

Anticipated Acquisition by Schlumberger Limited of ChampionX Corporation

Decision on acceptance of undertakings in lieu of reference

ME/7110/24

The Competition and Markets Authority's decision to accept undertakings in lieu of reference under section 73(2) of the Enterprise Act 2002 given on 15 July 2025. Full text of the decision published on 15 July 2025.

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

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1. INTRODUCTION

1. Schlumberger Limited (**SLB**) has agreed to acquire ChampionX Corporation (**ChampionX**) (the **Merger**). SLB and ChampionX are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.
2. On 27 March 2025, the Competition and Markets Authority (**CMA**) decided under section 33(1) of the Enterprise Act 2002 (the **Act**) that it is or may be the case that the Merger consists of arrangements that are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, and that this may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **SLC Decision**). The text of the SLC Decision is available on the CMA webpage.¹
3. On 28 March 2025, the Parties offered undertakings in lieu of reference (**UILs**) to the CMA for the purposes of section 73(2) of the Act. The CMA gave notice to the Parties on 10 April 2025, pursuant to section 73A(2)(b) of the Act, that it considered that there were reasonable grounds for believing that the undertakings offered, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it was considering the Parties' offer (the **UILs Provisional Acceptance Decision**).
4. The text of the SLC Decision and the UILs Provisional Acceptance Decision are available on the CMA webpage.²

2. THE UNDERTAKINGS OFFERED

5. As set out in the SLC Decision, the CMA found a realistic prospect of an SLC in relation to:
 - (a) Horizontal unilateral effects in the supply of production chemical technologies (**PCTs**) to oil and gas exploration, development and production (**E&P**) companies in the UK;
 - (b) Input foreclosure in the supply of directional drilling services using rotary steerable systems (**RSS**) in the UK; and
 - (c) Input foreclosure in the supply of permanent downhole gauges (**PDGs**) in the UK.

¹ See [Schlumberger/ChampionX merger inquiry - GOV.UK](#).

² See [Schlumberger/ChampionX merger inquiry - GOV.UK](#).

6. As set out in the UIL Provisional Acceptance Decision, to address the SLC identified by the CMA the Parties have offered the following undertakings in lieu of a reference (the **Proposed Undertakings**):
- (a) In relation to the supply of PCTs in the UK, the Parties offered:
 - (i) to divest by way of an asset transfer, SLB's UK PCT business, comprised of all of SLB's assets relating to the production of PCTs in the UK (including SLB's blending plant and laboratory facilities in Aberdeen), all relevant production, operational and sales personnel required to operate SLB's PCT business in the UK, and all ongoing customer and supplier contracts for the supply of PCTs in the UK (the **PCT Divestment Business**); and
 - (ii) to license for a period of 10 years or such other term as the CMA deems necessary all relevant intellectual property (including trademarks, product formulations and know-how) for the PCT products supplied by the PCT Divestment Business in the UK to a suitable purchaser.
 - (b) In relation to the supply of directional drilling services using RSS in the UK, the Parties offered to divest ChampionX's global poly-crystalline diamond (**PCD**) bearings business, US Synthetic Corporation (**USS**, or the **USS Divestment Business**), to an affiliate of LongRange Capital L.P. (**LongRange**). On 24 February 2025, the Parties and LongRange entered into a binding agreement for the sale of USS, which is conditional on the closing of the Merger.
 - (c) In relation to the supply of PDGs in the UK, the Parties offered:
 - (i) to enter into a global licensing arrangement with a third party for a commercially reasonable royalty, covering all essential intellectual property and know-how required to develop the quartz sensors and transducers supplied by ChampionX's Quartzdyne business (**Quartzdyne**), to accelerate the development of rival quartz products (the **Quartzdyne Licensing Arrangement**), with such licensing arrangement to be approved by the CMA prior to the final acceptance of the Proposed Undertakings;
 - (ii) to commit to a set of baseline terms to be approved by the CMA for the supply of sensors and transducers by Quartzdyne to any existing and future customers supplying PDGs in the UK, including a dispute

resolution mechanism and a monitoring trustee, for a period of five years (the **Baseline Terms**);³ and

- (iii) to execute long-form agreements with Baker Hughes and Weatherford (in addition to a long-form agreement already executed with Halliburton) to ensure the continuity of supply of Quartzdyne sensors and transducers in accordance with pre-Merger practice and in line with the Baseline Terms at a minimum (the **Continuity of Supply Agreements**).

7. The Parties will also offer certain transitional services agreements to:

- (a) The purchaser of the PCT Divestment Business for a period of 12 months (or longer at the purchaser's election) with respect to certain centralised functions⁴ to ensure the continuity of operations, and for a period of five years to ensure the continuity of supply of certain chemicals the PCT Divestment Business currently procures from ChampionX and SLB's Norwegian assets; and
- (b) The purchaser of the USS Divestment Business for a period of three months with respect to certain centralised functions to ensure the continuity of operations.⁵

8. The text of the undertakings is available on the CMA webpage.⁶

9. With regard to each of the PCT Divestment Business and the USS Divestment Business, the Parties have also offered to enter into purchase agreements with buyers approved by the CMA in each case before the CMA finally accepts the Proposed Undertakings (**Upfront Buyer Condition**). The Parties have proposed:

- (a) REDA Energy Limited (**REDA**) as the upfront buyer for the PCT Divestment Business. The Parties and REDA entered into a binding asset purchase agreement in relation to the PCT Divestment Business on 8 July 2025.

³ The key terms proposed include that: (i) SLB shall supply and repair certain Quartzdyne products and services to any customer requesting this for use in the supply of PDGs in the UK for a period of five years after completion of the Merger, (ii) the relevant services consist of all Quartzdyne products and services available for sale to all third parties at the completion of the Merger, as well as improvements or enhancements, (iii) the products or services will be sold at 2024 prices, subject to annual adjustments based on a formula reflecting certain industry indices, (iv) SLB shall use its best efforts to meet its supply commitments with reasonable lead times, as long as it can reasonably accommodate the demand in the requested timeframes and subject to customary protections with respect to supply chain disruptions, (v) SLB shall maintain quality and delivery terms consistent with past practice, and (vi) SLB shall implement measures to protect customers' confidential information.

⁴ These functions would include finance and accounting, IT, HR and payroll, non-operational purchases and procurement (as well as any other functions the purchaser of the PCT Divestment Business requires).

⁵ The functions of USS currently connected to the wider ChampionX business are HR, IT, finance and accounting.

⁶ See [Schlumberger/ChampionX merger inquiry - GOV.UK](#).

- (b) LongRange as the upfront buyer for the USS Divestment Business. As set out in paragraph 6(b), the Parties and LongRange entered into a binding sale agreement in relation to the USS Divestment Business on 24 February 2025.
10. Both agreements are conditional on acceptance by the CMA of the Proposed Undertakings, including approval of REDA as the buyer of the PCT Divestment Business and LongRange as the buyer of the USS Divestment Business.
11. Similarly, for the Quartzdyne Licensing Arrangement, the Parties have offered to enter into a licensing agreement with a licensee approved by the CMA before the CMA finally accepts the Proposed Undertakings (**Nominated Licensee Condition**). The Parties have proposed Précis LLC (**Précis**) as the licensee.

3. CONSULTATION

12. On 20 June 2025, pursuant to paragraph 2(1) of Schedule 10 to the Act, the CMA published the UILs, inviting interested parties to give their views on the UILs. The relevant text from the consultation is set out at Annex 1 of this decision.⁷ For the reasons set out in paragraphs 12–13 of the consultation, the CMA’s preliminary view was that the UILs would resolve the SLC identified in the SLC decision in a clear-cut manner, ie without giving rise to material doubts about the overall effectiveness of the UILs or concerns about their implementation,⁸ because the UILs will:
- (a) remove the overlap between the Parties in the supply of PCTs to E&P companies in the UK;
 - (b) remove the vertical link between ChampionX as a supplier of PCD bearings, and SLB as a supplier of directional drilling services using RSS globally; and
 - (c) enable a third party to compete effectively in the supply of quartz sensors and transducers globally, amounting to a quasi-structural remedy, in addition to ensuring adherence to the terms for supply of Quartzdyne’s sensors and transducers agreed with Quartzdyne’s global customers over the next five years, which include all customers that use these products in PDGs in the UK.
13. As explained in paragraph 14 of the consultation notice, the CMA’s preliminary view was that the UILs would be capable of ready implementation, because:

⁷ The full consultation text was published on [Schlumberger/ChampionX merger inquiry - GOV.UK](#).

⁸ [Merger remedies, \(CMA87\), December 2018](#), Chapter 3, in particular paragraphs 3.27, 3.28 and 3.30.

- (a) there are no material implementation risks associated with either the PCT Divestment or the USS Divestment, particularly when supported by the transitional arrangements outlined in paragraph 7 above;
 - (b) the Parties committed to enter into the Continuity of Supply Agreements (offered to several agencies to address concerns related to Quartzdyne globally) and Baseline Terms to the CMA's satisfaction prior to the final acceptance of the undertakings; and
 - (c) the terms and scope of the Quartzdyne Licensing Arrangement are comprehensive and in line with the commitments the Parties' offered to the CMA, ie Quartzdyne will license to a competitor currently active in sensors/transducers, all essential intellectual property and transfer related know-how required to develop Quartzdyne's quartz sensors and transducers.
14. For the reasons set out in paragraphs 19–24 of the consultation notice, the CMA's preliminary view was that REDA is a suitable purchaser of the PCT Divestment Business, LongRange is a suitable purchaser of the USS Divestment Business, and Précis is a suitable licensee for the Quartzdyne Licensing Arrangement. In particular, the CMA's view was that each of REDA, LongRange and Précis are independent from the Parties, have sufficient capability (including financial resources, expertise and assets), and have appropriate business plans, objectives and intention for competing in the relevant markets. In addition, the CMA considered that the divestments and licenses did not create a realistic prospect of further competition or regulatory concerns.
15. The CMA received feedback from one third party regarding the PCT Divestment Business, three third parties regarding the Continuity of Supply Agreements and from four third parties and Précis regarding the Quartzdyne Licensing Arrangement.⁹
16. The CMA did not receive any feedback or concerns in relation to the sale of the USS Divestment Business to LongRange, nor the Baseline Terms.
17. The CMA also did not receive any feedback or concerns from any E&P customers on any aspect of the Proposed Undertakings.

⁹ The CMA engaged with ChampionX's customers prior to the consultation period to discuss the Quartzdyne Licensing Arrangement and in particular, the Continuity of Supply Agreements. These customers provided comments to the CMA in relation to the terms and clauses of the agreements, the relevant products covered, and the length of contract among other things. Some of these customers also provided comments during the consultation period. In addition, the CMA also received two additional submissions from ChampionX's competitors regarding the Quartzdyne Licensing Arrangement, which were made before knowing the nature of the licensing agreement and therefore are not included in this decision.

3.1 Third-party feedback

3.1.1 PCT Divestment Business

18. No concerns were raised by any E&P customers regarding the PCT Divestment. The CMA received feedback from one competitor that the proposed remedy was insufficient due to unresolved structural risks given that SLB could reclaim the divested market share using its pre-divestment know-how and global economies of scale. This competitor also identified some challenges for the potential buyer, particularly lack of global economies of scale in commodity procurement for a specialities-focused buyer, and significant barriers due to limited market presence and relationships in the oil and gas industry for a commodities-focused buyer.

3.1.2 Continuity of Supply Agreements

19. The CMA engaged with all three ChampionX customers with whom the Parties proposed to enter into Continuity of Supply Agreements prior to the consultation period to seek their views on the terms of the agreements. Two of these customers were broadly positive, with one stating that the agreement would allow it to deploy gauges as required by its capital deployment strategy in the relevant period,¹⁰ and a second confirming that if the terms it had put forward to the Parties were agreed to, this would result in continuous supply of the relevant products for the period covered.¹¹ Both customers have now entered into long-form agreements. Neither raised concerns about the Continuity of Supply Agreements during the CMA's consultation. A third customer raised a concern that a specific clause in the Baseline Terms offers greater protection than a corresponding term in that customer's Continuity of Supply agreement.

3.1.3 Quartzdyne Licensing Arrangement

20. Two ChampionX customers and a competitor to Quartzdyne submitted that there is no guarantee that Précis will become an effective competitor. Reasons cited included its size, number of employees and revenues/resources, potential difficulty securing necessary components (eg ASIC), the current lack of a transducers and permanent gauges offering, and the fact that significant investment and time will be required to compete effectively.¹² The competitor, while recognising Précis' founders' experience and credibility, also argued that the competitor itself would be a more credible remedy taker than Précis, given that it already imposes a competitive threat to Quartzdyne's business by supplying permanent gauges and

¹⁰ Note of a call with a third party, May 2025, paragraph 2.

¹¹ Note of a call with a third party, May 2025, paragraph 3.

¹² Responses to the CMA consultation from a number of third parties, June 2025.

quartz transducers, has established customer relationships, the requisite expertise and has made considerable prior investment.¹³

21. Both customers suggested that to increase the likelihood of an effective competitor emerging, two licensing agreements should be required, one with Précis and one with another independent company,¹⁴ in case the original licensee fails to compete effectively or to scale up quickly. This was also echoed by a competitor to ChampionX, who explained that granting a licence to Quartzdyne's know-how to a single player in the market would be unfair to others.¹⁵
22. A third customer expressed no concerns with the Quartzdyne Licensing Arrangement nor the Continuity of Supply Agreements.¹⁶
23. Finally, Précis submitted that it is a suitable licensee who has the capabilities to compete effectively with Quartzdyne in the supply of quartz sensors and transducers. Its only concern was that it may require additional funding to scale up at a faster pace to become a viable competitor in a shorter time frame.¹⁷ The CMA engaged extensively with Précis, its advisors, and the monitoring trustee to carry out an assessment of Précis' current business, its capabilities, and its business plans.

3.2 CMA's assessment

24. The CMA has considered carefully the submissions received from third parties, together with the information it has gathered regarding the divestment businesses and proposed divestment purchasers. Considering the evidence in the round, the CMA has not changed its preliminary view that the UILs would be acceptable. A consideration of these submissions and the evidence also did not change the CMA's preliminary view that REDA, LongRange and Précis would be suitable purchasers of the PCT and USS Divestment Businesses and a suitable licensee of the Quartzdyne Licensing Arrangement.¹⁸

¹³ Response to the CMA consultation from a third party, June 2025.

¹⁴ One of these customers suggested its own subsidiary, which does not currently manufacture quartz technology, or other instrumentation companies not currently active in producing quartz sensors or transducers, as potential licensees. Note of a call with a third party, May 2025.

¹⁵ Response to the CMA consultation from a third party, June 2025, paragraph 15.

¹⁶ Note of a call with a third party, May 2025.

¹⁷ Précis' response to the CMA's consultation, June 2025.

¹⁸ For completeness, the CMA notes that while the UILs involve the divestiture of businesses from both Parties, the CMA does not consider this gives rise to significant composition or implementation risks. This is because the UILs involve the divestiture of two distinct and unrelated businesses, one from each Party, each addressing a separate and unrelated SLC, and divested to two different purchasers.

3.2.1 PCT Divestment Business

25. The evidence available to the CMA suggests that REDA is likely to have sufficient scale, strong relationships with key chemicals suppliers globally and in the UK and existing know-how to source chemicals effectively on a cost-effective basis:
- (a) As explained in paragraph 20 of the consultation notice, while REDA has a more limited global scale than SLB, the REDA Group of Companies to which REDA belongs is a well-resourced multinational group with operations in over 30 countries.¹⁹
 - (b) REDA can also benefit from the additional customer contracts and transitional supply arrangements accompanying the PCT Divestment Business to enhance its market presence.²⁰
26. With respect to the concern that SLB may use its pre-divestment know-how and global scale to reclaim its divested market share, the CMA notes that the asset purchase agreement for the PCT Divestment Business imposes a restriction on SLB against soliciting customers whom the Divestment Business supplied immediately before completion of the divestment for a period of 24 months after completion of the divestment.
27. The Parties also provided the value of the customer contracts to be transferred to REDA, and the proportion of contracts (by value) that are due to expire within the next two years, to illustrate that a large majority of contracts (by value) will transfer to REDA and remain with REDA beyond the next two years.²¹ Further, notwithstanding the lack of direct responses to the CMA's consultation from E&P customers, the Parties confirmed that they have engaged with customers whose contracts are being novated and received positive feedback.²² All this information provided sufficient comfort to the CMA of a smooth novation process and that REDA will have sufficient scale and customer relationships to retain the business over time.

3.2.2 Continuity of Supply Agreements and Baseline Terms

28. Prior to the CMA's acceptance in principle of the Proposed Undertakings, the Parties initially proposed to remedy any concerns raised by agencies globally with respect to Quartzdyne through supply agreements broadly similar to the Continuity

¹⁹ REDA's parent company, Rimrise FZE, reported annual revenues between \$380 million and \$440 million for each of the past three years (2022–2024). REDA's response to the CMA's proposed purchaser questionnaire, May 2025.

²⁰ REDA confirmed that it has ongoing relationships with all the chemical suppliers and is confident that direct supply of the relevant components can be put in place within a 12-month period as stipulated in the Transitional Services Agreement, which is in line with the Parties' original commitments to continue to supply the products to the PCT Divestment Business for a period of up to five years. Submission to the CMA from REDA, 4 July 2025.

²¹ Three contracts are due to expire within the next two years, representing [10–20]% of the divestment business' 2024 revenue. Parties' response to the CMA's questions of 4 July 2025.

²² Parties' response to the CMA's questions of 4 July 2025.

of Supply Agreements. The Parties had entered into key terms (or a long-form agreement) for these proposed continuity of supply agreements with Quartzdyne's three [X] customers other than SLB (Baker Hughes, Halliburton and Weatherford). This included all customers who currently supply PDGs in the UK incorporating Quartzdyne's quartz sensors and transducers.²³

29. However, the CMA was concerned that the proposed continuity of supply agreements would not affect the structural changes brought about as a result of the Merger, and sought a remedy that would address those changes on a long term basis. The CMA considers that the Quartzdyne Licensing Arrangement addresses those changes.
30. The CMA notes that it will take some time for Précis to fully develop its own competitive quartz transducer offering under the Quartzdyne Licensing Arrangement, and during that interim time period, the CMA considers that the Continuity of Supply Agreements will provide protection to current customers. All three customers have now entered into long-form Continuity of Supply Agreements to the CMA's satisfaction.
31. Additionally, the CMA considers that the Baseline Terms provide further comfort that any customer (current or existing) seeking to supply PDGs into the UK would have access to Quartzdyne's products and services on minimum terms to the CMA's satisfaction during the interim period.
32. As regards the customer concern regarding the terms of its Continuity of Supply Agreement falling short of the Baseline Terms, the CMA notes the Parties' commitment to extend the Baseline Terms as a set of minimum terms for the supply of Quartzdyne's sensors and transducers to any existing and future customers supplying PDGs in the UK. This means that any customer – including those who have entered into the Continuity of Supply Agreements – are entitled to avail themselves of any term within the Baseline Terms. However, having carefully reviewed the terms of the customer's Continuity of Supply Agreement alongside the Baseline Terms, the CMA considers that the relevant clause in the customer's agreement should provide it at least the same level of protection as the Baseline Terms.²⁴

²³ [X].

²⁴ Specifically, this customer raised a concern that clause 10 of the Baseline Terms, which provides for the transfer of intellectual property and manufacturing in-house or to a third party is broader than a corresponding term in the customer's Continuity of Supply Agreement, [X]. The CMA notes that a good faith interpretation of clause 10 provides for SLB to assist a customer in the transfer of customer-specific IP, eg related to any joint development efforts, in the event that the customer decides not to purchase from Quartzdyne or terminates any relevant joint development efforts. The CMA understands that the corresponding term in the customer's agreement provides for a transfer of IP [X]. The CMA understands that the relevant clause in the customer's contract is therefore intended to cover the jointly-developed or customer-specific IP envisaged in clause 10 of the Baseline terms. A broader interpretation of clause 10 of the Baseline Terms, which would require SLB to transfer its own IP on a royalty-free basis at a customer's election, is neither proportionate nor a good faith interpretation of this clause, including given the existence of a separate licensing arrangement with Précis.

3.2.3 Quartzdyne Licensing Arrangement

33. While the Quartzdyne Licensing Arrangement does not involve any transfer of personnel, each of Précis' two founders has worked for Quartzdyne for over a decade and has extensive industry knowledge and experience in manufacturing and distributing quartz sensors and transducers. The evidence available to the CMA indicates that Précis leverages a network of professionals and third-party vendors with extensive industry experience to assist with problem solving as part of its research and development efforts.²⁵
34. The CMA appointed a monitoring trustee to assist in the assessment of Précis' scale and capabilities and to provide independent advice on Précis' overall suitability as a licensee. Upon reviewing the information and advice from the monitoring trustee, the CMA is satisfied that Précis has the capability to scale its operations and expand its business to compete with Quartzdyne's quartz sensors and transducers. The CMA (supported by the monitoring trustee's assessment) is also satisfied that Précis has the financial resources to fund the investment required to develop a competitive quartz transducer offering within a reasonable timescale. The CMA also reviewed Précis' financial model, which suggests that the company would have sufficient resources to invest and scale up, even after fulfilling its royalty payment obligations.
35. While Précis does not currently supply quartz transducers, Précis has a competitive quartz sensor offering. Précis also has know-how in the manufacturing of transducers from its founders' experience at Quartzdyne, and it already has plans to develop quartz transducers and enter the market in the future.²⁶ Therefore, the CMA believes that Précis could develop a competitive quartz transducer offering within a reasonable period of time.
36. While the CMA recognises the importance of a proven track record, the Quartzdyne Licensing Arrangement will give Précis' customers the confidence that has it has access to all intellectual property and know-how necessary to develop rival quartz sensors and transducers to the same standard as Quartzdyne's well-established quartz sensors and transducers, as well as the confidence that development and manufacture of the rival quartz sensors and transducers will be led by a remedy taker whose founders already have considerable know-how and past experience in the manufacture and distribution of Quartzdyne's quartz sensors and transducers. The Quartzdyne Licensing Arrangement will also provide Précis access to Quartzdyne's know-how in relation to the integration of ASIC into its quartz transducers. In addition, the CMA understands that Précis has already

²⁵ Précis' response to the CMA's proposed licensee questionnaire, May 2025, page 5.

²⁶ Précis' presentation for the CMA and the monitoring trustee, June 2025, slide 5.

been engaging with an ASIC supplier to develop an integrated circuit for Précis' transducers.

37. Further, the CMA has considered whether more than one licensee is needed in order for this to be as comprehensive a remedy to the SLC as is reasonable and practicable. Given the CMA's assessment of Précis' suitability as a remedy taker, the CMA considers that the Quartzdyne Licensing Arrangement will enable the timely and effective expansion of a competitor to become a credible competitive constraint, and therefore, the CMA does not consider it would be necessary or proportionate to require multiple licensees.

3.3 Conclusion

38. Having considered third-party responses to the consultation, and having assessed all the evidence in the round, the CMA remains of the view that the UILs offered by the Parties are clear-cut and appropriate to remedy, mitigate or prevent the competition concerns identified in the SLC Decision as they:
- (a) remove the overlap between the Parties in the supply of PCTs to E&P companies in the UK;
 - (b) remove the vertical link between ChampionX as a supplier of PCD bearings, and SLB as a supplier of directional drilling services using RSS globally;
 - (c) enable a third party to compete effectively in the supply of quartz sensors and transducers globally, amounting to a quasi-structural remedy, in addition to ensuring adherence to the terms for supply of Quartzdyne's sensors and transducers agreed with Quartzdyne's global customers over the next five years, which include all customers that use these products in PDGs in the UK; and
 - (d) are capable of ready implementation for the reasons set out in paragraph 14 of the consultation notice.
39. The CMA also considers that REDA is a suitable purchaser of the PCT Divestment Business, LongRange is a suitable purchaser of the USS Divestment Business, and Précis is a suitable licensee for the Quartzdyne Licensing Arrangement.

4. ENFORCEMENT

40. Section 94 of the Act places a duty on any person to whom the Final Undertakings accepted by the CMA relate to comply with them. Any person who suffers loss or damage due to a breach of this duty may bring an action. Section 94 of the Act also provides that the CMA can seek to enforce the Final Undertakings accepted by the CMA by civil proceedings for an injunction or for any other appropriate relief

or remedy. Under sections 94AA and 94AB of the Act, the CMA can impose financial penalties in respect of a failure to comply with the Final Undertakings accepted by the CMA without reasonable excuse as set out in Annex 2 and the [Administrative penalties: Statement of Policy on the CMA's approach \(CMA4\)](#).

DECISION

41. For the reasons set out above, the CMA considers that the UILs provided by the Parties are as comprehensive a solution as is reasonable and practicable and remedy, mitigate or prevent the SLC identified in the SLC Decision and any adverse effects resulting from it. The CMA has therefore decided to accept the UILs offered by the Parties pursuant to section 73 of the Act. The Merger will therefore not be referred for a phase 2 investigation.
42. The UILs, which have been signed by the Parties and will be published on the CMA webpage, will come into effect from the date of this decision.

Sorcha O'Carroll
Competition and Markets Authority
15 July 2025

ANNEX 1

Anticipated Acquisition by Schlumberger Limited of ChampionX Corporation

**NOTICE UNDER PARAGRAPH 2(1) OF SCHEDULE 10 TO THE
ENTERPRISE ACT 2002 (THE ACT) – CONSULTATION ON
PROPOSED UNDERTAKINGS IN LIEU OF REFERENCE
PURSUANT TO SECTION 73 OF THE ACT.**

ME/7110/24

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1. INTRODUCTION

1. Schlumberger Limited (**SLB**) has agreed to acquire ChampionX Corporation (**ChampionX**) (the **Merger**). SLB and ChampionX are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.
2. On 27 March 2025, the Competition and Markets Authority (**CMA**) decided under section 33(1) of the Enterprise Act 2002 (the **Act**) that it is or may be the case that the Merger consists of arrangements that are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, and that this may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **SLC Decision**). The text of the SLC Decision is available on the CMA webpage.²⁷
3. On 28 March 2025, the Parties offered undertakings in lieu of reference to the CMA for the purposes of section 73(2) of the Act.
4. On 10 April 2025, the CMA gave notice to the Parties, pursuant to section 73A(2)(b) of the Act, that it considers that there are reasonable grounds for believing that the undertakings offered, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it is considering the Parties' offer (the **UIL Provisional Acceptance Decision**). The text of the UIL Provisional Acceptance Decision is available on the CMA webpage.²⁸

2. THE UNDERTAKINGS OFFERED

5. As set out in the SLC Decision, the CMA found a realistic prospect of an SLC in relation to:
 - (a) Horizontal unilateral effects in the supply of production chemical technologies (**PCTs**) to oil and gas exploration, development and production (**E&P**) companies in the UK;
 - (b) Input foreclosure in the supply of directional drilling services using rotary steerable systems (**RSS**) in the UK; and
 - (c) Input foreclosure in the supply of permanent downhole gauges (**PDGs**) in the UK.
6. As set out in the UIL Provisional Acceptance Decision, to address the SLC identified by the CMA the Parties have offered the following undertakings in lieu of a reference (the **Proposed Undertakings**):

²⁷ See [Schlumberger/ChampionX merger inquiry - GOV.UK](#).

²⁸ See [Schlumberger/ChampionX merger inquiry - GOV.UK](#).

- (a) In relation to the supply of PCTs in the UK, the Parties offered:
 - (i) to divest by way of an asset transfer, SLB's UK PCT business, comprised of all of SLB's assets relating to the production of PCTs in the UK (including SLB's blending plant and laboratory facilities in Aberdeen), all relevant production, operational and sales personnel required to operate SLB's PCT business in the UK, and all ongoing customer and supplier contracts for the supply of PCTs in the UK (the **PCT Divestment Business**); and
 - (ii) to license for a period of 10 years or such other term as the CMA deems necessary all relevant intellectual property (including trademarks, product formulations and know-how) for the PCT products supplied by the PCT Divestment Business in the UK to a suitable purchaser.
- (b) In relation to the supply of directional drilling services using RSS in the UK, the Parties offered to divest ChampionX's global poly-crystalline diamond (**PCD**) bearings business, US Synthetic Corporation (**USS**, or the **USS Divestment Business**), to an affiliate of LongRange Capital L.P. (**LongRange**). On 24 February 2025, the Parties and LongRange entered into a binding agreement for the sale of USS, which is conditional on the closing of the Merger.
- (c) In relation to the supply of PDGs in the UK, the Parties offered:
 - (i) to enter into a global licensing arrangement with a third party for a commercially reasonable royalty, covering all essential intellectual property and know-how required to develop the quartz sensors and transducers supplied by ChampionX's Quartzdyne business (**Quartzdyne**), to accelerate the development of rival quartz products (the **Quartzdyne Licensing Arrangement**), with such licensing arrangement to be approved by the CMA prior to the final acceptance of the Proposed Undertakings;
 - (ii) to commit to a set of baseline terms to be approved by the CMA for the supply of sensors and transducers by Quartzdyne to any existing and future customers supplying PDGs in the UK, including a dispute resolution mechanism and a monitoring trustee, for a period of five years (the **Baseline Terms**);²⁹ and

²⁹ The key terms proposed include that: (i) SLB shall supply and repair certain Quartzdyne products and services to any customer requesting this for use in the supply of PDGs in the UK for a period of five years after completion of the Merger, (ii) the relevant services consist of all Quartzdyne products and services available for sale to all third parties at the completion of the Merger, as well as improvements or enhancements, (iii) the products or services will be sold at 2024

- (iii) to execute long-form agreements with Baker Hughes and Weatherford (in addition to a long-form agreement already executed with Halliburton) to ensure the continuity of supply of Quartzdyne sensors and transducers in accordance with pre-Merger practice and in line with the Baseline Terms at a minimum (the **Continuity of Supply Agreements**).

7. The Parties will also offer certain transitional services agreements to:

- (a) the purchaser of the PCT Divestment Business for a period of 12 months (or longer at the purchaser's election) with respect to certain centralised functions³⁰ to ensure the continuity of operations, and for a period of five years or such other period agreed with the purchaser to ensure the continuity of supply of certain chemicals the PCT Divestment Business currently procures from ChampionX and SLB's Norwegian assets; and
- (b) the purchaser of the USS Divestment Business for a period of three months with respect to certain centralised functions to ensure the continuity of operations.³¹

8. The text of the undertakings is available on the CMA webpage.³²

9. With regard to each of the PCT Divestment Business and the USS Divestment Business, the Parties have also offered to enter into purchase agreements with buyers approved by the CMA in each case before the CMA finally accepts the Proposed Undertakings (**Upfront Buyer Condition**). The Parties have proposed:

- (a) REDA Energy Limited (**REDA**) as the upfront buyer for the PCT Divestment Business.
- (b) LongRange as the upfront buyer for the USS Divestment Business. As set out in paragraph 6(b), the Parties and LongRange entered into a binding sale agreement in relation to the USS Divestment Business on 24 February 2025.

10. Both agreements are conditional on acceptance by the CMA of the Proposed Undertakings, including approval of REDA as the buyer of the PCT Divestment Business and LongRange as the buyer of the USS Divestment Business.

prices, subject to annual adjustments based on a formula reflecting certain industry indices, (iv) SLB shall use its best efforts to meet its supply commitments with reasonable lead times, as long as it can reasonably accommodate the demand in the requested timeframes and subject to customary protections with respect to supply chain disruptions, (v) SLB shall maintain quality and delivery terms consistent with past practice, and (vi) SLB shall implement measures to protect customers' confidential information.

³⁰ These functions would include finance and accounting, IT, HR and payroll, non-operational purchases and procurement (as well as any other functions the purchaser of the PCT Divestment Business requires).

³¹ The functions of USS currently connected to the wider ChampionX business are HR, IT, finance and accounting.

³² See [Schlumberger/ChampionX merger inquiry - GOV.UK](#).

11. Similarly, with regard to the Quartzdyne Licensing Arrangement, the Parties have offered to enter into a licensing agreement with a licensee approved by the CMA before the CMA finally accepts the Proposed Undertakings (**Nominated Licensee Condition**). The Parties have proposed Précis LLC (**Précis**) as the licensee.

3. CMA ASSESSMENT

12. The CMA currently considers that, subject to responses to the consultation required by Schedule 10 of the Act, the Proposed Undertakings will resolve the SLC identified in the SLC Decision in a clear-cut manner, ie the CMA currently does not have material doubts about the overall effectiveness of the Proposed Undertakings or concerns about their implementation.³³ This is because they would:
- (a) remove the overlap between the Parties in the supply of PCTs to E&P companies in the UK;
 - (b) remove the vertical link between ChampionX as a supplier of PCD bearings, and SLB as a supplier of directional drilling services using RSS globally; and
 - (c) enable a third party to compete effectively in the supply of quartz sensors and transducers globally, amounting to a quasi-structural remedy, in addition to ensuring adherence to the terms for supply of Quartzdyne's sensors and transducers agreed with Quartzdyne's [X] global customers over the next five years, which include all customers that use these products in PDGs in the UK.
13. As such, the Proposed Undertakings may:
- (a) result in the replacement of the competitive constraint provided by SLB in the supply of PCTs to E&P companies in the UK that would otherwise be lost following the Merger;
 - (b) prevent the Merged Entity from engaging in input foreclosure in the supply of directional drilling services using RSS in the UK by requiring the Merged Entity to divest the PCD bearing input and so remove the ability and incentive to harm competition; and
 - (c) result in the acceleration of the development of a rival quartz sensor and transducer supplier and enhance significantly its ability to compete with the Merged Entity (whilst protecting customers' current supply in the short-term),

³³ [Merger Remedies Guidance \(CMA87\)](#), December 2018, paragraph 3.28.

which may restrict the Merged Entity from engaging in input foreclosure and harming competition in the supply of PDGs in the UK.

14. The CMA also considers that the Proposed Undertakings would be capable of ready implementation, because:
- (a) While the PCT Divestment Business will need to be carved out from the wider SLB business, the separation of assets constituting the PCT Divestment Business from the wider SLB business will not give rise to material implementation risks. In particular, the scope of the Divestment Business (ie SLB's UK PCT business) is relatively easy to delineate and evidence available to the CMA indicates that, for the reasons outlined in paragraph 20. The proposed purchaser is well positioned to readily integrate the PCT Divestment Business into its existing PCT business, especially with the support of the transitional arrangements outlined in paragraph 7(a);
 - (b) The USS Divestment Business currently operates as a functionally separate business, with only limited operational links to ChampionX and will continue to be operated as such by the proposed purchaser of this business. In respect of the limited support functions provided by ChampionX, these can be readily replicated by the purchaser, upon expiry of the transitional services agreement outlined in paragraph 7(b); and
 - (c) With regard to the Quartzdyne Licensing Arrangement, the Baseline Terms, and the Continuity of Supply Agreements:
 - (i) to address the Quartzdyne overlaps globally, the Parties have agreed key supply terms with Quartzdyne's [X] customers globally aside from SLB (Weatherford, Baker Hughes and Halliburton), which include all Quartzdyne customers who currently supply PDGs with quartz sensors in the UK, and have committed to entering into final long-form contractual agreements (the Continuity of Supply Agreements) to be approved by the CMA prior to the final acceptance of the undertakings, and not to vary or terminate those agreements without prior approval from the CMA.
 - (ii) The Merged Entity has also committed to, where requested, supply Quartzdyne products and services to any third party (including existing customers) for use in permanent downhole gauges in the UK, on the Baseline Terms, for five years following the closing of the Merger. The Merged Entity may not vary or terminate that agreement unless the customer requests to negotiate different terms and with prior approval

from the CMA. The text of the Baseline Terms is attached in Annex 2 to the Proposed Undertakings available on the CMA webpage.³⁴

- (iii) The terms and scope of the Quartzdyne Licensing Arrangement are comprehensive and in line with the commitments the Parties' offered to the CMA, ie Quartzdyne will license to a competitor, which is currently active in sensors/transducers, all essential intellectual property and transfer related know-how required to develop the quartz sensors and transducers supplied by ChampionX's Quartzdyne business.

15. The Upfront Buyer Condition means that the CMA would only accept the Proposed Undertakings after the Parties have entered into an agreement with a nominated buyer that the CMA considers to be suitable. With regard to the PCT Divestment Business the CMA considered that the Upfront Buyer Condition is necessary because in the CMA's view the number of suitable purchasers was likely to be relatively small.³⁵ With regard to the USS Divestment Business, the Parties presented an Upfront Buyer for CMA approval.
16. With regard to Quartzdyne, the CMA considered that the Nominated Licensee Condition is necessary because the Quartzdyne Licensing Arrangement is not a standard structural divestment remedy and the CMA considers that the number of suitable licensees was likely to be relatively small.³⁶

3.1 Suitability of the proposed purchasers and nominated licensee

17. In approving a purchaser, the CMA's starting position is that it must be confident without undertaking a detailed investigation that the proposed purchaser will restore pre-merger levels of competition:
 - (a) The acquisition by the proposed purchaser must remedy, mitigate or prevent the SLC concerned and any adverse effect resulting from it, achieving as comprehensive a solution as is reasonable and practicable.
 - (b) The proposed purchaser should be independent from and have no significant connection to the merger parties that may compromise the purchaser's incentives to compete with the merged entity (eg an equity interest, common significant shareholders, shared directors, reciprocal trading relationships or continuing financial assistance). It may also be appropriate to consider links between the purchaser and other market players.
 - (c) The purchaser must have sufficient capability, including access to appropriate financial resources, expertise (including managerial, operational

³⁴ See [Schlumberger/ChampionX merger inquiry - GOV.UK](#).

³⁵ [CMA87](#), paragraphs 5.28–5.29.

³⁶ [CMA87](#), paragraphs 5.28–5.29.

and technical capability) and assets to enable the divested business to be an effective competitor in the market. This access should be sufficient to enable the divestiture package to continue to develop as an effective competitor.

- (d) The CMA will wish to satisfy itself that the purchaser has an appropriate business plan and objectives for competing in the relevant market(s), and that the purchaser has the incentive and intention to maintain and operate the divested business as part of a viable and active business in competition with the merged entity and other competitors in the relevant market.
- (e) Divestiture to the purchaser should not create a realistic prospect of further competition or regulatory concerns.³⁷

18. For a licensing of intellectual property alone to be effective as a remedy, it must be sufficient to enhance significantly the acquirer's ability to compete with the Parties and thus address the SLC and any resulting adverse effects.³⁸

3.1.1 Proposed purchaser of the PCT Divestment Business: REDA

19. REDA is part of a multinational group headquartered in the UAE, operating across 30 countries. Established in the early 2000s, it currently supplies PCTs to E&P customers, including in the UK. REDA has a presence in the North Sea, including storage, manufacturing, and packaging facilities in Aberdeen.
20. Subject to the responses to this consultation, and having regard in particular to the criteria set out in paragraph 17, the CMA currently considers REDA to be a suitable purchaser of the PCT Divestment Business for the following reasons:
- (a) The CMA currently considers that the acquisition by REDA of the PCT Divestment Business would remedy, mitigate or prevent the SLC in relation to the supply of PCTs to E&P companies in the UK and any adverse effects resulting from it, achieving as comprehensive solution as is reasonable and practicable. This is because it would allow REDA to effectively compete in the supply of PCTs to E&P companies in the UK, fully replacing the competitive constraint provided by SLB.
 - (b) The evidence available to the CMA indicates that REDA is independent from and has no significant connection with SLB or ChampionX that may compromise its incentives to compete with the Merged Entity if it were to acquire the PCT Divestment Business. While there are existing supplier-customer relations between REDA and the Parties, the CMA does not

³⁷ [CMA87](#), Chapter 5, paragraphs 5.20–5.27.

³⁸ [CMA87](#), paragraph 6.3.

consider these to be material to REDA's business to the extent that it would compromise REDA's incentives to compete with the Merged Entity.

- (c) The evidence available to the CMA indicates that REDA will have sufficient capability, including access to appropriate financial resources, expertise (including managerial, operational and technical capability) and assets required to enable the PCT Divestment Business to be an effective competitor in the market:
 - (i) As regards expertise and capabilities, REDA is currently active in the supply of PCTs to E&P companies globally. Specifically in the UK, REDA is capable of manufacturing its own range of specialty chemicals at its production facilities in Aberdeen, and it currently sources commodity chemicals from third-party distributors or manufacturers. In addition, REDA operates an R&D and technical support laboratory in Aberdeenshire, and also has some R&D capabilities in Saudi Arabia, which allow REDA to develop PCT products for supply in the UK and overseas.
 - (ii) The evidence available to the CMA indicates that REDA is likely to have sufficient scale, strong relationships with key chemicals suppliers globally and in the UK and existing know-how to source chemicals effectively on a cost-effective basis, particularly taken together with the benefit of the additional customer contracts and transitional supply arrangements accompanying the PCT Divestment Business.
 - (iii) As regards financial resources, the REDA Group of Companies to which REDA belongs is a well-resourced multinational group with operations in over 30 countries. REDA provided evidence of its financial resources which indicate that it is capable of funding the acquisition of, and the working capital for, the PCT Divestment Business.
 - (iv) The CMA notes that the Parties proposed to license all relevant intellectual property for the PCT products currently supplied by the PCT Divestment Business in the UK for a period of 10 years, as outlined in paragraph 6(a)(ii). The Parties have also proposed to enter into a transitional service agreement for the purposes of ensuring the continuity of operations and the continuity of supply of certain chemicals that the PCT Divestment Business currently procures from ChampionX or SLB's Norwegian assets, as outlined in paragraph 7(a). The CMA considers that these additional arrangements should further support REDA in maintaining and developing the PCT Divestment Business as an effective competitor.

- (d) The evidence available to the CMA indicates that REDA's acquisition of the PCT Divestment Business is consistent with its overall strategy. Furthermore, REDA currently supplies PCTs to E&P customers worldwide, and its acquisition of the PCT Divestment Business would allow REDA to gain direct access to UK customers and expand its PCT business in the UK. Therefore, REDA has the incentive and intention to operate the PCT Divestment Business as part of a viable and active business in competition with the Merged Entity and other competitors in the supply of PCTs to E&P companies in the UK.
- (e) The evidence available to the CMA indicates that the sale of the PCT Divestment Business to REDA would not create a realistic prospect of further competition or regulatory concerns.

3.1.2 Proposed purchaser of the USS Divestment Business: LongRange

- 21. LongRange is a private equity firm formed in late 2019 to invest in companies using a longer-term oriented perspective in building better businesses. LongRange's management team has relevant prior industry experience in the oil and gas industry, and has previously evaluated numerous companies operating in the oil and gas value chain.
- 22. Subject to the responses to this consultation, and having regard in particular to the criteria set out in paragraph 17, the CMA currently considers LongRange to be a suitable purchaser of the USS Divestment Business for the following reasons:
 - (a) The sale of the USS Divestment Business to LongRange would remedy, mitigate or prevent the SLC, and any adverse effect resulting from them, achieving as comprehensive a solution as is reasonable and practicable for that SLC. This is because the USS Divestment Business constitutes the entirety of ChampionX's PCD bearings business and, as a result of its divestiture to LongRange, the Merged Entity would not be able to restrict its downstream rival suppliers of directional drilling services using RSS in the UK access to USS's PCD bearings upstream.
 - (b) The evidence available to the CMA indicates that LongRange is independent and does not appear to have any significant connection to the Parties that may compromise its incentives to compete with the Parties if it were to acquire the USS Divestment Business.
 - (c) The evidence available to the CMA indicates that LongRange has the appropriate financial resources, expertise (including managerial, operational and technical capability) and assets, and incentive needed to maintain and develop the USS Divestment Business as viable and active competitive business in competition with the Parties and other competitors on an ongoing

basis. Further, USS already largely operates as standalone business, with minimal reliance on Champion X. USS has dedicated key management to the company, and employees working with USS, including a dedicated sales force will transfer with the sale. USS has dedicated facilities, intellectual property and other functions that will also transfer with the sale.

- (d) The evidence available to the CMA indicates that the acquisition of the USS Divestment Business by LongRange would not create a realistic prospect of further competition or regulatory concerns.

3.1.3 Nominated Licensee for the Quartzdyne Licensing Agreement: Précis

- 23. Précis currently designs and manufactures quartz pressure sensors for extreme environments. It was founded in 2017 by two individuals with several decades of experience in quartz sensors and transducers and between 2018 and 2022, developed and commercialised a proprietary quartz sensor, achieving industry qualification. Précis is currently active in the supply of quartz sensors.
- 24. Subject to the responses to this consultation, the CMA currently considers Précis to be a suitable licensee for the Quartzdyne Licensing Agreement for the following reasons, as indicated by the evidence available to the CMA:
 - (a) Précis operates independently of the Parties, and one of the founders' financial interests is unlikely to distort his incentives such that it would compromise Précis' incentives to compete with the Merged Entity.³⁹
 - (b) Précis has deep industry experience (with each of its founders having worked for Quartzdyne for over a decade), already possesses the design and know-how capabilities to effectively compete in the supply of quartz sensors and transducers, and the capability to scale its operations as well as a strong incentive to expand its business to compete with Quartzdyne's sensors and transducers.
 - (c) Précis has credible plans to commercialise the licensed intellectual property within a reasonable period and it is well placed to develop a competitive quartz transducer at speed. Further, Précis already has a quartz pressure sensor offering currently in competition with Quartzdyne, and it has demonstrated steady growth and meaningful progress with winning

³⁹ While Mr Perry retains a very small minority shareholding in ChampionX, the associated financial benefits are limited because: (a) the annual dividends from the shares he holds in ChampionX are small compared to the current salary he receives from Précis; (b) Quartzdyne accounts for a [3<] proportion of ChampionX's overall revenues less than [0–5]%, and this proportion is expected to [3<] further within the Merged Entity, thereby limiting the potential impact that Quartzdyne's performance could have on the Merged Entity's share price or dividends; and (c) by contrast to his limited stake in ChampionX, Mr Perry is entitled to benefit from his full ownership of Précis.

customers, evidencing its ability to enter a new market and commercialise a product effectively.

- (d) Précis has the financial resources to fund the investment required to bring a competitive transducer to the market, and has a detailed and feasible plan for commercialisation.
- (e) The scope of the licensing agreement under discussion with Précis is sufficient to allow Précis' to compete with the Merged Entity and in line with the Parties' commitments as it includes (i) all essential intellectual property and know-how in relation to Quartzdyne's quartz sensors and transducers; (ii) freedom to operate and develop a rival transducer;⁴⁰ (iii) transfer of internal know-how related to the integration of application-specific integrated circuit (**ASIC**) with the current generation of Quartzdyne's quartz transducers;⁴¹ and (iv) a 'wrong pockets' clause to allow Précis to request any additional essential missing know-how it may require within a specified period.

4. PROPOSED DECISION AND NEXT STEPS

- 25. For the reasons set out above, the CMA currently considers that the Proposed Undertakings and the purchase of the PCT Divestment Business by REDA, the purchase of the USS Divestment Business by LongRange and the Quartzdyne License Agreement granted to Précis are, in the circumstances of this case, appropriate to remedy, mitigate or prevent the competition concerns identified in the SLC Decision and form as comprehensive a solution to these concerns as is reasonable and practicable.
- 26. The CMA therefore gives notice that it proposes to accept the Proposed Undertakings in lieu of a reference of the Merger for a phase 2 investigation. The text of the proposed undertaking is available on the CMA web pages.⁴²
- 27. Before reaching a decision as to whether to accept the Proposed Undertakings, the CMA invites interested parties to make their views known to it. The CMA will have regard to any representations made in response to this consultation and may make modifications to the Proposed Undertakings as a result. If the CMA considers that any representation necessitates any material change to the Proposed Undertakings, the CMA will give notice of the proposed modifications and publish a further consultation.⁴³

⁴⁰ Précis previously entered into a [§<] under which it was [§<]. The CMA understands that the licensing agreement currently under negotiation between the Parties and Précis [§<].

⁴¹ The CMA understands that the know-how related to the integration of ASIC with Quartzdyne's quartz transducers is essential for the development of an effectively competitive rival quartz transducer product.

⁴² See [Schlumberger/ChampionX merger inquiry - GOV.UK](#).

⁴³ Under paragraph 2(4) of Schedule 10 to the Act.

28. Representations should be made in writing to the CMA and be addressed to:

Marta Freire and Jeremy Chan
Mergers Team
Competition and Markets Authority
The Cabot
25 Cabot Square
London
E14 4QZ

Email: marta.freire@cma.gov.uk

Telephone: 020 3738 6485

and

Email : jeremy.chan@cma.gov.uk

Telephone: 020 3738 6784

Deadline for comments: 4 July 2025

ANNEX 2

ENFORCEMENT OF UNDERTAKINGS GIVEN UNDER SECTION 73 – IMPOSITION OF CIVIL PENALTIES

Imposition of civil penalties

1. Under section 94AA(1), the CMA may impose a penalty on a person—
 - (a) from whom the CMA has accepted an enforcement undertaking, or
 - (b) to whom an enforcement order is addressed,where the CMA considers that the person has, without reasonable excuse, failed to comply with the undertaking or order.
2. In deciding whether and, if so, how to proceed under section 94AA(1) the CMA must have regard to the statement of policy which was most recently published under section 94B at the time of the failure to comply.

2. Amount of penalty

3. A penalty under section 94AA(1) is to be such amount as the CMA considers appropriate.
4. The amount must be—
 - (a) a fixed amount,
 - (b) an amount calculated by reference to a daily rate, or
 - (c) a combination of a fixed amount and an amount calculated by reference to a daily rate.
5. A penalty imposed under section 94AA(1) on a person who does not own or control an enterprise must not—
 - (a) in the case of a fixed amount, exceed £30,000;
 - (b) in the case of an amount calculated by reference to a daily rate, exceed £15,000 per day;
 - (c) in the case of a fixed amount and an amount calculated by reference to a daily rate, exceed such fixed amount and such amount per day.
6. A penalty imposed under section 94AA(1) on any other person must not—

- (a) in the case of a fixed amount, exceed 5% of the total value of the turnover (both in and outside the United Kingdom) of the enterprises owned or controlled by the person on whom it is imposed;
- (b) in the case of an amount calculated by reference to a daily rate, for each day exceed 5% of the total value of the daily turnover (both in and outside the United Kingdom) of the enterprises owned or controlled by the person on whom it is imposed;
- (c) in the case of a fixed amount and an amount calculated by reference to a daily rate, exceed such fixed amount and such amount per day.

7. In imposing a penalty by reference to a daily rate—

- (a) no account is to be taken of any days before the service on the person concerned of the provisional penalty notice under section 112(A1), and
- (b) unless the CMA determines an earlier date (whether before or after the penalty is imposed), the amount payable ceases to accumulate at the beginning of the day on which the person complies with the enforcement undertaking or enforcement order.