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## Regulatory Update

### UK Government Launches Consultation to Refine Competition Regime

By [Sally Evans](#), [Jade-Alexandra Fearn](#) and [Tom Murdoch](#)

#### Summary

On 20 January 2026, the UK Department for Business and Trade (DBT) published a consultation paper, “[Refining our competition regime](#)” (the Consultation), proposing targeted legislative reforms to the UK competition framework.

While the Consultation spans several areas, its most consequential proposals relate to refinements to UK merger control and a redesign of the markets regime, with the stated objective of improving pace, predictability and proportionality. There are also some proposed changes to the Competition and Markets Authority (CMA) decision-making process, which would abolish the independent panel of decision-makers in Phase 2 merger and markets cases and bring decision-making more directly under the control of the CMA board.

The rhetoric behind the Consultation is the promotion of the Government’s “Growth Agenda” and, consistent with this, the proposed procedural reforms may be seen as reducing the burden of investigations on business.

However, the Consultation retains the CMA’s “*material influence*” and “*share of supply*” tests, on the basis of which the CMA has jurisdiction to review minority interest acquisitions and mergers in relatively small markets where there is a concentration of share (the Consultation proposes only small changes to the scope of application of these tests). There had been speculation that the material influence and share of supply tests would be removed from the UK merger regime, but the Consultation falls short of proposing this. In retaining these tests, the CMA retains very broad jurisdiction to review mergers (broader than the large majority of other antitrust regulators).

The CMA has significant powers under the markets regime, including the ability to force divestments and impose price caps across an industry. These powers will remain, and the CMA will be able to use the revised markets tool to impose these measures more quickly in the future.

It is not, therefore, expected that competition law enforcement under the mergers and markets regime will be reined in following any legislative changes resulting from the Consultation. There may be, however, some welcome procedural efficiencies resulting from the Consultation.

In addition, increased decision-making authority of the CMA board and the abolition of the panel removes some of the checks and balances within the system. It will be interesting to see how the enhanced power of the executive will be used in future CMA decisions.

## Key Proposed Reforms and Significance

### ▪ Merger control reforms (jurisdiction, predictability and process)

Key proposals include:

- Clarification of the “*share of supply*” test, including removing the ability to rely on “*some other criterion, of whatever nature*” to determine that the 25% combined share test is met and limiting the assessment to the criteria set out in the Enterprise Act 2002 (i.e., value, cost, price, quantity, capacity and number of workers employed).
- Greater statutory clarity around “*material influence*”, with clearer articulation of relevant factors including shareholding size, voting rights, board representation, veto or consent rights, access to confidential strategic information, and commercial, financial or consultancy arrangements. This list of relevant factors is intended to be exhaustive going forwards, in the interests of clarity.
- Greater procedural flexibility at Phase 1, by extending the CMA’s statutory period to consider remedies following a substantially lessening competition (SLC) decision from 10 to 20 working days, while retaining the requirement for proposals to be submitted by working day five (subject to a potential five-working-day discretionary extension), with the intent of increasing the scope for cases to be resolved without a Phase 2 investigation.

### ▪ Markets regime reforms (CMA market-wide reviews and remedies)

The markets regime is the CMA’s framework for examining whether features of a market are restricting competition and, where concerns are identified, imposing remedies that can apply across an industry (including divestments and price controls).

The Consultation proposes a redesign of the CMA’s markets toolkit, centred on moving away from the current two-stage framework — market studies followed, where necessary, by market investigations — towards a single, flexible market review tool.

This would allow the CMA to set the scope, intensity and timetable of a review from the outset and, where concerns are identified, proceed directly to remedies without opening a separate market investigation. The Consultation also proposes refinements to concurrency, with the CMA retaining discretion to lead market reviews while sector regulators, such as the Financial Conduct Authority as competition regulator for the financial sector, could (by mutual agreement) monitor and enforce remedies, alongside more structured oversight of remedies, including regular review requirements and the potential use of minimum review periods or sunset clauses.

In practice, markets work is likely to become more front-loaded, with earlier engagement on potential outcomes. More systematic remedy review could improve longer-term predictability for affected businesses.

### ▪ Governance and decision-making (mergers and markets)

The Consultation proposes changes to the CMA’s decision-making structures across both the mergers and markets regimes. In particular, the Government is considering replacing the CMA’s panel-led Inquiry Group model with CMA board-led decision-making for Phase 2 merger decisions and market investigations, via new board committees (and associated subcommittees). The proposal would align governance more closely with the CMA’s digital markets decision-making model and strengthen board involvement and accountability. It also contemplates drawing on a pool of expert decision-makers alongside board members and non-executives.

If implemented, this would represent a material shift away from the CMA’s long-standing, quasi-judicial model and may affect how parties engage with the CMA in complex Phase 2 cases, given the closer involvement of board-level decision-makers.

## Timing and Next Steps

The Consultation sets out proposals only and invites submissions by 31 March 2026. It remains to be seen which measures (if any) will ultimately be taken forward, and in what form, following stakeholder feedback and the Government's response. The process of drafting legislative reforms and obtaining parliamentary approval is not likely to be quick.



*If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings lawyers:*

Sally Evans  
+44-20-3023-5297  
[sallyevans@paulhastings.com](mailto:sallyevans@paulhastings.com)

Jade-Alexandra Fearn  
+44-20-3321-1096  
[jadefearns@paulhastings.com](mailto:jadefearns@paulhastings.com)

Tom Murdoch  
+44-20-3986-1276  
[tommurdoch@paulhastings.com](mailto:tommurdoch@paulhastings.com)