

COMPETITION & REGULATORY NEWSLETTER

QUICK LINKS

[Main Article](#)

[Other Developments](#)

[Merger control](#)

[Antitrust](#)

[General competition](#)

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CMA announces actions on business software and cloud services

Introduction

On 31 March 2026, the Competition and Markets Authority (CMA) announced a package of actions on cloud services and business software under its Digital Markets Competition Regime (DMCR). At the time of the [announcement](#), Sarah Cardell, Chief Executive of the CMA, said that through this package of actions the CMA is driving changes across cloud and business software “to ensure these markets are competitive and resilient for UK businesses and the public sector”.

Package of actions

The CMA’s package of actions has three distinct components:

- First, the CMA Board has decided to launch a strategic market status (SMS) investigation under its digital markets powers into Microsoft’s business software ecosystem that will also allow the CMA to examine cloud licensing, and is due to commence in May 2026. We have covered this component of the package in a recent blog post available [here](#). This will be only the fourth SMS investigation. Following the launch of three SMS investigations in January 2025, the CMA determined, in October 2025, that Apple and Google both have SMS in the provision of their [mobile platforms](#) and that Google should be designated with SMS in relation to its [general search and search advertising services](#).
- Second, following engagement with the CMA, Microsoft and Amazon are taking material steps to reduce egress fees and improve interoperability. The CMA indicates that “these actions create benefits for UK businesses, enabling greater scope for multi-homing to support customer choice and the resilience of UK tech stacks”. These are non-binding steps the firms take rather than formal undertakings.
- Third, the CMA will continue active engagement with Microsoft and Amazon to ensure that they take further meaningful steps to promote choice for UK cloud customers. It will seek views from UK customers and competitors to inform this dialogue, with the Board reviewing progress in six months.

Regulatory rationale

The backdrop to these actions is the CMA’s 2025 cloud services market investigation, which found that Amazon and Microsoft hold significant market power. Concerns identified in the market investigation included limits to customer choice due to data egress fees and barriers to interoperability restricting switching and multi-cloud use. Many had therefore expected the CMA’s next SMS investigations to target Amazon and Microsoft’s cloud services, as the market investigation had recommended, but for now those SMS investigations appear to be on hold.

Various factors have played into the Board’s decision, including the government’s growth-focused strategic steer, as well as the rapidly evolving nature of technologies (including AI

Main Article**Other Developments**[Merger control](#)[Antitrust](#)[General competition](#)

and emerging agentic capabilities) and Amazon and Microsoft's actions following engagement with the CMA. The CMA describes the actions it has decided upon as a *"mix of approaches"* - some legally binding and others drawing on proactive steps from firms - with such flexibility a *"novel and deliberate feature"* of the UK regime.

The CMA also believes the embedding of advanced AI into familiar workplace tools means this is *"a pivotal moment for the sector"* and *"the UK will benefit most where a broad range of competitors can integrate with Microsoft's business software, so that business and public sector organisations can mix-and-match AI software across suppliers to best suit their needs"*.

More broadly, the CMA is aware of the wider policy debate around the concentrated nature of UK cloud markets and the potential implications for UK resilience, strategic dependence, and technology sovereignty. The CMA considers that its actions can contribute to these broader policy goals, including enabling a wider range of providers to compete, and facilitating customers in using multiple providers to mitigate outage risk.

Parallel EU probes

It is also worth noting the parallel EU activity in these areas. In November 2025, the European Commission (Commission) opened three probes into cloud computing services under the EU Digital Markets Act (DMA). Two market investigations are to determine whether Amazon and Microsoft should be designated as gatekeepers under the DMA for their cloud computing services (Amazon Web Services and Microsoft Azure), even though they do not currently meet the DMA's gatekeeper thresholds for size, user number and market position. A third investigation will examine whether the DMA can effectively address practices that may limit competitiveness and fairness in the [EU's cloud computing sector](#). The Commission aims to conclude the investigations on Microsoft Azure and Amazon Web Services within 12 months and the market investigation on the DMA's application to cloud markets within 18 months. Should the Commission designate Microsoft and Amazon as gatekeepers, the companies would have six months to ensure full compliance of their designated cloud computing services with the DMA obligations.

Next steps

Further details on the purpose and scope of the SMS investigation and an invitation to comment will follow at commencement of the investigation in May. The CMA's press release says that the SMS investigation can take up to nine months from commencement, which takes us to early 2027 (with the CMA expected to set out a provisional view prior to taking a final decision). If the CMA decides to designate Microsoft, it may then impose conduct requirements, or introduce pro-competition interventions. The Board's review, in six months, of progress and any further steps to help UK customers multi-home and switch might therefore be the first key milestone to look out for.

OTHER DEVELOPMENTS

MERGER CONTROL

Court of Justice confirms validity of asset swap between RWE and E.ON

In 2018, E.ON and RWE announced a complex asset swap to restructure their German energy businesses, involving three transactions: RWE's acquisition of E.ON's generation assets, E.ON's acquisition of the distribution and retail business of RWE's subsidiary Innogy SE, and RWE's acquisition of a minority stake in E.ON. While the German national competition authority reviewed the third concentration, the Commission reviewed and approved the first two transactions as separate concentrations, prompting challenges by several German municipal authorities before the European Courts.

The European Court of Justice (CJ) ruled in June 2025 on the first concentration (as reported in a [previous edition](#) of our Newsletter).

[Main Article](#)[Other Developments](#)[Merger control](#)[Antitrust](#)[General competition](#)

On 19 March 2026, the CJ [dismissed](#) the appeals brought against the European General Court's (GC) [judgments](#) of 20 December 2023 relating to the second concentration in the E.ON/RWE asset swap, which was [conditionally approved](#) by the Commission on 17 September 2019, following a Phase II in-depth investigation.

In the appeals before the CJ, the appellants argued, in essence, that the GC had erred in law in upholding the Commission's assessment of the transaction and its scope. In particular, the appellants raised three main arguments. First, they claimed the GC should have found that the various transactions forming part of the broader asset swap constituted a "single concentration". Second, they argued that the Commission should have taken account of RWE's minority shareholding in E.ON when assessing the E.ON/Innogy transaction. Third, they contended that the Commission's competitive assessment was vitiated by errors as regards market definition, the effects of the concentration and the adequacy of the commitments. The appellants also raised procedural complaints, alleging that the GC had failed properly to examine certain arguments put forward before it.

The CJ rejected all these grounds of appeal. It confirmed that the GC had been correct to uphold the Commission's assessment of the E.ON/Innogy transaction as a concentration distinct from the other operations agreed between E.ON and RWE, notwithstanding their interdependence. Like in its earlier judgment on the first concentration, the CJ endorsed the GC's conclusion that those operations did not pursue a single result consisting in the acquisition of control by the same undertaking over the same assets. It also confirmed that the GC had been entitled to reject arguments relating to RWE's minority shareholding in E.ON, which had not been notified to the Commission in the context of the E.ON/Innogy transaction. As regards market definition, competitive effects and the commitments accepted, the CJ held that the GC had correctly confined its review to identifying possible manifest errors and that many of the appellants' arguments in reality sought a reassessment of the facts and evidence. By dismissing the appeals in their entirety, the CJ definitively confirmed both the GC's judgments and the Commission's approval of the second concentration.

ANTITRUST

Hong Kong Competition Commission brings bid-rigging proceedings in building maintenance sector

On 25 March 2026, the Hong Kong Competition Commission (HKCC) [commenced proceedings](#) before the Competition Tribunal (CT) against six companies and 12 individuals for alleged bid-rigging in connection with multiple building maintenance projects.

The HKCC alleges that the respondents participated in a coordinated bid-rigging syndicate affecting at least 11 buildings across eight districts in Hong Kong, with an aggregate contract value of close to HK\$700 million (approximately £ 70 million). One of the buildings concerned is Wang Fuk Court in Tai Po, the site of a devastating fire in November 2025 that tragically claimed the lives of 168 people and was suspected to have been linked to the use of non-compliant building materials during renovation works.

According to the HKCC, the bid-rigging arrangements were orchestrated by Smart Goal Construction Engineering Limited, Lermond Development Group Limited and Dream Building Construction Engineering Limited (collectively referred to as Dream Building), which allegedly acted as the central coordinators of the scheme. The HKCC alleges that Dream Building identified suitable projects, selected participating contractors, designated a "winning" bidder for each tender, instructed other participants to submit cover bids, and issued detailed pricing instructions to secure the predetermined outcome. To carry out this bid-rigging scheme, the respondents used coded language within the syndicate, including phrases such as "main character" to refer to the designated winning bidder, "helper" for contractors submitting cover bids, and "homework" for pricing instructions. It is alleged that such conduct amounts to bid-rigging, price-fixing, market allocation and exchange of competitively sensitive information, in contravention of the First Conduct Rule under section 6 of the Competition Ordinance, Cap. 619.

The proceedings underscore the HKCC's heightened enforcement focus on bid-rigging in the building maintenance sector, especially since the aftermath of the Tai Po fire. At a public hearing led by an Independent Committee to

[Main Article](#)[Other Developments](#)[Merger control](#)[Antitrust](#)[General competition](#)

review the causes of the incident, the HKCC's Executive Director for Legal Services foreshadowed further enforcement action, noting that investigations are ongoing to determine whether more than one bid-rigging syndicate may have been involved.

The HKCC has conducted multiple dawn raids in the building maintenance sector over the past two years. These include joint operations with the Independent Commission Against Corruption in [April 2024](#) and [August 2024](#), which yielded key evidence in the present case, as well as further raids in [August 2025](#), [September 2025](#) and [January 2026](#) in relation to other tenders potentially affected by bid-rigging around Hong Kong.

GENERAL COMPETITION

CMA publishes Annual Plan 2026 to 2027

The CMA has [published](#) its Annual Plan 2026 to 2027 (Annual Plan), setting out its priorities for the coming year. The Annual Plan is the CMA's first detailed implementation plan under its new [Strategy 2026 to 2029](#) and forms a central part of the CMA's ongoing transformation programme. The CMA has also published a [summary of responses](#) to its consultation on the draft Annual Plan.

The Strategy underpinning the Annual Plan is structured around five core objectives, which the CMA describes as reflecting "*a combination of continuity and change*". First, the CMA will remain a strong advocate for, and independent enforcer of, effective competition across the UK economy, while stepping up action to enable legitimate, pro-growth collaboration. Secondly, championing consumers remains at the heart of the CMA's work, with a focus on putting money back in people's pockets, protecting consumers from harm and supporting businesses to comply with the law, alongside robust enforcement under the enhanced consumer protection regime introduced by the Digital Markets, Competition and Consumers Act 2024. Thirdly, the CMA is dialling up its role as an enabler of competition through advice and recommendations to government, including in support of the government's Industrial Strategy, public procurement and the removal of regulatory barriers to growth. Fourthly, the CMA aims to foster a regulatory landscape that instils business and investor confidence and attracts investment, underpinned by its comprehensive "4Ps" framework - pace, predictability, process, and proportionality - which is intended to drive transformative change across the organisation during 2026 to 2027, without compromising the robustness of decision-making. Finally, across all of its work, the CMA will prioritise markets and issues that deliver the greatest tangible benefits for the UK's economy, citizens and businesses.

In practical terms, the Annual Plan reflects a sharpened but more targeted enforcement posture. The CMA points to continued delivery through existing casework, including the imposition of significant financial penalties, and identifies algorithmic collusion and public procurement as priority risk areas. The CMA highlights the increasing use of artificial intelligence-enabled tools to detect suspicious pricing and bidding patterns at scale. In its forward-looking agenda, the CMA emphasises the importance of ensuring that new technologies support, rather than impede, effective competition, with a particular focus on deterring algorithmic collusion. The Authority also underlines its intention to continue helping businesses understand how to stay on the right side of the law when using or offering algorithmic pricing services.

The Annual Plan also confirms a more focused approach to merger control, with the CMA emphasising that it will investigate transactions only where there is a genuine potential for competition concerns. In particular, the CMA indicates that it will generally avoid duplicating work where transactions are already under review by other authorities, unless UK-specific issues arise, and that it is willing to consider a broader range of remedies, including behavioural remedies, where appropriate.

Main Article

Other Developments

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