



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2014/01/149)

30.01.2014

Notice u/s 6 (2) of the Competition Act, 2002 given by:

- HDFC Trustee Company Limited and HDFC Asset Management Company Limited

Order under Section 31(1) of the Competition Act, 2002

1. On 17th January, 2014, the Competition Commission of India (hereinafter referred to as the “Commission”), received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as the “**Act**”), given by HDFC Trustee Company Limited (hereinafter referred to as “**HDFC Trustee**”) and HDFC Asset Management Company Limited (hereinafter referred to as “**HDFC AMC**”) (hereinafter HDFC Trustee and HDFC AMC are collectively referred to as “**Acquirers**”).
2. The notice was filed pursuant to the execution of a Scheme Transfer Agreement (hereinafter referred to as “**STA**”) on 23rd December 2013 between HDFC Trustee, HDFC AMC, the Board of Trustees of Morgan Stanley Mutual Fund (hereinafter referred to as “**MS Trustees**”) and Morgan Stanley Investment Management Private Limited (hereinafter referred to as “**MS AMC**”) (hereinafter MS Trustees and MS AMC are collectively referred to as “**MS Entities**”). According to the STA, 8 (eight) mutual fund schemes of Morgan Stanley Mutual Fund (hereinafter referred to as “**MS Mutual Fund**”) *inter alia* including the assets, liabilities, unclaimed dividends, corpus along with trusteeship and management of these schemes, shall be transferred from MS Entities to the Acquirers.
3. The proposed combination falls under Section 5(a) of the Act.



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4. HDFC Mutual Fund, co-sponsored by the Housing Development Finance Corporation Limited (hereinafter referred to as “**HDFC**”) and Standard Life Investments Limited, is a trust established under the Indian Trusts Act, 1882. HDFC Trustee and HDFC AMC, the companies incorporated under the Companies Act, 1956 are respectively, the trustees and asset management company of the HDFC Mutual Fund. HDFC Mutual Fund is registered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (hereinafter referred to as “**Mutual Fund Regulations**”).
5. MS Mutual Fund, sponsored by Morgan Stanley, is a trust established under the Indian Trusts Act, 1882. MS AMC, a company incorporated under the Companies Act, 1956 is the asset management company of MS Mutual Fund. MS Mutual Fund is registered under the Mutual Fund Regulations.
6. Mutual funds in India are primarily regulated by SEBI under the Mutual Fund Regulations. As per the information available on the website of SEBI, 52 (Fifty two) mutual funds (along with their asset management companies) are registered with SEBI. Accordingly, there appears to be ample choice available to the customers in selection of the mutual fund. Further, there also seems to be no significant barriers for the customers to switch from one mutual fund to another without incurring any significant cost. As per the quarterly report issued by the Association of Mutual Funds of India (**AMFI**), the total size of the market in terms of the average asset under management (AAUM) for all the mutual fund schemes in India was Rs. 876546 crore for the quarter ending December 2013. It is observed from the report that the share of the MS Mutual Fund schemes in the total AAUM for the latest quarter was insignificant.
7. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and assessment of proposed



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combination on the basis of factors stated in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have appreciable adverse effect on competition in India and therefore, the Commission hereby approves the same under sub-section (1) of Section 31 of the Act.

8. This order shall stand revoked if, at any time, the information provided by the Acquirers is found to be incorrect.
9. The Secretary is directed to communicate to the Acquirers accordingly.

(Ashok Chawla)
Chairperson

(Geeta Gouri)
Member

(Anurag Goel)
Member

(S.N. Dhingra)
Member

(S.L. Bunker)
Member