

What is Gun Jumping?

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About Gun Jumping:

- It essentially means **acting before the appropriate time** and refers to situations where a party or parties to a combination (M&A deal) **consummate a transaction before CCI approves the transaction**, thereby, violating standstill obligations.
- It is all about **competition and merger control**.
- Gun Jumping in competition jurisprudence occurs when parties to Mergers and acquisitions **deal consummate the transaction without keeping the competition authorities informed**.
- Most competition regimes, including India, **requires pre-merger notification** (in India it is the CCI)
- The concept of gun-jumping has not been expressly defined in the Competition Act, 2002.
- The law requires parties to a deal satisfying certain monetary thresholds, to first notify the CCI about the impending transaction.
- Parties are then obligated to conform to **the standstill provisions — wait for 210 days** from the date of notifying or till CCI approval happens, whichever is earlier.
- During the standstill period, the parties are required to continue to operate their businesses as independent entities.

- If the parties fail **to notify CCI before the consummation** of the deal or violate standstill obligations, this is typically referred to as gun jumping.
 - **Penalties:**
 - The Competition Commission of India (CCI) has the power to penalise parties for Gun Jumping under **Section 43A of the Competition Act 2002.**
 - The penalty can be as **high as 1 per cent of the total turnover** or 1 per cent of the assets, whichever is higher, of the combination.
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Q1) What is the Competition Commission of India?

The Competition Commission of India is a regulatory body in India responsible for enforcing competition laws to promote and sustain competition in various sectors of the economy. Its aim is to prevent anti-competitive practices, promote fair competition, and protect consumer interests.

Source: BL Explainer. Is India emerging as a hub for Gun Jumping?

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