

Microsoft takes £1.5bn stake in historic London Stock Exchange and signs tech deal

THE [LONDON Stock Exchange](#) Group made a major step towards the digital world today, signing a 10-year commercial deal with [Microsoft](#) which in turn takes a £1.5 billion stake in a business that goes back to 1801.

While the LSE is best known as a trading platform for [shares](#), its data and analytics business [Refinitiv](#), bought in 2019 for \$27 billion is what has attracted the tech giant founded by Bill Gates.

The [exchange](#) will spend \$2.8 billion over the next 10 years to buy cloud space from Microsoft.

The pair will then co-invest to develop data modelling and cloud products that should improve the quality of the information available to investors.

There is a hope the deal with “democratise” share trading, with information previously only seen by large fund managers becoming available to smaller investors.

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Microsoft is buying a 4% stake from the Blackstone/Thomson Reuters Consortium – no price was given, but at today's price it is valued at £1.5 billion.

LSEG shares today jumped 284p to 7690p, which values the business at £37 billion.

David Schwimmer, the former Goldman Sachs man brought in to modernise the business, said: "This strategic partnership is a significant milestone on LSEG's journey towards becoming the leading global financial markets infrastructure and data business and will transform the experience for our customers."

He says the deal will be a "step change" for customers, instead of slower incremental improvements.

Satya Nadella, Chairman and CEO, Microsoft, said: "Advances in the cloud and AI will fundamentally transform how financial institutions research, interact, and transact across asset classes, and adapt to changing market conditions.

"Our partnership will bring together the industry leadership of the London Stock Exchange Group with the trust and breadth of the Microsoft Cloud – spanning Azure, AI, and Teams – to build next-generation services that will empower our customers to generate business insights, automate complex and time-consuming processes, and ultimately, do more with less."

There will be speculation that in time Microsoft could raise its stake or perhaps even launch a full bid.

The LSE has attempted to merge with other stock markets several times over the years in an attempt to become a global business.

A merger with Deutsche Bourse in 2000 collapsed. Bids from Nasdaq in 2005 and 2006 also failed.

Either of those deals would have led to an overhaul of LSE's

tech systems, something Microsoft will now be charged with doing.

Scott Guthrie, a Microsoft's executive, will become a non-executive director of LSEG.

The companies say they had been working on this deal for a year.

Analysts say Covid, which led to many meetings taking place on Zoom or similar, has increased investors desire for more digital based tools.

Some in the City warn that it will be harder for regulators to keep track of what investors are doing if activity is occurring in the cloud and via AI.