



26.02.2015

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

- Sumitomo Mitsui Trust Bank Limited

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

1. On 29th December 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 (“**Act**”) given by Sumitomo Mitsui Trust Bank Limited (“**SMTB**” or “**Acquirer**”) pursuant to the execution of a share subscription agreement (“**SSA**”) and a strategic alliance agreement, both dated 25th December 2014 between SMTB and Reliance Capital Limited (“**RCL**”). (Hereinafter, SMTB and RCL are collectively referred to as “**Parties**”).
2. The proposed combination is an acquisition of 2.77 per cent of the paid up share capital of RCL by SMTB through share subscription and does not lead to any change in control of RCL. However, the proposed combination does not qualify for exemption under Item 1 Schedule 1 since the Acquirer has submitted that the proposed combination is a strategic alliance between the Parties for the establishment of a universal bank.
3. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), vide letter dated 14th January 2015, SMTB was required to remove certain defects and furnish certain information / document (s) by 19th January, 2015. SMTB filed its response on 20th January, 2015 after seeking extension. However, the response was found to be incomplete and another letter dated 23rd January, 2015 was issued to SMTB. The response to the said letter was filed on 2nd February, 2015, after seeking extension. Subsequently, another letter dated 6th February, 2015 was issued to SMTB and the response to the same was received on 16th February, 2015, after seeking extension.
4. The Acquirer is a company incorporated in Japan and is engaged in providing, *inter alia*, banking and financial services, including asset management, real estate management and financial and consulting services.



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2014/12/235)



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5. RCL, a company incorporated in India, is a systemically important non-deposit taking non-banking financial services company. It is engaged in the business of, *inter alia*, asset management, mutual funds, life and general insurance, stock broking, wealth management services, home and commercial finance, financial products distribution, asset reconstruction and proprietary investments in India, either directly or through its various subsidiaries.
6. As stated in the notice, SMTB provides loans to Indian companies as external commercial borrowing under the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000. Further, an associate enterprise of SMTB, namely, Ambit Investment Advisors Private Limited (“AIAPL”), a company incorporated in India, is engaged in the provision of fund management services to alternative investment funds and investment advisory services.
7. RCL, directly or through its subsidiaries, is engaged in the provision of the following services in India, namely, loans to large corporate customers in India, fund management services to alternative investment funds and investment advisory services, which overlap with those provided directly or indirectly by the Acquirer in India.
8. It has been observed that in each of the markets of loans to large corporate customers, investment advisory services and fund management services to alternative investment funds, SMTB and RCL have insignificant market shares. Further, it is observed that the presence of a large number of players in each of the above said markets would constitute a competitive constraint to the Parties.
9. 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 the proposed 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 an appreciable adverse effect on competition in India in any of the relevant markets and therefore, the Commission hereby approves the same under sub-section (1) of section 31 of the Act.
10. This approval is without prejudice to any other legal/statutory obligations as applicable.
11. This order shall stand revoked if, at any time, the information provided by SMTB is found to be incorrect.



COMPETITION COMMISSION OF INDIA
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12. The Secretary is directed to communicate to SMTB accordingly.