



25.05.2016

Notice u/s 6 (2) of the Competition Act, 2002 jointly given by Edelweiss Asset Management Limited, Edelweiss Financial Services Limited and Edelweiss Trusteeship Company Limited

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Mr. M. S. Sahoo
Member

Mr. G. P. Mittal
Member

Legal representative of the parties: M/s Khaitan & Co., LLP

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

1. On 21.04.2016, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”), jointly given by Edelweiss Asset Management Limited (“**Acquirer AMC**”), Edelweiss Financial Services Limited (“**Acquirer Sponsor**”) and Edelweiss Trusteeship Company Limited (“**Acquirer**”)



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- Trustee**”) (hereinafter Acquirer AMC, Acquirer Sponsor and Acquirer Trustee are collectively referred to as “**Acquirers**”).
2. The notice was given pursuant to the execution of a Scheme Transfer Agreement dated 22.03.2016 (“**STA**”) entered between the Acquirers and JPMorgan Asset Management India Private Limited (“**Target AMC**”), JPMorgan Asset Management (Asia) Inc. (“**Target Sponsor**”) and JPMorgan Mutual Fund India Private Limited (“**Target Trustee**”) (hereinafter Target AMC, Target Sponsor and Target Trustee are collectively referred to as “**Sellers**” and the Sellers and Acquirers are collectively referred to as “**Parties**”).
 3. The proposed combination relates to transfer of the trusteeship, management and administration, and sponsorship of 30 schemes of JPMorgan Mutual Fund (“**JPM MF Schemes**”) to Acquirer Trustee, Acquirer AMC, and Acquirer Sponsor, respectively, along with all assets, income, profits, receivables, rights, benefits, and obligations, including any unclaimed dividends/redemptions concerning the JPM MF Schemes (“**Proposed Combination**”).
 4. 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 03.05.2016, the Acquirer was required to remove defects and furnish certain information/document(s) regarding segment-wise market shares of the parties by 06.05.2016. The Acquirers filed their response accordingly. The Acquirers submitted certain additional information vide their letter dated 18.05.2016.
 5. Acquirer Sponsor is a public limited company, incorporated under the Companies Act, 1956 and listed on Bombay Stock Exchange and National Stock Exchange acts as the sponsor of Edelweiss Mutual Fund (“**Acquirer MF**”). Its areas of operation mainly include financial services, commodities trading, fund management and advisory services, investment advisory and investment company, investment management, capital market related activities and agricultural commodities. Acquirer AMC is a public limited company incorporated under the Companies Act, 1956. Acquirer Sponsor holds 100% shares and control of the Acquirer AMC. Acquirer Trustee is a public limited company which, operates as trustee to Acquirer MF. Acquirer Sponsor, Acquirer Trustee and Acquirer AMC belong to the Edelweiss group, which is a diversified financial services group.



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6. Target sponsor, a company incorporated under the laws of the State of Delaware, United States of America, is the sponsor of the JPMorgan Mutual Fund (“**Target MF**”). Target Sponsor is a wholly owned subsidiary of JPMorgan Asset Management Holdings (Asia), Inc. and ultimate subsidiary of JPMorgan Chase & Co., the holding company for JP Morgan group of companies. It renders financial management, financial consultancy and advisory services. Target AMC, a wholly owned indirect subsidiary of JPMorgan Chase, is an investment manager to the Target MF. Target Trustee is a company incorporated under the Companies Act, 1956 that plays the role of a trustee company of the Target MF. Target Trustee is a wholly owned subsidiary of Target Sponsor. Target Sponsor, Target Trustee and Target AMC belong to the JPMorgan Group which is a global asset management group.
7. The Commission noted that at the broader level, the Proposed Combination relates to the mutual funds sector. As per the information given in the notice, there are horizontal overlaps in the operations of the Parties in India in the activities relating to management of mutual funds.
8. The Commission further noted that the mutual funds can be sub-segmented on the basis of nature of scheme such as debt, equity, balanced schemes etc. Accordingly, for the purposes of competition assessment, the Commission considered each of the sub-segments of the mutual funds and observed that given the low market shares, insignificant change in market concentration and presence of other substantial competitors, the Proposed Combination does not seem likely to cause appreciable adverse effect on competition in any of the sub-segments of mutual funds.
9. As regards vertical relationships, the Parties submitted that none of the Parties are engaged in any activity relating to the production, supply, distribution, storage, sale and services or trade in products or provision of services which is at different stages or levels of production chain in which any other party to the Proposed Combination is involved.
10. Considering the facts on record, details provided in the notice 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 and, therefore, the Commission hereby approves the same under sub-section (1) of Section 31 of the Act.



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11. This order shall stand revoked if, at any time, information provided by the Acquirers is found to be incorrect.

12. The Secretary is directed to communicate to the Acquirers accordingly.