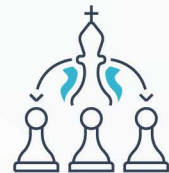


## Brief of Events of being Subject to the Competition Law by the Commercial Entities

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### ... The Competition Law



The Competition Law issued by Royal Decree No. (M/75) dated 1440/6/29 AH, and its executive regulations (the "**Law**"), regulate economic concentration in addition to other operations directly and closely related to the integrity and stability of the state of competition within the Kingdom.

### ... The Scope of Implementing the Law



The provisions of the law are applicable on practitioners of economic activity, whether natural or legal persons.

### ... The Exception



The public organizations and companies that are wholly owned by the government are excluded from being bound by the provisions of the Law, when any of them is exclusively authorized pursuant to an official exemption tool to provide a product in a specific domain; and an official tool means a royal order, royal decree, a resolution from the Council of Ministers, or supreme/high order.



#### Means:

- ☐ Any transaction related to the transfer of ownership of assets, rights, shares, shares or obligations of an entity to another entity, whether a partial or total transfer. Transfer of ownership applies to any merger, acquisition or possession.
- ☐ Combining two or more departments into a joint administration.
- ☐ Any act that leads to the control of one or more entities, whether through:

☐ Influencing its decisions.

☐ Appointing its administrative body.

☐ Determining the voting mechanism therein.

- ☐ The entities wishing to participate in an economic concentration shall

submit to the Authority a request for approval **(90) days** before the completion of the economic concentration.

Comply to submit the necessary documents and fill out the required forms.

Pay the fees.

### The Obligation to Report an Economic Concentration

- ☐ Entities wishing to participate in economic concentration must submit to the General Authority for Competition (the "**Authority**") a request for approval when the total annual sales value of all participating entities exceeds the amount of **(100,000,000) one hundred million Saudi riyals**.

### The Criterion of (Total Annual Sales Value)

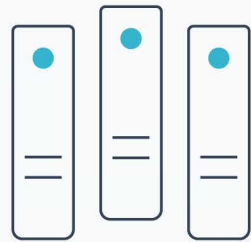
- ☐ Entities participating in economic concentration are not exempted from the obligation to report it in the event that the financial statements of one or more of the participating entities indicate zero returns, as long as the total annual sales value of all other entities participating in the economic concentration exceeds the amount of **(100,000,000) one hundred million Saudi riyals**, whether they are collected inside or outside Saudi, and whether the participating entities are Saudi or non-Saudi companies.
- ☐ The total value of annual sales is calculated for all the entities participating in the economic concentration, and it includes:
  - In the event of merger:** the two merged entities.
  - In the event of acquisition:** the acquiring entity, the acquired entity and the seller of the acquired entity.
- ☐ The Authority relies on the data of the last full financial year of the entity for which audited accounts are available.

### Conditions for Reporting an Economic Concentration





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01

Filling out the forms designated by the Authority for the economic concentration transaction according to the type of transaction, which must be filled out by the participating entities separately.

02

The Authority may, during the review period request any relevant information that appears to be of importance to the review.

03

In the event that the participating entities do not provide the Authority with any information they request within **(15) days** of request, it shall be considered as an abstention that leads to the rejection of the economic concentration, unless justified reasons are presented.

### The Documents and Forms required for Reviewing an Economic Concentration Request

04

Providing the Authority with one report describing:

Basic information about the transaction involving economic concentration and the participating entities.

The potential impact of the economic concentration on the competition in general.

Sectors and markets involved in the economic concentration.

Key clients.

Leading competitors.

#### Fees

- A percentage of **(%0,0002)** of the total annual sales value of the entities participating in the economic concentration, provided that the percentage does not exceed the amount of **(400,000) four hundred thousand Saudi riyals.**

#### The Timeframe for Reviewing an Economic Concentration

- (90) days**, starting from completion of documents and payment of fees. The timeframe is considered suspended in the event the Authority requests further information, until such requested information is provided to the Authority.

#### Withdrawal

- The request for economic concentration review can be withdrawn and not proceeded with any further, however the amounts paid for the review are not refundable.



#### The Resolution

- The resolution of the Authority shall be issued in one of the following forms:

- Approval
- Conditional and justified approval**, provided that compliance with the terms of the resolution is monitored, and in the event of non-compliance, the approval will be withdrawn after (30) days from a written warning.
- Rejection**, which shall be justified as well.

- The resolution shall be issued within a period not exceeding **(90) days** from the completion of the documents and the payment of the fees.

- In the event that the statutory period for reviewing the economic concentration has passed and no resolution has been issued regarding the request, it shall be considered as an implied approval.

- It is possible to have a resolution that is limited by a specified validity period and geographical scope.



#### ... Consequences of Non-reporting an Economic Concentration

- The Authority is entitled to review and evaluate the economic concentration on its own.
- Being subject to a fine not exceeding **(%10)** of the total annual sales value, or a fine not exceeding three times the gains achieved by the violator as a result of the violation.

#### ... The Exemption

- The Authority grants an exemption from being bound by the provisions of the Law concerning reporting an economic concentration, based on a recommendation from a technical committee in specific cases that are taken into account when the result thereof achieves the objectives of the Law, and the exemption is provided based on a request to be submitted pursuant to the specified form by the Authority, where the request shall be inclusive of the positive outcomes and justifications for the exemption request supported by the relevant documents.

