

Prohibition summary and classification	Primary section references	Criminal enforcement	Civil enforcement	Primary exceptions / defences
Horizontal arrangements between competitors (non-merger)				
<p>PRICE FIXING CARTEL (<i>Per se/strict</i>)</p> <p>Undertakings are prohibited from entering into agreements or making decisions with respect to the 'production, supply, distribution, acquisition or control of goods or the provision of services which have the object of preventing, restricting or reducing competition.'</p> <p>Section 4(2) of the Competition Act contains a non-exhaustive list of agreements that are prohibited. This confers wide discretionary powers on the Pakistan Competition Commission (Commission) with respect to determining which arrangements are anti-competitive.</p> <p>Agreements which fix the purchase or selling price or impose any other restrictive trading conditions with regard to the sale or distribution of any goods or the provision of any service are prohibited.</p>	<p>ss 4(1) and 4(2)(a)</p>	<p>A failure to comply with an order of the Commission with respect to prohibited agreements shall constitute a criminal offence punishable with imprisonment for a term which may extend to one year or with fine which may extend to Pakistani rupees (PKR) 25 million and the Commission may initiate proceedings against the concerned party in a court of law of competent jurisdiction (s 38 (5))</p>	<p>The Commission may annul the agreement or require the undertaking concerned to take such actions specified in the order as may be necessary to restore competition and not to repeat the violation or engage in any other practice with similar effect (Section 31(b) of the Competition Act)</p> <p>The Commission may impose penalties for entering into a prohibited agreement, an amount not exceeding PKR 75 million or an amount not exceeding ten percent of the annual turnover of the undertaking (Section 38(2)(a) of the Competition Act)</p> <p>The Commission may direct an undertaking or any director, officer or employee of an undertaking, to pay by way of penalty a sum specified in an order after giving an opportunity of being heard. A penalty can be imposed if the Commission determines that the undertaking has been found to have engaged in any activity prohibited under the Competition Act (Sections 38 (2)(a)(b) and 38(3) of the Competition Act.)</p>	<p>The Commission may grant an exemption if the agreements substantially contribute to improving production or distribution; promoting technical or economic progress, while allowing consumers fair share of the resulting benefit; or the benefits of that clearly outweigh the adverse effect of absence or lessening of competition (Section 9). The <i>Competition Commission (General Enforcement) Regulations, 2007</i> set out the conditions and procedure for seeking individual and block exemptions.</p>
<p>MARKET ALLOCATION (SHARING) CARTEL (<i>Per se/strict</i>)</p> <p>Agreements which divides or shares markets for the goods or services, whether by territories, by volume of sales or purchases, by type of goods or services sold or by any other</p>	<p>ss 4(1) and 4(2)(b)</p>	<p>As per price fixing, above.</p>	<p>As per price fixing, above.</p>	<p>As per price fixing, above.</p>

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means are prohibited (also see response to price fixing above).				
BID RIGGING (COLLUSIVE TENDERING) CARTEL (<i>Per se/strict</i>) Section 4(2)(e) of the Competition Act prohibits agreements for collusive tendering or bidding for sale, purchase or procurement of any goods or service (also see response to price fixing above).	ss 4(1) and 4(2)(e)	As per price fixing, above.	As per price fixing, above.	As per price fixing, above.
OUTPUT RESTRICTION CARTEL (<i>Per se/strict</i>) Agreements which fix or set the quantity of production, distribution or sale with regard to any goods or the manner or means of providing any services are prohibited (also see response to price fixing above).	ss 4 (1) and 4(2)(c) and other sections as per price fixing above.	As per price fixing, above.	As per price fixing, above.	As per price fixing, above
EXCLUSIONARY PROVISIONS (COLLECTIVE BOYCOTTS) (<i>Per se/strict</i>) Agreements which include exclusionary provisions boycotting other competitors from the relevant market are prohibited as they have object and possibly the effect of restricting competition with the relevant market. (also see response to price fixing above)	ss4(1) ss 38(2)(a) and (b), 38(3) and 38(5)	As per price fixing, above.	As per price fixing, above.	As per price fixing, above.
SECONDARY BOYCOTTS (<i>conditional</i>) There is no specific provision regarding secondary boycotts.	N/A	N/A	N/A	N/A
PRICE SIGNALLING There is no specific provision regarding price signalling.	N/A	N/A	N/A	N/A
Vertical arrangements between suppliers and acquirers (non-merger)				
EXCLUSIVE DEALING (Conditional, other than third-line forcing, below) No specific provision regarding exclusive dealing, but may fall within the ambit of s 4(2)(a).	ss 4(1) and 4(2)(a)	As per price fixing, above.	As per price fixing, above.	As per price fixing, above.
THIRD-LINE FORCING (<i>Per se/strict</i>) 'Tie-ins' are prohibited, i.e. where the sale of goods or service is made conditional on the purchase of other goods or services and such practice prevents, restricts, reduces or	ss 3(3)(c), 3(3)(d) and 3(3)(h) s 4(2)(g)	As per price fixing above	As per price fixing above	There are no exemptions or exceptions to abuse of dominant position. It may be noted that an abuse of dominant position shall only take if the practice is of a nature that prevents, restricts, reduces or distorts competition

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distorts competition shall constitute 'abuse of dominant position.'				
Agreements making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which by their nature or according to commercial usage, have no connection with the subject of the contracts shall constitute abuse of dominant position provided such practice restricts, reduces or distorts competition.				
RESALE PRICE MAINTENANCE (<i>Per se/strict</i>)	As per price fixing above	As per price fixing above	As per price fixing above	As per price fixing above.
No specific provision with respect to resale price maintenance. But, see response to price fixing above.				

Anti-competitive arrangements				
ANTI-COMPETITIVE ARRANGEMENTS	s 2 (definitions)	As per price fixing above.	As per price fixing above	As per price fixing above
No undertaking or association of undertakings shall enter into any agreement or, in the case of an association of undertakings, shall make a decision in respect of the production, supply, distribution, acquisition or control of goods or the provision of services which have the objects or effect of preventing, restricting or reducing competition within the relevant market.	s 4(1) (Prohibited Agreements)			

Misuse of market power				
The Competition Act prohibits abuse of dominant position.	ss 3(1)-(3)	As per price fixing above	The Commission may in the case of an abuse of dominant position, order the undertaking concerned to take such actions as may be necessary to restore competition and not to repeat the contravention or engage in any other practice with similar effect (Section 31(a) of the Competition Act)	There are no exceptions or defences whereby an undertaking would be allowed to abuse its dominant position.
The Competition Act deems occurrence of abuse of dominant position where the practices prevent, restrict, reduce or distort competition.				
Section 3(3) of the Competition Act provides a non-exhaustive list of such practices: <ul style="list-style-type: none"> • limiting production, sales and unreasonable increases in price or other unfair trading conditions; • price discrimination by charging different prices for the same goods or services from different customers in the 				

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<p><i>absence of objective justifications that may justify different prices;</i></p> <ul style="list-style-type: none"> • <i>tie-ins, where the sale of goods or service is made conditional on the purchase of other goods or services;</i> • <i>making conclusion of contracts subject to acceptance by the other parties of supplementary obligations which by their nature or according to commercial usage, have no connection with the subject of the contracts;</i> • <i>applying dissimilar conditions to equivalent transactions on other parties, placing them at a competitive advantage;</i> • <i>predatory pricing driving competitors out of a market, prevent new entry, and monopolize the market;</i> • <i>boycotting or excluding any other undertaking from the production, distribution or sale of any goods or the provision of any service; or</i> • <i>refusing to deal.'</i> <p>PREDATORY PRICING (<i>conditional</i>)</p> <p>No person shall abuse dominant position. An abuse of dominant power shall be deemed to have been brought about if it consists of practices such as predatory pricing driving competitors out of a market, prevent new entry or monopolize the market. (Section 3 (3) of the Competition Act)</p>	Section 3(3)(f) of the Competition Act	As per price fixing above	As per price fixing above	As per price fixing, above.
Mergers / acquisitions				
No undertaking shall enter into a merger which substantially lessens competition by creating or strengthening a dominant position in the relevant market.	<p>s 11 (Approval of mergers)</p> <p>Regulation 4 of the Competition (Merger Control) Regulations, 2007 ('Merger Control Regulations')</p>	As per price fixing above.	<p>If the Commission determines that the transaction under review does not qualify the criteria for approval under s 11, it may undo the merger or approve such merger subject to any conditions</p> <p>Under s 32 the Commission may issue interim orders directing the undertaking to do or refrain from doing or continuing to do any act or thing specified in its order</p> <p>any activity prohibited under the Act.</p> <p>The Commission may impose penalties for contravention of s</p>	<p>If the Commission determines that the intended merger substantially lessens competition by creating or strengthening a dominant position, it may nonetheless approve the transaction if the requirements of s 11(10) are met.</p> <p>Moreover, pursuant to Regulation 4 of the Merger Control Regulations, no application for clearance is required from the Commission if the merger does not meet certain thresholds.</p> <p>Furthermore, under Regulation 4A of the Merger Control Regulations, the following transactions are exempt from filing pre-merger notification:</p> <p><i>'(i) A transaction in which a holding company (whether incorporated in or outside Pakistan) increases its stake in its subsidiary or the subsidiaries thereof (whether incorporated in or outside Pakistan), or if such subsidiary acquire or increase their equity investment in each other;</i></p> <p><i>(ia) a transaction in which a holding company (whether incorporated in our outside Pakistan), merges, amalgamates, combines or ventures jointly with its subsidiary or</i></p>

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			<p>11 of an amount not exceeding PKR 75 million or an amount not exceeding 10% of the annual turnover of the undertaking.</p>	<p><i>the subsidiaries thereof (whether incorporated in or outside Pakistan) merge, amalgamate, combine or venture jointly with each other; and</i></p> <p><i>(ii) A transaction in which a bank or an insurance company deals in trading of shares for</i></p> <p><i>its own account for the purpose of earning dividend income and capital gains and not with the intention of acquiring controlling interest in the investee company.</i></p> <p><i>(iii) shares acquired by succession or inheritance;</i></p> <p><i>(iv) shares acquired as a gift from one's spouse or immediate blood relatives;</i></p> <p><i>(v) shares acquired through will (testamentary bequeath voting shares acquired by a person, acting as securities underwriter in ordinary course of business;</i></p> <p><i>(vii) voting shares allotted pursuant to a right issue; provided that the voting securities acquired do not increase, directly or indirectly, the acquiring person's per centum share of outstanding voting securities of the issuer;</i></p> <p><i>(viii) Where an undertaking, the normal market activities of which include the carrying out of transactions and dealings in securities for its own account or for the account of others, acquires securities of another undertaking and sells back the acquired securities on pre-determined price within a period of 6 months from the date of such acquisition.</i></p> <p><i>(ix) real property or goods acquired in the ordinary course of business if the person who intends to acquire the assets shall not, as a result of the acquisition, hold all or substantially all of the assets of a business or of an operating segment of the business; and</i></p> <p><i>(x) un-explored real resource property acquired for the purpose of exploration or development.</i></p> <p><i>While the above transactions may be exempt from pre-merger notification, they may still be subject to substantive review under the Competition Act, if so deemed appropriate by the Commission.'</i></p>
<p>INTERNATIONAL</p> <p>The Competition Act applies to all undertakings, actions or matters that take place in Pakistan and which distort competition within Pakistan.</p>	<p>s 1(3)</p>	<p>See generally as per domestic mergers/ acquisitions above</p>	<p>See generally as per domestic mergers/acquisitions above</p>	<p>See generally as per domestic mergers/ acquisitions above</p>