paragraphs 2.5 and 2.6, a sports spread betting provider will offer a spread of outcomes for customers to bet on.

2.10 In order to price its spreads, Spreadex told us that it first [✄], which are then put into Spreadex's model. This model [✄]. An example of this [✄].[16]

2.11 Once the more granular [✄] have been determined, these [✄] may be further adjusted by Spreadex's sports traders in order to account for [✄]. Following this, Spreadex then automatically generates spreads by inputting the [✄]. The spreads are then displayed on Spreadex's front-end technology platform with which

[14] Spreadex, Teach-in slides, 1 May 2024, slide 9.
[15] FDJ and Sporting Group hearing transcript.
[16] Spreadex, Teach-in slides, 1 May 2024, slides 17-20.

customers directly interact. Spreadex is also able to [✂]. This is done automatically by Spreadex's model, but Spreadex sports traders may also [✂].[17]

Providers of licensed online sports betting services

2.12 As set out in paragraph 2.1, the Parties are active in the licensed online sports (including spread and fixed odds) betting services sector. Spreadex estimates the sports fixed odds betting sector to be around £2.4 billion in gross gambling yield terms in FY2024.[18] Other providers of fixed odds betting services include bet365 Group, Entain Group (via Ladbrokes, Coral and others), Flutter Entertainment (via Sky Bet), BetVictor and 888 Holdings (via William Hill).[19]

2.13 The Parties are the only two providers of licensed online sports spread betting services in the UK.[20] Based on the Parties' revenues, we estimate the licensed online sports spread betting sector in the UK to have had a size of £[✂] million in 2020, £[✂] million in 2021, £[✂] million in 2022, £[✂] million in 2023, and £[✂] million in 2024.[21]

2.14 We note that based on these estimates, the size of the sector has decreased from 2020 to 2022 but increased from 2022 to 2024.[22]

Regulatory framework

2.15 The Gambling Commission (**GC**) regulates all gambling in Great Britain, apart from spread betting which is regulated by the Financial Conduct Authority (**FCA**). We provide an overview of both regulatory frameworks below.

FCA

2.16 Spread betting providers (including sports spread betting providers) which carry on regulated activities within the FCA perimeter of regulation must obtain authorisation from the FCA and adhere to its regulations.[23]

1.1 [17] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, Annex 26.3 A-I
[18] Gambling Commission (**GC**), Industry Statistics - November 2024 - Official statistics, November 2024 (last accessed 15 May 2025), as cited in Spreadex, response dated 15 May 2025 to the CMA's RFI dated 13 May 2025, question 1. Gross gambling yield is the total amount paid to a GC licensee by way of stakes and any other amounts that will otherwise accrue to the licensee directly in connection with the activities authorised by the licence, minus the total amount deducted from the licensee in respect of the provision of prizes or winnings in connection with the activities authorised by the licence (GC, Regulatory returns guidance, 4 May 2021 (last updated 30 September 2024) (last accessed on 24 April 2025).
[19] See: bet365; Ladbrokes; Sky Bet; BetVictor; and William Hill (all last accessed on 24 April 2025).
[20] See Chapter 6 (Horizontal Unilateral Effects).
[21] Spreadex, response dated 2 February 2024 to the CMA's request for information (**RFI**) dated 31 January 2024, question 5; and Spreadex, response dated 15 May 2025 to the CMA's RFI dated 13 May 2025, question 1.
[22] Sporting Group told us that the sector had been negatively impacted by the Coronavirus (COVID-19) pandemic, as there were fewer sporting events to bet on during this period (FDJ and Sporting Group hearing transcript).
[23] Sections 19 and 21 of the Financial Services and Markets Act 2000 (the **FSMA**).

2.17 The application process for an FCA licence involves the FCA considering the adequacy of both the financial and non-financial resources of the applicant. This includes reviewing the feasibility of business plans and considering the potential for any consumer harm.[24] The FCA told us that it has a statutory deadline of six months to approve complete applications, and 12 months to determine incomplete applications.[25]

2.18 In addition to obtaining the relevant regulatory authorisation from the FCA, authorised (that is, licensed) online sports spread betting firms must also comply with the FCA's regulations on an ongoing basis. This includes a requirement for firms to protect and hold customers' money segregated in a separate client money bank account under the FCA's Client Assets Sourcebook regime, and to report on this segregation on a monthly basis.[26]

2.19 The FCA introduced its new Consumer Duty, which came into force on 31 July 2023. It requires firms to act to deliver good outcomes for retail customers. This includes ensuring that the price a customer pays for a product is reasonable compared to the overall benefits that the customer gets from that product.[27]

2.20 The FCA Consumer Duty puts the onus on firms to conduct these assessments, however the FCA may ask to review a firm's fair value assessment together with supporting evidence, that demonstrates that a product provides fair value. In the spread betting context, the FCA would generally expect firms to consider, among other factors, the spreads offered as part of their fair value assessments.[28]

2.21 The FCA has a wide range of enforcement powers, including the power to impose financial penalties, prohibit individuals from performing functions in relation to the carrying out of regulated activities, public censure, and prosecution.[29] The FCA may also place requirements on a firm's permission and limit or suspend the carrying out of a regulated activity, until the firm resolves the matter of concern to the FCA's satisfaction. The regulatory tools utilised by the FCA in any case will depend on a number of factors, including the severity of the breach.[30]

GC

2.22 Sports fixed odds providers wishing to solicit UK consumers must obtain a licence from the GC and adhere to its regulations.[31] The application process involves the

[24] FCA call transcript.
[25] FCA response to the CMA's RFI.
[26] FCA call transcript and Client Money and Assets | FCA, last accessed on 27 May 2025. During the Remittal inquiry, the FCA confirmed that recent changes to the FCA Handbook would not have any impact on its treatment of sports spread betting. Third Party response to the CMA's RFI.
[27] FCA response to the CMA's RFI.
[28] FCA response to the CMA's RFI.
[29] FCA, Enforcement, 21 April 2016 (last updated 4 December 2024) (last accessed on 2 May 2025).
[30] Additional information submitted to the CMA via email in relation to FCA call note.
[31] Section 5 of the Gambling (Licensing and Advertising) Act 2014.

GC looking at information such as business plans, profit and loss projections, and bank statements.[32]

2.23 Licensed online sports fixed odds betting firms must also comply with the GC's regulations on an ongoing basis. This involves, for example, putting into place policies and procedures intended to promote socially responsible gambling,[33] or firms providing evidence to the GC, if required, showing how they have satisfied themselves that their terms are not unfair.[34]

2.24 The GC can review the manner in which licensees carry on licensed activities,[35] and following a review, the GC may:

(a) give the licensee a warning;

(b) add, remove, or amend a condition to the licence;

(c) suspend a licence;

(d) revoke a licence, and/or

(e) impose a financial penalty.[36]

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[32] GC, Apply for a licence to operate a gambling business (last accessed on 24 April 2025).
[33] GC, Licence Conditions and Codes of Practice (**LCCP**) Condition 3.1.1 - Combating problem gambling (last accessed on 24 April 2025).
[34] GC, LCCP Condition 4.1.1 - Fair terms (last accessed 24 April 2025).
[35] Section 116(1)(a) of the Gambling Act 2005.
[36] Section 117(1) of the Gambling Act 2005.

3. PARTIES, MERGER AND MERGER RATIONALE

3.1 In this chapter we provide an overview of the Parties, the Merger and the Merger rationale. We have not received any further evidence on the matters covered in this chapter during the Remittal inquiry.

Spreadex

3.2 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.[37]

3.3 The turnover of Spreadex in its financial year (**FY**) ended 31 May 2024 was approximately £[✂] million in the UK.[38] In FY 2024, Spreadex earned around £[✂] million turnover from the sports spread betting part of its business and almost £[✂] million from the fixed odds betting part of its business, with the remaining revenues turnover accounted for primarily by its financial spread betting and casino betting business.[39]

Sporting Index

3.4 Sporting Index[40] provides Online sports betting services primarily in the UK, with minimal sales to customers in Ireland and Gibraltar. Sporting Index offers both spread and fixed odds betting services.[41]

3.5 The turnover of Sporting Index in FY24 was around £[✂] million in the UK.[42] In 2023, Sporting Index earned nearly £[✂] million turnover from the spread betting part of its business and almost £[✂] million from the fixed odds betting part of its business.[43]

The Merger

3.6 Prior to the Merger, Sporting Group was the holding company of both:[44]

[37] Spreadex, Briefing Paper, 13 July 2023, paragraph 2.4.
[38] Spreadex, response dated 15 May 2025 to the CMA's RFI dated 13 May 2025, question 2.
[39] Spreadex, response dated 15 May 2025 to the CMA's RFI dated 13 May 2025, question 2.
[40] Sporting Index is referred to in some internal documents as '**SPIN**'.
[41] Spreadex, Briefing Paper, 13 July 2023, paragraph 2.1.
[42] Spreadex, response dated 15 May 2025 to the CMA's RFI dated 13 May 2025, question 3.
[43] Spreadex, response dated 15 May 2025 to the CMA's RFI dated 13 May 2025, question 3.
[44] Sporting Group, Sporting Group Holdings Limited Annual report and financial statements for the year ended 31 December 2022, page 1 (last accessed on 24 April 2025).

(a) Sporting Index, the B2C arm of Sporting Group, which comprised its spread betting and fixed odds betting activities (the **B2C Business**); and

(b) Sporting Solutions Services Limited (**Sporting Solutions**), the 'business-to-business' (**B2B**) arm of Sporting Group (the **B2B Business**).

3.7 Spreadex acquired Sporting Index from Sporting Group, a subsidiary of La Française des Jeux (**FDJ**), on 6 November 2023. The Merger did not include the purchase of the B2B activities of Sporting Group, namely Sporting Solutions, which were retained by FDJ following a corporate restructure implemented in advance of the Merger,[45] and later sold to Betsson Group in August 2024.[46]

3.8 The Sporting Index business acquired by Spreadex comprised a number of assets, including the Sporting Index 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.[47]

Merger Rationale

3.9 Spreadex's internal documents show that the strategic rationale for the Merger was to obtain access to Sporting Index's client base, historical data and dormant accounts, as well as to remove the competitive threat of another firm buying the business, and Sporting Index becoming a stronger competitor as a result.[48]

3.10 In response to the phase 2 provisional findings report[49] (the **Phase 2 Provisional Findings**), Spreadex submitted that the document cited by the CMA as the basis for the provisional finding that the Merger rationale was in part to remove a competitive threat, had been prepared after Spreadex had been approached by Sporting Group/FDJ as part of the sales process.[50] Spreadex therefore submitted that it did not have a specific rationale for the Merger before being approached, that it had responded to an opportunistic approach, and that the 'rationale' identified by the CMA was no more than a statement of the possible advantages of an acquisition.[51]

[45] Spreadex gained control over Sporting Index which, following the corporate restructure, owned a number of assets relating to the Sporting Index business, as described in paragraph 3.7. The assets, technology and employees comprising Sporting Solutions were carved out and moved to Sporting Solutions Limited. Spreadex, Briefing paper, 13 July 2023, paragraph 1.1.
[46] FDJ, Press release, 1 August 2024 (see: FDJ sells its Sporting Solutions Services subsidiary to the Betsson group - FDJ (groupefdj.com). (last accessed on 24 April 2025).
[47] Spreadex, Teach-in slides, 1 May 2024, slide 38.The remaining employees of the pre-Merger Sporting Index business were not acquired by Spreadex [✂]. (Third party call transcript).
[48] Spreadex, response dated 21 December 2023 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, question 22, Annex 00000103.
[49] CMA, Provisional Findings Report, 25 July 2024.
[50] Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, paragraphs 2.1-2.2. Further discussion of the timeline of the sales process can be found in Chapter 5 (Counterfactual).
[51] Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, paragraph 2.3.

3.11 While the timing and circumstances of Spreadex's bid for Sporting Index are relevant to the CMA's assessment, and are discussed in more detail in Chapter 5 (Counterfactual), the fact that Spreadex's reasons for the Merger were only discussed or recorded after an approach had been made by the sellers, does not mean that such reasons can be discounted. Further discussion of the document in question, and the weight that we have attached to it, can be found in Chapter 6 (Horizontal Unilateral Effects).

4. RELEVANT MERGER SITUATION

Introduction

4.1 This chapter addresses the first of the two statutory questions which we are required to answer under section 35 of the Act and pursuant to our Terms of Reference, namely: whether a relevant merger situation (**RMS**) has been created.[52]

4.2 The concept of an RMS has two principal elements:

(a) two or more enterprises have ceased to be distinct enterprises within the statutory period for reference;[53] and

(b) the turnover test and/or the share of supply test is satisfied.[54]

4.3 We address each of these elements in turn below.

4.4 We have not received any further evidence on the matters covered in this chapter during the Remittal inquiry.

Enterprises ceasing to be distinct

Enterprises

4.5 The Act defines an 'enterprise' as 'the activities, or part of the activities, of a business'.[55] A 'business' is defined as including 'a professional practice and includes any other undertaking which is carried on for gain or reward or which is an undertaking in the course of which goods or services are supplied otherwise than free of charge'.[56]

4.6 Each of Spreadex and Sporting Index is active in the supply of Online sports betting services, predominantly in the UK, and generates turnover from these services (see Chapter 3, Parties, Merger and Merger Rationale). Sporting Index comprises the Sporting Index legal entity and the core components of the B2C Business.[57]

[52] Section 35 of the Act and Appendix A, Terms of Reference.
[53] Sections 23 and 24 of the Act.
[54] Section 23 of the Act.
[55] Section 129(1) of the Act.
[56] Section 129(1) of the Act.
[57] As explained in Chapter 3 (Parties, Merger and Merger Rationale), Spreadex acquired Sporting Index which, following the corporate restructure, owned or comprised the Sporting Index brand, IP, domain names, regulatory licences, customer lists, deferred tax losses, trade debtors and trade creditors/approvals and six employees. Sporting Index does not include the B2B assets formerly held by Sporting Index, which were retained by FDJ following a corporate restructure implemented in advance of the Merger, and which were later sold to Betsson Group in August 2024.

4.7 We provisionally conclude that the Sporting Index entity, assets and components acquired by Spreadex on the one hand, and Spreadex itself on the other hand, each constitute a 'business' within the meaning of the Act. Consequently, we are satisfied that the activities of each of Spreadex and Sporting Index constitute an 'enterprise' for the purposes of the Act.

Ceasing to be distinct

4.8 The Act provides that any two enterprises cease to be distinct if they are brought under common ownership or common control.[58] The Merger concerns the acquisition by Spreadex of the B2C Business, and the entire issued share capital, of Sporting Index. Therefore, as a result of the Merger, the enterprise of Sporting Index is now wholly under the ownership and control of Spreadex.

4.9 Accordingly, we provisionally conclude that the Merger has resulted in two or more enterprises (namely, the enterprises of Spreadex and Sporting Index) ceasing to be distinct.

The applicable statutory period

4.10 The Act requires that the enterprises must have ceased to be distinct within either:

(a) not more than four months before the day on which the reference is made, or

(b) where the merger took place without having been made public and without the CMA being informed of it, four months from the earlier of the time that material facts are made public or the time the CMA is told of material facts.[59] The four-month period may be extended under section 25 of the Act.[60]

4.11 The CMA was informed about the Merger on 25 August 2023 and the Merger completed on 6 November 2023. The four-month period for a reference decision under section 24 of the Act therefore commenced upon completion of the Merger. It was extended under section 25(1) of the Act to 5 April 2024. On 4 April 2024, the CMA decided that the Merger gave rise to a realistic prospect of an SLC and further extended the four-month period to 11 April 2024 to allow Spreadex the opportunity to offer undertakings in lieu of a reference (**UILs**).[61] On 10 April 2024, Spreadex informed the CMA that it would not offer UILs. Accordingly, pursuant to section 25(5)(b) of the Act, the extension to the four-month period ended on 24 April 2024. The reference was made on 17 April 2024.[62]

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[58] Section 26 of the Act.
[59] Section 24 of the Act.
[60] Section 25 of the Act.
[61] Sections 25(4) and 73A(1) of the Act.
[62] See Chapter 1 (The Remittal) and Appendix A (Terms of Reference).

4.12 We therefore provisionally conclude that the enterprises of Spreadex and Sporting Index ceased to be distinct within the applicable statutory period for reference, and therefore the first limb of the RMS test is met.

Turnover test or share of supply test

4.13 The turnover test is met where the value of the turnover in the UK of the enterprise being taken over exceeds £70 million.[63] As the turnover of Sporting Index in its last financial year prior to the Merger agreement was around £9.8 million worldwide, almost all of which was earned in the UK,[64] the turnover test is not met.

4.14 The share of supply test is met where, as a result of enterprises ceasing to be distinct, the following condition prevails or prevails to a greater extent: at least one quarter of goods or services of any description[65] which are supplied in the UK, or in a substantial part of the UK, are supplied either by or to one and the same person.[66] The requirement that the condition prevails or prevails to a greater extent means that the merger must result in the creation or increase in a share of supply of goods or services of a particular description and the resulting share must be 25% or more.

4.15 Spreadex and Sporting Index have a combined share of supply by revenue of 100% in the supply of licensed online sports spread betting services in the UK (with an increment of [20-30]% arising from the Merger). Accordingly, we provisionally conclude that the share of supply test in section 23 of the Act is met,[67] and therefore the second limb of the RMS test is met.

Conclusion on the relevant merger situation

4.16 In view of the above, we provisionally conclude that the Merger has resulted in the creation of an RMS.

[63] Section 23(1)(b) of the Act.
[64] Spreadex, Briefing Paper, 13 July 2023, paragraph 4.1 and Table.
[65] The concept of goods or services of 'any description' is very broad. The CMA is required by the Act to measure shares of supply by reference to such criterion, or such combination of criteria as the CMA considers appropriate (see section 23(5) of the Act).
[66] Sections 23(2), (3) and (4) of the Act.
[67] Section 23 of the Act.

5. COUNTERFACTUAL

5.1 This chapter sets out our assessment of, and provisional conclusion on, the appropriate counterfactual for the Merger. It is structured as follows:

(a) Framework for assessing the counterfactual.

(b) Events leading up to the Merger.

(c) Assessment of the appropriate counterfactual.

(d) Provisional conclusion on the counterfactual.

Framework for assessing the counterfactual

The nature of the counterfactual

5.2 Applying the SLC test involves a comparison of the prospects of competition with the merger against the counterfactual (ie the most likely competitive situation without the merger).[68] The counterfactual is not a statutory test. Rather it is an analytical tool used in answering the statutory question on the SLC test:[69] in the case of a completed merger, the test is whether the merger has resulted, or may be expected to result, in an SLC.[70]

5.3 The counterfactual may consist of the prevailing, or pre-merger, conditions of competition, or conditions of competition that involve stronger or weaker competition between the merger firms than under the prevailing, or pre-merger, conditions of competition.[71]

A broad, not detailed, description of the most likely conditions of competition

5.4 The counterfactual is not intended to be a detailed description of the conditions of competition that would prevail absent the merger. Those conditions are better considered in the competitive assessment.[72] The CMA will generally conclude on the counterfactual conditions of competition broadly – that is, prevailing or pre-merger conditions of competition, conditions of stronger competition or conditions of weaker competition.[73] The CMA also seeks to avoid predicting the precise

[68] MAGs, paragraph 3.1 read together with paragraph 3.13, which provides that, at Phase 2, the CMA will select the most likely conditions of competition as its counterfactual.
[69] MAGs, paragraph 3.1.
[70] Section 35(1)(b) of the Act.
[71] MAGs, paragraph 3.2. The conditions of competition before a merger in anticipated acquisitions are generally referred to as the 'prevailing conditions of competition' and in completed acquisitions as 'pre-merger conditions of competition'. The terms 'pre-merger' and 'prevailing' are interchangeable (Ibid.).
[72] MAGs, paragraph 3.7; see also paragraphs 3.6 and 3.32.
[73] MAGs, paragraph 3.9.

details or circumstances that would have arisen absent the merger[74] and will often focus on significant changes affecting competition between the merger firms, such as exit by one of the merger firms.[75]

5.5 If two or more possible counterfactual scenarios lead to broadly the same conditions of competition, the CMA may not find it necessary to select the particular scenario that leads to its counterfactual.[76]

Uncertainty

5.6 Establishing the appropriate counterfactual is an inherently uncertain exercise and evidence relating to future developments absent the merger may be difficult to obtain. Uncertainty about the future will not in itself lead the CMA to assume the pre-merger situation to be the appropriate counterfactual. As part of its assessment, the CMA may consider the ability and incentive (including but not limited to, evidence of intention) of the merger firms to pursue alternatives to the merger, which may include reviewing evidence of specific plans where available.[77]

Time horizon

5.7 The time horizon that the CMA considers when describing the counterfactual will depend on the context and will be consistent with the time horizon used in the CMA's competitive assessment.[78]

The exiting firm scenario

5.8 An example of a situation in which the CMA may use a different counterfactual is the so-called 'exiting firm' scenario:[79] that is, whether, absent the merger, one of the merger firms is likely to have exited the market. In forming a view on an exiting firm scenario, the CMA will use the following framework of cumulative conditions, that is whether:[80]

(a) the firm is likely to have exited (through failure or otherwise) (**Limb 1**); and, if so

[74] MAGs, paragraph 3.11.
[75] MAGs, paragraph 3.8.
[76] MAGs, paragraph 3.9. In some instances, the CMA may need to consider multiple possible scenarios before identifying the relevant counterfactual (eg a merger firm being purchased by alternative acquirers). In doing this, the CMA will consider whether any of the possible scenarios make a significant difference to the conditions of competition and, if any do, the CMA will find the most likely conditions of competition absent the merger as the counterfactual (paragraph 3.13).
[77] MAGs, paragraph 3.14.
[78] MAGs, paragraph 3.15.
[79] MAGs, paragraph 3.16.
[80] MAGs, paragraph 3.21.

(b) there would not have been an alternative, less anti-competitive purchaser for the firm or its assets to the acquirer in question (**Limb 2**).

5.9 The exiting firm scenario is most commonly considered when one of the firms is said to be failing financially. However, exit may also be for other reasons, for example because the target firm's corporate strategy has changed.[81]

5.10 When considering any exiting firm argument, the CMA will usually attach greater weight to evidence that has not been prepared in contemplation of the merger[82] (while still attaching appropriate weight to all of the other evidence that it has). It may be particularly important in the context of an exiting firm scenario for the CMA to understand the rationale for the transaction under review (ie to consider why the purchaser is acquiring a firm or its assets in the context of claims that it would have exited from the market).[83]

5.11 If the CMA finds that the merger firm would not be likely to exit absent the merger, it does not follow that it may instead decide that the firm would be a weaker competitor in the counterfactual. The CMA is likely to assess the strength of competition between the merger firms in its competitive assessment.[84]

Events leading up to the Merger

5.12 We set out below the key events leading up to the Merger, which, in our view, are relevant to our consideration of the appropriate counterfactual.

5.13 In 2019, FDJ paid Magnus Hedman (later the founder of 10star) £[✂] million for the combined B2B Business and B2C Business (Sporting Group).[85]

5.14 In early 2022, having decided that ownership of the B2C Business did not fit with its group business strategy, FDJ decided to prepare a detailed financial analysis for the carve-out of the B2C Business from the B2B Business.[86] It engaged AlixPartners in June 2022 to conduct a [✂],[87] before deciding to commence the sales process for the B2C Business on 15 December 2022.[88] The process itself commenced in early January 2023 (the **2023 B2C Sale Process**).[89]

5.15 FDJ received three preliminary bids for the B2C Business from:

[81] MAGs, paragraph 3.22.
[82] MAGs, paragraph 3.24.
[83] MAGs, paragraph 3.24.
[84] MAGs, paragraph 3.25.
[85] [✂] call transcript, and FDJ and Sporting Group hearing transcript.
[86] FDJ response to the CMA's RFI and FDJ and Sporting Group hearing transcript.
[87] Alix Partners call transcript.
[88] Sporting Group response to the CMA's RFI.
[89] FDJ response to the CMA's RFI.

(a) [✂], with a bid value of £[✂] million (an increase on its initial intended bid of £[✂] million) subject to Sporting Group's supply of operational support for the first year;[90,91]

(b) [✂], with a bid value of £[✂] million (which was later confirmed on 24 March 2023) subject to agreement of a Transitional Services Agreement (**TSA**);[92] and

(c) Spreadex on 23 February 2023, with a bid value between £[✂] million and £[✂] million (later increased to £[✂] million on 22 March 2023).[93] The Spreadex preliminary bid included caveats that its consideration was subject to CMA approval or a lack of interest from the CMA,[94] however on 30 June 2023 the Spreadex board approved the Merger without CMA approval being a condition to completion.[95] Given that Spreadex was already operating as a UK licensed spread betting provider with its own IT systems it required only a minimal and short-term TSA of up to eight weeks of assistance post completion.[96]

5.16 We refer to [✂] and [✂] collectively in this chapter as the **Alternative Bidders**.

5.17 The sale of the B2B Business was considered as early as January 2023, once again because the B2B Business did not fit with FDJ's overall group strategy.[97]

5.18 At the end of March 2023, recommendations were made to select Spreadex as the preferred purchaser of the B2C Business.[98]

5.19 External advisors were appointed to assist with the sale of Sporting Solutions, ie, the B2B Business, during mid to late April 2023, and the B2B sale process formally started on 27 April 2023.[99]

5.20 The sale of the B2C Business to Spreadex completed on 6 November 2023.[100]

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[90] Sporting Group response to the CMA's RFI and Former [✂] MD call transcript.
[91] In the course of the phase 2 inquiry and the Remittal inquiry, we have predominantly engaged with [✂] in the context of their involvement as an Alternative Bidder for Sporting Index. On this basis, the individuals that we have spoken to have worked (or previously worked) for [✂] rather than its [✂].
[92] Sporting Group response to the CMA's RFI.
[93] FDJ response to the CMA's RFI.
[94] FDJ response to the CMA's RFI.
[95] Spreadex, response dated 18 December 2024 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, Annex 8, paragraph 5.1.
[96] FDJ response to the CMA's RFI.
[97] FDJ and Sporting Group submitted that this strategy was to focus on the B2C side of the business ie lottery and traditional sports book. FDJ and Sporting Group hearing transcript
[98] Sporting Group response to the CMA's RFI.
[99] FDJ response to the CMA's RFI.
[100] Spreadex, Letter to the CMA's Merger Intelligence Committee, 6 December 2023, page 1

5.21 An agreement to sell the B2B Business to Betsson Group for £[✄] million was announced on 1 August 2024,[101] and the transaction completed on 2 December 2024.[102]

Assessment of the appropriate counterfactual

5.22 Spreadex submitted that the appropriate counterfactual in this case is that FDJ would have wound down Sporting Index on the basis that there were no other viable purchasers. We have therefore considered whether the two cumulative conditions have been met (that is, Limb 1 and Limb 2) for an exiting firm scenario to be taken as the appropriate counterfactual in this case.

5.23 In considering Spreadex's submissions that both Limb 1 and Limb 2 have been met, we have also considered evidence from the seller (FDJ and Sporting Group) and each of the Alternative Bidders. We have carefully evaluated the weight that it is appropriate to place on the different evidence provided to us. 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. In this regard, we have placed greatest weight on the evidence from FDJ given that it can speak to its own commercial thinking at the time and based on its direct involvement in the B2C Sale Process. The decision of whether or not to sell to an alternative purchaser or to exit the market would have been a decision for FDJ to make.

Limb 1 - Likelihood of exit

Introduction

5.24 Where a firm may be exiting because of financial failure, consideration is given both to whether the firm is unable to meet its financial obligations in the near future and to whether it is unable to restructure itself successfully. In practice, the CMA will carefully examine the firm's profitability over time, its cash flows and its balance sheet in order to determine the profile of assets and liabilities. If the firm is part of a larger corporate group, the CMA will also consider the parent company's ability and incentive to provide continued financial support.[103]

5.25 A merger firm may exit for strategic rather than financial reasons absent the merger. The CMA would need to be satisfied that the business would have ultimately exited for strategic reasons unrelated to the transaction in question.[104]

[101] FDJ response to the CMA's RFI and Betsson Group Announces Strategic Acquisition of Sporting Solutions - Betsson Group, (last accessed on 14 May 2025).
[102] FDJ response to the CMA's RFI.
[103] MAGs, paragraph 3.28.
[104] MAGs, paragraph 3.29.

5.26 We note that when considering an exiting firm argument, it can be particularly important to understand the rationale for the sale.[105] As such, we set out below FDJ's submissions on the rationale for the sale of the B2C Business, before setting out Spreadex's submissions and our assessment of Limb 1.

FDJ's submissions on the rationale for the sale of the B2C Business

5.27 FDJ submitted that it had initially acquired Sporting Group for its B2B activity, in particular Sporting Group's platform and technologies, and its complementary trading capabilities (that FDJ lacked), and not specifically for its B2C activity. The B2C Business came with this package as the buyer sold all Sporting Group's activities together. It further submitted that following its acquisition of Sporting Group, the regulatory framework in the UK evolved significantly in relation to improving the safeguarding of consumers. It explained that the subsequent compliance requirements led to a significant loss in premium customers, who were very hard to renew given their specific 'VIP' profiles. It submitted that the B2C Business relied on [✄] that were [✄]. Moreover, it submitted that spread betting was a very regulated activity that was allowed only in a few countries (the UK being the first) and that attracted a niche of very high-value customers (with high affordability to bet) but which represented an ageing demographic. As a result of all the reasons mentioned above, combined with the fact that this activity became too highly loss-making for FDJ, FDJ decided to sell.[106]

5.28 FDJ and Sporting Group told us that [✄]. They told us that [✄], so that the GC rules were also applied to spread betting customers, and similarly, the FCA rules were also applied to fixed odds customers. FDJ and Sporting Group told us that it was regularly requesting that spread betting customers disclose personal information, which a lot of high net worth clients were not prepared to do, resulting in reduced customer numbers and customer activity, eg either from customers not sharing the requested documentation or only part sharing the requested information resulting in Sporting Index suspending customers until they completed the request. Sporting Group told us that if it were to remove the fixed odds business and the combined compliance policy, such that Sporting Index were only governed by FCA regulation, it could relax some of the customers' disclosure requirements that were seen by customers as punitive, although there would still be a high level of compliance management. Sporting Group told us that FDJ, being partly state-owned, could not countenance any regulatory fines or accept being under investigation for failure to comply with regulations.[107]

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[105] MAGs, paragraph 3.24.
[106] FDJ response to the CMA's RFI.
[107] FDJ and Sporting Group hearing transcript.

Spreadex's submissions on Limb 1

5.29 Spreadex submitted that absent the Merger, FDJ would have closed Sporting Index due to:

(a) the ongoing and increasingly significant losses of Sporting Index[108] since its acquisition by FDJ in 2019, where its last profit was recorded in FY18.[109] It submitted that it understood that this financial situation had not improved under FDJ's ownership and therefore, FDJ had decided to either sell or close the business;[110]

(b) FDJ's commentary in its annual report and public domain on the steps it had taken to improve the profitability of the UK business.[111] For example, Spreadex told us that FDJ's FY22 financial statements had reclassified Sporting Index as assets held for disposal;[112]

(c) the comments made by FDJ during a shareholder meeting in February 2023, in response to analyst questions at FDJ's year-end results announcement, when FDJ stated that Sporting Index did not align with its wider strategy, and that it had therefore launched a process to divest the business;[113]

(d) an increasingly rigorous regulatory environment in the UK, which would have limited Sporting Index's ability to improve its profitability;[114] and

(e) FDJ's subsequent strategic decision to divest Sporting Group's B2B arm, ie Sporting Solutions.[115]

5.30 During the Remittal inquiry, Spreadex added that:[116]

(a) FDJ was clear that it would have closed the B2C Business in statements made to the CMA;

(b) Sporting Index was loss-making and FDJ had no incentive to continue to support it;

(c) Sporting Index's losses were expected to worsen over time;

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[108] Spreadex, Letter to the Inquiry Group, 25 April 2024, page 2 and Spreadex, Response to the CMA's Provisional Findings, 30 August 2024, paragraph 3.4.
[109] Sporting Index's financial year ended 31 December 2018.
[110] Spreadex, Briefing Paper, 13 July 2023, paragraph 2.3.
[111] Spreadex, Letter to the Inquiry Group, 25 April 2024, page 2.
[112] Spreadex, CMA Issues Meeting, 11 March 2024, slide 6.
[113] Spreadex, CMA Issues Meeting, 11 March 2024, slide 7 (FDJ, Webcast of FDJ Annual Results 2022, 16 February 2023 (last accessed 12 May 2025).
[114] Spreadex, CMA Issues Meeting, 11 March 2024, slide 6 and Spreadex, Response to the CMA's Provisional Findings, 30 August 2024, paragraph 3.3.
[115] See: SBC News, FDJ to sell Sporting Solutions as future lies in B2C growth, 19 February 2024 (last accessed 12 May 2025).
[116] Spreadex, Initial Remittal Submission, 28 March 2025, paragraph 1.14.

(d) FDJ had explored and rejected cost-cutting and restructuring options, as well as further investment;

(e) FDJ had reputational concerns with continuing to operate the B2C Business;

(f) The lack of internal documentary evidence regarding FDJ's plans should it fail to sell the B2C Business was not probative given the successful sale to Spreadex; and

(g) There was no likelihood of any other bidder coming forward to acquire the B2C Business.

Our assessment of Limb 1

5.31 The evidence shows that FDJ was concerned about the wider reputational risks if Sporting Index, a non-core business, were to breach FCA or GC regulations, which had become more stringent since it acquired Sporting Index, and the potentially significant negative repercussions for FDJ's broader strategy and wider business. FDJ's concerns about the risks to its reputation and its wider strategic objectives for its group business arising from any regulatory breach in the UK (see paragraphs 5.27 and 5.28 above) were also broadly corroborated by third party evidence: the former Managing Director of [✂] who led [✂] bid during the 2023 B2C Sale Process (the **Former** [✂] **MD**) submitted that FDJ had ambitions to enter the US market, and given that the UK regulatory environment was becoming more stringent and FDJ was becoming more risk averse, he believed that FDJ considered Sporting Index to be a weak link and did not want to risk the FCA or the GC finding any failings in Sporting Index, and thus, devaluing FDJ and undermining its expansion plans.[117]

5.32 Based on Sporting Index's annual accounts for FY21 and FY22, Sporting Index generated an operating loss (before recurring items) of -£2.4 million in FY21 and -£6.7 million in FY22.[118] Although Sporting Index was a loss-making division within FDJ, its annual accounts show that Sporting Index had received financial support from FDJ to enable it to continue its operations. In this regard, in Sporting Index's FY21 and FY22 accounts, no material concerns were raised about its ability to meet its liabilities and remain as a going concern, and as at the end of FY22, Sporting Index had positive net current assets (ie current assets less current liabilities) of £22.1 million (prior year: £28.1 million) and positive net assets (ie total

[117] [✂] call transcript.
[118] Sporting Index, Annual report and financial statements for the year ended 31 December 2021; Sporting Index, Annual report and financial statements for the year ended 31 December 2022 SPORTING INDEX LIMITED filing history - Find and update company information - GOV.UK last accessed 14 May 2025.

assets less total liabilities) of £18.7 million (prior year: £27.0 million), and continued to receive financial support from FDJ.[119]

5.33 The MAGs provide that if a firm that is claimed to be exiting is part of a larger corporate group, as is the case here, the CMA will also consider the parent company's ability and incentive to provide continued financial support.[120] In the present case, although Sporting Index was a loss-making division within FDJ,[121] Sporting Index had received financial support from FDJ, and FDJ was able to continue to support it given the group's financial resources.[122] However, the evidence shows that FDJ was incentivised to complete a sale of the B2C Business, given FDJ's concerns about the ongoing regulatory risks associated with owning Sporting Index, which was seen as a non-core business from FDJ's perspective.

5.34 Sporting Group told us that it was unable to provide documents that contained discussions of what FDJ or Sporting Group would have done if Spreadex, or the Alternative Bidders had not submitted a [✂], given that such discussions were not recorded. However, it told us that there were other potential purchasers it had approached. It also told us that there were multiple scenarios to this sale, based on numerous factors, and therefore, it was likely that if it had not received a bid deemed satisfactory, Sporting Group would have entered into discussions with some other potential purchasers to realise a sale.[123] FDJ also submitted during the Remittal inquiry that had Spreadex not submitted a bid during the 2023 B2C Sales Process, FDJ would have continued engaging with other interested third parties (including the Alternative Bidders) and explored alternative transaction opportunities.[124]

5.35 We note that when FDJ announced its intention to sell the B2C Business on 15 February 2023, during its investor presentation, it did not commit to a deadline to complete this sale, stating only that FDJ would do what it could to make it last 'not very long'.[125] At its hearing, FDJ and Sporting Group also told us that it did not

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[119] Sporting Index, Sporting Index Limited Annual report and financial statements for the year ended 31 December 2021 and Sporting Index, Sporting Index Limited Annual report and financial statements for the year ended 31 December 2022 SPORTING INDEX LIMITED filing history - Find and update company information - GOV.UK last accessed 14 May 2025.
[120] MAGs, paragraph 3.28.
[121] While Sporting Index had been loss-making at an EBITDA-level since FY21, no material doubts were raised about its ability to meet its liabilities and remain as a going concern in its FY21 and FY22 accounts, and as at the end of FY22, Sporting Index had positive net current assets (ie current assets less current liabilities) of £22.1 million (prior year: £28.1 million) and positive net assets (ie total assets less total liabilities) of £18.7 million (prior year: £27.0 million), and continued to receive financial support from FDJ (Sporting Index, Sporting Index Limited Annual report and financial statements for the year ended 31 December 2021 and Sporting Index Limited Annual report and financial statements for the year ended 31 December 2022, SPORTING INDEX LIMITED filing history - Find and update company information - GOV.UK (last accessed 14 May 2025).
[122] FDJ Consolidated financial statements for the year ended 31 December 2022, Publications and results - FDJ, last accessed 14 May 2025.
[123] Sporting Group response to the CMA's RFI.
[124] FDJ response to the CMA's RFI.
[125] FDJ, Webcast of FDJ Annual Results 2022, 16 February 2023 (from 1:17:40 to 1:19:19) (last accessed on 14 May 2025).

have an internal deadline to complete the sale of Sporting Index.[126] FDJ and Sporting Group told us that under a hypothetical scenario where Spreadex's bid did not exist, [✂].[127]

5.36 FDJ told us that [✂].[128] FDJ told us that [✂].[129] FDJ and Sporting Group also told us that in the event Spreadex had not bid or had dropped out of the process, it would have looked to close the deal with one of the Alternative Bidders (although this would be subject to agreeing on a TSA), and that it was committed to disposing of the B2C Business, because Sporting Index was [✂] and the situation was [✂]. It added that if a TSA with the Alternative Bidders could not be agreed, then [✂] would have been an option.[130]

5.37 We have reviewed internal documents from FDJ and Sporting Group which discussed future plans for the B2C Business. These documents do not set out the actions FDJ would likely have taken in the event it failed to find a purchaser for the B2C Business and do not show that FDJ had committed to exiting the market. [131]

5.38 Based on the above, our provisional view is that if FDJ were not able to agree to a sale of the B2C Business with an Alternative Bidder, it would most likely have reached out to other potential purchasers or considered a differently configured transaction perimeter for the sale of the B2C Business. However, noting FDJ's comments that [✂],[132] our provisional view is that it would likely only have done so for a very short period of time.

5.39 We also consider it unlikely that FDJ would have concluded a sale of B2C Business if it could not have done so with an Alternative Bidder. Although FDJ would likely have reached out to other potential purchasers, there was very limited interest for the B2C Business under the 2023 B2C Sale Process. We note that FDJ had considered multiple scenarios for the B2C Business, but our provisional view is that it was unlikely that it would have decided to pursue a separate sales process under a differently configured transaction perimeter, given (i) its incentives to quickly dispose of the B2C Business, and (ii) its willingness to engage in this would likely have been impacted by the limited interest in the B2C Business during the 2023 B2C Sale Process.

Provisional Conclusion

5.40 On the basis of our assessment above, our provisional view is that although Sporting Index was not at risk of financial failure, FDJ would likely not have been

[126] FDJ and Sporting Group hearing transcript.
[127] FDJ and Sporting Group hearing transcript.
[128] FDJ response to the CMA's RFI.
[129] FDJ response to the CMA's RFI.
[130] FDJ and Sporting Group call transcript.
[131] Sporting Group response 2024 to the CMA's RFI and FDJ response to the CMA's RFI.
[132] FDJ response to the CMA's RFI.

incentivised to continue supporting a loss-making business, particularly on the basis that: (a) FDJ considered Sporting Index to be a non-core business; and (b) FDJ was concerned about the wider reputational risks if Sporting Index were to breach FCA or GC regulations. Our provisional view is therefore that absent the Merger or sale to an Alternative Bidder, Sporting Index would likely have exited the market for strategic reasons, and we provisionally conclude that Limb 1 is met on this basis.

Limb 2 – Alternative purchasers

Introduction

5.41 When considering if there were alternative purchasers, the CMA will seek to identify who the alternative purchaser(s) might have been and take this into account when determining the counterfactual. The CMA may consider the marketing process for the target firm as well as offers received for it. The CMA will not restrict its analysis to alternative purchasers who were willing to pay the same or similar price that was agreed in the merger under investigation, but rather if there was an alternative purchaser willing to acquire the firm at any price above liquidation value.[133]

5.42 Importantly, the CMA will consider alternative purchasers that would have operated the business as a competitor.[134]

5.43 If the CMA considers that the most likely counterfactual would have involved an alternative purchaser for the firm or its assets, it will conduct its analysis of the impact on competition of the merger on the basis of that counterfactual.[135]

Our assessment of Limb 2

5.44 As part of our assessment of Limb 2, we have considered the three following questions, namely whether in the absence of the Merger:

(a) Would FDJ and Sporting Group have completed a sale of the B2C Business to one of the Alternative Bidders?

(b) Would the Alternative Bidders' have been committed to completing a purchase of the B2C Business?

(c) Would the Alternative Bidders have operated the B2C Business as a competitor?

[133] MAGs, paragraph 3.30.
[134] MAGs, paragraph 3.30.
[135] MAGs, paragraph 3.31.

Would FDJ have completed a sale of the B2C Business to one of the Alternative Bidders?

5.45 At the point when FDJ decided to accept Spreadex's offer, the other options for the strategic exit of the B2C Business available to FDJ were:

(a) the sale of the B2C Business as a going concern to an alternative purchaser, such as (i) [✂] (which submitted a non-binding offer of £[✂] million on [✂]), (ii) [✂] (which submitted a non-binding offer of £[✂] million on [✂]), or (iii) other possible alternative purchasers identified on further exploration; or

(b) liquidation of the assets of the B2C Business.

5.46 In this section, we assess (from FDJ's perspective) the option of a sale when compared with the option of liquidation, in order to reach a provisional view on what FDJ would most likely have done absent the Merger. As set out in more detail in paragraph 5.39, we provisionally conclude that the sale of the B2C Business to an alternative buyer other than [✂] or [✂] would have been unlikely. We have therefore focussed our assessment on whether, absent the Merger, FDJ would have completed a sale of the B2C Business to one of the Alternative Bidders.

5.47 We have broken down our assessment of this question into the following sections:

(a) Bid value and liquidation value;

(b) The need for a TSA under a sale scenario; and

(c) Non-financial considerations.

Bid value and liquidation value

5.48 In this section, we consider whether the Alternative Bidders' bids would likely have been acceptable to FDJ on the basis of their bid values.

5.49 As set out in the MAGs, the CMA will not restrict its analysis to alternative purchasers who were willing to pay the same or similar price that was agreed in the merger under investigation, but rather if there was an alternative purchaser who would have been willing to acquire the firm at any price above liquidation value.[136] On this basis, we have not ruled out the Alternative Bidders' bids on the sole basis that they were lower than Spreadex's bid, and in particular we have

[136] MAGs, paragraph 3.30.

noted FDJ's submission that absent the Merger it would have continued discussions with the Alternative Bidders.[137]

5.50 We first consider whether the Alternative Bidders' bids would likely have been above the liquidation value for the B2C Business, in order to assist in reaching a view on whether FDJ would likely have considered these bid values to be more attractive than liquidating the business. At the outset, we note that for the purposes of assessing what FDJ would likely have done absent the Merger, the comparison between bid value and liquidation value should be placed in the context of how FDJ would likely have assessed these two factors at the time of the 2023 B2C Sale Process. In this regard, we place weight on FDJ's submission during the Remittal inquiry that its objective with a sale of the B2C Business would have been to preserve and recover as much value as possible from a sale transaction, with a view to at least covering the associated redundancy and closure costs, and, to the extent possible, recovering the consolidated net asset value.[138] We infer from this submission that FDJ's objective in the 2023 B2C Sale Process was not to recover the full liquidation value of the B2C Business.

5.51 Nonetheless, in engaging with Spreadex's submissions, we consider below whether the Alternative Bidders' bids would likely have been above the liquidation value for the B2C Business. We then place this assessment in the context of how this would likely have been considered by FDJ at paragraphs 5.111 to 5.115 below.

5.52 We note the following:

(a) Sporting Group told us that it did not think a liquidation value for Sporting Index had been prepared or estimated,[139] and FDJ also confirmed during the Remittal inquiry that it did not estimate or calculate a liquidation value for the B2C Business at the time of the 2023 B2C Sale Process;[140] and

(b) FDJ also submitted during the Remittal inquiry that as the sale process was the preferred and pursued option, no methodology, inputs, or assumptions for estimating a liquidation value were developed or considered by FDJ at the time of the 2023 B2C Sale Process, as such an exercise was not necessary.[141] FDJ added that a liquidation value would likely only have been considered if, absent a bid from Spreadex during the 2023 B2C Sale Process, no viable sale options had materialised through the process of continuing to engage with interested third parties (including the Alternative

[137] During the Remittal inquiry, FDJ told us that had Spreadex not submitted a bid during the B2C Sales Process, FDJ would have continued engaging with other interested third parties (including [✂] and [✂]) and explored alternative transaction opportunities (FDJ response to the CMA's RFI).
[138] FDJ response to the CMA's RFI.
[139] FDJ and Sporting Group hearing transcript.
[140] FDJ response to the CMA's RFI.
[141] FDJ response to the CMA's RFI.

Bidders) and exploring alternative transaction opportunities.[142] This did not happen due to the existence of the bid from Spreadex (which was higher and required only a limited TSA). There is therefore a lack of contemporaneous evidence on how FDJ would likely have assessed these bids had they been taken to a more advanced stage of the process.

5.53 In the particular circumstances of the present case, we are therefore limited to using our own judgement to calculate an approximate liquidation value to inform this assessment rather than being able to consider contemporaneous evidence of the liquidation value that the seller actually had in mind.

5.54 In these circumstances – ie, given that no liquidation value was prepared by FDJ at the time of the 2023 B2C Sale Process, and no other party is likely to have a detailed understanding of the value of the Sporting Index business at the time of the 2023 B2C Sale Process - any estimation by us will be inherently imprecise and uncertain. Nonetheless, we have calculated what we consider to be the best estimate of Sporting Index's potential liquidation value based on the evidence available to us.

5.55 In order to undertake our assessment, we have gathered information from a number of third parties, including FDJ, the Alternative Bidders, advisors involved in the 2023 B2C Sale Process, and out-of-market providers who we consider may have seen some value in Sporting Index's assets had they been sold on a standalone basis (in particular, fixed odds betting providers, financial spread betting providers and exchange betting providers). We have also carefully considered the estimated liquidation value for the B2C Business prepared by Spreadex for the purpose of its submissions in the course of our investigation.

5.56 Having regard to Spreadex's estimate of a likely liquidation value, and the evidence from third parties,[143] our provisional view is that the value of the following items under a potential liquidation scenario need to be estimated in order to estimate a liquidation value for the B2C Business:

(a) The Sporting Index customer list and brand;

(b) The net assets on the Sporting Index completion balance sheet (as acquired by Spreadex);

(c) The Sporting Index IT platform included within the B2C Business; and

(d) The redundancy costs associated with a potential liquidation.

[142] FDJ response to the CMA's RFI
[143] Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, paragraphs 3.28-3.30. Third party responses to the CMA RFI: [✂]; [✂]; [✂]; [✂] and [✂]. Third party responses to the CMA's RFI: [✂]; [✂]; [✂]; [✂]; [✂] and [✂]. [✂] response to the CMA's RFI. Third party responses to the CMA's RFI: [✂]; [✂]; [✂]; [✂] and [✂].

Sporting Index customer list and brand

5.57 We first consider whether the Sporting Index customer list would likely have been saleable in the event that FDJ wanted to sell this on a standalone basis under a potential liquidation scenario (ie not as part of a sale of the Sporting Index business as a going concern). FDJ confirmed during the Remittal inquiry (with the caveat that this sale option was highly speculative) that customer consent would have been required prior to the sale of any customer list on a standalone basis for data protection reasons. FDJ could not confirm if Sporting Index had the necessary customer consents to sell the customer list on a standalone basis, but it submitted that Sporting Index's current terms and conditions include a clause allowing for the assignment of the contract[144] to a third party, provided that (a) the FCA approved the change of control and (b) the level of service provided to the customer remained unchanged. FDJ submitted that in the event that a comparable clause was included into the terms and conditions at the time of the sale of the customer list, customer consent would not have been required, but if such a clause was not included, then customer consent would have been required.[145]

5.58 There is not sufficient evidence for us to reach a view on whether FDJ had the necessary data protection consents to sell the Sporting Index customer list on a standalone basis. We note, however, that, on the basis of the evidence set out above (in relation to the contractual clause allowing for the assignment of the contract), one proviso was that the level of service provided to the customers had to remain unchanged. Given (a) the lack of licensed sports spread betting providers in the UK aside from Spreadex and Sporting Index (b) the lack of evidence of any interest from any party to enter the sports spread betting market in the UK by purchasing a Sporting Index customer list (see below) and (c) the need to obtain customer consents if the purchaser was to detrimentally affect the service provided to Sporting Index customers,[146] our provisional view is that even if the contractual clause allowing for the assignment of the contract had been in place, customer consent is likely to still have been required to assign the customer contracts. We consider that this would have been a significant barrier to selling the customer list on a standalone basis and would have limited its value considerably.

5.59 However, given that there is insufficient evidence to conclude whether or not FDJ had the necessary data protection consents to sell the Sporting Index customer list on a standalone basis, we have next considered whether the Sporting Index customer list would likely have had any value if it were possible to sell this on a standalone basis without requiring customer consent. We set out below

[144] We understand this to be a reference to the contract between Sporting Index and the customer which includes the terms and conditions of service. SPINCustomerRiskWarningNotice.pdf, last accessed 3 June 2025.
[145] FDJ response to the CMA's RFI
[146] As the current Sporting Index terms and conditions apply to customers using both sports spread betting and sports fixed odds betting (SPINCustomerRiskWarningNotice.pdf), and allow customers to use both services, our provisional view is that the transfer of a customer to a fixed odds provider such that the customer would no longer be able to access sports spread betting services, would detrimentally affect the service provided to that customer.

submissions from FDJ and Spreadex on the likely value of the customer list under a potential liquidation scenario:

(a) FDJ submitted during the Remittal inquiry that the customer list would not have had any liquidation value under a potential liquidation scenario of the Sporting Index statutory entity. FDJ submitted that the sale of the customer list on a standalone basis would have been unlikely, given the extremely limited number of operators lawfully offering spread betting services in the UK at the time of the sale, and its consideration that a potential purchaser of the customer list on a standalone basis would also have needed (and likely required) the relevant infrastructure and regulatory permissions to operate the service.[147]

(b) Spreadex submitted that it would apply a prudent valuation to the Sporting Index brand and the value of the customer list of around £[✂] million.[148] Spreadex submitted that the valuation of the customer list could be market tested with examples, such as Betfred acquiring MoPlay's customer list in 2020 for c. £[✂] million (for 45,000 customer details) or a rate of around £[✂] per customer. Spreadex submitted that the cost per acquisition for a new sportsbook account would average c. £100 in the industry, and that there were [✂] customers on the Sporting Index customer lists (all of whom were eligible to place fixed odds bets), [✂] times larger than the MoPlay customer list that Betfred acquired. Spreadex further submitted that on a cautious basis, assuming that 15% (ie [✂]) of these customers were contactable, at a value of £[✂] per customer, the customer list would be valued at £[✂] million.[149] Spreadex also submitted that the portion of the customer list that included fixed odds only customers would have had a value of over £[✂] million.[150]

5.60 We also asked third party sports fixed odds betting providers, financial spread betting providers, and exchange betting providers during the Remittal inquiry about the value of the customer list under a potential liquidation scenario. In summary:

(a) Third party sports fixed odds betting providers generally told us that they would not place much value in the customer list. For example:

(i) Betfair submitted that the Sporting Index customer list would have been unlikely to hold any residual monetary value on a standalone basis to a fixed odds betting provider, as fixed odds betting and sports spreads betting are different products aimed at different types of customers.

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[147] FDJ response to the CMA's RFI.
[148] Spreadex, Response to the CMA's Annotated Issues Statement and accompanying Working Papers, 1 July 2024, paragraph 3.14.
[149] Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, paragraph 3.29.
[150] Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, paragraph 3.30.

Betfair also submitted that the customer list may have had some residual value to an exchange betting provider, but noted that it expected this value to have been very limited as customers seeking to exchange bet would likely already have had an account with an existing provider of exchange betting.[151]

(ii) bet365 submitted that the customer list would have had a negligible residual value to a large, established fixed odds betting provider such as bet365 or one of the Flutter brands, as these firms would more than likely already have had the business of most of the customers on this list, but that it was possible that this list could have been of some value to the smaller fixed odds firms or operators that would have just entered the market, as it would be more than likely that these particular firms would not have been able/have had the opportunity to attract these customers yet.[152]

(iii) Betfred submitted that although it would be difficult to value the customer list without seeing it, its view on the basis of the information available was that the Sporting Index business was predominantly a spread betting product offering with only a small fixed odds element, and based on its general expectation that the conversion to fixed odds and other non-spread betting was low, its view was that the customer list would have been of little value to it.[153]

(b) Third party financial spread providers also generally submitted that the Sporting Index customer list would not have held much value to them. For example:

(i) Plus500 submitted that it would not have seen any immediate monetary value in acquiring a customer list from a sports spread betting firm, primarily because the FCA considers sports spread betting and financial CFDs/spread betting as two very different sectors.[154]

(ii) Spreadco submitted that as Sporting Index only offered sports spread betting services it was very unlikely that there would have been any residual monetary value to a solely financial spread betting entity.[155]

(c) A third party exchange betting provider, BETDAQ, submitted that under a hypothetical scenario in which Sporting Index was to liquidated and the appropriate General Data Protection Regulation (**GDPR**) consents were in place, the customer list could have had some residual value (though it was

[151] Betfair response to the CMA's RFI.
[152] bet365 response to the CMA's RFI.
[153] Betfred response to the CMA's RFI.
[154] Plus500 response to the CMA's RFI.
[155] Spreadco response to the CMA's RFI.

not able to say how much), primarily dependent on the extent to which those customers are were active bettors, their betting profiles, and their propensity to engage with an exchange model.[156]

5.61 We also note that one sports fixed odds provider ([✄]), who had expressed interest in the Sporting Index fixed odds business, had looked at this business and told us that it did not consider it to have been very exciting. It told us that having looked at the Sporting Index fixed odds business, and while occasionally a spread better would place a fixed odds bet, the fixed odds provider suspected that spread betting customers and fixed odds betting customers were very different.[157]

5.62 On the basis of the evidence provided, our provisional view is that the value of the customer list on a standalone basis would likely have been low or even zero. In particular, we note that (a) FDJ did not consider the customer list would have held any liquidation value, (b) the third party evidence also shows that the customer list did not carry significant value for them and that for fixed odds providers any value would have been limited to the fixed odds customers. We note Spreadex's £[✄] million valuation of the customer list, but we place more weight on the evidence from FDJ given its familiarity with the Sporting Index business and relevant customer list, and its lack of incentives at this point in time to under- or over-estimate a liquidation value. We also place relatively more weight on the evidence of other third parties (than on Spreadex's estimate) taking them in the round.

5.63 We also note that, as discussed in paragraph 5.50 above, the liquidation value of the B2C Business should be placed in the context of how this would likely have been considered by FDJ. On this basis, and in light of FDJ's submissions above, our provisional view is that regardless of what the liquidation value of the customer list might have been under a liquidation scenario, FDJ would not likely have attached any weight to this when comparing the option of liquidation against the option of a sale to one of the Alternative Bidders. However, in engaging with Spreadex's submissions, we have nonetheless estimated a liquidation value for the Sporting Index customer list below.

5.64 In relation to the example cited by Spreadex in which Betfred acquired MoPlay's customer list in 2020 at a rate of around £[✄] per customer, and its submission that the cost per acquisition for a new sportsbook account would average c. £100 in the industry, we note that:

(a) FDJ submitted that over the course of time the sale of operator client lists has become [✄] to prospective purchasers, due to the GDPR and other regulations requiring the customer to insert their banking details and deposit

[156] BETDAQ response to the CMA's RFI.
[157] [✄] call transcript.

new funds, which is effectively the biggest drop off point in any acquisition stream;[158]

(b) Only 2 out of 33 respondents to our customer questionnaire told us that they would have bet with a sports fixed odds betting provider when asked who they would switch to if their preferred provider was unavailable (as set out in more detail in Chapter 6). We infer from this, and the third party evidence set out above, that only Sporting Index's fixed odds customer list would be of any value to sports fixed odds providers; and

(c) Betfred itself has told us that based on its understanding of the business, the Sporting Index customer list would have been of little value to it, from which we infer that the value of the Sporting Index customer list is likely to have been lower (to a fixed odds provider such as Betfred) than the value of the MoPlay customer list (see paragraph 5.60(a)(iii)).

5.65 Our provisional view is that valuing each contactable customer on the customer list using the £[✄] cost per acquisition submitted by Spreadex is problematic, because the acquisitions of the customer's contact details would be unlikely to allow the purchaser of the list to avoid all the costs of acquiring a customer (which have not been broken down by Spreadex in its submission).

5.66 Our provisional view is that the active fixed odds customer list could have held some value to a smaller sports fixed odds betting provider, or a party looking to enter sports fixed odds betting, as some third parties have submitted. Our provisional view is also that inactive fixed odds customers and spread betting only customers would have had no value to such a purchaser.

5.67 We note that Spreadex's £[✄] million liquidation value estimate for the customer list was calculated on the basis of its submission that some customers on the list would not be contactable, given that for example some customers may not gamble anymore, and that no value should be assigned to those customers.[159]

5.68 Spreadex has told us that there were [✄] active fixed odds Sporting Index customers at the time of the Merger (ie on 6 November 2023), using Spreadex's classification of who is an active and inactive customer (namely, an inactive account is one which has not bet within the previous 30 days).[160] However, an internal FDJ document titled 'Retention December 2022' provided numbers for Sporting Index fixed odds users from December 2021 to December 2022 on a monthly basis, at a monthly average of [✄] fixed odds users.[161] While there is a significant difference between these two figures which is not explained by the

[158] FDJ response to the CMA's RFI.
[159] Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, paragraph 3.29.
[160] Spreadex, response dated 29 May 2025 to the CMA's RFI dated 29 May 2025.
[161] FDJ response to the CMA's RFI.

documents, our provisional view is that on the basis of the evidence provided to us, the upper limit of the portion of the customer list that would be of value to a sports fixed odds provider is [✂] but that there is uncertainty about this figure and the portion could be very considerably lower.

5.69 As set out in paragraph 5.65 above, our provisional view is that the valuation of £[✂] per customer is problematic but in the absence of evidence from which to obtain a more appropriate valuation, we note that even if we were to apply a £[✂] per customer valuation for the [✂] active Sporting Index fixed odds customers, the estimated value of the customer list would be £[✂].

5.70 We recognise that there is considerable uncertainty about the £[✂] estimated figure and our provisional view is that the liquidation value of the customer list is likely to have been lower (and likely much lower), on the basis that (a) this estimate does not exclude customers that may not be contactable for reasons outside of betting activity, such as data protection reasons or changes in customer contact details, which would have significantly decreased the number of contactable customers, (b) Spreadex submitted a significantly lower number for the active Sporting Index fixed odds customer base ([✂] customers) than the figure we use to calculate the £[✂] estimated figure, (c) we consider the £[✂] per customer valuation is problematic and other benchmarks, such as the MoPlay transaction figure of £[✂] are substantially lower, (d) FDJ itself told us that it did not place any value on the customer list and may not have sold the list at all under a liquidation scenario, given the likely need for customer data protection consents (as discussed in paragraph 5.58 above), and (e) third party evidence (discussed at paragraphs 5.60 to 5.61 above) which consistently implies that the liquidation value for the customer list would likely have been low or very low. However, on a cautious basis, we estimate the upper limit for the liquidation value of the customer list to be £[✂] and the lower limit to be zero.

5.71 In relation to the Sporting Index brand, we consider that this would have had significant value to another licensed sports spread betting provider, but in the absence of any such provider currently operating, aside from Spreadex and Sporting Index itself, we consider its value to be very limited. Spreadex submitted that the Sporting Index brand and technology would still have value to unregulated providers of online sports spread betting and to companies in the wider fixed odds market place,[162] but on the basis of the evidence above, our provisional view is that the value of the Sporting Index fixed odds customer base was low, and therefore the Sporting Index brand would not have held much value to a sports fixed odds provider. We also take account of the fact that none of the third parties we contacted that are active in the betting industry considered the Sporting Index

[162] Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, paragraph 3.30.

brand to have any value on a standalone basis in a potential liquidation scenario.[163]

5.72 Our provisional view is also that FDJ was very unlikely to have been willing to sell the Sporting Index customer list to an unregulated sports spread betting provider, or allow the Sporting Index brand to be operated by an unregulated sports spread betting provider, given (a) it stated during the Remittal inquiry that its primary objective was to ensure compliance with applicable UK regulatory requirements and to uphold the duty of care owed to Sporting Index's customers,[164] and (b) in the context of the 2023 B2C Sale Process, it submitted that any entity acquiring a regulated gambling business without holding the appropriate regulatory permissions could have faced legal barriers and posed reputational risk for FDJ.[165] On this basis, our provisional view is that FDJ was very unlikely to sell the Sporting Index brand or customer list on a standalone basis to an unregulated sports spread betting provider without FCA approval being a condition precedent to such a transaction.

5.73 Our provisional view is also that an unlicensed sports spread betting provider is unlikely to have been willing or able to buy the Sporting Index customer list on a standalone basis, given (a) the Financial Services and Markets Act 2000, which underpins the FCA regulations, prohibits unlicensed sports spread betting providers from actively soliciting customers in the UK,[166] and so an unlicensed provider would not have been able to solicit customers on the Sporting Index customer list even if it had their contact details, and (b) FDJ's submission (as set out in more detail in paragraph 5.57 above) that even if a contractual clause allowing for the assignment of the contract with customers had been included in Sporting Index's terms and conditions, FCA approval would have been required for the change in control, which in our provisional view would have been unlikely to have been granted given FCA regulations prohibiting unlicensed sports spread betting providers from actively soliciting customers in the UK.

5.74 Our provisional view is therefore that the liquidation value for both the Sporting Index customer list and brand would likely have been very low and, even adopting a conservative approach, is likely to have been between £0 – [✂]. This is, however, necessarily an imprecise estimate. Moreover, we emphasise that the estimated £[✂] valuation reflects what is, intentionally, a conservative approach. On a more balanced view, we consider that the liquidation value for the Sporting Index customer list and brand would be estimated as materially closer to £0 given,

[163] Third party responses to the CMA RFI dated 4 April 2025: [✂]; [✂]; [✂]; [✂] and [✂]. Third party responses to the CMA's RFI: [✂]; [✂]; [✂]; [✂]; [✂] and [✂]. [✂] response to the CMA's RFI dated 8 April 2025. Third party responses to the CMA's RFI: [✂]; [✂]; [✂]; [✂] and [✂].
[164] FDJ response to the CMA's RFI.
[165] FDJ response to the CMA's RFI.
[166] Sections 19 and 21 of the Financial Services and Markets Act 2000. A third party explained that UK customers can legally use the services of a company licenced in another jurisdiction if they were overseas tax residents in that jurisdiction ([✂] call transcript).

in particular, the evidence of third parties and FDJ itself, set out in paragraph 5.60 above. Moreover, we note that the £[✂] estimate proceeds on the assumption that Sporting Index would have had the consent necessary to sell its customer list (an assumption for which there is no supporting evidence).

The net assets on the Sporting Index completion balance sheet (as acquired by Spreadex)

5.75 We note that the net assets on the Sporting Index completion balance sheet of around £[✂] million can be broken down into:[167]

(a) Assets: £[✂] for fixed assets + £[✂] million for debtors (including Trade Debtors, Prepayments, and Accrued Income) + £[✂] in cash.

(b) Liabilities: £[✂] for creditors (including Accruals and Other Creditors).

5.76 During the Remittal inquiry, FDJ submitted that the value of the assets on the completion balance sheet (that Spreadex acquired) would have been [✂] under a liquidation scenario.[168] FDJ clarified that it would expect the working capital items on the balance sheet (eg trade debtors) to be cash settled prior to liquidation, as part of the normal course of business.[169] FDJ further clarified that it would expect the debtors to be fully recovered, on the basis of Sporting Index's bad debt policy, such that the debt of the debtors listed at the time of completion should have been 100% recovered.[170]

5.77 FDJ also submitted that the fixed assets on the balance sheet were intangible assets in the form of net capitalised project costs, and that these capitalised costs were internal workload costs that had been capitalised for IT development for business purposes (ie projects on web & mobile development). It submitted that, by definition, these assets were not subject to recovery, and it confirmed that there were no other fixed assets accounted for within the fixed assets line of the balance sheet.[171]

5.78 Spreadex submitted that, based on the balance sheet Spreadex ultimately acquired (with net assets of around £[✂] million), and applying a prudent valuation to the Sporting Index brand and the value of the customer list of around £[✂] million, it would estimate a total liquidation value of around £[✂] million.[172]

5.79 On the basis of the evidence provided to us, we have considered the appropriate recovery rate of each of the balance sheet assets:

[167] FDJ response to the CMA's RFI.
[168] FDJ response to the CMA's RFI.
[169] FDJ response to the CMA's RFI.
[170] FDJ response to the CMA's RFI.
[171] FDJ response to the CMA's RFI.
[172] Spreadex, Response to the CMA's Annotated Issues Statement and accompanying Working Papers, 1 July 2024.

(a) In relation to the fixed assets, we have applied a recovery rate of 0%, on the basis of FDJ's submission that this relates solely to intangible assets that would not be recoverable (amounting to £0);

(b) In relation to the debtors, we have applied a recovery rate of 100%, on the basis of FDJ's submission that this would be fully recoverable (amounting to £[✂] million); and

(c) We have assumed a 100% recovery rate for cash (amounting to £[✂]).

5.80 On the basis of the above, we estimate a value of £[✂] million (fixed assets + debtors + cash, less creditors) for the net assets on the balance sheet that could be realised on a potential liquidation.

The Sporting Index IT platform included within the B2C Business

5.81 As set out in paragraph 5.71 above, Spreadex submitted that the Sporting Index technology would still have value to unregulated providers of online sports spread betting and to companies in the wider fixed odds market place.[173] Two third parties ([✂] and [✂]) also told us that they would have been interested in purchasing the Sporting Index IT platform under a liquidation scenario.[174,175]

5.82 We note however, Spreadex's submission that the technological assets it acquired from Sporting Group under the 2023 B2C Sale Process were not capable of being operated in their own right, given their dependency on technology that remained with Sporting Group,[176] and we note that the AlixPartners December 2022 Project Silver report sets out a TSA scope for the purpose of an IT carve-out,[177] from which we infer that a TSA was planned to enable the continued operation of the carved out IT platform available for sale under the B2C Business transaction perimeter. We also note FDJ's submission that not all the components necessary to generate tradable spreads were [✂], and that [✂].[178] We infer from this that a TSA would likely have been required to enable the Sporting Index IT platform to continue generating tradeable spread prices.

5.83 Our provisional view is therefore that any value the Sporting Index IT platform would have had would likely have been contingent on a TSA with FDJ, in particular to provide spread pricing services. As we set out in more detail in paragraph 5.103 below, our provisional view is that such a TSA would not have been attractive to FDJ on a standalone basis, and so it is unlikely that FDJ would have been willing to enter into a TSA for the purpose of selling the IT platform on a standalone basis.

173 Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, paragraph 3.30.
174 [✂] response to the CMA's RFI.
175 [✂] response to the CMA's RFI.
176 Spreadex, Response to the CMA's Remedies Notice, Annex 1, 20 August 2024, paragraph 3.
177 FDJ response to the CMA's RFI.
178 FDJ response to the CMA's RFI.

Our provisional view is therefore that the Sporting Index IT platform would not likely have held any value on a standalone basis under a potential liquidation scenario.

Redundancy costs associated with a potential liquidation

5.84 FDJ submitted that restructuring costs related to the disposal of Sporting Index amounted to £[✂] million in the FDJ Group accounts, and that this was mostly redundancy costs.[179] FDJ submitted during the Remittal inquiry that [✂] Sporting Index employees had been made redundant with a total redundancy cost of £[✂].[180] We note that Spreadex acquired only six Sporting Index employees as part of the Merger.[181] It is not clear whether redundancy costs would have been materially higher under a potential liquidation scenario where Spreadex had not acquired these six individuals. We have therefore cautiously estimated redundancy costs to be around £[✂] million.

5.85 We note that there would also likely have been redundancy costs associated with the Alternative Bidders' bids, which we address at paragraphs 5.88 to 5.90 below.

Our assessment

5.86 Based on our estimates above, we estimate a total liquidation value of £[✂] – £[✂] million, calculated by adding our estimates for the customer list, brand, net assets on the Sporting Index completion balance sheet and Sporting Index IT platform, net of the estimated redundancy costs that would likely have been incurred by FDJ under a potential liquidation scenario.

Table 5.1: CMA estimate of Sporting Index liquidation value

	£
Customer list and brand	~0 - [✂]
Net assets on the Sporting Index completion balance sheet	~[✂]
Sporting Index IT platform included within the B2C Business	~0
Redundancy costs	(~[✂])
Total	~[✂]

Source: CMA analysis

5.87 We have next assessed this estimated liquidation value against the bids submitted by the Alternative Bidders. [✂] submitted a bid of £[✂] million, and [✂] submitted a bid of £[✂] million. During the Remittal inquiry, we also asked [✂] whether there was any scope for increasing their bid beyond the submitted figure, if an increase was deemed necessary to close the deal; [✂] submitted that whilst it was possible (maybe even likely) that it would have raised the 'headline bid' from £[✂] million given the opportunity, this was dependent on FDJ engaging on the TSA properly in

[179] FDJ response to the CMA's RFI.
[180] FDJ response to the CMA's RFI.
[181] Derogation 15 January 2024, page 2.

order for it to be able to value the overall deal (something that it had not been able to do to date). On this basis, our provisional view is that it is possible [✂] would have increased its bid beyond £[✂] million if needed, although this would be subject to its engagement with FDJ on a TSA.[182]

5.88 We note that there would likely have been redundancy costs associated with a sale to either Alternative Bidder. In particular, [✂] told us that it only planned to acquire [✂] of the [✂] staff on offer,[183] whereas [✂] preliminary bid sent to Oakvale Capital on [✂] stated that it only would take the necessary staff (number to be decided) to manage the day-to-day operations of the business.[184] The Former [✂] MD submitted during the Remittal inquiry that from recollection [✂] would have focused its staffing requirements on [✂] staff from the list of Sporting Index staff included within the scope of the transaction perimeter.[185]

5.89 We cautiously estimate redundancy costs in relation to [✂]'s bid to be approximately £[✂], on the basis of our estimate of around £1 million of redundancy costs under a potential liquidation scenario, and [✂]'s submission that it would have looked to acquire around [✂] of the B2C Business employees on offer. We recognise that this is an uncertain estimate, given that, for example, FDJ may have looked to retain some of the staff that [✂] did not acquire (noting also that despite Spreadex acquiring six staff, FDJ only made [✂] staff redundant of the [✂] employed prior to the Merger), and to the extent that FDJ would have looked to retain any staff this would have decreased redundancy costs.

5.90 We similarly estimate redundancy costs in relation to [✂] bid using the Former [✂] MD's submission on how many staff members [✂] would have looked to acquire. We recognise this submission was based on recollection over two years after [✂] had submitted its preliminary bid, but in the absence of contemporaneous evidence we estimate redundancy costs in relation to [✂] bid to be around £[✂], on the basis of the Former [✂] MD's submission that [✂] would have acquired around a [✂] of the staff on offer.

5.91 By netting these estimated redundancy costs against the Alternative Bidders' bids, we estimate [✂] overall bid value to FDJ to be approximately £[✂] million (with the possibility that this would have increased if required, subject to engagement on the TSA), and we estimate [✂] overall bid value to be approximately £[✂] million.

182 [✂] response dated to the CMA's RFI.
183 [✂] call transcript.
184 [✂] response to the CMA's s109 notice.
185 [✂] response to the CMA's RFI.

Provisional view

5.92 We recognise that there is an inherent margin for error in each component of our estimate (and in the resulting overall valuation). However, there are varying degrees of uncertainty across these different components. In particular:

(a) The net bid values of the Alternative Bidders have a low degree of uncertainty, although we recognise that there is some uncertainty over redundancy costs and whether the bid values would have changed had the Alternative Bidders been taken to a later stage of the process.

(b) Our liquidation value estimate is more uncertain than the net bid values of the Alternative Bidders, given that liquidation did not occur and FDJ did not estimate a liquidation value for the B2C Business. However, our provisional view is that certain components of this estimate have a relatively higher degree of certainty, such as redundancy costs (given that this is based on redundancy costs incurred by FDJ as part of the Merger) and the net assets on the Sporting Index completion balance sheet (given FDJ's submissions on what would be recoverable). Therefore, our provisional view is that the lower range of our liquidation value estimate (£[✂] million) has a reasonable degree of certainty.

(c) In our provisional view, the other liquidation value components (ie the Sporting Index brand, customer list, and IT platform) have a higher degree of uncertainty, given the limited contemporaneous evidence on how these components would likely have been valued under a liquidation scenario, and therefore our provisional view is that the upper range of our liquidation value estimate (£[✂] million) is relatively less certain but represents a cautious upper limit. Taking the evidence in the round, our provisional view is that the liquidation valuation calculation would more likely have been towards the lower end of the range.

5.93 On the basis of these estimates, and recognising the inherent margin for error in our estimates, our provisional view is that [✂] bid would likely have been above the liquidation value of the B2C Business, whereas [✂] bid would likely have been below the liquidation value of the B2C Business.

TSA

FDJ and Sporting Group submissions

5.94 Sporting Group submitted that the need to maintain TSAs with the Alternative Bidders [✂], as such, an in-depth analysis would have been required to inform the decision on whether to pursue a sale with the Alternative Bidders.[186] FDJ and Sporting Group also told us that a TSA would have needed to be only in the short term to facilitate a sale, as FDJ was not interested in remaining as a spreads B2B provider given the small market, and that the only benefit of the TSA would be to ease the sale of the B2C Business.[187] FDJ and Sporting Group told us that while the TSA fees would have been an additional income stream for Sporting Solutions, this did not take into account the fact that the TSA would divert management resources and attention away from its core B2B Business.[188]

5.95 During the Remittal inquiry, FDJ submitted that a TSA would not have constituted a revenue-generating or profitable business line, but rather a time-limited and non-scalable support service, unlikely to justify the effort and internal resource commitment required.[189]

5.96 FDJ also submitted that, while speculative, it was reasonable to assume that a TSA with a B2C buyer could have materially impacted the perceived simplicity and focus of the B2B Business from a buyer's perspective, given that very few gambling operators managed both B2B and B2C operations in parallel (due to the complexities and potential conflicts this could create), and that maintaining B2C-related infrastructure to support a TSA could have reduced the attractiveness of the B2B Business to prospective acquirers and limited the pool of potential buyers.[190]

5.97 However, FDJ further submitted that a TSA would not have prevented a sale with an alternative buyer if the overall economics of the deal remained compelling, and it was fully aware from the outset that any sale of the B2C Business, other than to a buyer already equipped to operate the platform, would likely involve the provision of a TSA. It submitted that it was understood that transitional support would be part of the discussions and that the FDJ Group would accept such an arrangement, provided its duration remained limited and its operational impact was therefore manageable.[191]

Spreadex submissions

5.98 In response to the Phase 2 Provisional Findings, Spreadex submitted that maintaining the TSA over the longer term would have resulted in costs to the Sporting Group business including the diversion of resources and attention away from the core B2B Business. Spreadex submitted that these costs would ([✂]) have pushed them towards rather than away from liquidation (absent the

[186] Sporting Group response to the CMA's RFI.
[187] FDJ and Sporting Group call transcript.
[188] FDJ and Sporting Group hearing transcript.
[189] FDJ response to the CMA's RFI.
[190] FDJ response to the CMA's RFI.
[191] FDJ response to the CMA's RFI.

Merger).[192] Spreadex submitted that one of the reasons why Sporting Group would have been reluctant to proceed with the Alternative Bidders was the fact that, in Spreadex's view, they would both be reliant on a long-term TSA.[193]

5.99 During the Remittal inquiry, Spreadex submitted that there was clear evidence from Sporting Group that a TSA was a material concern to FDJ and posed a real threat to FDJ's willingness to sell as a going concern.[194] Spreadex added that while FDJ and the Alternative Bidders had not fixed a scope or cost for the TSAs required, there was evidence to suggest that the TSAs would have been extensive and an ongoing concern to FDJ. Spreadex also submitted that there was evidence that a TSA would have been intrinsically inefficient and required either the supplier or the buyer to operate uneconomically.[195]

Our assessment

5.100 We note that both Alternative Bidders would have required a TSA if they were to acquire the B2C Business. In this section we consider whether FDJ and Sporting Group would likely have been incentivised to agree to a TSA with the Alternative Bidders. We address the TSA from the perspective of the Alternative Bidders at paragraphs 5.139(e) and 5.139(f) below.

5.101 We note that on the basis of FDJ and Sporting Group's submissions, they would have needed to conduct an economic evaluation of the TSAs offered had they entered into advanced discussions with the Alternative Bidders. Given that this evaluation did not take place, there is no contemporaneous evidence of what the likely outcome of this evaluation would have been. We have therefore formed our own judgment, based on the limited evidence provided to us, as to the likely outcome of this evaluation exercise if it had been carried this out.

5.102 We first note that FDJ had entered into the 2023 B2C Sale Process with the expectation that it would enter into a TSA. In particular, we note that AlixPartners' December 2022 report set out the potential for an extensive TSA pursuant to the carve-out proposed for the 2023 B2C Sale Process, with estimated service terms going up to 12 months,[196] and FDJ also submitted during the Remittal inquiry (as set out in more detail in paragraph 5.97 above) that it understood that transitional support would be part of the discussions and that FDJ would have accepted such an arrangement, provided its duration remained limited and its operational impact was therefore manageable.[197]

[192] Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, paragraph 3.25.3.
[193] Spreadex, Response to the CMA's Annotated Issues Statement and accompanying Working Papers, 1 July 2024, paragraph 3.7.
[194] Spreadex, Initial Remittal Submission, 28 March 2025, paragraph 4.49.
[195] Spreadex, Initial Remittal Submission, 28 March 2025, paragraphs 4.53-4.56.
[196] FDJ response to the CMA's RFI.
[197] FDJ response to the CMA's RFI.

5.103 We note FDJ's submissions that a TSA would not have been a profit generating activity and it would have diverted resources away from the B2B Business. This implies that entering into a TSA on a standalone basis would have been unattractive from FDJ's perspective. However, in the context of a sale of the B2C Business, our provisional view is that FDJ would likely have been willing to enter into a TSA as long as (a) the scope, duration and overall operational impact of the TSA was manageable from FDJ's perspective, and (b) the overall economics of the deal made sense. We first consider the likely the scope, duration and overall operational impact of a TSA from FDJ's perspective, before considering this in the context of the overall economics of a sale in paragraphs 5.111 to 5.115 below.

5.104 Based on a document provided by Sporting Group to [✄] broadly outlining the proposed scope of the TSA, we note that the duration for the TSA services proposed by Sporting Group had been split into two phases:[198]

(a) Phase one covered services to be provided from day one, and this was expected to last 12 months, with the B2B Data and Trading Services and Technology Services TSA elements setting out a minimum 12-month duration.

(b) Phase two covered services that were to be provided after phase one, and this was also expected to last 12 months, but would be provided on a monthly basis until the acquirer was willing to end those services.

5.105 We recognise that this document reflects FDJ's thinking at an early stage of the process, and this would likely have changed to some extent had FDJ and Sporting Group engaged in detailed discussions with the Alternative Bidders about the scope and duration of the TSA. For example, on the basis of FDJ's submissions in paragraph 5.95 above, we would have expected any TSA to have had a clear endpoint. However, in addition to the evidence from AlixPartners' December 2022 report on the scope of a potential TSA (as set out in paragraph 5.102 above), and in the absence of any other contemporaneous evidence on what TSA scope and duration FDJ would likely have been prepared to offer, our provisional view is that FDJ would likely have been willing to offer an extensive TSA for at least 12 months, and potentially longer if required.

5.106 We next consider whether the Alternative Bidders would likely have required a TSA that was more extensive than what FDJ and Sporting Group would likely have been prepared to offer:

(a) [✄] told us that there were elements of the outlined TSA services that it would not necessarily have required given their existing resources.[199] [✄] also told us that it already had some [✄]. For example, in relation to the TSA

[198] [✄] response to the CMA's s109 notice.
[199] [✄] call transcript.

service category, '[✂]', [✂] told us that there were three types of services that combined to form the Sporting Index offering:[200]

(i) Those sports which Sporting Index was able to offer independently, including horse and greyhound racing for example. [✂] would have acquired the capability for offering these sports.

(ii) Those sports which Sporting Index consumed from Sporting Solutions, which were also available from [✂]. These included most major, global sports – football, tennis, basketball, etc. [✂] told us that it would have replaced Sporting Solutions as the supplier of these sports for Sporting Index. However, for business continuity, [✂] told us that until [✂] could supply these sports to Sporting Index technology through a technical integration, these sports would have initially been supplied by Sporting Solutions post-completion.

(iii) Those sports which Sporting Index consumed from Sporting Solutions, but which were not yet available from [✂]. These included sports such as [✂]. [✂] told us that these sports would have formed the main sports required under the ongoing pricing services of the TSA, until [✂] could supply them.

(b) [✂] told us during the phase 2 remedies process that it would take a while to build pricing models and that this would be a significant investment prior to generating revenue from the models, although this also depended on whether it would need to build models from scratch. It added that for the major sports where it was already skilled in fixed odds, there would be a period required to amend the model such that it could also offer spreads, but this period would be quicker compared to building models for sports where it did not offer fixed odds pricing, such as [✂]. [✂] also told us that building these models from scratch, and recruiting traders to run these models, would potentially take two to three years.[201]

(c) In relation to [✂]:

(i) The Former [✂] MD told us that he did not have a strong opinion on how significant an issue the TSA was, and that [✂] was not provided with details of the scope or costs of potential TSA services. He also told us that there was never a discussion of key management personnel or quantity numbers of staff in specific areas, such as trading, finance, compliance, customer service under the TSA, but he never felt that they

[200] [✂] email.
[201] [✂], call transcript.

were showstopper elements of [✂] valuation of the business or it not being able to complete the deal should they not be included.[202]

(ii) [✂] told us that [✂] used feed providers to create pricing and employees from its team in [✂] to price and create spreads manually for some sports markets. It also told us that [✂] and [✂] used different tech houses to develop their respective platforms, with [✂] using [✂], and [✂] using [✂].[203, 204] [✂] holds an [✂]% stake in [✂].[205]

(iii) The Former [✂] MD told us that it could have used its in-house capabilities, the staff transferring from Sporting Index, and/or worked with third parties to transition away from the TSA, and considered a possible [✂] commercial relationship with Sporting Solutions [✂].[206]

5.107 In light of the above, our provisional view is that both Alternative Bidders would likely have had the capability to transition away from particular aspects of the TSA relatively quickly. For certain other aspects, such as any pricing models that would be required to be built from scratch, the Alternative Bidders would likely have required a TSA for a longer period - perhaps two to three years. Given [✂] submissions in paragraph 5.106(b) above on the time it takes to build pricing models, and also Spreadex's submission that [✂]% of Sporting Index's pricing models could have been developed by a potential remedy taker within [✂] months,[207] our provisional view is that an Alternative Bidder would likely have transitioned away from an extensive TSA (that covered pricing for most sports for example) in 12 months, although we do not rule out the possibility that it would have required a TSA that was much smaller in scope for another one to two years.

5.108 Our provisional view is therefore that the operational cost of a TSA with the Alternative Bidders to FDJ (noting both its likely scope and duration) would likely have been manageable from FDJ's perspective, and a TSA with one of the Alternative Bidders would likely have been in line with its expectations of a TSA when it had initiated the 2023 B2C Sale Process. However, we also recognise there is still a significant degree of uncertainty regarding how this operational cost would likely have been assessed by FDJ in the wider context of the Alternative Bidders' bids, which we discuss further in paragraphs 5.111 to 5.115 below.

5.109 We note that FDJ and Sporting Group may also have had reservations about a TSA on the basis of the potential impact this may have had on the sale process for the B2B Business (as submitted by FDJ in paragraph 5.96 above). However, although FDJ submitted during the Remittal inquiry that it was reasonable to

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202 [✂] call transcript.
203 See also [✂].
204 [✂] call transcript.
205 [✂] response to the CMA's RFI.
206 [✂] call transcript.
207 Spreadex, response dated 24 September 2024 to the CMA's RFI dated 13 September 2024, question 14.

assume that a TSA with a B2C buyer could have materially impacted the perceived simplicity and focus of the B2B Business from a buyer's perspective, it also noted that this was speculative; FDJ did not specify that it would not have entered into a TSA with an Alternative Bidder in view of this. We also note FDJ's submission in paragraph 5.97 above that a TSA would not have prevented a sale with an alternative buyer if the overall economics of the deal remained compelling. Our provisional view is therefore that although the impact of a TSA would have been considered by FDJ, particularly given that the timing of FDJ's consideration for selling the B2B Business coincided with the 2023 B2C Sale Process, the evidence does not support the view that the impact would have been such as to dissuade FDJ from entering into a TSA with an Alternative Bidder. In reaching this provisional view, we have placed weight on FDJ's initial expectations regarding the need for transitional support and FDJ's submission that a sale scenario was always preferred to liquidation.[208]

Provisional view

5.110 Our provisional view is therefore that the operational cost to FDJ of entering into a TSA with an Alternative Bidder would likely have been manageable and the perceived disadvantages in relation to the B2B Business from a buyer's perspective are not likely to have dissuaded FDJ from entering into a TSA, on the basis that (a) FDJ initiated the 2023 B2C Sale Process with the expectation that a TSA would be required, (b) a TSA with the Alternative Bidders would likely have been in line with its expectations of a TSA when it had initiated the 2023 B2C Sale Process and (c) a sale scenario was always preferred to liquidation.

5.111 We note that FDJ's willingness to enter into a TSA would have been considered in the wider context of the Alternative Bidders' bids and in particular their bid values, given that a TSA would have been unattractive to FDJ on a standalone basis, and therefore our provisional view is that the benefits of completing a deal with an Alternative Bidder would have needed to outweigh the unattractiveness of a standalone TSA in order for FDJ to have entered into a TSA with an Alternative Bidder. We have had regard both to Sporting Group's submission that the need to maintain TSAs would have caused it to question the overall economics of the deal, and FDJ's submission that a TSA would not have prevented a sale with an alternative buyer if the overall economics of the deal remained compelling.

5.112 We asked FDJ whether it would have completed a sale to [✄] on the basis of an effective £[✄] million bid, in the context of £[✄] million and £[✄] million liquidation value estimates (at the same time setting out our estimates for each liquidation value component). FDJ submitted in response that its objective with a sale of the B2C Business would have been to preserve and recover as much value as

[208] FDJ response to the CMA's RFI.

possible from a sale transaction, with a view to at least covering the associated redundancy and closure costs, and, to the extent possible, recovering the consolidated net asset value. It further submitted that whether it would have ultimately completed a sale to [✂] would have depended on the overall economic balance of the transaction, in particular on whether the negotiation of the TSA terms rendered the offer financially viable in light of the anticipated burden and transitional risks (which it had explained earlier during the Remittal inquiry). FDJ added that considering the progress of negotiations with [✂] throughout the process, a potential sale to [✂] in the context of both the £[✂] million and £[✂] million liquidation value estimates could have reasonably been viewed as being aligned with FDJ's expectations.[209]

5.113 We infer from FDJ's submissions that its main priority when assessing the bid values of the Alternative Bidders was not to recover the full liquidation value of the B2C Business (noting in particular that our liquidation value estimate is largely driven by the net assets on the completion balance sheet), but rather the redundancy and restructuring costs associated with the Alternative Bidders' bids. On this basis, our provisional view is that any benefits to FDJ from completing a deal with an Alternative Bidder would likely have been more extensive than just the difference between the bid value and the liquidation value (if it had been estimated or calculated by FDJ at the time).

5.114 We note from FDJ's submission above that it is still not clear how FDJ would likely have evaluated the need for a TSA against the overall bid values of the Alternative Bidders, and so there is considerable uncertainty in this regard. However, we place weight on FDJ's submission that a sale to [✂] in the context of both £[✂] million and £[✂] million liquidation value estimates could have reasonably been viewed as being aligned with FDJ's expectations, and on the basis of our provisional views that (a) [✂] bids would likely have been higher than the liquidation value for the B2C Business (and significantly higher than the likely redundancy costs associated with its bid), (b) the operational cost to FDJ from entering into a TSA with [✂] would likely have been manageable and the perceived disadvantages in relation to the B2B Business from a buyer's perspective would not likely have dissuaded FDJ from entering into a TSA, and (c) a sale scenario was always preferred to liquidation, our provisional view is that FDJ would likely have proceeded to enter into a TSA with [✂] in order to complete a sale of the B2C Business.[210]

[209] FDJ response to the CMA's RFI.
[210] While the upper end of the range of our liquidation value estimate is £[✂] million, rather than £[✂] million, as set out above, we have explained that our provisional view is that the value of the customer list is likely at the lower end of the range (leading to a liquidation value that is likely closer to £[✂] million). Further, our provisional view is that the use of the upper end of our liquidation value estimate would not make a material difference to our provisional conclusion in respect of the liquidation value, on the basis that (a) as set out in paragraph 5.113, we infer from FDJ's response that its main priority was to recover redundancy and restructuring costs, rather than the full liquidation value, (b) our liquidation

5.115 In relation to [✂], we note our provisional view set out above (paragraph 5.93) that its bid would likely have been below the liquidation value of the B2C Business (if it had been estimated or calculated by FDJ at the time), but we also note that its bid value was significantly higher than the likely redundancy costs associated with its bid. Nonetheless, for the reasons given above in relation to [✂], and in particular given [✂] higher net bid value relative to that of [✂], we do not consider it necessary to reach a provisional view on whether FDJ would likely have proceeded to enter into a TSA with [✂].

Non-financial considerations

5.116 In addition to the price offered and the extent of any TSA, we have also examined other considerations which may have impacted FDJ's willingness to complete a sale of the B2C Business to one of the Alternative Bidders when compared to the alternative option of liquidation.

FDJ submissions

5.117 During the Remittal inquiry, FDJ submitted that no formal assessment was conducted in relation to non-financial or reputational risks associated with a potential closure or liquidation of the B2C Business, as the strategic focus remained on executing a sale. FDJ submitted a liquidation value would likely only have been considered if no viable sale options had materialised through this process, and in the event that no viable acquirer had been identified, a wind-down or liquidation of the business would have been considered as a potential course of action.[211]

5.118 FDJ and Sporting Group told us that [✂] was [✂], and therefore, with [✂].[212] FDJ also submitted during the Remittal inquiry that there might have been additional difficulties about proceeding with a sale to the [✂],[213] which we infer relates the issue of [✂].

5.119 FDJ and Sporting Group told us that its primary concern in relation to the Alternative Bidders was that neither of the Alternative Bidders were currently FCA-regulated.[214] FDJ submitted during the Remittal inquiry that its primary objective was to ensure compliance with applicable UK regulatory requirements and to uphold the duty of care owed to Sporting Index's customers, and in this context the Alternative Bidders were not licensed by the FCA, which raised concerns for FDJ regarding regulatory compliance. However, FDJ submitted that these concerns

value estimate should be placed in the context of what FDJ would likely have considered the liquidation value to be, and FDJ did not consider the customer list to have any value under a liquidation scenario, and (c) in any event, [✂] bid was higher than the upper end of our liquidation value estimate.

[211] FDJ response to the CMA's RFI.

[212] [✂] hearing transcript.

[213] [✂] response to the CMA's RFI.

[214] [✂] hearing transcript.

could have been resolved if the Alternative Bidders had chosen to be FCA-approved and regulated.[215]

5.120 FDJ further submitted during the Remittal inquiry that its willingness to engage in an SPA was contingent upon the buyer both intending to seek authorisation and being reasonably capable of securing it, but that as long as a buyer demonstrated a serious and credible commitment to securing the necessary authorisations, FDJ would have pursued a sale with that buyer. FDJ submitted that had it decided to pursue the sale of Sporting Index to one of the Alternative Bidders, both prospective purchasers would have been required to engage in the FCA approval process during the 2023 B2C Sale Process, in parallel with the negotiation of the SPA.[216]

Spreadex submissions

5.121 Spreadex submitted that there would have been an embarrassment factor associated with any sale to [✂] since [✂] (presumably compared to what [✂]). In the context of what Spreadex considered to be effectively a [✂], Spreadex's view was that Sporting Group and FDJ would have had very little incentive to enter into a transaction with [✂].[217]

5.122 In relation to Sporting Group's concern that both Alternative Bidders were not FCA-regulated, Spreadex submitted that that there were real concerns relating to any possible future FCA approval of both Alternative Bidders. In particular:[218]

(a) Spreadex submitted that [✂] had a lack of experience with FCA regulation as it is currently only regulated by the GC, and that it believes that [✂] would have found it challenging to meet the FCA's approval test including whether the senior personnel were fit and proper. Spreadex referred to [✂].

(b) Spreadex submitted that while it recognised [✂] previous FCA regulatory experience, as a current [✂] only operator, [✂] would still have faced significant scrutiny from the FCA on any regulatory approvals and material changes would likely need to be made in advance of FCA regulatory approval being granted. Spreadex also submitted the regulatory environment has changed significantly since [✂], such as with the introduction of the FCA's Consumer Duty.

[215] [✂] response to the CMA's RFI.
[216] [✂] response to the CMA's RFI.
[217] Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, paragraph 3.12.2.
[218] Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, paragraph 3.21.

Our assessment

5.123 We note that FDJ did not conduct a formal assessment of the reputational or non-financial risks associated with a potential liquidation, and so there is limited contemporaneous evidence of how it would have evaluated any non-financial risks associated with the Alternative Bidders' bids against the option of liquidation. However, we note that FDJ's strategic focus was to execute a sale, and that it would have only considered the option of liquidation in the event that no viable bidder acquiring on terms acceptable to FDJ could be found. We infer from this that, subject to the identity of the purchaser, FDJ preferred in principle to sell the B2C Business as a going concern, as long as this was at least as financially viable as the option of liquidation.

5.124 We recognise that FDJ and Sporting Group had reputational concerns regarding a sale to the Alternative Bidders. Specifically, they had concerns about (a) the fact that the Alternative Bidders were both unregulated by the FCA, and (b) FDJ would be selling the business [✂].

5.125 In relation to FDJ and Sporting Group's regulatory concerns, we note FDJ's submission that as long as a buyer demonstrated a serious and credible commitment to securing the necessary authorisations, FDJ would have pursued a sale process regardless. In this regard, we note that FDJ and Sporting Group did not raise any concerns about the Alternative Bidders' ability and commitment to obtain a licence, and we note also that the Alternative Bidders both had experience with regulatory compliance in the context of sports betting. In particular, [✂] was regulated by the GC as part of its provision of sports fixed odds betting services, and [✂] had direct experience in complying with FCA regulations from when it [✂].

5.126 We considered Spreadex's submissions that (a) [✂] does not have any experience in complying with the FCA's regulations, and (b) there have been significant changes to FCA regulation since [✂]. We also note that, however, the B2C Business transaction perimeter included [✂] employees working in regulation and compliance,[219] and it is likely that having appropriate personnel in place would have been helpful in facilitating FCA approval. We have also considered Spreadex's submission that [✂] received a [✂]. We note, that however, (a) Spreadex was [✂] fined £1.6 million by the GC in 2022,[220] which did not appear to impact FDJ's willingness to sell the B2C Business to it, and (b) since [✂], [✂] has been through another GC compliance assessment in November 2023, which was passed successfully.[221] Finally, we note FDJ's submission that its

[219] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, attachment 4.1.2 phase 2a 1.4.
[220] Online gambling business Spreadex Limited to pay £1.36 million (last accessed 12 May 2025). We note also that Spreadex was fined £2 million by the GC in 2025 (£2m fine for online operator Spreadex Limited, last accessed 16 May 2025).
[221] [✂] response dated to the CMA's RFI.

concerns could have been resolved if the Alternative Bidders had chosen to be FCA-approved and regulated,[222] and Sporting Group's submission that both Alternative Bidders had submitted that they intended to go through the FCA-licensing process.[223,224] In view of the above, our provisional view is that FDJ is not likely to have had any sufficiently serious regulatory concerns to cause it to reject the Alternative Bidders' bids, and the Alternative Bidders would likely have proceeded to obtain FCA approval.

5.127 In relation to FDJ and Sporting Group's specific concerns about selling the business [✄], we note that (a) they engaged with [✄] multiple times on the basis of their bid during the 2023 B2C Sale Process, and (b) FDJ's submission to us was that, under a scenario where Spreadex had not bid, they would have continued to engage in discussions with [✄]. Our provisional view is therefore that, although FDJ had reputational concerns about selling the business [✄], this would likely have been balanced against the alternative, and in FDJ's view less-preferable, option of liquidation. On balance, our provisional view is that this would not have been a sufficient reason to cause FDJ to reject the [✄] bid.

Provisional view

5.128 FDJ and Sporting Group preferred in principle the option of a sale compared to a potential liquidation, but they also had specific reputational concerns with a potential sale to the Alternative Bidders. There is limited contemporaneous evidence on how FDJ would likely have evaluated these non-financial factors. On balance, having careful regard to all of the evidence set out above, our provisional view is that the non-financial considerations would not likely have dissuaded FDJ from a sale to one of the Alternative Bidders.

Provisional conclusion

5.129 Based on our assessment above of all of the evidence in the round, we provisionally conclude that, in the absence of the Merger, FDJ would likely have completed a sale of the B2C Business to [✄], noting in particular that (a) [✄]'s bid would likely have been above the liquidation value of the B2C Business (and significantly higher than the likely redundancy costs associated with its bid), (b) the operational cost to FDJ from entering into a TSA with an Alternative Bidder would likely have been manageable and the perceived disadvantages in relation to the B2B Business from a buyer's perspective would not likely have dissuaded FDJ

222 [✄] response to the CMA's RFI.
223 [✄] told us that one of the reasons it wanted to purchase Sporting Index was the FCA licence, and that it was aware that there would have been due diligence on this around [✄] directors and key personnel if it were the preferred bidders. [✄] call transcript.
224 [✄] preliminary bid said that the transaction would be subject to the negotiation and execution of mutually acceptable definitive transaction documents, including required regulatory and third party approvals. Sporting Group response to the CMA's RFI.

from entering into a TSA, (c) a sale scenario was always preferred to liquidation, and (d) non-financial considerations would not likely have dissuaded FDJ from a sale of the B2C Business to one of the Alternative Bidders.

Would the Alternative Bidders have been committed to completing a purchase of the B2C Business?

5.130 In this section, we have considered the Alternative Bidders' commitment to completing a purchase of the B2C Business.

Spreadex's submissions

5.131 Spreadex submitted that neither Alternative Bidder had the chance to take an informed view on the potential transaction or assess the viability of operating subject to a TSA or negotiating an acceptable TSA, including in relation to price.[225] Spreadex also submitted that greater due diligence would have revealed the extent of the potential issues facing the bidders. Spreadex further submitted that the opportunity was financially viable for Spreadex, but not for others, because of the nature of the target assets available for sale (which it submitted could not be operated on a standalone basis), and the significant technological, regulatory, and operational requirements involved (and their associated costs).[226]

5.132 During the Remittal inquiry, Spreadex added that detailed financial information on Sporting Index's position, such as Sporting Index's customer churn, was only made clear to Spreadex when it undertook in-depth due diligence after it was selected as the preferred bidder, and that this challenging financial position was not an issue for Spreadex to the same extent as it would have been for the Alternative Bidders, since it already had the structures in place to handle the additional customers from Sporting Index without needing to incur additional costs.[227]

5.133 Spreadex further submitted during the Remittal inquiry that there were four challenges related to Sporting Index's financial position that the Alternative Bidders would have needed to address in order to operate as a competitor, including:

(a) The underlying cost base of a sports spread betting and fixed odds business, which Spreadex estimated (assuming minimal marketing spend and

[225] Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, paragraph 3.13.
[226] Letter from Spreadex to the CMA's Mergers Intelligence Committee, 6 December 2023, page 1 and Spreadex Letter to the inquiry group, 25 April 2024, page 2.
[227] Spreadex, Initial Remittal Submission, 28 March 2025, paragraph 4.76.

technological investment) to be around £18 million, based on the costs recorded in Sporting Index's accounts for the final year pre-Merger.[228]

(b) The need for additional investment in the Sporting Index platform, which Spreadex submitted would be required if Sporting Index were to be run as an effective competitor to Spreadex. Spreadex cited evidence such as AlixPartners' September 2022 report, which stated that the '[✄]', '[u]nderinvestment in technology platform leading to significant customer attrition'; and that there had been a '[l]oss of HVC spread customers due to loss of appeal of spread platform, few updates since started in 2019'.[229]

(c) The need for marketing spend to tackle customer churn in particular, which Spreadex submitted would need to be substantial. Spreadex submitted that that during the period that Spreadex [✄] its marketing spending [✄], Sporting Index's own marketing spend [✄] whilst its revenues shrank by [✄]%. Spreadex submitted that it could therefore reasonably be surmised from contemporaneous evidence that an increase in marketing expenditure would have been required by the Alternative Bidders.[230]

(d) Spreadex submitted that a TSA would not have been sustainable commercially if its cost was priced at close to £[✄]. Spreadex submitted that the £[✄] quote contemplated in its initial Remittal submission represents a more credible starting point than the £[✄] million quote given to [✄], given that (i) Spreadex had all of the business functions that Sporting Index already had, and so Spreadex was likely to require the least support and for the shortest period of time, (ii) Spreadex was also the only party that was involved in firm negotiations with Sporting Group to negotiate the scope and terms of the TSA, and (iii) the value of the 'preliminary task listing and cost assessment' quoted to [✄] had already increased during the initial exchanges, and so would more likely than not have increased again.[231]

Our assessment

5.134 We first note that the Alternative Bidders each operate in adjacent markets and would have been well-informed bidders based on their current business and past experience. In particular:

(a) [✄], registered in the UK and regulated by the GC, operates primarily a sports fixed odds betting business in the UK,[232] and based on its latest published statutory accounts, generated total annual revenues of around

[228] Spreadex, Initial Remittal Submission, 28 March 2025, paragraph 4.65.
[229] Spreadex, Initial Remittal Submission, 28 March 2025, paragraph 4.65.
[230] Spreadex, Initial Remittal Submission, 28 March 2025, paragraphs 4.74 and 4.75.
[231] Spreadex, Initial Remittal Submission, 28 March 2025, paragraphs 4.80 – 4.82.
[232] [✄], last accessed 14 May 2025; [✄] call transcript; and [✄] response to the CMA's competitor questionnaire.

£[✂] million and gross profit of around £[✂] million for its financial year ended [✂].[233] [✂], [✂] operates in [✂] sports spread betting.[234]

(b) [✂], registered in [✂], is a [✂] sports betting operator and [✂],[235] with annual revenues of around £[✂] million. [✂] told us that it operated a similar business to [✂].[236] [✂].[237] [✂]. [✂] also told us that it provided similar [✂] services [✂].[238]

5.135 We note however that neither Alternative Bidder had submitted a binding bid, nor had they been given a chance to complete their due diligence on the B2C Business. We therefore consider below whether the Alternative Bidders would likely have remained committed to completing a transaction had they been able to complete their due diligence on Sporting Index's financial position.

5.136 We first establish what the B2C Business' pre-Merger financial position would likely have been at the time of the 2023 B2C Sale Process, using in particular the £[✂] million cost estimate set out in AlixPartners' December 2022 report for the B2C Business carve-out,[239] and the Sporting Index cost base (assuming minimal marketing spend and technological investment) set out by Spreadex in its submission following the phase 2 Main Party Hearing.[240] We note Spreadex's submissions that it provided a cost estimate based on the actual costs recorded in Sporting Index's accounts for the final year pre-Merger of around £18 million,[241] however Sporting Index's accounts pre-Merger do not reflect the business that was on sale to the Alternative Bidders. We considered the fact that the B2C Business on sale was not fully standalone in nature (eg given its need for certain additional staff and a TSA for certain functions and services), but noting FDJ and Sporting Group's submission that there would be no historic accounts that were [✂] given that the two businesses had historically become very entwined and so contracts for the B2B business were under the B2C entity and vice versa,[242] we consider a more appropriate starting point to be the cost base for the B2C Business available for sale, adjusted for what would have been required to turn this into a standalone business.

5.137 We note Spreadex's submission that the £[✂] million AlixPartners cost estimate is flawed, on the basis that this assumes Sporting Index could have been run [✂] and a TSA, and that this would not be possible in practice. Spreadex submitted

233 [✂] (last accessed on 12 May 2024).
234 [✂] and [✂] are not part of the same corporate group (ie there is no common ultimate holding company), but they both have common shareholders. [✂] call transcript and [✂] (last accessed on 12 May 2025).
235 See: [✂].
236 [✂] call transcript.
237 [✂] call transcript.
238 [✂] call transcript.
239 [✂] response to the CMA's RFI.
240 Spreadex, Main Party Hearing, Follow-up response, 9 July 2024, Annex 1.
241 Spreadex, Initial Remittal Submission, 28 March 2025, paragraph 4.65.
242 [✂] hearing transcript.

that this figure does not include, for example, senior management costs (beyond one [✄]), or align with Sporting Group's submission during the phase 2 remedies process that a fully standalone Sporting Index business would require around [✄] additional regulatory and compliance staff, and around [✄] additional traders.[243]

5.138 During the Remittal inquiry, AlixPartners submitted that the combined TSA and carve out business costs figures from the Project Silver Report set out AlixPartners' assessment of the minimum viable cost base for the proposed carve out business, and that while different purchasers might require more or less support under the TSA, any resource reductions under the TSA would be expected to be offset for the most part by additional resource costs within the acquirer's business such that the impact on the overall cost figure would be broadly neutral (subject to any efficiencies realised by the purchaser from combining the carve-out business with its existing operations).[244]

5.139 Our provisional view is therefore that the underlying cost base for a standalone B2C Business pre-Merger would likely be at least equivalent to the cost of a TSA in addition to the carve out business costs figures produced by AlixPartners. We consider below whether these figures require any adjustment, as Spreadex has submitted.

(a) We first note that AlixPartners includes a value for cost of goods sold (**COGS**) of £[✄], based on revenue projections for November 2022 and December 2022,[245] while the actual FY22 COGS were £1.7 million.[246] We consider that this should therefore be adjusted for by a decrease of £[✄] million, noting that the Alternative Bidders would likely have been provided with actual 2022 figures as part of their due diligence.

(b) We note FDJ and Sporting Group's submission that a standalone B2C Business would require between [✄] traders, and at least [✄] additional compliance staff in addition to the staff already included in the B2C Business transaction perimeter.[247] Based on the £[✄] total base salaries for [✄] traders included within the transaction perimeter,[248] and given AlixPartners' costs assumes the inclusion of [✄] traders in the B2C Business,[249] we estimate the staff costs for an additional [✄] traders to be around £[✄] million to £[✄] million. Given the £[✄] TSA quote given to [✄] for B2B Data & Trading Services,[250] we consider this to be captured in the TSA. We note that this quote would also need to incorporate the cost of acquiring B2B

[243] Spreadex, Initial Remittal Submission, 28 March 2025, paragraph 4.68.1.
[244] [✄] response to the CMA's RFI.
[245] [✄] response to the CMA's RFI.
[246] Sporting Index, Sporting Index Limited Annual report and financial statements for the year ended 31 December 2022, page 13 (last accessed on 21 October 2024).
[247] [✄] call transcript.
[248] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, attachment 4.1.2 phase 2a 1.4.
[249] [✄] response to the CMA's RFI.
[250] [✄] response to the CMA's s109 notice.

data feeds, but given that (i) Spreadex had estimated costs for data feeds to be £[✂],[251] and (ii) Alix Partners had already allocated data costs assuming full sports coverage to its £[✂] million technical support costing,[252] we consider that this has also been captured in the TSA.

(c) In relation to the [✂] compliance staff, we note that this does not appear to have been captured by the TSA costs quoted to [✂]. Based on the £[✂] base salaries for the [✂] compliance staff included within the transaction perimeter,[253] we estimate the staff costs for an additional [✂] compliance staff members to be around £[✂]. We also agree with Spreadex that senior management costs have not been incorporated, and so on the basis of Spreadex's submission that the cost for directors would amount to £[✂],[254] we consider that staff costs should be adjusted for an increase of £1.1 million.

(d) We note that AlixPartners assumes a marketing spend reduction of [✂]% (£[✂]) on the basis of more targeted marketing spend.[255] It is not clear to us to what extent this would likely have been a viable strategy, noting also a potential need to maintain marketing spend to address any customer churn issue. Further, given we are looking to establish what the underlying cost base for a standalone B2C Business would likely have been pre-Merger, we consider, on a conservative basis, that marketing spend should also be adjusted by an increase of no more than £[✂] million, in order to align it with marketing spend prior to the Merger.

(e) Lastly, we note that AlixPartners assumes a TSA cost of £[✂] million, whereas [✂] was quoted with a TSA cost of £[✂] million and Spreadex was quoted a TSA cost of £[✂] million. We note Spreadex's submissions that it's £[✂] million TSA quote represents a more credible starting point than the £[✂] million quote given to [✂],[256] and we also note FDJ's submissions during the Remittal inquiry that:[257]

(i) the Spreadex TSA quote represents an annualised estimate of the costs that would have been incurred under the TSAs over a 12-month period, but Spreadex never intended to rely on the TSAs for more than a few weeks;

(ii) Spreadex did not take on the majority of the employees required to operate the B2C Business, and so Sporting Group remained

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[251] Spreadex, Main Party Hearing, Follow-up response, 9 July 2024, Annex 1.
[252] [✂] response to the CMA's RFI.
[253] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, attachment 4.1.2 phase 2a 1.4.
[254] Spreadex, Main Party Hearing, Follow-up response, 9 July 2024, Annex 1.
[255] [✂] response to the CMA's RFI.
[256] Spreadex, Initial Remittal Submission, 28 March 2025, paragraph 4.80.
[257] FDJ response 2025 to the CMA's RFI.

responsible for retaining and covering the employment costs of those staff members following the Merger;

(iii) £[✂] million of Spreadex's approximately £[✂] million TSA quote related to the employment costs of staff who were not transferred to Spreadex as part of the Merger, and these costs were only to be charged to Spreadex for a very short transitional period, until Spreadex's own employees were in a position to assume full operational responsibility for the B2C Business; and

(iv) the principal basis for the difference in TSA cost estimates lies in the differing approaches to staffing, since Spreadex did not take on the operational employees necessary to run the B2C Business, which meant that Sporting Group would have had to continue employing and funding those resources under the TSA, whereas [✂].

(f) In view of the above, our provisional view is that AlixPartners' £[✂] million TSA figure should be adjusted to the £[✂] million TSA quote given to [✂]. As set out above, we note that the TSA quote for B2B Data and Trading Services broadly matches up with Sporting Group's submission on the additional traders that would be required, and we also note that the £1 million TSA quote for Technology Services is broadly aligned with Spreadex's £[✂] million cost submission for IT services.[258,259]

5.140 Our provisional view is therefore that AlixPartners' estimate for the B2C Business cost base should be adjusted to £13.5 million (an increase of £[✂] million), as set out in the below Table.

Table 5.2: Estimated cost base for standalone B2C Business (adjustments to AlixPartners' estimate)

		£m
AlixPartners' cost estimate		[✂]
Reduction in COGS		([✂])
Additional staff costs		1.10
Additional marketing spend		[✂]
Additional TSA spend		[✂]
	Total	13.49

Source: CMA analysis

5.141 Having established an approximate cost base for a standalone B2C Business, noting that we have not made any adjustments to reflect any cost synergies which an Alternative Bidder may have expected to generate from the integration of Sporting Index with its own operations, we now consider whether the Alternative Bidders would likely have been committed to completing a transaction had they

258 [✂] response to the CMA's s109 notice.
259 Spreadex, Main Party Hearing, Follow-up response, 9 July 2024, Annex 1.

proceeded to undertake due diligence on the financial position of the B2C Business.

5.142 We note that an underlying cost base of around £13.5 million is substantial in the context of Sporting Index's FY22 revenues of £9.8 million,[260] and we consider that in order for the Alternative Bidders to have been committed to a transaction, they would have needed to consider that they could improve the performance of the business, by reducing its cost base and/or increasing its revenues. In this regard, we note that:

(a) As set out in paragraph 5.134 above, the Alternative Bidders are both experienced bidders, who operate in adjacent markets and have experience with sports spread betting specifically, and so we consider that they are bidders who would have been well-informed about the underlying cost base required to operate a sports spread betting business, and the need for any additional investment;

(b) The £13.5 million cost estimate reflects the cost structure for a standalone B2C Business pre-Merger, and the Alternative Bidders had identified ways to improve the performance of the B2C Business by reducing these costs, as well as increasing revenues (as we set out in more detail in paragraphs 5.150 and 5.151 below);

(c) During the Remittal inquiry, the evidence from the Alternative Bidders was effectively that they were prepared to accept the cost of a TSA (potentially resulting in losses) in the short to medium term:

(i) [✂] noted that it was very aware that it was taking the risk that it could not reduce the cost of the TSA by transitioning earlier, and that any shortfall in the performance of Sporting Index would need to be funded from [✂]. [✂] noted that it was willing and able to do that.[261]

(ii) [✂] noted that the business could have dealt with the cost of a TSA period, though caveated this by stating that the current management team had not been involved in the 2023 B2C Sale Process.[262] The Former [✂] MD added during the Remittal inquiry that he would not have struck a deal if he did not think it was financially viable to do so, and that what [✂] would have taken from FDJ would have been discussed in the final negotiation discussions.[263]

[260] Sporting Index, Sporting Index Limited Annual report and financial statements for the year ended 31 December 2022, page 13 (last accessed on 22 May 2025).
[261] [✂] response to the CMA's RFI.
[262] [✂] response to the CMA's RFI.
[263] Former [✂] MD response to the CMA's RFI.

(d) Spreadex's internal documents show that part of the rationale for the Merger was to diminish the competitive threat of an acquirer improving the Sporting Index business, which suggest that Spreadex thought some improvement in performance was feasible – for example:

(i) In Spreadex's proposed initial bid document from February 2023, a sports trading manager stated that after acquiring Sporting Index, Spreadex 'would not have [✂]'.[264]

(ii) In February 2023, the Spreadex CEO circulated an email discussing the benefits and costs of acquiring Sporting Index. One of the stated benefits was that '[✂]'.[265]

5.143 We recognise that during the Phase 2 Remedies Process, [✂] told us that that having thought about it more, [✂] did not consider it necessary to have a secondary sports spread betting brand in the UK, on the basis that it is a niche product that has declined over the past ten years, and Sporting Index's financials showed diminishing returns, [✂].[266] However, this statement was made with hindsight, over 18 months after [✂], and what is relevant for the purposes of the counterfactual is what [✂] would likely have done at the time of the 2023 B2C Sale Process. In this regard, we have not been provided with evidence that [✂] would have reached a similar view at the time of the 2023 B2C Sale Process, and we note that [✂].

5.144 We note Spreadex's submissions that the B2C Business would require increased investment in its technology and marketing in order to improve the performance of the B2C Business and in particular tackle its high customer churn. We also note Spreadex's submission that the B2C Business' challenging financial position, such as the extent of its customer churn, was only made clear to Spreadex after it undertook detailed due diligence and so this would not have been accounted for by the Alternative Bidders. However, we have not been provided with any contemporaneous evidence from Spreadex that that was the case and we note that Spreadex's final bid of £[✂] million was an increase on its initial bid of £[✂] to [✂] million.[267]

5.145 We note Spreadex's submission that Sporting Index's financial position was not an issue for Spreadex to the same extent as it would have been for the Alternative Bidders. However, to the extent that Spreadex reached a view late in its due diligence that it would need to incur additional marketing expense in order to tackle Sporting Index's customer churn, we would have expected this to be reflected in

[264] Spreadex, response dated 21 December 2024 to the CMA's s109 notice (Enquiry Letter), dated 14 December 2023, question 22, Annex 103.
[265] Spreadex, response dated 21 December 2024 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, question 22, Annex 103.
[266] [✂] ([✂]) call transcript.
[267] FDJ response to the CMA's RFI.

its valuation of the B2C Business, but this does not appear to have been the case. On this basis, and noting also our view that both Alternative Bidders were experienced operators, our provisional view is that any need to significantly increase investment or marketing spend to address customer churn (as Spreadex have submitted would be required) would have been considered by the Alternative Bidders as part of their preliminary bid.[268]

Provisional conclusion

5.146 Based on our assessment above, and noting in particular our views that the Alternative Bidders would have been well-informed bidders and had identified ways to improve the performance of the B2C Business, we provisionally conclude that the Alternative Bidders' would likely have been committed to completing a purchase of the B2C Business.

Would the Alternative Bidders have operated the B2C Business as a competitor?

Spreadex's submissions

5.147 Spreadex submitted that at the time of the sale, Sporting Index was a heavily loss-making company and that these losses were increasing over time. Spreadex submitted that in order to offer a less anti-competitive alternative to ownership by Spreadex, the successful Alternative Bidder would have had to significantly improve performance of the B2C Business to ensure the business continued to operate, and that the Alternative Bidders' ability to actually achieve this in practice is not proven to the requisite standard. Spreadex submitted that the CMA must show that, on the balance of probabilities, the Alternative Bidders would have been able to address the significant challenges they were facing, including:[269]

(a) the underlying cost base of a sports spread betting and fixed odds betting business;

(b) the need for additional investment in the Sporting Index platform;

(c) the need for marketing spend in particular to tackle customer churn;

(d) the cost of a TSA and operating under a TSA in practice; and

(e) the need to obtain FCA approval.

5.148 We set out in more detail Spreadex's submissions on (a) to (d) in paragraph 5.133 above, and Spreadex's submissions on (e) in paragraph 5.122 above.

[268] The Alternative Bidder's response to customer churn is also discussed in paragraphs 5.150 and 5.151 below.
[269] Spreadex, Initial Remittal Submission, 28 March 2025, paragraph 4.62.

Our assessment

5.149 For the purpose of assessing the counterfactual, the MAGs provide that the CMA will consider alternative purchasers that would have operated the business as a competitor.[270] We consider this below.

5.150 We note that both Alternative Bidders: (a) had bid for the B2C Business primarily for its sports spread betting business; (b) planned to continue to compete by supplying sports spread betting services in the UK; and (c) outlined their respective plans for the B2C Business. More specifically:

(a) [✄] told us that while Sporting Index was loss-making, it believed that if it had been successful in purchasing Sporting Index, it would have begun to make a profit within six to 12 months.[271] In this regard, [✄] told us that:

   (i) Sporting Index's value lay in its database of historical, inactive customers. It told us that it was confident that, with the correct marketing, it would have been able to reactivate a large portion of these dormant accounts;[272]

   (ii) there was scope to reduce Sporting Index's operating costs. It told us that Sporting Index had a staff count in excess of what was required to manage a business with such a small active customer base. It added that its planning did not progress as far as considering which individual Sporting Index employees would be retained in the event of a purchase;[273] and

   (iii) if it had acquired Sporting Index, it would have been able to compete with Spreadex given [✄] risk appetite and its confidence in offering spreads for grade A events (ie televised football, rugby, tennis, snooker, cricket and horse racing) based on the large volume of information available to [✄].[274]

(b) [✄] told us that it had submitted a bid to purchase Sporting Index as it believed that it could combine its current [✄] expertise with Sporting Index's strong brand to develop a product to compete in the UK B2C sports spread betting segment.[275] [✄] explained that as the industry shifted from price differentiation to pricing as content over the past five to 10 years, skills and knowledge in price setting had disappeared from bookmaking, and that

[270] MAGs, paragraph 3.30.
[271] [✄] call transcript.
[272] We note that [✄] were referring Sporting Index in the context of a purchase of the B2C Business as a going concern, and so we consider this to be consistent with our low liquidation value estimates for the customer list on a standalone basis. [✄] call transcript.
[273] [✄] call transcript.
[274] [✄] call transcript.
[275] [✄] call transcript.

sports betting was now an homogenous market. [✂] told us that market prices rarely differed as neither sportsbooks nor the existing supply chain possessed the knowledge to differentiate on price, nor react in real time to the risk generated on their book. [✂] told us that [✂] had a lot of expertise in this area of understanding risk and setting strong prices.[276]

5.151 We further noted evidence setting out the potential upside opportunities for the B2C Business, including that the B2C Business could have been a competitor, under different ownership:

(a) [✂] told us that it believed that Sporting Index's profitability had been negatively impacted by [✂] regulatory compliance. It explained that the GC's rules on consumer due diligence (which applied to sports fixed odds betting), eg consumer affordability, were more stringent than those enforced by the FCA (which applied to spread betting). It told us that it believed that [✂].[277]

(b) Similarly, the Former [✂] MD told us that given FDJ's ambitions to enter the US market, FDJ did not want to risk the FCA or the GC finding failings within the Sporting Index business that could devalue FDJ and undermine its US entry plans.[278]

(c) [✂] told us that it believed that FDJ might have limited its investment in Sporting Index, as it had focused on developing Sporting Solutions internationally, noting that FDJ's primary aim in purchasing Sporting Group was the acquisition of the B2B arm of the business (Sporting Solutions).[279]

(d) As set out in paragraph 5.142(d) above, Spreadex's internal documents also suggested that the B2C Business could have been run more effectively as a competitor under different ownership.

5.152 During the Remittal inquiry, Spreadex submitted that the Alternative Bidders would never have been in a position to operate Sporting Index on an ongoing basis as an effective competitor to Spreadex due to the challenges summarised in paragraph 5.147 above.[280] Spreadex added that it would have been difficult for the Alternative Bidders to even replicate the diminishing competitive constraint of Sporting Index given its continuing decline[281] and that, in order to offer a less anti-competitive alternative to ownership by Spreadex, the successful Alternative Bidder would have had to significantly improve the performance of the B2C Business.[282]

276 [✂] call transcript.
277 [✂] call transcript.
278 [✂] call transcript.
279 [✂] call transcript.
280 Spreadex, Initial Remittal Submission, 28 March 2025, paragraphs 1.15.6 and 4.58.
281 Spreadex also put this point in terms of the Alternative Bidders not being able to operate Sporting Index in such a way as to restore the pre-Merger competitive constraint (Spreadex Initial Remittal Submission, 28 March 2025, paragraph 5.8).
282 Spreadex Initial Remittal Submission, 28 March 2025, paragraphs 4.59 and 4.62.

Spreadex concluded that the Alternative Bidders would not have been able to turn Sporting Index around and operate it profitably and therefore as a competitor.[283]

5.153 However, we note that the MAGs provide that the CMA will consider alternative purchasers 'that would have operated the business as a competitor'.[284] There is no additional requirement, for the purposes of the counterfactual, for the CMA to be satisfied that the business would have been profitable immediately, or to have become profitable over any particular period. Nor is there a requirement to restore the pre-Merger competitive constraint or to satisfy some other measure of effectiveness as a competitor, or to do so on an ongoing basis.[285] That is because, in essence, the alternative purchaser condition (which is one component of the exiting firm test) is concerned with determining whether the most likely counterfactual is a situation in which (in the present case), absent the Merger, the Sporting Index business would have exited the market or remained in the market, ie as a competitor. In the present case, we have taken the applicable time horizon for the counterfactual as the period over which we have assessed the Merger's impact on competition, namely two years (as explained at paragraph 6.96). The assessment of the strength of the competitive constraint it would likely exert (if it were to have remained on the market) is a matter for the competitive assessment, not the counterfactual.[286]

5.154 As set out in paragraph 5.142 above, we have provisionally found that the B2C Business was not profitable under FDJ's ownership and would likely have been unprofitable on a standalone basis under different ownership, and so an Alternative Bidder would likely have faced a number of challenges in operating the B2C Business as a competitor. We acknowledge the possibility of the Alternative Bidders ultimately being unsuccessful in addressing these challenges in the long term. However, given each of the Alternative Bidder's experience and plans for the B2C Business set out in paragraphs 5.150 and 5.151 above, our provisional view is that the Alternative Bidders would have been sufficiently resourced and committed to endeavour to address these challenges, thereby operating the B2C Business as a competitor for at least two years.

5.155 As regards any FCA approval required by the Alternative Bidders to operate the B2C Business as a competitor, as set out in more detail in paragraph 5.126 above, our provisional view is that the Alternative Bidders would likely have proceeded to obtain FCA approval.

[283] Spreadex Initial Remittal Submission, 28 March 2025, paragraph 4.64.
[284] MAGs, paragraph 3.30.
[285] As noted at paragraph 1.7 above, the time horizon that the CMA considers when describing the counterfactual will depend on the context, and will be consistent with the time horizon used in the CMA's competitive assessment (MAGs, paragraph 3.15).
[286] MAGs, paragraph 3.31.

Provisional conclusion

5.156 Based on our assessment above, and in particular our views that (a) Alternative Bidders would likely have proceeded to obtain FCA approval to acquire the B2C Business and operate it as a competitor, and (b) the Alternative Bidders would have continued to offer sports spread betting services had they acquired the B2C Business, we provisionally conclude that in the counterfactual the Alternative Bidders would have operated the B2C Business as a competitor.

5.157 As regards the conditions of competition, our provisional view is that both Alternative Bidders would have looked to supply licensed online sports spread betting services broadly in line with the services provided by Sporting Index pre-Merger, based on their plans for the business set out in paragraph 5.150 above. We also note that while both Alternative Bidders would have faced a number of challenges if they were to acquire and operate the B2C Business (as set out in paragraph 5.154 above), the performance of the B2C Business had the potential to improve under different ownership (see paragraph 5.151). In view of the above, we provisionally conclude that both Alternative Bidders would likely have operated the B2C Business broadly in line with the pre-Merger conditions of competition.

Provisional conclusion on Limb 2

5.158 Based on our assessment of the Alternative Bidders' bids and the other considerations above and taking the evidence in the round, we are not persuaded that, in the absence of the Merger, there would not have been an alternative, less anti-competitive purchaser for the B2C Business, noting in particular our provisional views that:

(a) FDJ would likely have completed a sale of the B2C Business to [✂];

(b) The Alternative Bidders would likely have been committed to completing a transaction of the B2C Business; and

(c) The Alternative Bidders would have operated the B2C Business as a competitor.

5.159 We therefore provisionally conclude that Limb 2 is not met.

Provisional conclusion on the Counterfactual

5.160 Based on our assessment above, we provisionally conclude that the appropriate counterfactual is where the B2C Business, under the ownership of [✂], would continue to compete in the supply of licensed online sports spread betting services, broadly in line with the pre-Merger conditions of competition.

6. HORIZONTAL UNILATERAL EFFECTS

Introduction

6.1 This chapter sets out our conclusions on market definition, the nature of competition, and the competitive assessment.

6.2 This chapter incorporates evidence from:

(a) Spreadex's internal documents, including those which set out its rationale for the Merger;

(b) Data provided by Spreadex;

(c) Internal documents from FDJ (the seller);

(d) Views from the Parties' highest spending customers; and

(e) Views from sports fixed odds betting providers, financial spread betting providers and other potential entrants to spread betting in the UK.[287]

6.3 By way of introduction, and as set out in Chapter 3 (Parties, Merger and Merger Rationale), the Parties overlap in the supply of sports fixed odds betting products and sports spread betting products.[288] The Parties are the only two licensed providers of sports spread betting in the UK, and they provide their services online. Our investigation, including during the Remittal inquiry, has focused on sports spread betting, since (as explained at paragraph 6.101 below) given the Parties' relatively minor share of supply of sports fixed odds betting and the number of alternative (and in some cases larger) providers remaining, our provisional view is that the Merger does not give rise to competition concerns in relation to the supply of sports fixed odds betting products.

Market definition

6.4 This section sets out our assessment of the relevant market for the purpose of our analysis of the competitive effects of the Merger. The determination of whether an SLC has resulted, or may be expected to result, from the Merger must be in terms of any SLC 'within any market or markets in the United Kingdom for goods or

[287] Spreadex submitted that a number of the third parties that the CMA gathered views from had an interest in the outcome of the CMA's review, and that it was not clear that the CMA had taken into account the more supportive feedback provided nor the motivation of the respondents when weighing up evidence (Spreadex, Response to the CMA's Provisional Findings, 30 August 2024, paragraph 4.12). The CMA weighs the evidence it receives in the round and will not normally consider specific pieces of evidence in isolation (MAGs, paragraph 2.23); moreover, the CMA is experienced in assessing the incentives of parties (both third parties and merger parties) when considering the weight to attach to their evidence.
[288] In this Final Report, we refer to sports spread betting **services** to refer to the Parties' offering in general, and sports spread betting **products** to refer to the different outcomes on which customers can place a bet.

services'.[289] The definition of the relevant market involves identifying the most significant competitive alternatives available to customers of the merging parties.[290] An SLC can affect the whole or part of a market or markets.[291]

6.5 Whilst market definition can sometimes be a useful tool for identifying in a systematic manner the immediate constraints facing the merged entity, it is not an end in itself. The outcome of any market definition exercise does not determine the outcome of the competitive assessment in any mechanistic way, and the CMA may take into account constraints on the merged entity from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others.[292]

Product market

6.6 In assessing product market definition, we start by identifying the relevant focal products which, in the first instance, consists of identifying those products for which both Parties overlap, considering the nature of the products and their functionalities. Our assessment then goes on to identify competitive alternatives to the focal products.

6.7 We decide whether to widen the product market primarily by considering the degree of demand-side and, to a lesser degree, supply-side, substitution. One way of doing this is using the hypothetical monopolist test. This test delineates a market as a set of substitute products over which a hypothetical monopolist would find it profitable to impose a small but significant non-transitory increase in price (**SSNIP**), or an equivalent reduction in quality (which might be profitable if it lowered costs for the hypothetical monopolist).

6.8 In this case, our starting point is the supply of licensed online sports spread betting. We consider below whether it is appropriate to extend the definition of the product market to include each of:

(a) Online sports fixed odds betting products;

(b) Licensed online financial spread betting products; and/or

(c) Unlicensed online sports spread betting products.

Online sports fixed odds betting

6.9 We set out below:

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[289] Section 35(1)(b) of the Act.
[290] MAGs, paragraph 9.2.
[291] MAGs, paragraph 9.1.
[292] MAGs, paragraph 9.4.

(a) the Parties' views;

(b) a natural experiment submitted by Spreadex, based on [✂];

(c) evidence from internal documents;

(d) third party views; and

(e) our assessment of whether online sports fixed odds betting products should be included in the product market.

Parties' views

6.10 Spreadex submitted that it disagrees with the exclusion of sports fixed odds betting providers from the relevant market definition.[293] Spreadex added that there were important factors which effectively constrained Spreadex pre- and post-Merger including the constraint imposed by the wider sports fixed odds betting market.[294]

6.11 Spreadex submitted that it will continue to face fierce competition from sports fixed odds betting providers as sports spread betting customers are sophisticated, price sensitive and frequently use several providers. Spreadex submitted that these customers would not hesitate to switch to large, sports fixed odds betting providers if, for example, Spreadex attempted to worsen its offering by increasing spread widths or reducing innovation.[295]

6.12 In particular, Spreadex submitted the following:[296]

(a) customers can achieve the same payout from spreads as they can from sports fixed odds betting, whether with Spreadex or another provider;

(b) 90% of Spreadex's spread betting customers use both spread betting and fixed odds betting products and of these customers, [under half] of the total business value (ie revenue to Spreadex after payouts) comes from fixed odds and [over half] from spreads, indicating (in its view) that spread betting and fixed odds betting are alternatives;[297]

(c) Spreadex has not [✂] for fear of losing customers to fixed odds betting;[298]

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[293] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 2.1.
[294] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 2.19.
[295] Spreadex Letter to the Inquiry Group, 25 April 2024, page 3.
[296] Spreadex Letter to the Inquiry Group, 25 April 2024, page 3.
[297] During the Remittal inquiry, Spreadex added that an overlap in the customer base between fixed odds and online spreads also supports the view that sports spread betting customers view sports fixed odds betting as a close alternative and may substitute between the two products. Spreadex, Further Remittal Submission, 14 April 2025, paragraph 2.12.
[298] Spreadex submitted specifically that, on performing a search on all spread prices it has offered on its most popular horse racing spread market (the 50-25-10 index) since 2018, only [✂] ([0-5%]) have not aligned with the [✂] spread

(d) Spreadex sets the midpoint of its spreads and spread widths in reference to fixed odds providers.[299] During the Remittal inquiry, Spreadex added that traders are instructed to check prices against the fixed odds betting market to ensure they were competitive and to avoid arbitrage opportunities for customers;[300] and

(e) Spreadex benchmarks and adjusts its product offering and website with reference to fixed odds providers.

6.13 During the Remittal inquiry, Spreadex submitted that, historically, innovations that are now commonplace within fixed odds betting (for example, bet in-play) began in the spread betting sector, but that now the trend has been reversed.[301] Spreadex added that this points to a level of competitive interaction between sports fixed odds betting and sports spread betting.[302]

6.14 Spreadex also submitted that it continues to face constraints post-Merger, and that both evidence of customer churn and Spreadex's behaviour post-Merger, demonstrate that it faces competition from fixed odds providers (see the competitive constraints section below).

6.15 We discuss these points below in our assessment of online sports fixed odds betting.

6.16 Spreadex also submitted that there were differences between fixed odds betting and sports spread betting including their respective regulatory frameworks and the structure of the relevant bets.[303] With regards to the regulatory frameworks, Spreadex submitted that sports spread betting customers face greater transaction costs[304] during the sign-up process, for example, due to the requirement to provide financial information, when compared to the equivalent process on a fixed odds platform.[305]

width pricing structure that it has [✄] (Spreadex, response dated 3 May 2024 to the CMA's s109 notice, dated 24 April 2024, question 14).

[299] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 2.14.
[300] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 2.15.
[301] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.14.1.
[302] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.14.
[303] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 2.1.
[304] Transaction costs are referred to in this Final Report to mean the inconvenience to the customer in terms of time spent providing relevant information to the sports spread betting provider, and the loss of privacy involved in disclosure.
[305] Spreadex, Main party hearing transcript, 4 July 2024, page 34 line 23 to page 35 line 7. Spreadex submitted that, with regards to ongoing monitoring of customers, the FCA regulation focuses on ensuring customers can make informed choices, whereas the GC requires more restrictive measures, such as prohibiting betting (Spreadex, Main party hearing transcript, 4 July 2024, page 35 line 18 to page 36 line 1).

[✂] as a natural experiment

6.17 Spreadex submitted that a natural experiment based on [✂] demonstrated that its customers substitute between sports spread betting and sports fixed odds betting.[306]

6.18 [✂].[307] [✂]. During the Remittal inquiry, Spreadex further submitted that the key question was not about the exact level of switching, but whether the level of switching was sufficiently material for Spreadex to be constrained from worsening the terms of its offer.[308]

6.19 [✂].[309] [✂].[310] [✂].[311]

6.20 Spreadex submitted that this was strong evidence of substitution between sports fixed odds betting and sports spread betting, and that [✂].[312]

6.21 We recognise that this experiment provides some evidence of substitution between sports fixed odds betting and sports spread betting. One strength of the natural experiment is its basis in actual rather than hypothetical customer behaviour. However, several other considerations are relevant to the proper interpretation of this evidence:

(a) The natural experiment demonstrated substitution from sports fixed odds betting to sports spread betting. Substitution from sports spread betting to sports fixed odds betting is not necessarily symmetrical. We note that [✂] fell by only [✂]%.

(b) [✂] prevent a customer from using their preferred service, and therefore lead to higher switching levels than would be expected from a small but significant non-transitory change in price or quality.[313] In this context, the shift in demand from sports fixed odds betting to sports spread betting which has been demonstrated by the experiment is not particularly large.

(c) Customers who have already signed up to Spreadex for sports fixed odds betting can face lower friction in switching to a Spreadex sports spread

[306] Spreadex, Response to the CMA's Phase 2 Provisional Findings, Annex 1, 30 August 2024, Annex 1, page 1.
[307] Spreadex, Response to the CMA's Phase 2 Provisional Findings, Annex 1, 30 August 2024, Annex 1, page 1. Spreadex added that [✂].
[308] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.18.
[309] Spreadex, Response to the CMA's Phase 2 Provisional Findings, Annex 1, 30 August 2024, Annex 1, pages 5-6.
[310] Spreadex, Response to the CMA's Phase 2 Provisional Findings, Annex 1, 30 August 2024, page 6.
[311] In our view, this figure is a better measure of the impact on Spreadex's incentives than the increase in spread betting by [✂] customers, which only measures the behaviour of customers who had carried out both spread betting and fixed odds betting in the 30 days prior to [✂]. CMA analysis of Spreadex, response dated 20 September 2024 to the CMA's draft s109 notice dated 13 September 2024.
[312] Spreadex, Response to the CMA's Phase 2 Provisional Findings, Annex 1, 30 August 2024, page 6-7. Specifically, Spreadex submitted that (i) not all clients who [✂] had already activated spread betting, and these clients will have faced friction, (ii) natural churn will have meant some clients left during their restriction period, (iii) some clients will have [✂], limiting their ability to switch to spread betting, and (iv) in roughly a quarter of cases clients' [✂] reducing their activity.
[313] MAGs, paragraph 9.7.

betting product than to alternative providers (and vice versa, the customers of alternative providers can face more friction in switching to a Spreadex product).[314] Therefore this measure of short-term diversion is likely to be lower than long-term diversion would be to different sports fixed odds betting providers. Although, we recognise, as submitted by Spreadex during the Remittal inquiry, that some customers multi-home and as a result those customers will face lower friction in switching to alternative providers.[315]

(d) Customers facing [✂] will not necessarily behave in the same way as those not facing [✂], as they have been identified as being [✂]. In response to this, during the Remittal inquiry Spreadex submitted that customers facing [✂] are likely to represent higher spending and be more frequent customers.[316]

6.22 Taking the evidence in the round, our provisional view is that the natural experiment does not demonstrate that there is a strong constraint from sports fixed odds betting on sports spread betting.

Internal documents

6.23 We have reviewed over 300 internal documents from Spreadex and 45 internal documents from FDJ for evidence of substitutability between sports spread betting and sports fixed odds betting.

6.24 Spreadex submitted that it does not produce many internal documents in its day-to-day business.[317] Despite this, Spreadex's internal documents show that Spreadex expected that Sporting Index's customers would divert to Spreadex, if quality worsened, rather than to a fixed odds competitor, which is evidence that competition from sports fixed odds betting competitors is not strong. Specifically, Spreadex's 'proposed initial bid offer to buy the company' document, attached to an email of 21 February 2023, which collected the views of Spreadex's senior management and sports trading managers on the appropriate price to offer for Sporting Index, stated repeatedly that a reduction in quality on the Sporting Index platform could incentivise customers to switch to Spreadex:[318]

(a) One of Spreadex's sports trading managers stated '[✂]'.

[314] For example, when switching to another Spreadex sports spread betting product, they may not need to set up a new account, provide again their personal data etc.
[315] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.17.1.
[316] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.17.2.
[317] Spreadex, Response to the CMA's Annotated Issues Statement and accompanying Working Papers, 1 July 2024, paragraph 4.2.
[318] Spreadex, response dated 21 December 2023 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, question 22, Annex 103. Given the small size of Sporting Index's fixed odds business, we consider it likely that these comments refer to migration from Sporting Index's spread betting business to Spreadex's spread betting business.

(b) Spreadex's CEO stated 'if we have to pay up twice for tennis data etc. this becomes more difficult to justify ([✂])'. He also stated that, after the Merger, '[✂]'.

(c) Spreadex's CFO stated '[✂]'.

6.25 Spreadex submitted that this 'proposed initial bid offer to buy the company' was an initial brainstorming document, which did not record a final decision by Spreadex's senior management.[319] Spreadex further submitted during the Remittal inquiry that this document was not a realistic reflection of Spreadex's views of the closeness of competition with Sporting Index pre-Merger or with sports fixed odds betting providers.[320] Spreadex also submitted that the CMA had disregarded the context of this document (namely, a possible purchase of Sporting Index rather than day-to-day business) and had unreasonably discounted other Spreadex internal documents, which show Spreadex assessing and responding to the behaviours of fixed odds providers in relation to its strategic decision making relating to sports spread betting specifically.[321] We nevertheless consider that this document represents relevant evidence of the preliminary views (albeit for discussion purposes) of important members of Spreadex's team, including in some cases its senior management, on the competitive processes in spread betting and the impact of the Merger.

6.26 Spreadex's internal documents also show that Spreadex monitors sports fixed odds betting competitors. For example, in September 2023, Spreadex reviewed fixed odds competitors' user interface and user experience.[322] Similarly, in March 2023 a presentation to Spreadex's board compared its payment options to fixed odds competitors.[323] During the Remittal inquiry, Spreadex submitted that it monitors fixed odds betting providers closely for both their pricing and innovations and added that the purpose of this monitoring was to ensure that Spreadex's pricing was competitive and that it offered a competitive level of user experience.[324] Spreadex further submitted that it was predominantly a spread betting business and that these documents (as well as others comparing its offering to fixed odds betting providers) were not limited to comparing Spreadex's fixed odds capabilities to its competitors. In support of this point it provided examples of documents which directly referenced its spread betting business.[325] In our provisional view, while Spreadex monitors its fixed odds rivals, its motivations

[319] Spreadex, Response to the CMA's Annotated Issues Statement and accompanying Working Papers, 1 July 2024, paragraph 4.3.2.
[320] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 2.2.
[321] Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, paragraphs 4.7-4.11. Spreadex, Further Remittal Submission, 14 April 2025, paragraph 2.3.
[322] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated, 2 April 2024, question 24, Annexes 24.4, 24.5 and 24.7. See paragraph 6.142 for further discussion of Annex 24.4.
[323] Spreadex, response dated 21 December 2023 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, Annex 29, slide 13.
[324] Spreadex, Further Remittal Submission, 14 April 2025, paragraphs 3.22 and 3.23.
[325] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.7.

for doing so are not clear. Spreadex could have the incentive to monitor and adopt innovations in fixed odds betting to improve its spread betting offering even in the absence of competition, for example, to increase customer engagement. Our provisional view is therefore that these internal documents provide only ambiguous evidence of competition between spread betting and fixed odds betting providers, and that it is difficult to draw conclusions about competition from this evidence.

6.27 We also take account of the fact that Spreadex's internal documents describe ways in which spread betting is distinct from fixed odds betting. For example, board meeting minutes describe that a '[✂]'.[326]

6.28 Taking the evidence in the round, we provisionally conclude that the Parties' internal documents show that:

(a) On the demand-side, sports spread betting is not strongly constrained by sports fixed odds betting; and

(b) On the supply-side, some production assets are used to supply both sports fixed odds betting and sports spread betting markets. However, the Parties' internal documents do not show that sports fixed odds betting providers in practice use their existing capacity to supply sports spread betting products, or that the conditions of competition are the same for both sports fixed odds betting and sports spread betting customers.

Customers

6.29 We sent a questionnaire to the Parties' customers who collectively accounted for around half of their sports spread betting revenue. It is our provisional view that the views of the Parties' highest spending customers are particularly relevant to the Parties' incentives to compete, and that the responses are useful evidence. Given the concentration of the Parties' revenue in their highest spending customers, we did not carry out a customer survey in this case and instead sent a questionnaire directly to the Parties' highest spending sports spread betting customers. The questionnaire was sent to a total of [✂] customers, who collectively accounted for around 50% of the Parties' sports spread betting revenue. During the Remittal, Spreadex submitted that the survey sample was so small as to be unreliable given that the responses may be within the margin of error.[327] We note that we received 33 responses (amounting to a [20-30]% response rate). While we do not have particular reason to suspect bias, we recognise that the responses we received may not be representative of the

[326] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, Annex 43.5.
[327] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 2.4.

Parties' overall customer base. Accordingly, we interpret these results qualitatively and only place weight on the overall direction rather than precise quantifications.

6.30 Spreadex submitted that the low response rate could be indicative of a lack of concern about the impact of the Merger on competition.[328] However our view is that the response rate ([20-30]%) is not low in this context, and we note also the relatively high level of concerns raised from those customer responses we did receive (15 out of 33, or 45%), and the relatively small number of customers who identified an alternative to the Parties who they would switch to if their current provider was unavailable (5 out of 33, or 15%). Contrary to Spreadex's submission,[329] our view is that it was not irrational for the CMA to have chosen not to conduct a customer survey, given our assessment of the likely costs and benefits of such a survey in this case. As set out in the MAGs, there is no set hierarchy between quantitative evidence, such as consumer surveys or statistical or econometric analysis, and qualitative evidence, such as internal documents or the statements or conduct of market participants[330] and the CMA 'may' review firms' internal documents and 'might' gather evidence from customer surveys.[331]

6.31 Of the 33 respondents, when asked who they would switch to if their preferred provider was unavailable, 16 said they would bet with an alternative sports spread betting provider, 14 said they would have not placed a bet, two said they would have bet with a sports fixed odds betting provider and one said they would switch to a financial spread betting provider. Among the 16 who said they would have chosen an alternative sports spread betting provider, 11 said they would have switched to Spreadex or Sporting Index, two said they would switch to Sports Spreads (a spread betting provider that is not licensed to supply UK customers) and the remainder did not specify who they would have switched to.[332]

6.32 When asked to compare the advantages and disadvantages of sports fixed odds betting and sports spread betting, customers told us that 'excitement levels' and 'risk' are higher for sports spread betting, that it provides 'greater rewards but greater risks', that it allows customers 'to wager on events such as headers', that it allows customers 'to close and take an early profit', that it permits a 'bigger range of markets' and that it permits greater leverage.[333] Some customers simply indicated that they prefer spread betting.

6.33 Of the 33 customers who responded to our questionnaire, 25 said that there were types of spread bets which they could not replicate using fixed odds bets, five of the 25 added that this amounted to 'many' or 'lots' of types of bets. Two customers

[328] Spreadex, Response to the CMA's Annotated Issues Statement and accompanying Working Papers, 1 July 2024, paragraph 4.4.
[329] Spreadex, Response to the CMA's Phase 2 Provisional Findings, 30 August 2024, page 13.
[330] MAGs, paragraph 2.25.
[331] MAGs, paragraph 4.13.
[332] Responses to the CMA's customer questionnaire, dated 21 May 2024.
[333] Responses to the CMA's customer questionnaire.

said that there were no types of spread bets which could not be replicated by fixed odds bets.[334]

6.34 Our provisional view is that customers' comments on closeness of competition and the effect of the Merger (see paragraphs 6.117(c) to 6.120 and 6.144 to 6.147 below) support the conclusion that fixed odds betting providers should not be included in the relevant product market. For instance, where customers indicated they were concerned by the reduction in competition as a result of the Merger, this can also indicate that online sports fixed odds betting providers do not provide a sufficient constraint, and therefore should not be included in the same product market.

Betting providers

Demand-side

6.35 We also asked other betting providers about substitutability between sports spread betting and sports fixed odds betting. When asked whether customers would switch from sports spread betting to other forms of online betting, if spreads widened by 5% (which is equivalent to an increase in the price of the spread bet offered to customers), six betting providers gave ambiguous or uncertain responses,[335] two said that customers would not switch[336] and one said that customers would switch to sports fixed odds betting.[337]

6.36 When asked to compare sports fixed odds betting and sports spread betting products:

(a) One fixed odds betting provider submitted that sports spread betting products were different to sports fixed odds betting products.[338] The provider explained that sports spread betting was riskier as, unlike fixed odds betting, customers could lose more than is in their account.[339] Moreover, it noted that spread betting customers were rewarded for 'how right' they were and that one would need to put a very high stake to profit to a similar level using fixed odds products.[340] It said that customer needs were different for the two types of products and 'customers' approach to risk was different'.[341]

334 Responses to the CMA's customer questionnaire.
335 Third party responses to the CMA's competitor questionnaire: [✂]; [✂]; [✂]; [✂]; [✂]; [✂].
336 Third party responses to the CMA's competitor questionnaire: [✂] and [✂].
337 [✂] response 2024 to the CMA's competitor questionnaire.
338 [✂] call transcript.
339 [✂] call transcript.
340 [✂] call transcript.
341 [✂] response to the CMA's RFI.

(b) Another fixed odds betting provider submitted that the profile of a spread better is quite different from the profile of a fixed odds better.[342]

(c) Another fixed odds betting provider submitted that the complex nature of spread betting meant it attracted more sophisticated customers with a larger risk appetite.[343] However, it submitted that customers can bet on the same outcomes, and that the vast majority of 'markets' that were offered by sports spread betting firms were also offered by sports fixed odds betting firms.[344] The provider further submitted that it would expect to see a migration of spread betting customers to fixed odds betting in the event that either spread betting products disappeared from the market or the merged entity increased the spread of the product.[345]

(d) A fixed odds betting provider submitted that customers bet on spread betting markets because 'of the inherent volatile nature of the product', and said that the spread betting market 'is significantly different to that of [the] fixed odds market'. The provider added that a very popular fixed odd accumulator feature was very difficult to replicate in sports spread betting. The provider estimated 50% of the sports fixed odds betting markets that it offered had a parallel sports spread betting market.[346] The provider added that 'the majority of customers who bet on online spreads already bet on online fixed odds'.[347]

(e) Another fixed odds betting provider described sports spread betting customers as a different demographic from its target audience.[348]

(f) FDJ submitted that sports spread betting attracted a niche of very high value customers.[349] In Sporting Group's 2018 strategic overview of its activities, it described sports spread betting as 'highly differentiated', and a 'specialised gambling product, requiring strong pricing and trading capability'. In the same document, it added that there were high barriers to entry as the 'financial and marketing controls set by the Financial Conduct Authority [were] alien to fixed odds operators'.[350]

(g) One sports betting B2B provider submitted that it considered that most sports spread betting customers probably also have fixed odds accounts or exchange accounts, but there were elements of spread betting which cannot be replicated by fixed odds betting. The provider added that one such

[342] [✂] call transcript.
[343] [✂] call transcript.
[344] [✂] response to the CMA's RFI. We note that in this context, a 'market' refers to a betting opportunity, rather than an economic market.
[345] [✂] response to the CMA's RFI and [✂] call transcript.
[346] [✂] response to the CMA's competitor questionnaire dated 6 February 2025and [✂] response to the CMA's RFI.
[347] [✂] response to the CMA's competitor questionnaire.
[348] [✂] response to the CMA's RFI.
[349] FDJ response to the CMA's RFI.
[350] FDJ response to the CMA's RFI.

element was that ‘the more right you are, the more you win’. The provider submitted further that sports spread betting customers were generally affluent, self-made, and enjoyed taking risks.[351]

(h) Another betting provider submitted that fixed odds betting and sports spread betting were in two completely different markets. The provider added that there was not a lot of cross over between spread betting and fixed odds betting customers, but considered that it was more likely that a spread better would become a fixed odds better than the reverse. The provider further submitted that sports spread betting customers had different risk appetites and tended to be more ‘seasoned’ due to the complicated nature of spread betting.[352]

(i) A former Sporting Index employee submitted that sports spread betting was more exciting compared to fixed odds betting as ‘you don't necessarily know what you're going to win or lose on any bet’ and that there were potentially huge gains from a relatively low stake. They added that sports spread betting customers were generally ‘more sophisticated’ and higher earners compared to fixed odds betting customers.[353]

(j) Several third parties considered that sports spread betting was a ‘niche’ market in comparison to sports fixed odds betting.[354]

Supply-side

6.37 Sports fixed odds betting providers (other than the Parties) told us that they have not considered (or considered materially) supplying sports spread betting products.[355] Sports fixed odds betting providers submitted that even if the width of spreads increased by 5% (a SSNIP), this would not be an incentive to supply sports spread betting products.[356]

6.38 Sports fixed odds betting providers told us that they would face a variety of challenges in attempting to offer sports spread betting. For example, providers told us they would struggle to acquire or develop some combination of the following assets required to offer sports spread betting:

(a) People and expertise;[357]

[351] [✂] call transcript.
[352] [✂] call transcript.
[353] [✂] call transcript.
[354] Third party responses to the CMA’s competitor questionnaire: [✂]; [✂]; [✂] and third-party call transcripts: [✂] and [✂].
[355] Third party responses to the CMA’s RFI: [✂]; [✂]; [✂]; [✂]; and [✂] response to the CMA’s competitor questionnaire.
[356] Third party responses to the CMA’s RFI: [✂]; [✂]; [✂]and [✂] response to the CMA’s competitor questionnaire.
[357] Third party responses to the CMA’s competitor questionnaire: [✂]; [✂] and [✂].

(b) Technology;[358] and/or

(c) Brand awareness.[359]

6.39 Sports fixed odds betting providers also told us that they would have to obtain an FCA licence.[360]

6.40 See Chapter 7 (Countervailing Factors), particularly the section on entry and expansion, for further detail.

Our assessment of online sports fixed odds betting

6.41 Most customers told us that they cannot replicate sports spread betting through sports fixed odds betting ‘markets’ and some specifically said that they valued the wider range of ‘markets’ available through sports spread betting.[361] Customers also explained a variety of other factors which they consider to be advantages of sports spread betting over sports fixed odds betting. In our provisional view, given that customers face additional inconvenience costs when signing up for a sports spread betting account, customers must value these differences sufficiently to be prepared to incur these additional costs. This is further evidence of differentiation between sports spread betting and sports fixed odds betting.

6.42 Further, the use by customers of both sports spread betting and sports fixed odds betting does not imply that these are substitutes. Instead, customers appear to use sports fixed odds betting and sports spread betting for different reasons (such as perceived riskiness,[362] and the wider range of ‘sports markets’ available in sports spread betting). Customer responses show that some customers have demand for both products; but in our provisional view this does not mean that they would switch from one to the other in response to a worsening of price, quality, range or service in sports spread betting, and we have received very limited evidence to show that they would do so.

6.43 In addition, a [✂] pricing policy does not imply a competitive dynamic between sports fixed odds betting and sports spread betting and could be explained by a range of factors (for example, that Spreadex has found it more profitable to flex

[358] Third party responses to the CMA’s competitor questionnaire: [✂]; [✂]; [✂] and [✂].
[359] Third party responses to the CMA’s competitor questionnaire: [✂] and [✂].
[360] Responses to the CMA’s competitor questionnaire: [✂]; [✂]; [✂] and [✂].
[361] Spreadex submitted that the extent to which fixed odds bets can replicate spread bet outcomes is not determinative as to the substitutability of the products (Spreadex, Response to the CMA’s Provisional Findings, 30 August 2024, paragraph 4.4). We note that it is not determinative, but consider it is relevant evidence in the context of Spreadex’s submission that fixed odds bets and spread bets can achieve the same outcomes for customers.
[362] Spreadex submitted that the 'amount risked' per bet in sports spread betting [✂]. It defined the 'amount risked' as the maximum amount of money a client could potentially lose when placing a bet (Spreadex, response dated 15 July 2024 to the CMA’s s109 notice follow-up questions dated 11 July 2024, pages 1-2). Our view is that while this is one reasonable method for calculating risk, there are several possible approaches to risk measurement, such as volatility. The Parties' websites (Sporting Index and Spreadex, last accessed 13 May 2025) note that some spread betting ‘markets’ exhibit greater volatility than others. Customer feedback and third party submissions show that sports spread betting is perceived as much riskier than sports fixed odds betting.

other parameters given the salience of spread widths to customers, and/or that Spreadex has, prior to the Merger, been in competition with Sporting Index).

6.44 In our provisional view, the reference to fixed odds prices by the Parties as inputs into their spread pricing models, and Spreadex's submission that its traders are instructed to check sports spread betting prices against those for fixed odds betting, do not show that sports fixed odds betting and sports spread betting are in competition. Our provisional view is that fixed odds prices could be relevant as inputs into Spreadex's estimate of the likelihood of certain outcomes, rather than as substitutes. We further note that Spreadex uses specialist software and specialist traders to transform these inputs into sports spread betting prices, and our provisional view is that this is evidence of differentiation from fixed odds betting.

6.45 While Spreadex's monitoring of sports fixed odds betting providers' non-price features in its internal documents is consistent with competition between sports fixed odds betting and sports spread betting, Spreadex has the incentive to monitor and adopt innovations from sports fixed odds providers even in the absence of competition. Our provisional view is that these documents, when considered in the round with other evidence provided to us, demonstrate only a weak constraint from fixed odds betting. The Parties' internal documents also indicate that the conditions of competition in sports spread betting and sports fixed odds betting are different.

6.46 In our provisional view, Spreadex's submission that fixed odds betting firms historically adopted innovation from sports spread betting firms (see paragraph 6.13) only weakly supports a constraint on sports spread betting providers from fixed odds betting providers. First, fixed odds providers adopting innovation from sports spread betting providers does not necessarily imply that sports spread betting providers face a constraint from fixed odds providers. Second, the respective popularities of sports fixed odds betting and sports spread betting have changed and so historic actions and views may not accurately reflect market conditions today. Lastly, customer multi-homing between sports spread betting and fixed odds betting may lead to similarities in customer preferences for certain products and services, without necessarily implying competition.

6.47 As described in paragraphs 6.153 to 6.163, our provisional view is that the evidence does not support Spreadex's submission that it faces strong overall constraints, and therefore does not support its submission that it competes with sports fixed odds providers.

6.48 Spreadex's natural experiment based on [✂], though imperfect, provides evidence that customers substitute between sports fixed odds betting and sports spread betting under some circumstances. However, it primarily provides evidence on switching from sports fixed odds betting to sports spread betting, whereas the focus of our investigation is on constraints on sports spread betting.

6.49 Taking the evidence in the round, we provisionally conclude that the evidence provided to us shows that:

(a) On the demand-side, neither customers nor sports fixed odds betting providers see sports fixed odds betting products as close alternatives to sports spread betting products; and

(b) On the supply-side, although some production assets are used to supply both sports fixed odds betting and sports spread betting, sports fixed odds betting providers would face significant challenges to supplying, and do not have the incentive to supply, sports spread betting products.

6.50 Taking the evidence in the round, we provisionally conclude that it is appropriate to exclude sports fixed odds betting providers from the product market, and to treat them as an out-of-market constraint.

Financial spread betting providers

6.51 We have also gathered evidence from the customers and financial spread betting providers to assess whether financial spread betting providers should be considered in the same product market as sports spread betting providers.[363]

6.52 In responding to our customer questionnaire, only one customer (out of 33) told us that they would switch to a financial spread betting provider if their existing sports spread betting provider was unavailable.[364]

6.53 We gathered evidence from three financial spread betting providers who all submitted that they did not compete with sports spread betting providers.[365] No financial spread betting provider told us that it would consider entering into the provision of sports spread betting, even if spread widths widened.[366]

6.54 We have not been provided with any evidence in the Parties' internal documents that financial spread betting providers exert any competitive constraint on sports spread betting providers.

6.55 Finally, the Parties have not submitted that they compete with financial spread betting providers.

[363] Financial spread betting is a form of financial leveraged trading.
[364] Responses to the CMA's customer questionnaire, dated 21 May 2024.
[365] Third party responses to the CMA's RFI: [✂]; [✂] and [✂]. One of these financial spread betting providers [[✂]] submitted that, while it does not compete with sports spread betting providers, the profile of customers participating in sports spread betting is similar to customers participating in financial spread betting.
[366] Third party responses to the CMA's RFI: [✂]; [✂]; and [✂].

6.56 In view of the above, we provisionally conclude that it is appropriate to exclude financial spread betting providers from the product market, and to treat them as an out-of-market constraint.

Unlicensed sports spread betting providers

6.57 In this section we consider the extent to which unlicensed sports spread betting providers, ie those providers which are not licensed to supply UK customers, should be included in the product market. We have considered evidence from:

(a) customers;

(b) the Parties' internal documents, and

(c) the relevant regulator (the FCA).

6.58 Spreadex submitted that sports spread betting providers offering services into the UK without an FCA licence operate in the same product market.[367] During the Remittal inquiry, Spreadex submitted further evidence that grey market betting is a constraint (we assess this in our competitive assessment in paragraph 6.162).

6.59 On the demand-side:

(a) Customers concerned about the Merger[368] did not regard unlicensed sports spread betting providers as credible alternatives to licensed sports spread betting providers because customers using unlicensed providers were not protected by the FCA and such providers offered a smaller range of services and inferior quality of service.[369]

(b) Of the 33 customers who responded to our questionnaire, only two said that they would switch to an unlicensed sports spread betting provider if their existing provider was unavailable. However, we note that seven of the respondents indicated that they had accounts with unlicensed providers.[370]

6.60 On the supply-side, the Financial Services and Markets Act 2000, which underpins the FCA regulations, prohibits unlicensed sports spread betting providers from actively soliciting customers in the UK.[371] However, unlicensed sports spread

[367] Spreadex, response dated 15 January 2024 to the CMA's RFI dated 10 January 2024, question 2(a).
[368] A number of individuals sent unsolicited emails to the CMA expressing their concern about the Merger. In this chapter, we refer to these individuals as customers concerned about the Merger.
[369] Concerned customer emails [✂] noted: 'The merger of the two largest players in the market without any checks can only lead to a worse experience for customers as there is not competitive pressure to keep market pricing competitive, no impetus to maintain less profitable markets for consumers and less reason to innovate as there is no competitor to keep up with.; [✂] noted: 'Bettors in the UK have access to just these 2 firms for the purpose of Sports spread betting if they want to bet with someone covered under the FCA. Two small firms exist in Ireland, Sportspread and Starspread offering a far inferior product to bettors without the protection of the FCA, and nowhere near the range of markets.'
[370] Responses to the CMA's customer questionnaire.
[371] Sections 19 and 21 of the FSMA. A third party explained that UK customers can legally use the services of a company licenced in another jurisdiction if they were overseas tax residents in that jurisdiction ([✂] call transcript, [✂]).

betting providers could be relatively well positioned to enter the supply of licensed sports spread betting, as they could have relevant technology, and we have examined this as a potential countervailing factor to any competitive effect of the Merger (see Chapter 7 (Countervailing factors) for further detail).

6.61 Taking the evidence in the round, we provisionally conclude that it is appropriate to exclude unlicensed sports spread betting providers from the product market, and to treat them as an out-of-market constraint.

Geographic market

6.62 Spreadex submitted that the narrowest relevant geographic market was the UK, noting that suppliers of online gambling within the UK were subject to regulatory conditions on a national basis, and that this was consistent with previous CMA decisions.[372] Spreadex also submitted that the market may be wider since the Parties had international customers, where the regulatory regimes of those countries allowed (eg Denmark and Ireland).[373] However, the majority of the Parties' customers are located in the UK[374] and the regulation of sports spread betting differs across jurisdictions.

6.63 The CMA has previously considered that the relevant geographic market in relation to various segments within online gambling is the UK, given that providers need to hold a GC licence to serve customers in the UK.[375] There are similar national regulations in relation to sports spread betting, which requires a licence from the FCA to serve customers in the UK (see Chapter 2 (Industry Background), for further detail on the regulatory landscape).

6.64 A UK wide geographic market is also consistent with the evidence received from third parties and seen in internal documents, which does not appear to show a strong competitive constraint from providers based outside of the UK (see paragraph 6.23 onwards).

6.65 In view of the above, we provisionally conclude that a UK-wide geographic market is appropriate.

[372] Spreadex, Briefing Paper, 13 July 2023, paragraph 3.4 and Spreadex, response dated 21 December to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, question 18.
[373] Spreadex, response dated 15 January 2024 to the CMA's RFI dated 10 January 2024, question 1.
[374] Spreadex, Briefing Paper, 13 July 2023, paragraphs 2.1 and 2.4.
[375] CMA, Flutter Entertainment plc / The Stars Group Inc merger inquiry, Decision on relevant merger situation and substantial lessening of competition, 31 March 2020, paragraph 72; CMA, The Stars Group Inc / Sky Betting & Gaming group merger inquiry, Decision on relevant merger situation and substantial lessening of competition, 11 October 2018, paragraph 41; CMA, GVC Holdings plc / Ladbrokes Coral Group plc merger inquiry, Decision on relevant merger situation and substantial lessening of competition, 21 March 2018, paragraph 56; and CMA, Betfair Group plc / Paddy Power plc merger inquiry, Decision on relevant merger situation and substantial lessening of competition, 17 December 2015, paragraph 44.

Conclusion on market definition

6.66 In view of the above, we provisionally conclude that the relevant market is the supply of licensed online sports spread betting services in the UK.

6.67 Any constraint from sports fixed odds spread betting providers, financial spread betting providers and unlicensed sports spread betting providers will be considered as an out-of-market constraint as part of the competitive assessment.

Nature of competition

6.68 This section sets out our assessment of the nature of competition in the supply of licensed online sports spread betting products in the UK. We first discuss customer acquisition, followed by the relevant parameters of competition in the UK licensed online sports spread betting market.

Customer acquisition

6.69 As evidenced in the market definition demand-side section above, sports spread betting comprises more complex betting products in comparison to sports fixed odds betting. To acquire sports spread betting customers, Spreadex told us that it targeted '[✂]' and onboards [✂] customers then explains the spread betting product, before attempting to [✂].[376] We note that Sporting Index's fixed odds business is much smaller than Spreadex's, and our provisional view is that this approach to acquisition is therefore not necessarily one that is required or is pursued by all spread betting firms.

6.70 Due to differences in regulatory requirements, sports spread betting customers are required to submit additional personal information, such as financial information (see Chapter 2, Industry Background), which Spreadex submitted increased friction in the customer journey.[377] Spreadex's sign-up process therefore first signs customers up for [✂] and then offers customers the option to [✂].[378] Spreadex also [✂].[379]

6.71 It is therefore our provisional view that a licensed online sports spread betting provider would naturally acquire customers from fixed odds betting providers, as well as from other sports spread betting providers, due to their established interest in sports betting. The customer base in fixed odds betting enables licensed online sports spread betting providers to easily identify customers interested in sports betting and therefore customers who are also likely to be interested in sports

[376] Spreadex, Main party hearing transcript, 4 July 2024, page 16, lines 5-11.
[377] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 2.
[378] Spreadex, Main party hearing transcript, 4 July 2024, page 37, lines 14-15.
[379] For example, an email chain titled [✂] dated December 2023 noted that [✂] (Spreadex, response dated 11 June to the CMA's s109 notice follow-up questions dated 4 June 2024 Annex 32.4).

spread betting products. However, it does not follow that the existence of this acquisition channel means that fixed odds providers exert a competitive constraint on licensed online sports spread betting providers as it does not demonstrate product substitution, or customer switching.

6.72 While the significant sign-up costs, especially the inconvenience customers face, may discourage customers from opening accounts with multiple providers, the evidence shows that a significant number of customers do have accounts with more than one licensed online sports spread betting provider (ie customers multi-home). In 2022, around [✄]% of Spreadex's sport spread betting customers also had sports spread betting accounts with Sporting Index.[380] Furthermore, we infer that higher value sports spread betting customers are more likely to have accounts with both Parties, as 19 out of 33 (58%) customer questionnaire respondents reported that they had accounts with both Spreadex and Sporting Index.[381]

6.73 Due to the customer behaviours induced by the sign-up costs, it is our provisional view that competition takes place in both of the following ways:

(a) Competition at the sports spread betting platform level to convince customers to sign up and maintain an account with a provider and continue to engage with it.[382]

(b) Competition at the level of individual sports spread bets to convince customers to place a specific bet. This is particularly important to multi-homing customers who can readily choose between more than one provider's platforms when placing a bet. However, competition at the level of individual bets is also relevant to platform competition, as it can induce single-homing customers to multi-home.[383]

Parameters of competition

6.74 With regards to the relevant parameters of competition, Spreadex and FDJ, the former owner of Sporting Index, made the following submissions:

[380] CMA analysis of Spreadex response dated 2 February 2024 to the CMA's RFI dated 31 January 2024, question 6 and Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 31. We note that the total number of sports spread betting customers used to calculate this figure includes a large number of customers that are not classed as active (ie customers who placed at least one spread bet over the relevant period). Sporting Index had [✄] UK online sports spread customers in 2022 (and [✄] of these customers were already customers of Spreadex, prior to the Merger.

[381] Responses to the CMA's customer questionnaire dated 21 May 2024. However, we note that we do not have evidence on the level of customer engagement on each platform so it may be the case that some of these customers, whilst having multiple accounts, are in effect spending the vast majority of their time and spend on only one platform. The questionnaire was sent to customers who cumulatively accounted for around 50% of the Parties' revenues.

[382] We note that the sign-up process creates customer facing costs (see paragraph 6.92(a) and footnote 420).

[383] Responses to the CMA's customer questionnaire, dated 21 May 2024. 20 of the respondents to our customer questionnaire submitted that they had sports spread betting accounts with two or more providers. As noted in paragraph 6.72 above, 19 of the 20 customers multi-home between the Parties, and seven of the 20 also multi-home between at least one of the Parties and unlicensed providers. Only three of these 20 respondents submitted that they did not have a preferred provider.

(a) Spreadex submitted that the parameters of competition in the online sports betting market, which we note is wider than our defined product market, were price, range of markets,[384] service, promotions and free bets, and user experience.[385]

(b) FDJ submitted that a strong brand name, reputation, heritage, and focus on player safety and customer service made Sporting Index an attractive offering for customers.[386]

6.75 For the reasons set out below, we provisionally conclude that there are primarily three relevant parameters of competition in the supply of licensed online sports spread betting products in the UK:

(a) price;

(b) range of 'spread markets', and

(c) user experience.

6.76 These parameters of competition are relevant both to static competition (both the product and platform levels) and to dynamic competition between the Parties (and any potential entrants).[387] In relation to dynamic competition, Spreadex's internal documents show it considered the possibility that Sporting Index would become a stronger competitor.[388]

Price

6.77 Under this parameter of competition, we address both spread widths and promotions.

Spread widths

6.78 Rather than offering a single price, spread betting includes both 'buy' and 'sell' points which are set around the most likely outcome, known as the mid-point. The

[384] We understand this to mean the sporting events and outcomes on which customers are able to place spread bets, which we refer to as 'spread markets' below.
[385] Spreadex, response dated 15 January to the CMA's RFI dated 10 January 2024, question 9(b). Spreadex also told us that [✂] is important. For example, Spreadex submitted that [✂] (Spreadex response dated 31 May 2024 to the CMA's s109 notice dated 21 May 2024, questions 2 and 23); and Spreadex submitted that [✂] (Spreadex, Main party hearing transcript, 4 July 2024, page 53 lines 13-15 and page 54, lines 1-6).
[386] FDJ response to the CMA's RFI.
[387] Where investment and innovation efforts represent an important part of the competitive process itself, this can lead to dynamic competitive interactions between existing competitors and potential entrants that are making efforts to enter or expand (ie, dynamic competitors). Existing firms may invest in the present in order to protect future sales from dynamic competitors. Dynamic competitors making investments in the present will do so in order to win new sales in the future, including by winning sales from other suppliers (MAGs, paragraph 5.18).
[388] Spreadex's internal documents show that it assessed the competitive threat of Sporting Index as a potentially stronger competitor in the future: (a) In the proposed initial bid, the CEO stated that the transaction was 'a strong defensive play [✂]' (Spreadex, response dated 21 December 2023 to the CMA's s109 notice dated 14 December 2023, Annex 103); and (b) in an email the CFO stated that one of the benefits of the Merger was that it was '[✂]' (Spreadex, response dated 11 June 2024 to the CMA's s109 notice follow-up questions dated 4 June 2024 Annex 4.42).

difference between these buy and sell points is the spread width (see Chapter 2 (Industry Background) for further detail). Spread betting providers are incentivised to estimate the mid-point correctly, as customers can exploit any inaccuracies causing the provider to make losses.[389]

6.79 From the customer's perspective, an attractive spread is one in which the buy or sell point, dependent on the customer's bet, differs substantially compared to the customer's expected outcome. A smaller difference between buy and sell points (ie a smaller spread width) implies a greater expected return from a bet for customers in aggregate but less margin for the provider. Consequently, narrowing the spread is analogous to lowering price in a more traditional market as it should attract customers to either buy or sell.

6.80 Therefore, it is our provisional view that the closest concept to an economic price in the supply of online sports spread betting products is the width of the spread. As such, our provisional view is that the width of the spread is a relevant parameter of competition.

6.81 Spreadex and FDJ submitted that there is limited competition on this parameter:

(a) Spreadex submitted that price is a 'key differentiator for customers',[390] however, it added that its spread widths pricing structure has [✂] for a number of years.[391] Spreadex told us that since 2018, only [✂] ([0-5%]) [✂] horse racing index prices, which is its most popular horse racing bet, had not aligned with its [✂] spread width pricing policy.[392]

(b) FDJ submitted that the size of the spreads offered was generally not a significant factor driving customers to participate in sports spread betting.[393] FDJ added that, historically, few spread sizes have been adjusted.[394] FDJ further submitted that the primary reason for adjusting spread sizes would be if there was a notable change in the client base betting on a 'market' and that this change would be to manage risk or make the 'market' more appealing to betters. FDJ added that it considered competitor spread sizes, but decisions were primarily based on internal data.[395]

[389] Spreadex submitted that if it were [✂] (Spreadex, Product and pricing submission, 30 January 2024, page 9). Spreadex added that [✂] (Spreadex, Letter to the CMA's Mergers Intelligence Committee, 6 December 2023, page 3).
[390] Spreadex, response dated 15 January 2024 to the CMA's RFI1 dated 10 January 2024, question 9(b).
[391] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 14.
[392] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 14. Spreadex further submitted that due to the FCA's consumer duty regulation, it is prohibited from pricing anti-competitively (Spreadex, response dated 15 January 2024 to the CMA's RFI dated 10 January 2024, question 5). However, Spreadex was unable to provide examples where the FCA has required Spreadex to adjust spreads (Spreadex, response dated 10 May 2024 to the CMA's RFI dated 22 April 2024, question 5).
[393] FDJ response to the CMA's RFI.
[394] FDJ response to the CMA's RFI. We note that although FDJ referred to spread sizes, we consider that this term is equivalent to spread widths.
[395] FDJ response to the CMA's RFI.

6.82 However, the evidence provided to us also shows that customers prefer narrower spread widths as they are conscious of the potential payouts they can receive, and that spread widths can vary:

(a) One customer gave the following rationale when considering their preferred provider or switching to another, '[my preferred provider offers] slightly tighter spreads' and '[the alternative offers] tighter spreads than [another].[396]

(b) Another customer considered that the transaction could lead to 'an increase in the spread for each 'market' offered, making it more expensive for customers, reducing the potential returns'.[397]

(c) In August 2022, Sporting Index conducted a customer survey and asked customers to share feedback about its products or services. Customers noted 'your spreads on low volatility outcomes (football supremacy) are too wide', 'spreads are far too wide', and 'spreads are too large'.[398]

(d) In Spreadex's internal document considering the pros and cons of buying Sporting Index dated 20 February 2023, the CEO stated that the transaction is 'a strong defensive play [✂]'.[399]

(e) In Spreadex's proposed initial bid document, it was stated that '[✂]'.[400]

(f) A former employee of Sporting Index told us that the buy/sell price, depending on whether the customer is predicting a high or low result, is important to customers, and that Sporting Index offered personalised pricing to some high value customers.[401]

(g) A potential purchaser submitted that if it had acquired Sporting Index, it could have, contrary to the current industry standard, differentiated its product by price. It added that historically, Sporting Index was the market leader due to price differentiation.[402]

6.83 Taking the evidence in the round, our provisional view is that a [✂] spread width pricing policy could be explained by a range of factors, such as a consistent competitor set, and does not imply that spread width is not a relevant parameter of competition. We nevertheless recognise that Spreadex took significant market share from Sporting Index whilst applying a [✂] spread width pricing policy,[403] and

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[396] Response to the CMA's customer questionnaire, dated 21 May 2024, Customer 8, questions 2 and 4.
[397] Response to the CMA's customer questionnaire, dated 21 May 2024, Customer 18, question 9.
[398] FDJ response to the CMA's RFI.
[399] Spreadex, response dated 21 December 2024 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, question 22, Annex 103.
[400] Spreadex, response dated 21 December 2024 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, question 22, Annex 103.
[401] [✂] call transcript.
[402] [✂] call transcript.
[403] Spreadex, CMA Issues Meeting, 11 March 2024, slide 35. For further detail see paragraph 6.108 below.

our provisional view is that the evidence on the importance of spread widths to competition in recent years is mixed.

Promotions and entertainment

6.84 Spreadex and FDJ submitted that they frequently offered promotions to customers, such as free bets.[404] In addition, Spreadex submitted that occasionally its clients may be [✂].[405] Spreadex explained that this [✂] of the total amount of bets placed.[406]

6.85 Internal documents show that these promotions were often run to [✂].[407] However, for disengaged multi-homing customers, [✂] if they are returning to sports spread betting.[408]

6.86 Spreadex told us that it provided entertainment (for example, invites to sporting events) [✂].[409]

6.87 Third parties told us that sports spread betting companies also acquire and retain high-spending customers by offering them entertainment and personalised promotions.[410] This is supported by Sporting Index's [✂].[411] FDJ and Sporting Group told us that [✂].[412]

Range of 'spread markets'

6.88 The evidence provided to us shows that the variety and range of 'spread markets' (ie, the sporting events and outcomes on which customers are able to place spread bets) offered is important to customers:

(a) Spreadex's internal documents show that a reduction in the range of 'markets' offered would incentivise customers to switch platforms. In the proposed initial bid document, the CFO stated that '[✂]'.[413]

(b) In Spreadex's client migration survey, which sought to gather the views of Sporting Index customers post-Merger, [✂].[414]

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[404] Spreadex, response dated 10 May 2024 to the CMA's RFI dated 22 April 2024, question 3; and FDJ response dated to the CMA's RFI.
[405] Spreadex, Main party hearing transcript, 4 July 2024, page 23, lines 5-10.
[406] Spreadex, Main party hearing transcript, 4 July 2024, page 23, lines 14-16.
[407] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, Annex 24.1 and Spreadex, response dated 11 June 2024 to the CMA's s109 notice dated 24 April 2024, Annex 44.9.
[408] A consultant to a betting provider told us that betting providers use incentives like free bets to re-engage dormant customers ([✂] call transcript).
[409] Spreadex, Main party hearing transcript, 4 July 2024, page 26, lines 4-10 to page 28, lines 13-25.
[410] [✂] call transcript; [✂] hearing transcript; and [✂] response to CMA's RFI.
[411] Spreadex, response to the CMA's s109 notice, 10 May 2024, question 4, Annex 1.8, page 4.
[412] FDJ and Sporting Group hearing transcript.
[413] Spreadex, response dated 21 December 2023 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, question 22, Annex 103.
[414] Spreadex, response to the CMA's s109 notice, 24 April 2024, question 35 and Annex 35.1.

(c) Customers gave the following rationale regarding their preferred provider: 'variety of sports', 'availability of sports and related spreads', 'interesting range of choice', 'coverage of markets', 'provide good options when it comes to cricket spread bets', 'variety and depth of its offerings', and 'variety of markets'.[415]

6.89 The range of 'spread markets' offered influences a customer's initial choice of sports spread betting provider as well as where they place individual bets. Customers will have preferences to place bets on specific sports, events, or outcomes, and consequently they select a sports spread betting provider that meets their needs.

6.90 The importance of the range of 'spread markets' a provider offers varies with the popularity of the event. For example, Spreadex expects its traders to offer a greater range of options for popular football games than for lesser known games.[416] Sporting Group told us that over 90% of sports spread betting revenue was generated from five sports. Sporting Group added that big events, such as football world cups were key to the success of a sports spread betting business.[417] In addition, FDJ submitted that Sporting Index's business was largely driven by events with customers typically returning organically around major sporting events.[418]

User experience

6.91 Our provisional view is that the user experience offered by sports spread betting providers covers multiple aspects of their offerings, including but not limited to, the user interface on mobile applications and websites, the ease of the sign-up process, live streaming functionality, account management tools, and credit availability.

6.92 These features influence customers' decision making when selecting a preferred provider as well as when choosing where to place individual bets. For example:

(a) With regards to joining a platform, customers face costs (in terms of inconvenience), such as providing personal and financial data, when creating and maintaining sports spread betting accounts.[419] Spreadex and FDJ submitted that they [✂].[420] Providers are therefore incentivised to compete to reduce these costs through improvements to the sign-up process and

[415] Responses to the CMA's customer questionnaire, dated 21 May 2024, Customers 7, 20, 23, 26, 27, 31, and 32, question 2.
[416] Spreadex, response dated 31 May 2024 to the CMA's s109 notice dated 21 May 2024, Annex 1e, page 32.
[417] FDJ and Sporting Group hearing transcript.
[418] FDJ response to the CMA's RFI.
[419] See paragraph 2.8.
[420] FDJ response to the CMA's RFI; [✂] (Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, Annex 43.8, paragraph 4); [✂] (Spreadex, response dated 11 June 2024 to the CMA's s109 notice follow-up questions dated 4 June 2024, Annex 15.7).

account management systems in order to attract new customers and encourage rival customers to switch or multi-home. Providers can also decide the extent to which they comply or over-comply with regulations as providers could either choose to meet the minimum requirements or go beyond these.

(b) When placing individual bets, if a customer wishes to build their own bet, or bet in-play, this can only be facilitated if the sports spread betting provider offers these services. In addition, if the other parameters of competition are deemed equal by the customer, user experience features, such as the ability to watch a live stream of the event, may incentivise customers to place a bet with a certain provider.

6.93 Evidence from Spreadex and third parties shows that service and user experience is important for sports spread betting customers:

(a) In Spreadex's proposed initial bid document, the CEO stated that, in order to incentivise switching to Spreadex, '[✂]'. He added that '[✂]'.[421]

(b) Customers who responded to our questionnaire gave the following rationale regarding their choice of preferred provider: 'faster and better system', 'more affiliation with other customers', 'politeness', 'good service', 'best app', 'more user friendly and better customer service', 'always provided a good service', 'better customer service', 'more user friendly mobile website', 'ease of platform', 'great IT and easily navigated'.[422]

6.94 Spreadex submitted that customers can place sports spread bets using credit.[423] A former employee of Sporting Index told us that some customers would choose to trade with a business depending on their credit limit.[424] Our provisional view is therefore that providers compete on the availability of credit to attract users to their platform. Spreadex submitted from November 2022 to October 2023, between [✂] and [✂] active customers placed bets using credit monthly.[425] In comparison, in December 2022 Spreadex had [✂] monthly active customers of which [✂] customers placed sports spread bets using credit.[426] However, Spreadex submitted that it has [✂] in recent years and that, in the current regulatory environment, [✂].[427]

[421] Spreadex, response dated 21 December 2024 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, question 22, Annex 103.
[422] Responses to the CMA's customer questionnaire, dated 21 May 2024, Customers 2, 3, 6, 7, 9, 10, 12, 13, 18, 24, and 33, question 2.
[423] Spreadex, Main Party Hearing transcript, 4 July 2024, page 41, line 13-17.
[424] [✂] call transcript.
[425] Spreadex, response dated 31 May 2024 to the CMA's s109 notice dated 21 May 2024, question 10, Annex.
[426] Spreadex, response dated 2 February 2024 to the CMA's RFI dated 31 January 2024, question 7.
[427] Spreadex, Main party hearing transcript, 4 July 2024, page 41, lines 4-19.

Provisional conclusion on the nature of competition

6.95 In summary, in view of the above, our provisional conclusion on the nature of competition is that the principal parameters of competition in the supply of licensed online sports spread betting in the UK are:

(a) prices (including spread widths and promotions);

(b) range of 'spread markets', and

(c) user experience.

6.96 We also provisionally conclude that competition takes place both statically and dynamically. While some parameters are adjusted on a daily basis, and others (such as technology) are developed over months or even years, our provisional view is that the period over which it is appropriate to assess the Merger's impact on competition is two years.[428]

6.97 If the Merger were to weaken competition in this market, this would have the adverse effect of worsening one or more of these parameters relative to what a more competitive market would deliver in the absence of the Merger. Therefore, in the Competitive Assessment below, we assess the closeness of competition and competitive constraints with reference to these parameters and processes.

Competitive assessment

6.98 We have assessed the competitive effects of the Merger with reference to a 'theory of harm'. A theory of harm is a hypothesis about how the process of rivalry could be harmed as a result of a merger and provides a framework for assessing the effects of a merger.[429]

6.99 We have focused our competitive assessment on horizontal unilateral effects in the supply of licensed online sports spread betting in the UK, assessing whether the removal of a competitor in that market would lead to a reduction in price, quality or range of services. We have considered in particular:

(a) Market shares;

(b) Evidence on closeness of competition; and

(c) Evidence on competitive constraints.

[428] This is consistent with the expected timeline in which we assess potential entry and expansion, considered in Chapter 7 (Countervailing factors) in accordance with MAGs, paragraph 8.33.
[429] MAGs, paragraph 2.11.

6.100 In Chapter 5 (Counterfactual), we provisionally concluded that the appropriate counterfactual is one where Sporting Index, under the ownership of an Alternative Bidder, would continue to compete in the supply of licensed online sports spread betting services, broadly in line with the pre-Merger conditions of competition. Although we have assessed the competitive effects of the Merger against the pre-Merger conditions of competition, our provisional view is that **even if** it were the case that, absent the Merger, Sporting Index would likely have been a weaker competitor under new ownership, then given that apart from Spreadex and Sporting Index there are no other providers of licensed online sports spread betting services in the UK, our assessment of the competitive effects of the Merger would not be materially different.

6.101 Given the Parties' small share of supply of sports fixed odds betting and the number of alternative (and in some cases large) providers remaining, we provisionally conclude that the Merger does not give rise to competition concerns in relation to the supply of sports fixed odds betting products.[430]

Market shares

6.102 Spreadex estimated that the Parties have around a 95% share in the supply of online sports spread betting in the UK in 2023 (including both licensed and unlicensed providers).This figure was based on knowledge of the market alone as financial data for sports spread betting is not reported by any regulatory bodies.[431] Spreadex submitted that it was aware of at least two unlicensed overseas providers [✂].[432]

6.103 Table 6.1 below sets out estimated market shares of licensed online sports spread betting in the UK, based on the Parties' revenues.[433]

[430] The Parties' combined market share in fixed odds betting was around 1% in 2022, and they would continue to face competition from fixed odds providers including BetVictor, Flutter, Entain, Betfred and Bet365. CMA analysis of the Parties revenue submissions (Spreadex response dated 2 February 2024 to the CMA's RFI dated 31 January 2024, Q5) and the GC's FY22 Gross Gambling Yield (**GGY**) (see Annual Report and Accounts 2022 to 2023 - Overview of the British gambling sector, last accessed by the CMA on 1 May 2024).
[431] Spreadex, response dated 21 December 2023 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, question 11.
[432] Spreadex, response dated 15 January 2024 to the CMA's RFI dated 10 January 2024, question 2(b).
[433] Spreadex, response dated 2 February 2024 to the CMA's RFI dated 31 January 2024, question 5.

Table 6.1: Estimated shares of licensed online sports spread betting in the UK by revenue

Provider	*Revenues (£m in 2024)*	*Licensed online sports spread betting share (2024)*
Spreadex	[✂]	[70-80%]
Sporting Index	[✂]	[20-30%]
Merged entity	**[✂]**	**100%**
Total	**[✂]**	**100%**

Source: CMA estimates based on the Parties' revenues with percentage calculations based on the fact that the Parties are the only licensed spread betting providers in the UK. (Spreadex, response dated 15 May 2025 to the CMA's RFI dated 13 May 2025, question 1.)

6.104 We note that the inclusion of unlicensed providers would not have a material impact on the figures in Table 6.1. Even if Star Spreads and Sports Spread's UK business had been included in the market shares, based on Spreadex's estimation of their revenues,[434] the Parties would together still have supplied almost the entirety of online sports spread betting in the UK.

Closeness of competition between the Parties

6.105 In this section we summarise the evidence provided to us regarding closeness of competition between the Parties.

6.106 We set out below:

(a) the Parties' views;

(b) evidence from internal documents;

(c) third parties' views, and

(d) our assessment.

Parties' views

6.107 As set out above, the Parties are the only two licensed sports spread betting providers in the UK and Spreadex acknowledged that they may be considered close competitors (given their focus on spread betting).[435] However, during the Remittal inquiry, Spreadex submitted that it exercised an asymmetric constraint on Sporting Index as it was clear that Spreadex was not strongly constrained by Sporting Index.[436]

6.108 Spreadex submitted that it had taken significant market share from Sporting Index on an annual basis, such that the market share in the supply of sports spread betting had switched from [70-80]:[20-30] in Sporting Index's favour to [20-30]:[70-

[434] Spreadex, response dated 21 December 2024 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, question 11. See also paragraph 6.102 above.
[435] Spreadex, Briefing Paper, 13 July 2023, paragraph 1.5.
[436] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.4.

80] in Spreadex's favour.[437] This is supported by FDJ's internal documents which estimated in 2018 that Sporting Index was the leader in sports spread betting with 80% market share.[438]

6.109 Spreadex submitted that Sporting Index offered fewer sports spread betting products than Spreadex (eg Spreadex traded [✄] times the number of football events and [✄] times the number of horse racing events[439]), had [✄][440] and that its promotions were [✄].[441]

Internal documents

6.110 Spreadex's internal documents demonstrate that it considered Sporting Index to be its closest competitor, prior to the Merger. For example:

(a) A Spreadex board paper dated March 2023 noted that it was Sporting Index's 'main rival'.[442]

(b) A Spreadex board meeting minute from July 2022 discussed Sporting Index's results, noting that 'the size of the sports spread betting market in the UK had [✄]'.[443] This is consistent with the evidence provided to us on the Parties' shares of supply since 2017.[444] While this board meeting minute contained an agenda item discussing Sporting Index's results, we did not identify any similar agenda items discussing the results of any other providers.

(c) Another Spreadex board meeting minute from April 2023 noted, when discussing the potential transaction, that Spreadex's prices '[✄]'.[445]

6.111 In August 2022, Sporting Index conducted a customer survey and asked customers to share feedback about its products or services. Many customers referred to Spreadex when considering the quality of Sporting Index's offering, such as 'I love the promotions which is why I use your site more than Spreadex', 'Spreadex offers more markets', 'range or [sic] of markets not as good as Spreadex', 'there are only 2 companies giving spread betting prices (yourselves and Spreadex)', 'Spreadex offer the lowest prices about 70% of the time', and 'I have 2 accounts Sporting and Spreadex'.[446]

[437] Spreadex, CMA Issues Meeting slides, 11 March 2024, slide 35.
[438] FDJ response to the CMA's RFI.
[439] Spreadex, CMA Issues Meeting slides, 11 March 2024, slide 43.
[440] Spreadex, response dated 15 January 2024 to the CMA's RFI dated 10 January 2024, question 9(b).
[441] Spreadex, CMA Issues Meeting slides, 11 March 2024, slide 35.
[442] Spreadex, response dated 21 December 2023 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, Annex 29, page 3.
[443] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, Annex 43.5, paragraph 4.
[444] Spreadex, response dated 2 February 2024 to the CMA's RFI dated 31 January 2024, question 5 and response dated 20 September 2024 to the CMA's draft s109 notice dated 13 September 2024, question 1.
[445] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, Annex 43.11, paragraph 4.
[446] FDJ response to the CMA's RFI.

6.112 Some FDJ internal documents support Spreadex's submission that Sporting Index had invested less effectively in technology than Spreadex in recent years, weakening its ability to compete. For example, a September 2022 report by AlixPartners which was commissioned by FDJ stated that 'underinvestment in technology platform leading to significant customer attrition' is one of the key challenges that Sporting Index faced, and that there had been a 'loss of HVC [high value customer] spread customers due to loss of appeal of spread platform, few updates since started in 2019',[447] with a 31% loss in revenue per high value customer between 2019 and 2022.[448] FDJ's internal documents also demonstrate that it considered Spreadex a close competitor. For example, a document comparing a list of bidders described Spreadex as a 'direct competitor (#1 in UK in spread betting)'.[449]

6.113 Furthermore, the description of underinvestment in technology by Sporting Index implies that with greater investment it could have become a stronger competitor. Indeed, Spreadex's internal documents show that part of the rationale for the Merger was to diminish this competitive threat. For example:

(a) In Spreadex's proposed initial bid document, a sports trading manager stated that after acquiring Sporting Index, Spreadex 'would not have the [✄]'.[450]

(b) In February 2023, the Spreadex CEO circulated an email discussing the benefits and costs of acquiring Sporting Index. One of the stated benefits was that '[✄]'.[451]

(c) In an email from July 2023, prior to signing the SPA and 5 months after Spreadex first bid on the Sporting Index B2C business in February 2023,[452] the CFO stated that one of the benefits of the Merger was that it was '[✄]'.[453]

6.114 Another comment by one of Spreadex's sports trading managers in its proposed initial bid document was that it '[✄]', and that the 'main issue with rev share [a revenue sharing agreement, as an alternative to the Merger] especially [✄]'.[454]

6.115 During the Remittal inquiry, Spreadex submitted that the CMA had only been able to identify two Spreadex internal documents that discussed Sporting Index or assessed Spreadex's competition by reference to Sporting Index.[455] Spreadex

[447] FDJ response to the CMA's RFI.
[448] FDJ response to the CMA's RFI.
[449] FDJ response to the CMA's RFI.
[450] Spreadex, response dated 21 December 2023 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, question 22, Annex 103. See paragraph 6.23 for Spreadex's submissions on the relevance of this document.
[451] Spreadex, response dated 21 December 2023 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, question 22, Annex 103.
[452] FDJ response to the CMA's RFI.
[453] Spreadex, response dated 11 June 2024 to the CMA's s109 notice follow-up questions dated 4 June 2024, Annex 4.42.
[454] Spreadex, response dated 21 December 2023 to the CMA's s109 notice (Enquiry Letter) dated 14 December 2023, question 22, Annex 103.
[455] Spreadex, Further Remittal Submission, 14 April 2025, paragraphs 3.5 and 3.6.

further submitted that in a scenario where Spreadex and Sporting Index were close competitors, and Sporting Index exercised a strong competitive constraint, it would be normal for there to be multiple documents about the closest competitor, however, this was not the case for Spreadex.[456]

Third party views

6.116 We received third party submissions on closeness of competition from FDJ, five fixed odds providers, three financial spread betting providers, a B2B provider, a former Sporting Index employee, as well as 33 responses to our customer questionnaire and emails from four customers or former employees concerned about the Merger.

6.117 Third parties submitted that the Merger would create a monopoly or result in no competition in the supply of sports spread betting as it removed Spreadex's only competitor:[457, 458]

(a) One provider told us that the acquisition of Sporting Index has removed competition and harmed innovation.[459]

(b) One industry participant commented that Spreadex wanted to corner the market by purchasing Sporting Index, given that there is no other competition in the UK.[460]

(c) The questionnaire responses about the Merger described Sporting Index and Spreadex as '2 main players', 'two dominant players in a relatively small marketplace' and 'the 2 market leaders'. However, customers also considered that the Merger would lead to 'a minor competition edge lost but not big enough to worry about' and that the Merger 'just takes an irrelevant player out of the market place'.[461]

Customer questionnaire

6.118 Of the 16 customers who said they would switch to an alternative provider of sports spread betting services (including unlicensed providers) if their existing provider was unavailable, 11 said they would switch to another of the merging parties.[462]

6.119 When asked to compare the similarities and differences between Spreadex and Sporting Index, seven customers told us that they were very similar, while eight

[456] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.6.
[457] Concerned customer emails [✂]; [✂]; [✂] and concerned former employee emails [✂] and [✂].
[458] [✂] call transcript and responses to the CMA's competitor questionnaire dated 6 February 2024: [✂] and [✂].
[459] [✂] call transcript.
[460] [✂] call transcript.
[461] Responses to the CMA's customer questionnaire, dated 21 May 2024.
[462] Responses to the CMA's customer questionnaire, dated 21 May 2024.

customers identified that the Parties offered differences in pricing with multiple customers identifying that this was valuable or increased choice, implying that it was necessary to have two sports spread betting providers to allow customers to make a comparison, even if the products or prices offered were not always identical. However, some customers told us that Spreadex was more user-friendly or had better technology.[463]

6.120 Customer questionnaire evidence on the range of 'spread markets' offered on the platforms was mixed, with two customers submitting that the overall 'spread markets' offered were similar with another customer noting that the parties were similar but with some differences.[464] However, three customers submitted that the range of 'spread markets' offered differed, with Spreadex offering a greater range compared to Sporting Index. For example, customers submitted that '[the providers had] different strengths in less mainstream sports in coverage and depth of markets',[465] 'the [two] companies offered a range of individual markets that were independent of each other',[466] and 'Spreadex has numerous more markets'.[467]

Sporting Group

6.121 Sporting Group described Spreadex as 'the last man standing' in the sports spread betting market.[468]

6.122 Sporting Group submitted that Sporting Index covered 95% of spread markets which was very similar to Spreadex and that the remaining 5% included more obscure sports and events.[469]

6.123 However, Sporting Group and a former employee of Sporting Index told us that Sporting Index had applied affordability checks which were greater than technically required by spread betting regulation.[470] Sporting Group told us that its single fixed odds and spread betting regulatory compliance model created an 'over index in terms of compliance internally'. Sporting Group explained that high net worth individuals were reluctant to share information regarding proof of wealth, which was required under its dual compliance policy, and this led to a decline in the client base at Sporting Index.[471] FDJ added however, that short term plans were continually explored to automate and streamline the manual compliance requirements customers faced.[472]

[463] Responses to the CMA's customer questionnaire, dated 21 May 2024.
[464] Responses to the CMA's customer questionnaire, dated 21 May 2024.
[465] Responses to the CMA's customer questionnaire, dated 21 May 2024.
[466] Responses to the CMA's customer questionnaire, dated 21 May 2024.
[467] Responses to the CMA's customer questionnaire, dated 21 May 2024.
[468] FDJ and Sporting Group hearing transcript.
[469] FDJ and Sporting Group hearing transcript.
[470] [✂] call transcript and FDJ and Sporting Group hearing transcript.
[471] FDJ and Sporting Group hearing transcript.
[472] FDJ response to the CMA's RFI.

Our assessment

6.124 As a starting point, we note that when there are only two providers operating in a particular market, as in our provisional view is the case here, they will necessarily be each other's closest competitor. As we set out above in the section on Market definition, our provisional view is that fixed odds providers, financial spread providers and unlicensed sports spread betting providers do not provide a strong constraint on the Parties.

6.125 In terms of competition between the Parties' products, many of the Parties' customers told us that the Parties were very similar prior to the Merger, particularly in terms of their pricing. In addition, many of the Parties' customers told us that they valued the ability to compare spread pricing between Spreadex and Sporting Index. This is supported by Spreadex's internal documents (see paragraph 6.82(e)). It is our provisional view that the range of 'spread markets' offered were likely considered similar by customers as Sporting Index offered the same high-profile events as Spreadex. Our provisional view is that it is likely that the additional lesser-known events offered by Spreadex only provided a limited competitive advantage over Sporting Index. Our provisional view is also that there is further scope for competition between the Parties to compete by using promotions personalised to high value customers' interests (see paragraph 6.84). The evidence that Spreadex has taken market share from Sporting Index also supports the existence of substitution between the Parties (see paragraph 6.108 above).

6.126 In terms of competition between the Parties' platforms, the Parties compete using promotions and entertainment to engage customers (see paragraphs 6.84 to 6.87). However, some customers said that Spreadex's platform was more user friendly than that of Sporting Index (which, in our provisional view, is consistent with a lower level of investment by Sporting Index in its technology). In addition, the evidence shows that Sporting Index's approach to regulation made it less attractive to some high value customers in recent years (see paragraph 6.123).

6.127 In relation to Spreadex's submission that there are limited Spreadex internal documents monitoring Sporting Index, our provisionally view is that Spreadex's limited monitoring of Sporting Index is consistent with a relatively weak competitive constraint from Sporting Index on Spreadex. There may be other factors that give rise to this, such as Sporting Index's historic underinvestment or Spreadex's perception that Sporting Index was badly run (see paragraphs 6.113 and 6.114), or the relatively small number of internal documents produced by Spreadex (see paragraph 6.24). In any case, this does not show that there was a limited competitive constraint from Spreadex on Sporting Index, as this constraint, to a degree, could have been asymmetric (as was submitted by Spreadex, see paragraph 6.107).

6.128 Our provisional view is that many of the Parties' internal documents which are relevant to market definition (see paragraphs 6.23 to 6.28 above) are also relevant to our competitive assessment. Where the internal documents anticipate diversion to Spreadex in the event that Sporting Index's quality were to decline, they show closeness of competition.

6.129 In terms of the evidence of dynamic competition, although Sporting Index had performed less strongly in recent years, part of the rationale for the Merger was explicitly to remove the possibility of greater competition by Sporting Index in future, which would have placed more competitive pressure on Spreadex.

6.130 We note that (as described in paragraph 5.154), in our provisional view, it is possible that Sporting Index would not have performed more effectively under alternative ownership. Nevertheless, our provisional view is that it would have continued to exert a competitive constraint for at least two years.[473]

6.131 On this basis, we provisionally conclude that, as the Parties were the only two providers of licensed online sports spread betting in the UK prior to the Merger, they were necessarily close competitors, and that the loss of rivalry between the Parties worsened their incentives to compete.

Competitive constraints

6.132 As discussed above, the Parties are the only two firms active in the licensed online sports spread betting market in the UK. In this section, we consider the strength of the competitive constraint posed on the Parties by out-of-market competitors, namely unlicensed sports spread betting firms, financial spread betting firms and fixed odds providers.

6.133 We set out below:

(a) the Parties' views;

(b) evidence from internal documents;

(c) third parties' views; and

(d) our assessment.

Parties' views

6.134 As described above in paragraph 6.11, Spreadex submitted that it is closely constrained by fixed odds betting providers. At the main party hearing, Spreadex

[473] As set out at paragraph 6.96 above, we consider two years to be the appropriate timeframe in which to assess the impact of the Merger.

told us that it recognised that its offering may not be perfectly substitutable for some of the fixed odds offerings, but nevertheless considered that it was strongly constrained by fixed odds providers.[474] Spreadex further submitted that natural [✂] customer churn of [✂]% per annum places pressure on it to acquire new customers from the fixed odds market [✂].[475]

6.135 Spreadex submitted that when considering the competitive dynamics, it is important to consider Spreadex's actions in the period post completion of the Merger and prior to the CMA review, which it submitted are not consistent with those of a monopolist. In particular, Spreadex submitted that it has expanded its product range and improved its user experience to match that of fixed odds providers before and after the Merger.[476] Spreadex concluded that its behaviour was consistent with the behaviour of a firm operating in a competitive environment that faced ongoing constraints from competitors.[477] Furthermore, Spreadex submitted that if it considered it did not face ongoing constraints, it would not have been incentivised to make these improvements as it would still retain the customers regardless.[478]

6.136 During the Remittal inquiry, Spreadex submitted that it had been effectively constrained pre- and post-Merger in part by the shrinking nature of the sports spread betting market.[479] Spreadex further submitted that in the absence of potential for growth of the customer base and increasing regulatory headwinds, any material degradation of its offer would be potentially very harmful to its sports spread betting business and that in order to retain profits it must actively market its brand to ensure that its offer was not perceived to have worsened for customers.[480]

6.137 During the Remittal inquiry, Spreadex submitted that a further important constraint on its behaviour was unlicensed or non-UK licensed operators, which Spreadex also referred to as the 'grey market'.[481] Spreadex added that unlicensed operators were another key factor putting pressure on Spreadex not to worsen the terms for its customers.[482] Spreadex further submitted that sports spread betting was particularly vulnerable to losing customers to unlicensed operators as: [483]

(a) The ability to avoid the provision of documentation, to maintain anonymity, and the ease of setting up an account were important drivers of the unlicensed operator market, as identified in a September 2024 report

[474] Spreadex, Main Party Hearing transcript, 4 July 2024, page 12, lines 20-22.
[475] Spreadex, Main Party Hearing, follow up response, 9 July 2024, page 8.
[476] Spreadex, response to the CMA's Provisional Findings, 30 August 2024, paragraphs 4.21 to 4.23.
[477] Spreadex, Main Party Hearing Follow up response, 9 July 2024, page 8.
[478] Spreadex, Main Party Hearing transcript, 4 July 2024, page 47, lines 20-22.
[479] Spreadex, Further Remittal Submission, 14 April 2025, paragraphs 3.1.2 and 3.2.
[480] Spreadex, Further Remittal Submission, 14 April 2025, paragraphs 3.29 and 3.32.
[481] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.34 and footnote 55.
[482] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.39.
[483] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.38.

commissioned by the Betting and Gambling Council (the **Frontier Report**).[484] Spreadex submitted that these requirements for customers to provide more extensive information about themselves and their proof of funds are greater for sports spread betting compared to fixed odds betting.[485]

(b) Spread betting customers are likely to be more affluent bettors, and the Frontier Report demonstrates that the use of unlicensed operators is higher amongst the higher spenders.[486]

6.138 Spreadex also submitted an example of a high-value Sporting Index customer who [✂].[487] In the example, the customer claimed to have [✂].[488] Spreadex submitted that to [✂].[489]

6.139 We assess these submissions below at paragraphs 6.153 to 6.163.

Internal documents

6.140 It is our provisional view that many of the Parties' internal documents which are relevant to market definition (see paragraphs 6.23 to 6.28 above) are also relevant to our competitive assessment. Where the internal documents anticipate diversion to Spreadex in the event that Sporting Index's quality were to decline, rather than to other competitors, they show an absence of competitive constraints.

6.141 Spreadex's internal documents show it was aware that it faced no other licensed sports spread betting competitors, other than Sporting Index. For example, in September 2023, Spreadex reviewed fixed odds competitors' user interface and user experience. A comment in the document stated that '[✂]'.[490] Spreadex submitted that this was an isolated comment by a [✂].[491] However, it is consistent with other internal documents, including those made by Spreadex's management (see paragraph 6.110 onwards).

6.142 Spreadex submitted multiple internal documents showing that it monitored fixed odds providers.[492] For example, in August 2023, Spreadex conducted an analysis of competitors' phone betting services. The competitors included in the analysis were Betfair, bet365, Sky Bet, Paddy Power, William Hill, Ladbrokes, BetVictor, Boylesports, Unibet, Betfred, Coral, Smarkets, and Bwin. The analysis considered

[484] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.37.3, 3.37.3(E) and 3.38.1.
[485] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.38.1.
[486] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 3.38.2.
[487] Spreadex supplemental submission, 28 April 2025.
[488] Spreadex supplemental submission, 28 April 2025, paragraphs 2.2 and 2.3.
[489] Spreadex supplemental submission, 28 April 2025 paragraphs 2.5 and 2.8.
[490] Spreadex, response dated 3 May to the CMA's s109 notice dated 24 April 2024, question 24, and Annex 24.4, slide 17.
[491] Spreadex, response to the CMA's Annotated Issues Statement and accompanying Working Papers, 1 July 2024, paragraph 4.3.1.
[492] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 24, and Annexes 24.1, 24.3, 24.5, 24.6 and 24.7.

whether the service offered was easily accessible and what the operating hours were.[493] In September 2023, Spreadex reviewed competitors' user interface and user experience. The competitors included in the comparison were fixed odds providers bet365 and Sky Bet. The review compared features such as the availability of odds on the home page, bet builder technology, in-play user interface, live streaming, the level of information, edit bet features, and promotions.[494]

6.143 We have not been provided with any internal documentary evidence of the Parties monitoring financial spread betting providers.

Third party views

Customers

6.144 Of the 33 respondents to our customer questionnaire, 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.[495]

6.145 When asked about their views on the Merger's impact on competition, 12 customers had clear concerns, three had minor or qualified concerns, five were unconcerned as they did not consider the Merger would impact them, or they considered that competition could still occur. The remaining 13 had no views or gave ambiguous responses. The customers who had clear concerns described the Merger as 'killing the competition', 'reducing competition', 'removing a key competitor' and 'fundamentally detrimental to the industry'. Customers who did not express concerns about the Merger said the Merger 'just takes an irrelevant player out of the market place' and that 'there is always space for new comers'.[496]

6.146 Some customers expressed specific concerns that the Merger would reduce price variability as customers told us that the Merger (in the words of one customer) 'significantly reduced the choices available to the customer […] no variability of prices offered' and (in the words of another customer) it's a 'shame now only 1 proper spread maker'.[497] Some customers also expressed concerns that the Merger would prevent them from being able to compare prices as (in the words of one customer) 'pricing was very competitive between the two firms before the merger, on many occasions difference of opinion would mean little or no spread on

[493] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 24, and Annex 24.2.
[494] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 24, and Annex 24.4. See paragraph 6.26.
[495] Responses to the CMA's customer questionnaire dated 21 May 2024. See also paragraphs 6.17 to 6.22 above discussing Spreadex's natural experiment based on [✂].
[496] Responses to the CMA's customer questionnaire dated 21 May 2024.
[497] Responses to the CMA's customer questionnaire dated 21 May 2024.

many markets, that does not now seem to be the case' and (in the words of another customer) 'previously, one spread better has quoted a price that has made it possible to arbitrage a profit for zero risk, based on differing views. This is no longer possible'.[498]

6.147 Furthermore, in response to Spreadex's own survey of Sporting Index customers, which was focused on understanding their reaction to changes to the trading platform following the Merger, [499] two customers expressed concerns about the effect on competition of the Merger.[500]

Betting providers

6.148 As described in paragraphs 6.35 and 6.36, most sports fixed odds betting providers submitted that they did not compete with, or only competed 'weakly' with the Parties (and in some cases specified that this was only in relation to the Parties' fixed odds products not their spread betting products),[501] however, one fixed odds provider noted that there was a moderate closeness of competition in how they competed with Spreadex on fixed odds.[502] Sports fixed odds betting providers considered there were significant differences between sports fixed odds betting and sports spread betting that distinguished them as separate products (see 6.36).

6.149 Evidence from third parties, including sports fixed odds betting providers, shows that there is an overlap in the pricing approach between sports fixed odds betting providers and sports spread betting providers as they use the same market information.[503] As a result, some sports fixed odds betting providers submitted that they occasionally referenced sports spread betting prices when setting fixed odds prices on a small number of 'fixed odds markets'.[504] One third party explained, however, that despite this, sports spread betting prices had a minimal overall effect on its trading strategy and that no sports spread market is used to assist with its automated pricing.[505]

[498] Responses to the CMA's customer questionnaire dated 21 May 2024.
[499] Spreadex received 19 responses to its survey. Spreadex, response dated 10 May 2024 to the CMA's s109 notice dated 24 April 2024, question 35.
[500] Spreadex received 19 responses to its survey. Spreadex, response dated 10 May 2024 to the CMA's s109 notice dated 24 April 2024, Annex 35.1.
[501] Third party responses to the CMA's competitor questionnaire dated 6 February 2024: [✂]; [✂]; [✂]; [✂]; [✂] and [✂]. Fixed odds providers were asked whether prior to the Merger they competed with Spreadex and/or Sporting Index; to rate how closely they competed with them (weakly, moderately, closely) and to give an explanation for their answer.
[502] [✂] response to the CMA's competitor questionnaire dated 6 February 2024.
[503] Spreadex and fixed odds providers told us that their prices are calculated using a model with data inputs on the likelihood of an event occurring as well as other third party data. These modelled prices are then refined by traders before being presented on websites and mobile applications (Spreadex, Teach-in slides, 1 May 2024, slides 17-20; Third party call transcript; Third party responses to the CMA's RFI: [✂]; [✂]; [✂]; [✂]; and [✂].
[504] Third party responses to the CMA's RFI: [✂] and [✂].
[505] [✂] response to the CMA's RFI.

6.150 One betting provider submitted that the completed acquisition has now removed all competition from the UK sports spread betting segment and removed price differentiation.[506]

6.151 FDJ submitted that 'given the niche nature of our product, there were very few competitors'.[507]

6.152 As described in paragraph 6.53, we gathered evidence from three financial spread betting providers who all submitted that they did not compete with sports spread betting providers.[508] No financial spread betting provider told us that they can supply sports spread betting, and none of the providers told us that they would consider entering into the supply of sports spread betting, even if spread widths widened.[509]

Our assessment

6.153 Spreadex's own internal documents demonstrate it considered that if it degraded the quality of Sporting Index, it expected customers would switch to Spreadex as a result, showing that it does not face other strong competitive constraints. One internal document described Spreadex as a monopoly following the Merger (see paragraph). Part of Spreadex's rationale for the Merger was to remove the prospect of greater competition from Sporting Index under an alternative acquirer. This shows that Spreadex considered that the removal of Sporting Index comprised a material change in its competitive constraints which other constraints would not be sufficient to replace.

6.154 Although certain documents provide ambiguous evidence that sports spread betting providers and sports fixed odds betting providers compete to some extent, as explained in paragraph 6.26, our provisional view is that this evidence is also consistent with Spreadex adopting innovation from fixed odds betting providers to improve its offering even in the absence of a competitive constraint from sports fixed odds betting providers.

6.155 Third parties' views, including the Parties' customers' views and the views of those betting providers that Spreadex submitted it competes with (including the views of sports fixed odds betting providers), show that there are no close competitors to the Parties. Third parties considered that sports spread betting and sports fixed odds betting were very different products, and that spread bets could not be replicated using fixed odds bets. Almost half of the customers we contacted about the Merger were concerned about its impact on competition.

[506] [✂] call transcript.
[507] FDJ response to the CMA's RFI.
[508] Third party responses to the CMA's RFI: [✂]; [✂]and [✂].
[509] Third party responses to the CMA's RFI: [✂]; [✂]and [✂].

6.156 Our provisional view is that the evidence Spreadex submitted that it uses fixed odds prices as inputs when setting its own sports spread betting prices, and that it sometimes monitors sports fixed odds betting competitors, is not persuasive evidence that its sports spread betting business competes with sports fixed odds betting competitors.

6.157 Although Spreadex submitted the results of a natural experiment showing substitution between sports fixed odds betting and sports spread betting under some circumstances, our provisional view is that the results of that experiment do not demonstrate that there is a strong constraint from sports fixed odds betting on sports spread betting.

6.158 Our provisional view is that, in aggregate, the evidence indicates that only a weak constraint is likely to be imposed on Spreadex by potential switching by customers to sports fixed odds betting providers, unlicensed sports spread betting providers and financial spread betting providers. Fewer than 20% of the Parties' customers who responded to our questionnaire submitted that they would switch to any alternative provider other than a licensed online sports spread betting provider, if their existing provider was unavailable. This is also consistent with Spreadex's own assessment of customer switching (see paragraph 6.24).

6.159 As regards the existence of customer churn, our provisional view is that this is not material evidence of competition on the Parties in sports spread betting. This is because there can be many reasons for customers ceasing to demand a product, including as changes in personal preferences and priorities. Furthermore, the Parties are able to target aspects of their offering to new customers (for example, through promotions) so that existing customers are not protected by the Parties' need to attract new customers to counteract churn.

6.160 Further, in relation to Spreadex's submission that it is effectively constrained by the shrinking nature of the sports spread betting market, we observe that licensed sports spread betting has in grown in size in revenue terms over recent years (see paragraph 2.13), from which we infer that there is not a significant constraint on Spreadex on the basis it has submitted.

6.161 Spreadex's actions post-Merger but prior to the CMA's Merger inquiry do not provide material evidence of the alternative competitive constraints the Merged Entity faces. It is our provisional view that the period post-Merger but prior to the Merger inquiry was relatively short and, as such, Spreadex would likely not have had a sufficient transition period (for effective customer management purposes) to amend its offering or strategy to take advantage of weakened competitive constraints, and once our inquiry began this would have affected Spreadex's incentives to do so. Further, the main improvements to Sporting Index which Spreadex made post-Merger came about due to its decision to service Sporting Index customers using a 'white label' version of Spreadex's technology, which was a low cost approach which, in our provisional view, Spreadex would follow even in the absence of strong competitive constraints.

6.162 Our provisional view is that the competitive constraint from unlicensed providers is limited on the basis of the evidence considered under market definition in paragraphs 6.57 to 6.61 above. In particular, we note that unlicensed customers are prohibited from actively soliciting customers in the UK, which would limit their ability to act as a competitive constraint on Spreadex or to counteract customer churn. We further note that (as described in paragraphs 6.102 to 6.104 above) unlicensed providers currently have a low share of supply. Our provisional view is that the evidence submitted by Spreadex during the Remittal inquiry does not demonstrate that the constraint imposed by unlicensed providers in sports spread betting has grown materially; however, we consider the potential for entry and expansion by unlicensed providers further in chapter 7.

6.163 In view of the above, we provisionally conclude 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.

Conclusion

6.164 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 provisionally conclude 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.

6.165 In Chapter 5 (Counterfactual), we provisionally concluded that the appropriate counterfactual is one where Sporting Index, under the ownership of [✂], would continue to compete in the supply of licensed online sports spread betting services, broadly in line with the pre-Merger conditions of competition. For the avoidance of doubt, although we have assessed the competitive effects of the Merger against the pre-Merger conditions of competition, it is also our provisional conclusion that even if it were the case that, absent the Merger, Sporting Index would likely have been a weaker competitor under new ownership, then given that apart from Spreadex and Sporting Index there are no other providers of licensed online sports spread betting services in the UK, the Merger would raise competition concerns in the supply of licensed online sports spread betting services in the UK with the same resulting adverse effects referred to above.

6.166 In view of the above, we provisionally conclude that, subject to our findings on countervailing factors, the Merger has resulted, or may be expected to result, in an SLC in the supply of licensed online sports spread betting services in the UK. We next consider whether there are any countervailing factors that prevent or mitigate an SLC arising from the Merger.

7. COUNTERVAILING FACTORS

Introduction

7.1 In this chapter, we consider whether there are any countervailing factors that prevent or mitigate any SLC arising from the Merger.[510]

7.2 There are two main ways in which this could happen:

(a) **Entry and/or expansion**: the effect of a merger on competition may be mitigated if effective entry and/or expansion by third parties occurs as a result of the merger and any consequent adverse effect (eg a price rise).[511]

(b) **Merger efficiencies**: rivalry-enhancing efficiencies – ie efficiencies that change the incentives of the merger firms and induce them to act as stronger competitors to their rivals – may prevent an SLC by offsetting any anticompetitive effects of a merger.[512]

7.3 This chapter therefore assesses the potential for entry and/or expansion and merger efficiencies to mitigate the loss of competitive constraint resulting from the Merger.

Entry and/or expansion

7.4 In this chapter, we consider the possibility of entry into the relevant market by a new market entrant, triggered by the Merger, and whether this would replace the constraint eliminated by the Merger and therefore would constitute a countervailing factor to prevent or mitigate any SLC arising from the Merger.[513] This assessment is distinct from our assessment set out in Chapter 5 (Counterfactual), where we have considered the scenario, in the absence of the Merger, in which a potential purchaser may have acquired Sporting Index or its assets.

Framework of assessment

7.5 If effective entry and/or expansion occurs as a result of the merger and any consequent adverse effect (for example, a price rise), the effect of the merger on competition may be mitigated. In these situations, the CMA might conclude that no SLC arises as a result of the merger.[514]

[510] MAGs, paragraph 8.1.
[511] MAGs, paragraph 8.28.
[512] MAGs, paragraphs 8.3-8.4.
[513] MAGs, paragraphs 4.16(b) and 8.1.
[514] MAGs, paragraph 8.28.

7.6 The CMA will use the following framework to determine whether entry or expansion would prevent an SLC. The entry or expansion must be:

(a) timely;

(b) likely; and

(c) sufficient to prevent an SLC.[515]

7.7 These conditions are cumulative and must be satisfied simultaneously.[516] The CMA will seek to ensure that the evidence is robust when confronted with claims of entry or expansion being timely, likely and sufficient to prevent an SLC from arising.[517]

Timely

7.8 What is considered to be timely in order to prevent or mitigate the adverse effects of a merger will depend on the industry and the characteristics and dynamics of the market, and the timeframe over which the CMA expects an SLC to result from a merger. The CMA guidance provides that typically, entry or expansion being effective within two years of an SLC arising would be considered by the CMA to be timely although, depending on the nature of the market, the CMA may consider a period of time shorter or longer than this.[518]

Likely

7.9 The CMA must be satisfied that potential rivals or existing rivals have both the ability and incentive to enter or expand. The CMA will consider the scale of any barriers to entry and/or expansion.[519]

Sufficient

7.10 Entry or expansion should be of sufficient scope and effectiveness to prevent an SLC from arising as a result of the merger.[520] Small-scale entry that is not comparable to the constraint eliminated by the merger is unlikely to prevent an SLC. In a differentiated market, entry into a market niche may be possible, but to the extent the niche product may not necessarily compete strongly with other products in the overall market, it may not constrain incumbents effectively.[521]

[515] MAGs, paragraph 8.31.
[516] MAGs, paragraph 8.32.
[517] MAGs, paragraph 8.30.
[518] MAGs, paragraph 8.33.
[519] MAGs, paragraph 8.35.
[520] MAGs, paragraph 8.37.
[521] MAGs, paragraph 8.39.

Our assessment

7.11 In Chapter 6 (Horizontal Unilateral Effects), we explained the basis on which we have provisionally found competition concerns in the market for the supply of licensed online sports spread betting services in the UK. In this chapter, we consider:

(a) potential barriers to both entry and expansion into that market; and

(b) any evidence, and possible sources, of recent entry and/or expansion into that market.

Potential barriers to entry and expansion

7.12 In considering whether any potential rivals will enter, or existing rivals will expand in response to a merger, the CMA must be satisfied that the rivals will have both the ability and incentive to do so. The CMA will consider the scale of any barriers to entry and/or expansion when assessing rivals' ability and incentive to do so.[522]

7.13 Barriers to entry and expansion are specific features of the market that give incumbent firms advantages over potential competitors. Barriers to entry and expansion hinder the ability of potential entrants or firms looking to expand to constrain the exercise of market power by incumbents. The CMA will therefore identify barriers to entry and/or expansion in its analysis. Where barriers are low, and the costs of entry or expansion are not substantial relative to the profits that are available, entry and/or expansion might be expected to occur in order to capture sales from the merged entity if it were to increase prices and/or worsen non-price factors of competition. Conversely, this is less likely where barriers are substantial relative to available profits.[523]

7.14 As set out in Chapter 6 (Horizontal Unilateral Effects), our provisional view is that there are primarily three relevant parameters of competition in the supply of licensed online sports spread betting in the UK:

(a) price;

(b) range of 'spread markets'; and

(c) customer experience.

7.15 With this in mind, we have considered what features, assets or expertise a new entrant, or a company looking to expand, would need in order to enter and compete effectively with the Merged Entity on these parameters.

[522] MAGs, paragraph 8.35.
[523] MAGs, paragraph 8.40.

7.16 Having considered the evidence provided to us by the Parties, third parties and other industry participants,[524] our provisional view is that in order to exert an effective competitive constraint on the Merged Entity in the supply of licensed online sports spread betting services in the UK, a competitor (after its entry or expansion) would need to have the following:

(a) the required regulatory licence to solicit customers (in this case from the FCA);

(b) the technology to, amongst other things, manage the underlying sports data, generate spreads, comply with FCA regulations, and engage customers; and

(c) staff with the necessary industry expertise, including sports traders, IT staff and compliance staff.

7.17 Our assessment therefore considers whether the following could amount to barriers to entry in the supply of licensed online sports spread betting services in the UK:[525]

(a) the costs and timescales to obtain the required regulatory licence from the FCA;

(b) the costs and timescales to develop and/or acquire the required technology; and

(c) the costs and timescales to develop and/or acquire the required industry expertise.

7.18 As we have provisionally concluded that there were just two providers of licensed online sports spread betting services in the UK prior to the Merger (Spreadex and Sporting Index),[526] our assessment has focused on potential entry by out-of-market providers.

7.19 During the Phase 2 investigation, Spreadex told us that it was aware of two types of providers who could feasibly enter the licensed online sports spread betting market within the next two years, namely:

(a) sports fixed odds betting providers; and

(b) financial leveraged trading providers.[527]

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[524] For example: Spreadex, response dated 3 May 2024 to the CMA's s109 notice, dated 24 April 2024, question 26; Third party responses to the CMA's competitor questionnaire dated 6 February 2024: [✂]; [✂] and [✂].
[525] See MAGs, paragraph 8.41 for examples of common barriers to entry and/or expansion.
[526] See Chapter 6 (Horizontal Unilateral Effects).
[527] Spreadex also noted that the costs involved would likely make it challenging to enter sports spread betting in the UK in the next two years in a financially viable way given the (then) market conditions and the increasingly stringent

7.20 During the Remittal inquiry, Spreadex also told us that unlicensed sports spread betting providers are relatively well-positioned to enter the market for licensed online sports spread betting.[528]

7.21 We are therefore considering potential barriers to entry against hypothetical entry primarily from these three types of providers.

7.22 In our provisional view, these three types of providers would likely be best placed to enter the licensed online sports spread betting market in the UK, given their industry knowledge and/or overlaps in required regulatory compliance and have focused our assessment on these providers as a result. Therefore, if we provisionally conclude that we do not expect entry from these three types of providers to be timely, likely and sufficient to prevent an SLC arising from the Merger, then, in our provisional view, this is also likely to be the case for any other type of provider.

Costs and timescales to obtain the relevant regulatory licence from the FCA

7.23 Sports spread betting providers wishing to solicit UK consumers must obtain a licence from the FCA and adhere to its regulations.[529] We consider the costs and timescales to obtaining this licence as a potential barrier to entry below.

Spreadex's and third parties' views

7.24 Spreadex told us that there were at least 15 financial leveraged trading providers with the FCA licence required to offer sports spread betting services should they wish to do so.[530]

7.25 With regards to sports fixed odds betting providers, Spreadex told us that it did not see acquiring an FCA licence to be a significant barrier to entry, on the basis that:

(a) fixed odds operators would generally be very experienced in acquiring licences given they regularly do this for expansion into new territories;

(b) it would likely take 6–12 months for a company to get approved by the FCA; and

regulatory requirements. Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 25. (The CMA understands that financial leveraged trading is a form of financial trading that includes financial spread betting, eg see Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 26. [✄] where Spreadex uses the two terms interchangeably).
[528] Spreadex, Further Remittal Submission, 14 April 2025, paragraph 1.4.2.
[529] Section 19, Section 20 and Section 21 of the FSMA.
[530] Spreadex, response dated 3 May to the CMA's s109 notice dated 24 April 2024, question 26.

(c) the costs associated with obtaining a licence were relatively minimal, primarily consisting of management time and an application fee of £10,000.[531]

7.26 In relation to the timescales to approve requests for FCA authorisation, the FCA told us that it had a normal statutory deadline of six months to determine complete applications, and 12 months to determine incomplete applications. It also told us that the costs borne by a firm making an application would vary based on factors such as the size of the business, its complexity, and whether it sought any external support, and that the application cost was generally approximately £10,000, depending on the various permissions applied for at each instance.[532] During the Remittal inquiry, the FCA confirmed that recent changes to the FCA Handbook would not have any impact on its treatment of sports spread betting.[533]

7.27 One sports fixed odds betting provider told us that it saw obtaining an FCA licence to be a significant barrier to entry, as it was not set up operationally for an FCA licence, but that it was a barrier that could be overcome and that the technological barrier (referred to below in paragraphs 7.32 to 7.49) was 'the bigger stumbling block'. This provider also told us that it believed it would take six to nine months to obtain a licence.[534] One sports betting B2B provider told us that it considered obtaining an FCA licence to be a barrier to entry (especially around the money required to be held on account to satisfy regulatory capital requirements), but that it was not the major barrier.[535] One unlicensed sports spread betting provider told us that it considered that regulation of sports spread betting in the UK was the main barrier to competition,[536] and that the initial cost and time required was the biggest concern when obtaining an FCA licence, and that the ongoing cost required to maintain a regulated entity was also a concern for a small business.[537]

7.28 We have also been told by third parties that there are also ongoing costs to regulatory compliance with the FCA that have acted as a barrier to entry. FDJ (the former owners of Sporting Index) told us that there were higher barriers to entering the supply of sports spread betting compared to the rest of sports betting, as (it submitted) sports spread betting is regulated by the FCA as well as the GC[538] and companies were required to take a different approach to risk management,

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[531] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 26. Spreadex also told us that certain individuals would need to be appointed under [the FCA's] SMCR [Senior Managers and Certification Regime], however given these same individuals would likely be personal management licence holders under the GC, it did not view this as a significant barrier.
[532] FCA response to the CMA's RFI.
[533] FCA response to the CMA's RFI.
[534] [✂]. Third party call transcripts: [✂] and [✂]. [✂] response to the CMA's RFI. [✂] response to CMA's RFI.
[535] [✂] call transcript.
[536] [✂] response to the CMA's RFI.
[537] [✂] response to the CMA's RFI.
[538] The CMA understands that although the activity of sports spread betting is regulated solely by the FCA, and not the GC, all licensed sports spread betting providers currently also provide sports fixed odds betting, which is regulated by the GC, meaning that such providers are subject to regulation from both the FCA and the GC.

including having more upfront cash and insurance against losses.[539] FDJ and Sporting Group told us that there was an FCA regulatory requirement to have £10 million cash on demand which had to be left untouched, and that this was a difficult requirement for any potential purchaser of the pre-Merger Sporting Index business given the size of the business and its potential for growth in the future.[540]

Our assessment

7.29 On the basis of the above submissions, we provisionally conclude that obtaining an FCA licence would not be a lengthy and/or costly process. We understand that it would take 6–12 months and that this would not be a costly process on its own, with an approximate cost of just £10,000.

7.30 We note the third party evidence that obtaining an FCA licence is a significant barrier to entry. However, we also note that this third party considered that this barrier could be overcome, and that it considered obtaining a licence to be less prohibitive from a cost and timing perspective than it had initially thought.[541]

7.31 We therefore consider that the costs and timescales involved in obtaining the required regulatory licence from the FCA do not represent a significant barrier to entry on their own, and firms that already hold this licence (such as financial leveraged trading providers) would not face this barrier at all. However, we note that there are other barriers which an entrant would need to overcome, including the costs required to ensure the entrant's technology is compliant with FCA's regulatory requirements, which are considered in more detail below.

Costs and timescales to develop and/or acquire the required technology

7.32 As set out in more detail below, we understand that in order for a new entrant to provide licensed online sports spread betting services, it would require:

(a) sports data feeds;

(b) a sports spread betting trading platform to generate prices from these data feeds;

(c) a back-end management platform to comply with the FCA's regulatory requirements; and

(d) a front-end technology platform to display sports spread betting prices and engage directly with customers, by receiving and managing customer funds for example.

539 FDJ response to the CMA's RFI.
540 [✂] hearing transcript.
541 [✂] call transcript and [✂] response to the CMA's RFI.

7.33 Often barriers to entry or expansion are related to the nature of the market. Initial set-up costs and costs associated with investment in specific assets are an example of common barriers – they are more likely to deter entry or expansion where a significant proportion of them are sunk.[542] We therefore consider the costs and timescales involved to develop and/or acquire these assets below.

Spreadex's and third parties' views

7.34 Spreadex told us that a financial leveraged trading provider would not have the sports-specific trading technology and applications to provide sports spread betting services. Spreadex told us that it considered that a minimum upfront technical investment in excess of £20 million over three years would be required to provide an equivalent level of service to that of Sporting Index pre-Merger.[543]

7.35 Spreadex told us that this time would be needed to recruit, train and develop an equivalently sized and skilled IT team to that of Spreadex and to build the infrastructure, applications and elements of the system required. Spreadex also told us that it was unaware of any other third party company who would be able to provide the technology needed to provide the level of service its current customers expect in a manner that would meet the FCA's regulatory requirements to sufficient standards.[544]

7.36 Spreadex told us that sports fixed odds betting providers would not have the infrastructure in place to comply with the FCA regulated concepts or technology, and that it considered that a technical investment of over £20 million would be required to adjust the existing underlying systems of sports fixed odds betting providers so as to offer sports spread betting in a manner that was compliant with the FCA's regulations.[545]

7.37 Spreadex told us that this investment would involve extensive changes to customer User Experience/User Interface at the front-end, and far more significantly would require redesigning a large number of back-end account management systems, which was not something a large fixed odds operator would be willing to do, given the small size of the UK sports spread betting segment of the online sports betting market. Spreadex also told us this would involve updating sports fixed odds betting pricing models such that this could offer sports spread betting prices for all new spread betting markets offered.[546] Spreadex also told us that different and more complex calculation methodologies are required to create sports spread betting markets (than fixed odds betting markets), and sports spread

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[542] MAGs, paragraph 8.41(a).
[543] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 26.
[544] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 26.
[545] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 26.
[546] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 26.

betting markets would require extra investment, modelling and development work to accurately generate spread betting odds.[547]

7.38 Third parties generally agreed that acquiring or developing the required technology would be a substantial barrier to entry:

(a) One sports fixed odds betting provider told us that it had plans to enter the licensed online sports spread betting market in the UK, but it had put these plans on hold due to the costs that would be involved, relative to the level of demand in the market, in developing and acquiring the technology needed to provide sports spread betting services in a manner that could compete with Spreadex. It also told us that developing this technology was not the barrier to entry, but rather the cost and operational strain that would be involved from doing so, in addition to the licensing requirements and the development of software capabilities.[548]

(b) One sports betting B2B provider told us that developing the necessary trading technology was the most significant barrier to entry given the financial investment and the timeframes that would be required to build a system from scratch, and added that it did not consider it economically viable to enter the market organically in this way.[549]

(c) Another sports fixed odds betting provider told us that third party spread betting software and pricing could be bought from third parties, but its view was that building successful and valuable operations in gaming required a sports spread betting provider to have its own technology and in-house trading expertise, and noted that for it this would be a highly significant barrier to entry.[550]

(d) Another sports fixed odds betting provider told us that it develops all its own trading technology in-house and therefore if it were to offer sports spread betting services, it would need to develop its own sports spread betting technology at great expense. It estimated that the development of this technology alone would run into several million pounds.[551]

(e) One third party financial leveraged trading provider told us that if it were to provide sports spread betting services, this would require an enhancement to its bespoke in-house proprietary trading platform. It also told us that it would hazard a guess at a development timeline of two to three years and an

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[547] Spreadex, response dated 10 May 2024 to the CMA's RFI dated 22 April 2024, question 4.
[548] [✂] call transcript, and [✂] response to the CMA's RFI.
[549] [✂] call transcript.
[550] [✂] response to the CMA's competitor questionnaire.
[551] [✂] response to the CMA's RFI.

estimated cost of around £1.4 million, with the caveat that it did not have a pre-determined methodology to estimate such an endeavour.[552]

(f) A third party provider of an execution only platform including the provision of leveraged financial products told us that it would need to acquire or develop data feeds for sports odds from reliable sources in order to provide sports spread betting services in the UK, as it had no capabilities of doing so internally. It also told us that it believed that its current technology platform, which had the capability of offering financial spread betting products, would have the functionality to accommodate the general operational requirements to provide these services.[553]

(g) One unlicensed sports spread betting provider told us that while the functionality of its [✂] is likely sufficient at a base level, the FCA are likely to have additional reporting requirements relating to client funds which could be onerous. It submitted that changes to its [✂] would be estimated to take [✂] months, provided that it had the capacity to do so. It also submitted that there was an unknown variable, meaning that if a provider entered a process and discovered that its [✂], this could result in a huge delay or the whole project being rendered unviable.[554]

Our assessment

7.39 As set out in paragraph 7.21, we assess below the costs and timescales to obtain the required technology with respect to financial leveraged trading providers, sports fixed odds betting providers and unlicensed sports spread betting providers specifically.

7.40 Our provisional view is that in order for a competitor to exert an effective competitive constraint on the Merged Entity in the supply of licensed online sports spread betting services in the UK, it would require the technology to:

(a) comply with the FCA's regulated requirements; and

(b) offer sports spread betting prices in a manner that is sufficiently comprehensive to compete with the Merged Entity.

7.41 A new entrant would need to offer services comparable to those of Sporting Index pre-Merger to prevent an SLC arising from the Merger.

[552] [✂] response to the CMA's RFI.
[553] [✂] response to the CMA's RFI. The respondent added that it did not offer spread betting as a service, it did not wish to do so going forward, and if it were to offer spread betting it would not be on sporting indices. It clarified that its response was given on a hypothetical basis ('imagine you were interested, what would you need'?) [✂] email.
[554] [✂] response dated to the CMA's RFI.

7.42 In our provisional view, a financial leveraged trading provider looking to start supplying sports spread betting in the UK would need to incur significant investment to acquire, and in addition over multiple years to develop, the technology required to provide sports specific spread betting services. This would include costs to:

(a) either acquire third party sports data feeds or develop these sports data feeds in-house; and

(b) adjust the spread betting technology it has such that it can use this data feed to provide sports-specific spread betting prices.

7.43 While financial leveraged trading providers may be better placed than other providers to develop this technology due to the general spread betting overlaps between the platforms it already owns and the platform required to generate sports spread betting prices, the evidence is that an investment of at least several millions over multiple years would still be required in order to provide a sports spread betting service comparable to that of Sporting Index pre-Merger.[555]

7.44 In our provisional view, a sports fixed odds betting provider would also need to incur significant investment over multiple years to provide licensed online sports spread betting services in the UK, in order to:

(a) adjust its existing technology such that this is compliant with the FCA's regulatory requirements; and

(b) develop or acquire a platform that can generate spread betting prices.[556]

7.45 On the basis of the evidence, hiring the relevant IT staff to make these changes would require an investment of at least several millions of pounds over multiple years.

7.46 An unlicensed sports spread betting provider may have some of the technology required to generate spread betting prices, but it would also need to invest in order to ensure that its existing technology was compliant with the FCA's regulatory requirements.[557]

7.47 We note that sports fixed odds betting providers, financial leveraged trading providers, and unlicensed sports spread betting providers may be able to enter in a more timely manner than other entrants should it be possible to procure from a third party the technology required to provide licensed online sports spread betting

[555] See paragraphs 7.34, 7.35 and 7.38(e).
[556] See paragraphs 7.36, 7.37, 7.38, 7.38(a) and 7.38(d).
[557] See paragraphs 7.35 and 7.36. While these submissions regarding the technology required to meet the FCA's regulatory requirements were made in relation to financial leveraged trading providers, our provisional view is that they would also apply to unlicensed sports spread betting providers.

services, rather than developing this technology in-house. However, the evidence is mixed on whether there is any third party technology which can provide a similar level of service to that of Sporting Index pre-Merger (other than Spreadex); one third party told us that acquiring this technology would incur a significant cost and another told us that to be successful required in-house technology.[558]

7.48 The evidence provided to us therefore implies that most new entrants will face substantial upfront costs to developing the required technology, as well as multiple years of investment before any return on investment is realised. For example, we note Spreadex's assessment that a new entrant would require technological investment in excess of £20 million over three years to provide a service comparable to that of Sporting Index pre-Merger (we note that this may be lower in the case of sports spread betting providers operating outside the UK, ie unlicensed providers, though there is still some uncertainty about what updates they would need to make to existing technology in order to satisfy FCA regulations, eg see paragraph 7.38(g)). Our provisional view is that this required investment is large when compared to the available revenues and profits, noting in particular that licensed online sports spread betting had a market size of £[✂] million in 2022, £[✂] million in 2023 and £[✂] million in 2024 (see paragraph 2.13).[559]

7.49 We therefore provisionally conclude that, relative to the size of the licensed online sports spread betting market in the UK, the costs and timescales to develop and/or acquire the required technology to provide a licensed online sports spread betting service in the UK that is compliant with the FCA's regulatory requirements and sufficiently comprehensive to exert an effective competitive constraint on the Merged Entity represents a significant barrier, making entry unlikely. If new entry were to occur as a result of the Merger, we provisionally conclude that time required to overcome the technological barriers means that it would not be timely or of sufficient scale to prevent the SLC provisionally identified in Chapter 6 (Horizontal Unilateral Effects). Although we consider that barriers to expansion are lower than barriers to entry as regards technology, they are not relevant in this case since, following the Merger, there are no other providers of licensed online sports spread betting services in the UK.

Costs and timescales to develop and/or acquire the required industry expertise

7.50 As set out in more detail below, we understand that in order for a new entrant to provide licensed online sports spread betting services in the UK, it would require:

[558] See paragraphs 7.38(a) and 7.38(c).
[559] We note that this trade-off between the cost and risk of entry and the potential reward will likely be very different for a purchaser of an existing provider of licensed online sports spread betting, as much of the necessary investment will already have occurred. See Chapter 5 (Counterfactual) for our assessment of whether there would not have been an alternative, less anti-competitive purchaser to Spreadex for the Sporting Index business.

(a) IT staff to develop the required technology;

(b) sports traders to help determine sports spread betting prices;

(c) compliance staff to enable the competitor to comply with the FCA's regulatory requirements; and

(d) key HVC account managers to enable a competitor to build and manage personal relationships with HVC customers.

7.51 We consider the costs and timescales involved to develop and/or acquire these below.

Spreadex's and third parties' views

7.52 As set out in paragraph 7.35, Spreadex told us that financial leveraged providers would need to recruit, train and develop an equivalently sized and skilled IT team to that of Spreadex in order to build the infrastructure, applications and elements of the system required to provide a service comparable to that of Sporting Index pre-Merger. Spreadex stated that it believed it would take any potential entrant over three years to build the required technology to provide an equivalent level of service to Sporting Index pre-Merger (in a manner that met regulatory requirements) and between five and seven years to provide an equivalent level of service to that which Spreadex and Sporting Index customers were receiving at the time.[560] Spreadex also told us that its IT staff and trading staff have long standing experience of working on its proprietary technology that could not be replicated on the open market.[561]

7.53 Spreadex told us that trading in larger sports fixed odds betting firms had become far more operational and marketing focused, given fixed odds firms often priced primarily with reference to the prevailing market price (and their growth strategy), and so its experienced sports traders were relatively unique in the industry and would be difficult to replace directly.[562]

7.54 Spreadex told us that there was a high degree of competition in the industry for compliance staff, given the FCA's increasingly onerous regulatory requirements and a finite pool of staff to choose from. Spreadex also noted that operating under two separate regulators meant that any compliance staff joining needed to be upskilled in the rules, regulations and guidance of the other regulator. Spreadex also told us that whilst there was crossover with other regulated FCA activity, sports spread betting was a very nuanced FCA-regulated activity, and so even

[560] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 26.
[561] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 27.
[562] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 27.

staff with FCA experience faced a steep learning curve that was best supported by existing staff with that nuanced experience.[563]

7.55 FDJ told us that there had been an increase in licensed online sports spread betting regulations with regards to source of wealth and safer gambling requirements, and because of this, most customers were unwilling to provide the required documentation for Sporting Index (under FDJ's ownership pre-Merger) to allow them to continue to trade and place bets. FDJ also told us that sports spread betting companies faced 'an additional hurdle' in comparison to wider sports betting, with regards to educating customers on how spread betting products worked and explaining how a customer could lose more than their outlay.[564]

7.56 Sporting Group (a subsidiary of FDJ) told us that that entertaining HVC customers and building a personal relationship with these customers was a significant part of the business. However, FDJ and Sporting Group dialled down this aspect of the Sporting Index business pre-Merger, in order to ensure that it was complaint with the rules and regulations regarding how it managed its HVC customers, which involved requiring Sporting Group to not over-incentivise any of its customers.[565]

7.57 A third party financial leveraged trading provider told us that sports spread betting was a very specialised activity with substantial barriers to entry, including recruiting individuals with industry knowledge.[566]

7.58 Another third party, a sports fixed odds betting provider, told us that the expense required to build the expertise and to obtain the relevant FCA licence to provide sports spread betting was unlikely to be recouped in what appeared to be a niche and dwindling market. It also told us that while it would have the industry expertise needed to supply licensed online sports spread betting services in the UK (because it has one of the most sophisticated trading teams in sports betting), a firm entering from a standing start would require a huge amount of time, investment and development of expertise to succeed in a very niche market and was very unlikely to it would ever see a return on its investment.[567]

Our assessment

7.59 As set out above, in our provisional view, in order for a firm to offer an effective competitive constraint in the licensed online sports spread betting market, it would need to acquire or develop industry expertise in the form of:

(a) IT staff to develop the required technology;

563 Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 27.
564 FDJ response to the CMA's RFI.
565 [✂] hearing transcript.
566 [✂] response to the CMA's competitor questionnaire.
567 [✂] call transcript, and [✂] response to the CMA's RFI.

(b) sports traders to help determine sports spread betting prices;

(c) compliance staff to enable the competitor to comply with the FCA's regulatory requirements; and

(d) HVC customer account managers to enable a competitor to build and manage personal relationships with HVC customers.

7.60 In the Phase 2 Provisional Findings, we provisionally concluded that, relative to the size of the licensed online sports spread betting market in the UK, the costs and timescales to develop and/or acquire the required industry expertise to provide a licensed online sports spread betting service that is compliant with the FCA's regulatory requirements and is sufficiently comprehensive to exert an effective competitive constraint on the Merged Entity represents a significant barrier to entry.

7.61 Following the Phase 2 Provisional Findings, and in the course of our evidence gathering in relation to possible remedies for the SLC provisionally identified, we received the following further evidence relating to a firm's ability to acquire or develop industry expertise, including trading staff, compliance staff and IT staff:

(a) 10star told us that realistically, in broad brush terms, it would take two to three years to hire people and be out of a TSA, but that this was an iterative process and that it would not take two to three years to get the first team off.[568]

(b) Star Sports told us that it did not see the acquisition of trading personnel being an issue given that it considered that, although not directly transferrable, sports fixed odds traders could pick up sports spread betting skills in two weeks, and it had enough contacts to fill in the gaps.[569]

(c) Betfair told us that, if it were to consider acquiring a spread betting business, it would not have the staff base to be able to compete both from a compliance and trading perspective and would be required to hire them in order to compete. It posited that, hypothetically, traders in fixed odds and spread betting had similar backgrounds, skills, and understanding of the mathematical computation of risk, but did not think that employees with fixed odds expertise would be able to operate a competitive business in the spread betting space. Betfair noted that it would be possible for a potential purchaser to acquire and train new staff and that it might be easier to train traders from, for example, financial markets, due to their transferrable skills. Betfair also told us that some fixed odds providers did not want to have an in-house

[568] 10star call transcript.
[569] Star Sports call transcript.

trading team and chose to outsource this capability, as their competitive advantage would be in their marketing and customer propositions.[570]

(d) bet365 told us that financial market traders might be able to use transferrable skills to move into the spread betting space as a sports trader, and that if a purchaser had an in-house team of fixed odds traders, then it could also provide services in the spread betting space. bet365 also told us that this might have cost implications as the fixed odds traders would need to be retrained to offer spread betting.[571]

(e) In relation to compliance staff, bet365 told us that in particular, a divestment business would need some senior compliance staff who were knowledgeable about policies and procedures in the industry, and that recruiting compliance staff might be challenging given the niche nature of sports spread betting.[572] However, bet365 told us it was likely that compliance staff with financial trading experience who have also worked under FCA regulation could potentially perform a similar role within a sports spread betting business.[573]

(f) Sporting Group told us that some staff who have worked in financial services with knowledge of the FCA regime as a potential pool of staff for recruitment (noting that Sporting Group had in the past employed a consultant from the financial industry to assist it with risk and compliance), but added that it would require such staff to be overpaid to attract them away from the financial sector where they were likely remunerated far above and beyond what was affordable in sports spread betting.[574]

(g) 10star told us that recruiting IT staff who could carry out R&D on the technology in order to build the modelling would be the most difficult category of staff to recruit (eg compared to traders), and added that there was always pressure on hiring tech staff.[575]

(h) OddsMatrix told us that if Spreadex provided a TSA, it would not be unduly burdensome to maintain the platform whilst the systems were developed and the staff were trained.[576]

7.62 Having considered the evidence in the round, we provisionally conclude that, while staff and expertise are important to the operation of a successful licensed online sports spread betting business, and some investment may be required in order to ensure that a business has the required staff, the costs and timescales to develop

[570] Betfair call transcript.
[571] bet365 call transcript.
[572] bet365 call transcript.
[573] bet365 call transcript.
[574] Sporting Group and FDJ call transcript.
[575] 10star call transcript.
[576] OddsMatrix call transcript.

and/or acquire the relevant industry expertise do not represent a significant barrier to entry. We also note that firms already active in the wider betting industry (including in particular, unlicensed sports spread betting providers) are likely to have existing staff with relevant transferable skills.

Provisional conclusion on potential barriers to entry and/or expansion

7.63 Based on our assessment set out above, we provisionally conclude that while there are no absolute impediments to entry into the market for licensed online sports spread betting in the UK, the cost and timescales involved in developing and/or acquiring the required technology, relative to the modest market opportunity available, constitute a barrier to entry.

7.64 However, we provisionally conclude that the costs and timescales involved in obtaining the required regulatory licence from the FCA do not represent a significant barrier to entry on their own, and firms that already hold this licence (such as financial spread betting providers) would not face this barrier at all.

7.65 We also provisionally conclude that the costs and timescales involved in obtaining the required industry expertise do not represent a significant barrier to entry on their own, and that firms already active in the wider betting industry are likely to have existing staff with relevant transferable skills.

Previous examples of entry and/or expansion and possible sources of entry

7.66 We consider below Spreadex's submissions in relation to potential entry, previous examples of entry and/or expansion, and possible sources of entry.

7.67 As set out in paragraphs 7.19 and 7.20, Spreadex told us that it was aware of three types of providers who could feasibly enter the UK licensed online sports spread betting market within the next two years, namely:

(a) sports fixed odds betting providers;

(b) financial leveraged trading providers; and

(c) unlicensed sports spread betting providers.

7.68 Spreadex added that it considered the costs involved would make it very challenging to enter the licensed online sports spread betting market in the UK in the next two years in a financially viable way, given current market conditions and the increasingly stringent regulatory requirements.[577] Spreadex also told us that there have been no new entrants in the last ten years.[578]

7.69 Due to the factors identified above, and in particular the significant technological investment that would be required (as discussed in paragraphs 7.32 to 7.49), our provisional view is that any entry from sports fixed odds betting providers, financial leveraged trading providers or unlicensed sports spread betting providers would not be timely, likely and sufficient to prevent an SLC arising from the Merger.

7.70 As we have set out in Chapter 6 (Horizontal Unilateral Effects), we note that unlicensed sports spread betting providers are relatively well positioned to enter the licensed sports spread betting market in the UK if they were to obtain an FCA licence, as they already have some of the relevant technology to provide these services (with the exception of a back-end management platform to comply with the FCA's regulatory requirements). However, there are just two current providers of unlicensed sports spread betting in the UK, [✂]:

(a) Star Sports (via its [✂], [✂]), who told us that [✂], due to the costs associated and the licensing requirements. It also submitted that it would be a big project, and that spread betting was not as popular as fixed odds betting;[579] and

(b) SportsSpread, who told us during the Remittal inquiry that [✂]. SportsSpread told us that the biggest hurdle would be the [✂]. SportsSpread also told us that it considered it [✂].[580,581]

7.71 We have not been provided with any other evidence that any other third parties may be looking to enter the market for licensed online sports spread betting in the UK.

Provisional conclusion on entry and/or expansion as a countervailing factor

7.72 As noted above, while we do not consider there to be any absolute impediments to entry into the market for licensed online sports spread betting in the UK, our provisional view is that the cost and timescales involved in developing and/or acquiring the required technology, relative to the modest market opportunity available, constitute a barrier to entry.

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[577] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 25.
[578] Spreadex, response dated 3 May 2024 to the CMA's s109 notice dated 24 April 2024, question 29.
[579] [✂] call transcript. As noted in chapter 5, In the course of the phase 2 inquiry and the Remittal inquiry, we have predominantly engaged with [✂] in the context of their involvement as an Alternative Bidder for Sporting Index. On this basis, the individuals that we have spoken to have worked (or previously worked) for [✂] rather than its [✂].
[580] [✂] response dated to the CMA's RFI, and [✂] response dated to the CMA's RFI.
[581] We are not aware of any plans to [✂].

7.73 However, we do not consider that obtaining the required regulatory licence from the FCA, or obtaining the required industry expertise would be significant barriers to entry on their own.

7.74 We have also considered potential sources of entry, but have not been provided with any evidence that any third parties may be looking to enter the market for licensed online sports spread betting in the UK.

7.75 We therefore provisionally conclude that on the basis of the evidence provided to us and the entry barriers we have provisionally identified above, we would not expect any sources of entry and/or expansion to be timely, likely and sufficient to prevent an SLC arising from the Merger.

Efficiencies

7.76 We also consider whether there are any efficiencies arising from the Merger which could be considered a potential countervailing factor to an SLC arising from the Merger. The details of our assessment are set out below.

Framework for assessment

7.77 Efficiencies arising from a merger can enhance rivalry with the result that a merger does not give rise to an SLC. In order for that to be the case, the efficiencies must:

(a) enhance rivalry in the supply of those products where an SLC may otherwise arise;

(b) be timely, likely and sufficient to prevent an SLC from arising;

(c) be merger-specific; and

(d) benefit customers in the UK.[582]

7.78 The MAGs state that merger firms who wish to make efficiency claims are encouraged to provide verifiable evidence to support their claims in line with the CMA's framework.[583] The MAGs note that it is for the merger firms to demonstrate that the merger will result in efficiencies and the CMA must be satisfied that the evidence shows that the above criteria are met.[584]

Spreadex's views

7.79 Spreadex told us that the Merger had and would continue to bring positive changes from a customer perspective, as Sporting Index customers had and

[582] MAGs, paragraph 8.8.
[583] MAGs, paragraph 8.7.
[584] MAGs, paragraph 8.15.

would continue to benefit from a significantly improved product, user experience and interface, with an increased number of markets, betting opportunities and payment and withdrawal options. Spreadex also told us that Sporting Index customers benefit from additional regulatory protections due to the GC's regulatory requirement to share vulnerability and safer gambling concerns across the Spreadex and Sporting Index brands.[585]

Our assessment

7.80 We consider whether each of the efficiencies submitted by the Parties would meet the cumulative criteria set out in paragraph 7.77.

7.81 Our provisional view is that the efficiency arguments submitted by Spreadex to date do not meet the above criteria for the following reasons:

(a) The claimed efficiencies are not Merger-specific, as the customer benefits described above would have been available to Sporting Index customers had they switched to Spreadex and this option would have existed with or without the Merger.

(b) The claimed efficiencies also do not enhance rivalry in the market for licensed online sports spread betting in the UK, given that the Merger has resulted in Spreadex acquiring the only other licensed sports spread betting provider in the UK, and the lack of any other effective competitive constraint on the Merged Entity.

Provisional conclusion on efficiencies as a countervailing factor

7.82 Based on our assessment above and in light of the evidence provided to us, we provisionally conclude that the claimed efficiencies would not be Merger-specific or enhance rivalry in the UK licensed online sports spread betting market, such as to prevent an SLC arising from the Merger.

Provisional Conclusion on countervailing factors

7.83 Based on our assessment set out in this chapter, it is our provisional conclusion that there are no countervailing factors to prevent or mitigate an SLC arising from the Merger.

[585] Spreadex, Letter to the inquiry group, 25 April 2024, page 1.

8. PROVISIONAL CONCLUSIONS

8.1 As a result of our assessment set out in the preceding chapters, we have provisionally concluded that:

(a) the completed acquisition of Sporting Index by Spreadex has resulted in the creation of an RMS; and

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