

# CCI PROBES 'FEE CARTEL' AT DEBT TRUSTEE UNITS OF SBI, AXIS, IDBI

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Capital Market & SEBI

India's antitrust body is investigating the trustee units of SBI, Axis Bank and IDBI Bank for suspected collusion on fees, triggering a lawsuit by a group representing them, documents seen by Reuters showed.

Indian regulations mandate companies raising debt appoint a so-called 'debenture trustee' to protect the interests of investors. The trustees charge a fee from the firms issuing the debt and make independent due diligence checks on them.

The three under investigation — SBICAP Trustee Company, Axis Trustee and IDBI Trusteeship — are among the leaders in the business in India overseeing hundreds of billions of dollars by rendering trustee services for not just debt securities, but also real estate and other investment funds.

The Competition Commission of India (CCI) in a confidential December order stated the Trustees Association of India (TAI)— a body where the trio are founding members — last year 'substantially' increased the fee for assisting companies raising debt and prevented members from going below a floor price, thereby hurting competition. The association has started a court challenge in Mumbai that seeks to quash what it terms an 'illegal' antitrust investigation directive, as per court filings.

The probe and the impending court hearing could have ramifications for India's almost \$500 billion corporate debt market by altering costs and affecting the way trustees operate.

The case was triggered by a complaint from Muthoot Finance. When it wanted to raise debt last year, Muthoot received a costing proposal which was 300% higher than previous rates.

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