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New Competition Tool (NCT)

BVI represents the interests of the German fund industry at national and international level. The association promotes sensible regulation of the fund business as well as fair competition vis-à-vis policy makers and regulators. Asset Managers act as trustees in the sole interest of the investor and are subject to strict regulation. Funds match funding investors and the capital demands of companies and governments, thus fulfilling an important macro-economic function. BVI's 114 members manage assets of more than 3 trillion euros for private investors, insurance companies, pension and retirement schemes, banks, churches and foundations. With a share of 22%, Germany represents the largest fund market in the EU. BVI's ID number in the EU Transparency Register is 96816064173-47. For more information, please visit www.bvi.de/en.

BVI supports the EU Commission inception impact assessment as well as the public consultation inviting comments on the need for a possible New Competition Tool that would allow addressing structural competition problems in a timely and effective manner. The rapid digitalisation of society and the economy is creating new risks to fair competition in both digital and non-digital markets, by making it easier for market power to become concentrated in the hands of those companies best able to monitor their customers and competitors' behaviour. This initiative is also of relevance to the financial services sector and the buy-side companies represented by our association. The buy-side associations AFG, Assogestioni and BVI as well as EFAMA previously communicated to the Commission the risks to competition in the financial services area created by digital platforms, financial market data sources and the market data distributors. We therefore support a New Competition Tool which should not solely apply to the digital sector, but should have a broader application to other sectors, including the financial services sector. We especially support the idea behind the new competition law tool to enable the Commission to intervene before the „tipping“ of a market to occur, i.e. the intervention point where a company in a network or platform market takes almost the entire market share due to its network and access to data and customers (Option 3). Under today's tool kit, that the Commission can only intervene after a company became market dominant, and then its powers are restricted to the classical competition law tools, which are too limited to deal effectively with single- and double-sided digital data platforms. Digital markets develop very quickly, and network effects can easily lead to monopolies or almost-monopolies where the company with the network advantage can dictate how the entire market works. The most common example is Google which became the common search engine and later started to monopolise downstream and neighboring markets, such as shopping tools and internet advertising. Another example is Amazon which uses its dealers' data to boost its own brands and sales. But also the proposed merger of an exchange and benchmark provider, LSE/FTSE with the second largest market data distributor globally, Refinitiv, raises concerns for the digital economy. The EU Commission has issued statements both on Amazon and LSE/Refinitiv recently. The new tool will limit the risks that the competition authorities step in too late going forward.