

The Executive Regulation of Competition Law

Chapter I: Definitions

Article 1:

The following terms wherever met in the regulation Law herein shall have the meanings indicated opposite thereto unless the context requires otherwise:

- **The Institution:** The factory, the establishment or the company owned by a person or persons of natural and legal individuals, all the compounds practicing commercial or agricultural or industrial or any service or selling and buying goods or services.
- **Market:** A place or a method where a group of current or expected investors and sellers during a definite period of time.
- **Governance:** is a position where an institution or a group of institutions hold a ratio of about 35% and more of the market's volume and are able to impact in the prevailed price through controlling in a specific ratio of the wholly offer of a piece of goods or a definite service of the industry where it practices its activity in.
- **Mergering:** To merge an institution into another or more, or to emerge two institutions or more into a new one.
- **The Council:** The Council of Competition Protection.
- **The Ministry:** The Ministry of Commerce and Industry.
- **The Minister:** The Minister of Commerce and Industry.
- **Rules:** The Executive Rules of this Law.

Chapter II: The Goals of the Law and its Applicable Field

Article 2:

The Law aims at the following:

- 1- Controlling the provisions regarding the prices freedom.
- 2- Defining the rules regulating the freedom of competition and defining the obligations of producers, traders, people giving service and other brokers aiming at avoiding every action violating the competition rules.
- 3- Securing transparency of prices.
- 4- Overcoming the monopoly practices or practices aiming at affecting the legal competition.
- 5- Prohibiting irregular excesses of prices and controlling the economic concentration.

Article 3:

A- The Law shall be applicable on the following:

- 1- All the commercial and industrial institutions working in the market.
- 2- All the institutions marketing its products or submitting its services inside the Kingdom even if they have not any presence in the Kingdom.

B- To be excluded of the provisions of this law:

- 1- All the companies, establishments and organizations fully owned by the government.
- 2- All the companies, establishments and organizations having a governmental concession.

Chapter III: Conditions and Terms of the Competition

Article 4:

- 1- The seller shall treat all the customers in a fair manner which does not lead to discrimination in services and facilities.
- 2- The actions of illegal competition shall not be contrary to honest customs in the industrial and commercial matters.

Chapter IV: Violations Against Competition

Article 5:

The following is deemed violating practices to the Law:-

- 1- Agreements among competitors to decide prices whether the prices are defined on basis of minimum or maximum price or an appointed range of prices for goods and services.
- 2- Agreement among competitors to distribute markets or customers whether definition is on basis of naming a certain establishment among a group of commercial activity for the producers or distribution of sale on basis of geographical boundaries or deciding customers for each seller.

- 3- Conspiring in tenders where two companies or more agree together on not to compete against each other in goods and services or agree to give a chance for a certain company to submit with lower prices.
- 4- Agreement between two competitors or more to exclude treatment with a certain company.
- 5- The company makes to sell a certain product on condition that the buyer buys another product or buying a certain quantity or buying spare parts or any certain selling.
- 6- The contract that prevents the distributor from marketing similar goods produced by competitors of the manufacturing agency.
- 7- Imposing different prices on the same goods in different markets to get the maximum price in the reach of different categories of consumers.
- 8- The importer tends to sell at low price less than cost price in order to discharge his competitors from the circle of commercial activity, and the importer tends – if he has a governance stand to import intermediary inputs at expensive prices to achieve the same goal.
- 9- The factory or the distributor agency tends to enforce the buyer maintain the reselling price.
- 10- The persons having a control situation in the market are prohibited from misusing such situation in doing useless practices against competition especially as follows:
 - a- Imposing an imaginary price of the product as a result to impede or – to minimize – or to refuse dealing with it whether in selling or buying or in any form else.

- b- Enacting an imaginary short or plenty of the products as a result of playing within the available quantities.
 - c- Minimizing the freedom of any person from accessing or existing the market at any time whether by refusing holding transactions of selling or buying a certain product with him without justification – or selling the concerned products at lower price less than their actual cost price – or to stop treatment with him completely.
 - d- Wasting chance equity among competitors by giving conditions of selling and buying to the some differ from the others without giving justification.
- 11- All the activities that of its nature in any way creating doubt with an institution of one of the competitors or his products or his industrial or commercial activity.
- 12- Claims contrary to reality in practicing trade of its nature eliminating trust from the institution of one of competitors or his products or his industrial or commercial activity.
- 13- Data and claims if used in trade leading to deceive the public regarding goods nature or their manufacturing method or their characteristics or their use validity or their quantity.
- 14- The institution concerned with the complaint shall not be permitted to hide any data because of undisclosed or any reason whenever requested to do so by the judicial seizure officers and the judicial seizure officers and others who obtain such data shall have to maintain the undisclosed of data and protect them from illegal commercial usage.

Article 6:

The provisions of the previous article are not drawn on agreements held between individuals and competitive institutions that informed (Competition Council) with, and the Council detects after revision and study that the basic aim is the contribution in enhancing production of goods or services or their distribution or encouraging technological or economical progress such as:

- a- If the agreement shall lead to lessening production cost or distribution or if a big portion of such depreciation is translated to consumers in a shape of depreciating prices.
- b- If the agreement shall lead to producing goods or services of more quality and doesn't lead to impede the possibilities of competition with others without legal reason.

Chapter V: Emerger Provisions

Article 7:

The institution, desiring merger or acquisition or joining two managements or more into one mutual management aiming at governance of 50% of the total volume of the market, shall have submit an application to the Council including the following:

- 1- Name of institution, address and nationality.
- 2- A statement shows the size of its products and sales and deciding his ratio of the local market.
- 3- Paying (SR. 1000) one thousand Saudi Riyals to inspect the application.

- 4- If the applicant is submitted from an agent, then he shall state his name, his title and his address and enclose a photocopy of his power of attorney and to bring the original to verification.
- 5- Signature and seal of the applicant or his agent.
- 6- Submitting the application before (60) sixty days since emerger date.

Chapter VI: Competition Council

Article 8:

The seat of the Council shall be in the Ministry of Commerce and Industry.

Article 9:

The Council consists of the Chairman and eight members as follows:

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| 1- The Minister of Commerce and Industry | Chairman |
| 2- A representative from the Ministry of Commerce and Industry | Member |
| 3- A representative from the Finance Ministry | Member |
| 4- A representative from the Ministry of Economy and Planning | Member |
| 5- A representative from the Saudi Arabian General Investment Authority | Member |
| 6- Four members having experience nominated by the Ministry of Commerce and Industry | |

Article 10:

The Council held its meetings cyclical once every three months at least or whenever necessary.

Article 11:

- 1- The Council shall have a General Secretariat chaired by General Secretary appointed by the Minister of Commerce and Industry with a degree not less than fifteen who undertakes preparing the Council agenda and notifying the Council's members with the appointments of holding sessions and following up what the Council issues of resolutions without having the right of voting.
- 2- The General Secretariat comprises economic legal, technician, secretary experts to undertake the jobs granted to them.

Article 12:

The Chairman of the Council shall chair the sessions and in case of his absence the Council is chaired by the Vice-Chairman appointed by him.

Chapter VII: Violations Seizure

Article 13:

The employees referred to in Article 11 of the Law jointly or severally shall have the right to seize what they see of violations to the provisions of the Law and its executive regulation.

Article 14:

Any employee, referred to in the previous article shall have the right to fulfill the jobs he undertakes, to do the following:

- a- Entering the institutions suspected in its violation of such Law and reviewing all instruments.

- b- Doing an urgent investigation with the violator if such thing is relevant after confronting the violator with the violation attributed to him and in all cases his comments written and signed by him and attaching such thing with the seizure record after writing the violator's name, his address, the address of the commercial institution and transferring all the papers to the competent committee formed under Article 15 of the Law.

Article 15:

The judicial investigation officers shall bear what approves his identity and show it when requested.

Article 16:

The violator shall adjust his positions and remove his violation immediately after informing him with such violation. Notwithstanding, the removal of violation doesn't exempt him from the punishments consequent of such violation against him under the provisions of the Law.

Chapter VIII: Rules and Procedures of Violations' Settlement

Article 17:

The Chair of the committee – appointed by the issued resolution to form it – shall supervise its activities, deciding appointments of sessions and distributing work between him and its members.

Article 18:

Those who are concerned shall be notified with the time of decided session to view the violation before the mentioned appointment with a week at minimum but on condition that the notification shall include the charge attributed to the

violator and order him to attend to hear his statements and to submit what concerns him of instruments. Also, the committee shall have the right – when necessary – to summon the employee who seized the violation to explain any matter in regard to it.

Article 19:

A committee or committees shall be formed by a resolution of the Minister in places where such committees are necessary to be formed upon a recommendation of the Council. Each committee is formed of five members, among them shall be a regular advisor at minimum and shall undertake reviewing and deciding violations need fine.

Article 20:

The committee shall be entitled to complete necessary investigations and inspections of the place of seizure and it entitled to do inspection with all its members or to represent one of them for such mission upon condition that a report – shall be submitted to the committee – of the result of inspection.

Article 21:

The committee shall decide in violations transferred to it immediately. Notwithstanding, if the matter necessitates to review the violation in more than one session, it is better to notify the concerned absentees, of one of the sessions, with the appointment of the following session.

Article 22:

The meeting of the committee shall be proper in case of the presence of all its members and its resolutions are issued by majority and every member undertakes preparing the resolutions he is entrusted to.

Article 23:

The concerned bodies shall be notified with a copy of the resolution issued against them and must include a statement of their right to appeal against the committee's resolutions before the Board of Grievances within a period not more than sixty (60) days since the convict was notified with the resolution of penalty in accordance with Article 15 of the Law.

Article 24:

The issued resolution regarding the cause shall not be deemed final except after expiry of the period of grievance referred to in Article (15) of the Law without submitting it or after refusing it if submitted.

Article 25:

The notification of the concerned bodies with appointments of sessions, issued resolutions by the committee by handling it to them personally of them. And if the concerned bodies reject receiving, such thing must be recorded and the notification is deemed proper.

Article 26:

The resolution shall be published in the official Gazette and shall be become effective on the date of publication.