

[TO BE PUBLISHED IN THE GAZETTE OF INDIA. EXTRAORDINARY PART II,  
SECTION 3. SUB-SECTION (1)]

GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the February, 2024

G.S.R.\_\_(E). - In exercise of the powers conferred by clause (ad) of sub-section (2) of Section 63 of the Competition Act, 2002 (12 of 2023), the Central Government hereby makes the following rules to exempt certain categories of combinations under sub-section (7) of Section 6 of the Competition Act, 2002 from requirement to comply with sub-sections (2), (2A) and (4) of Section 6 of the Competition Act, 2002, namely: -

**1. Short title and commencement.**

- (1) These rules may be called the Competition Commission of India (Exempted Combinations) Rules, 2024.
- (2) They shall come into force on the date of their publication in the Official Gazette.

**2. Definitions.**

- (1) In these rules, unless the context otherwise requires,
  - a. "Act" means the Competition Act, 2002 (12 of 2003);
  - b. "Exempted Combinations" means categories of combinations which fulfil the criteria prescribed under these rules.
- (2) All other words and expressions used in these rules but not defined, shall have the same meanings, respectively assigned to them in the Act.

### **3. Criteria for Exempted Combinations under sub-section (7) of Section 6 of the Act:**

The categories of combinations which fulfil the criteria prescribed in the Schedule shall be exempt from the requirement to comply with sub-sections (2), (2A) and (4) of Section 6 of the Act.

**Schedule**  
**[see Rule 3]**

- (1) An acquisition of shares in the ordinary course of business.

Explanation: - The acquisition of shares of an enterprise shall be treated as in ordinary course of business where the said transaction is:

a. an acquisition of unsubscribed shares upon devolvement as per covenant of an underwriting agreement by any person registered with Securities and Exchange Board of India, or other similar authority established under any law for time being in force outside India, as an underwriter, in so far as the total shares or voting rights held by the acquirer, directly or indirectly, does not entitle the acquirer to hold twenty-five per cent (25%) or more of the total shares or voting rights of the company, of which shares are being acquired; or

b. an acquisition of shares as a stockbroker registered with Securities and Exchange Board of India, or other similar authority established under any law for time being in force outside India, in so far as the total shares or voting rights held by the acquirer, directly or indirectly, does not entitle the acquirer to hold twentyfive per cent (25%) or more of the total shares or voting rights of the company, of which shares are being acquired; or

c. an acquisition of shares as a mutual fund registered with Securities and Exchange Board of India, or other similar authority established under any law for time being in force outside India, in so far as the total shares or voting rights held by the acquirer, directly or indirectly, does not entitle the acquirer to hold ten per cent (10%) or more of the total shares or voting rights of the company, of which shares are being acquired.

- (2) An acquisition of shares or voting rights solely as an investment in so far as the total shares or voting rights held by the acquirer directly or indirectly, does not entitle the acquirer to hold twenty-five per cent (25%) or more of the total shares

or voting rights of the company, of which shares or voting rights are being acquired, not leading to acquisition of control of the enterprise whose shares or voting rights are being acquired.

Explanation: - The acquisition of shares or voting rights of an enterprise shall be treated as solely as an investment where -

- a. pursuant to the said acquisition, the acquirer does not gain a right or ability to have a representation on the board of directors of any enterprise either as a director or as an observer;
- b. pursuant to the said acquisition, the acquirer does not gain a right or ability to access commercially sensitive information of any enterprise;
- c. the acquirer or its group entities and their affiliates are not engaged in:
  - i. any activity relating to production of similar or identical or substitutable product(s) or service(s) as offered by the target or its group entities and their affiliates;
  - ii. any activity relating to production, supply, distribution, storage, sale and service or trade in product(s) or provision of service(s) which are at different stages or level of production chain to the activities of the target or of its group entities and their affiliates; or
  - iii. any activity relating to production, supply, distribution, storage, sale and service or trade in product(s) or provision of service(s) which are complementary to the activities of the target or any of its group entities or their affiliates.

Provided, where the acquirer or its group entities or their affiliates are engaged in any of the aforesaid activities mentioned in clause (c), the acquisition will be considered to be solely as an investment if such acquisition does not result in the acquirer holding ten per cent (10%) or more shares or voting rights after the acquisition.

- (3) An acquisition of additional shares or voting rights of an enterprise by the acquirer or its group entities, where the acquirer or its group entities, prior to acquisition, already holds shares or voting rights of the enterprise, but does not hold twentyfive per cent (25%) or more of the shares or voting rights of the enterprise, either prior to or after such acquisition:

Provided that such acquisition does not result in acquisition of control of such enterprise by the acquirer or its group.

Provided further that in case the activities of the acquirer or its group entities and their affiliates exhibit horizontal or vertical or complementary linkages with the activities of target or its group entities and their affiliates, the incremental shareholding acquired by a single acquisition or a series of smaller acquisitions does not exceed 5% except where the shareholding prior to such acquisition is less than ten per cent (10%) and as a result of such acquisition is ten per cent (10%) or more.

- (4) An acquisition of additional shares or voting rights of an enterprise by the acquirer or its group entities, where the acquirer or its group entities, prior to acquisition, already holds twenty-five per cent (25%) or more shares or voting rights of the enterprise, but does not hold fifty per cent (50%) or more of the shares or voting rights of the enterprise, either prior to or after such acquisition:

Provided that such acquisition does not result in change in control of such enterprise.

- (5) An acquisition of shares or voting rights, where the acquirer or its group entities, prior to acquisition, has fifty percent (50%) or more shares or voting rights in the enterprise whose shares or voting rights are being acquired, except in the cases where the transaction results in change in control of such enterprise.

- (6) An acquisition of assets of an enterprise in ordinary course of business:

Explanation: - The acquisition of assets of an enterprise shall be treated as in ordinary course of business provided that said acquisition involves acquisition of stock-in-trade, raw materials, stores and spares, trade receivables or other similar current assets that do not constitute business.

- (7) An acquisition of assets, not directly related to the business activity of the party acquiring the asset or made solely as an investment, not leading to control of the enterprise whose assets are being acquired except where the assets being acquired represent substantial business operations in a particular location or for a particular product or service of the enterprise, of which assets are being acquired, irrespective of whether such assets are organized as a separate legal entity or not.
- (8) An acquisition of shares pursuant to a bonus issue or stock splits or consolidation of face value of shares or buy back of shares or subscription to rights issue of shares, not leading to a change in control.
- (9) An acquisition of assets by one person or enterprise, of another person or enterprise within the same group, except in cases where there is change in control over assets being acquired.
- (10) A merger or amalgamation of enterprises within the same group provided that the transaction does not result in change in control.
- (11) Acquisition of shares, control, voting rights or assets by a purchaser approved by the Commission pursuant to and in accordance with its order under section 31 of the Act.
- (12) Demerger of a company and issue of shares by resulting company, in consideration of demerger, either to the demerged company or to the shareholders of the demerged company in the proportion of their shareholding in the demerged company prior to the demerger, except for discharge of consideration for fractional shares.

Explanation: For the purpose of this Schedule:

1. The acquirer and its group entities mean the ultimate controlling entity(ies) of the acquirer and other entities forming part of the same group.
2. An entity is considered to be an affiliate of another enterprise if that another enterprise has:
  - a. 10% or more of the shareholding or voting rights of the enterprise;  
or
  - b. right or ability to have a representation on the board of directors of the enterprise either as a director or as an observer; or
  - c. right or ability to access commercially sensitive information of the enterprise.

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