COMPETITION COMMISSION OF INDIA

Case No. 23 of 2025

In Re:

Mr. Krishna Kumar Agrawal **Informant**
306-B, Ashiana Plaza, Budhh Marg,
Patna 800001, Bihar

And

ICICI Securities Limited **Opposite Party No. 1**
ICICI Venture House, Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400025

National Stock Exchange of India Limited **Opposite Party No. 2**
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex East,
Mumbai-400051

BSE Limited **Opposite Party No. 3**
P.J. Tower, 25th Floor, Dalal Street,
Mumbai 400001

Coram:

Ms. Ravneet Kaur
Chairperson

Mr. Anil Agrawal
Member

Ms. Sweta Kakkad
Member

Mr. Deepak Anurag
Member

Order under Section 26(2) of the Competition Act, 2002

1. The present Information has been filed by Mr. Krishna Kumar Agrawal ("**Informant**") under Section 19(1)(a) of the Competition Act, 2002 ("**Act**") alleging contravention of the provisions of Sections 3 and 4 of the Act by ICICI Securities Limited ("**Opposite Party No. 1**"/"**OP-1**"), in collusion with National Stock Exchange of India Limited ("**NSE**"/ "**Opposite Party No. 2**"/"**OP-2**"), and BSE Limited ("**BSE**"/"**Opposite Party No. 3**"/"**OP-3**"). Hereinafter, OP-1, OP-2 and OP-3 are collectively referred to as the "**Opposite Parties**"/"**OPs**".

2. As stated, the Informant is an Authorised Person ("**AP**") of OP-1, having been registered in such capacity since 20.03.2019 with both OP-2 and OP-3. The Informant functioned as an AP of OP-1 under a standardised agreement format prescribed by the Securities and Exchange Board of India ("**SEBI**") and stock exchanges. The agreement is stated to have been executed in a mandatory format prescribed by OP-2 and circulated *vide* Circular No. 705 dated 03.12.2009. The said circular, issued in terms of instructions from SEBI contained in Circular No. MIRSD/DR-1/Cir-16/09 dated 06.11.2009, mandates use of a standard AP Agreement ("**AP Agreement**") template across all trading members. A similar approach has also been followed by OP-3.

3. It is stated that in May 2025, OP-1 issued a termination notice to the Informant invoking the "termination without cause" clause of the AP Agreement. Similar notices were issued to hundreds of APs across India, following an earlier wave of mass terminations whereby in November 2024, OP-1 terminated approximately 600 AP Agreements at once. These terminations became effective around the first week of February 2025. The present instance, as per the Information, is part of a second wave of mass terminations.

4. It has been alleged that the termination of the AP Agreements was carried out unilaterally, without any cause, and OP-1 continues to retain and service clients who were originally onboarded by the APs through their own investments, efforts, and infrastructure.

5. The Informant has alleged that the clauses in the AP agreement are non-negotiable and structurally one-sided, allowing OP-1 to abuse its superior bargaining power and terminate APs at its own will, while denying them any post-termination economic interest or access to their own clientele.

6. It has also been alleged that OP-2 and OP-3 have facilitated a structurally anti-competitive framework by mandating identical AP Agreement formats and enforcing them uniformly, leaving APs with no bargaining power or competitive space. The termination clause permits one-sided and arbitrary severance by stockbrokers without any cause, notice, or compensation, thereby completely undermining the AP's economic agency and livelihood.

7. The Informant has submitted that the regulatory structure itself makes APs economically dependent on the stockbroker as an AP can be affiliated with only 1 stockbroker per exchange. The clients are registered with the broker and not with the AP. Upon termination, clients remain with the broker, leaving the AP with no income or the means to recover investment. Also, the termination not only extinguishes the revenue of AP but also nullifies its goodwill and long-standing business without compensation.

8. The Informant has submitted that this case is representative of the plight of hundreds of similarly placed APs, and he has received letters of support from other APs who have also been affected by mass terminations. The Informant has submitted letters of support given by 5 individuals. These letters mention that the individuals also received termination notice from OP-1 and faced similar consequences. This reinforces the allegation of abuse of dominance and structural foreclosure raised by the Informant.

9. It has been contended that SEBI and stock exchanges lack the jurisdiction to address such issues of abuse of dominance and foreclosure of market access, which falls exclusively within the domain of the Commission.

10. More specifically, allegations levelled by the Informant as per the Act are following:

    a) There exists a concerted practice between OP-2 and OP-3 in prescribing identical, non-negotiable AP Agreements, thereby depriving APs of any bargaining power, in contravention of Section 3(3) of the Act. By enforcing standardised operating conditions through circulars, OP-2 and OP-3 are stated to have created a market wide structure devoid of competitive contract terms. This coordinated enforcement of identical terms is stated to have resulted in the homogeneous exclusion of APs from negotiating fair contractual terms, entrenchment of dominant brokers' control over the intermediary market, suppression of competition and innovation among APs.

b) The conduct of OP-1 amounts to vertical restraints under Section 3(4) of the Act, as the mandatory contract terms imposed upon APs give rise to refusal to deal, since clients acquired by APs cannot be ported or serviced after termination; tie-in arrangements, as APs are effectively compelled to register with the same broker across both NSE and BSE for operational efficiency; and exclusive distribution obligations, whereby an AP is permitted to be affiliated with only 1 broker per exchange.

c) OP-1 has abused its dominant position in contravention of Section 4 of the Act by imposing unfair contractual terms which favors it without scope for negotiation, enabling one-sided termination without cause in contravention of Section 4(2)(a)(i) of the Act; by engaging in unjust enrichment through retention of clients and revenues originally generated by APs without providing them any compensation in violation of Section 4(2)(a)(ii) of the Act; and by denying market access to APs by way of coordinated mass termination and control over clientele, thereby foreclosing opportunities for them to continue their business in the securities intermediation market violating Section 4(2)(c) of the Act. The Informant has requested the Commission to protect the interest of consumers.

11. The Informant has prayed before the Commission to:

(a) direct an investigation against the OPs under Section 26(1) of the Act for contravention of the provisions of Sections 3 and 4 of the Act;
(b) direct OP-1 to suspend all ongoing and proposed termination of AP Agreements;
(c) impose penalties on the OPs under Section 27 of the Act;
(d) recommend structural reforms to SEBI, OP-2 and OP-3 to safeguard the autonomy and livelihood of APs.

12. The Informant has also sought urgent interim relief under Section 33 of the Act through an Interlocutory Application ("**IA**") IA No. 335 of 2025 filed on 15.07.2025 along with the Information to stay the operation of the termination notices, issued to APs whose agreements are proposed to be terminated on 31.07.2025. Subsequently, the Informant also filed IA No. 341 of 2025 dated 23.07.2025 seeking an urgent hearing on the interim relief.

13. The Commission considered the matter in its ordinary meeting held on 30.07.2025 and decided to pass an appropriate order in due course.

14. The Commission has perused the Information and noted that the allegations against OP-2 and OP-3 are primarily related to their alleged concerted practice of prescribing standard, non-negotiable AP Agreement resulting in a market lacking in competition. In this regard, the Commission notes that the AP Agreement format, including the termination clause, flows directly from a framework mandated by SEBI *vide* its Circular No. MIRSD/DR-1/Cir-16/09 dated 06.11.2009, and implemented by OP-2 *vide* its Circular No. NSE/CMTR/705 dated 03.12.2009, which aims at standardising contractual relationships between trading members and their APs in the interest of investor protection, regulatory uniformity and operational consistency. The role of OP-2 and OP-3 in prescribing a uniform agreement format arises from their obligation as exchange platforms under the regulation of SEBI.

15. In view of the foregoing, the Commission is of opinion that the alleged conduct, *inter alia*, of concerted practice of prescribing standard agreement by OP-2 and OP-3 flows from the regulatory architecture and therefore, does not attract the provision of Section 3(3) of the Act.

16. The Commission further notes that the allegations against OP-1 are related to violation of Section 3(4) and Section 4 of the Act as detailed in foregoing paragraphs.

17. With regard to the allegations under Section 3(4) of the Act, the Commission notes that the primary allegation relates to refusal to deal since clients acquired by APs cannot be ported or serviced after termination; tie-in arrangements, as APs are effectively compelled

to register with the same broker across both NSE and BSE for operational efficiency; and exclusive distribution obligations, whereby an AP is permitted to be affiliated with only 1 broker per exchange.

18. The Commission notes that, trading members such as OP-1 and APs such as the Informant operate under the regulatory framework of the sector in a principal-agent relationship and therefore, the standardised AP Agreements entered into between the brokers and APs cannot be given colour of anti-competitive agreements under the Act. Further, for any conduct to be examined under the provisions of Section 3(4) of the Act, there is a requirement of having significant market power by the concerned opposite party *i.e.,* OP-1 in the present matter. However, from the information available in public domain, it is noted that in addition to OP-l, there are a number of players in the market for securities intermediation services in India including HDFC Securities, Kotak Securities, SBI Securities and other financial institutions. Therefore, the Commission is of the view that there is no merit in the allegation regarding violation of Section 3(4) of the Act by OP-1 in the present matter.

19. With respect to the allegations under Section 4 of the Act, the Commission notes that in addition to OP-1, there are several significant players in the market for securities intermediation services in India as mentioned *supra* giving competitive constraint to OP-1. Accordingly, in such a fragmented market, there is no need for exact delineation of relevant market in the matter. Notwithstanding, even agreeing with the relevant market as suggested by the Informant *i.e.,* "*market for securities broking services rendered through APs in India*", OP-1 is not likely to be a dominant player. Without dominance, the case for abuse of dominance does not arise. Therefore, the Commission does not find merit in the allegations regarding violation of Section 4 of the Act by OP-1 in the present matter.

20. In view of the foregoing, the Commission is of the opinion that there exists no *prima facie* case of contravention of the provisions of Sections 3 and 4 of the Act against the OPs. Therefore, the matter be closed forthwith under the provisions of Section 26(2) of the Act. Consequently, both IA No. 335 of 2025 and IA No. 341 of 2025 stand disposed of as infructuous.

21. The Secretary is directed to communicate the order to the Informant, accordingly.

Sd/-

(Ravneet Kaur)
Chairperson

Sd/-
(Anil Agrawal)
Member

Sd/-
(Sweta Kakkad)
Member

Sd/-
(Deepak Anurag)
Member

New Delhi
Date: 15.09.2025