

Competition Law

Article 1:

The following terms, wherever mentioned in this Law, shall have the meanings assigned to them, unless the context requires otherwise:

Law: Competition Law.

GAC: General Authority for Competition.

Board: GAC Board of Directors.

Chairman: Chairman of the Board.

Governor: Governor of GAC.

Regulations: Implementing Regulations of the Law.

Entity: Any natural or corporate person engaged in an economic activity. Such activity includes: Business, agricultural, industrial and service activities as well as purchase and sale of goods and services.

Market: A place or means where a group of current and prospective buyers and sellers meet within a specified period of time.

Dominant Position: A situation in which an entity - or a group of entities - controls a certain percentage of the market where it operates or has influence, or both. The Regulations shall determine such percentage in accordance with criteria approved by the Board.

Economic Concentration: Any act that results in the total or partial transfer of ownership of assets, rights, equity, shares, or obligations of an entity to another, or the joining of two or more administrations in a joint administration, in accordance with the rules and standards set by the Regulations.

Committee: Committee for Adjudication of Violations of the Law.

Article 2:

The Law aims to protect and encourage fair competition and to combat and prevent monopolistic practices that affect lawful competition or consumer interest; leading to improved market environment and economic development.

Article 3:

1. Without prejudice to the provisions of other laws, the provisions of the Law shall apply to the following:
 - a. All entities within the Kingdom.
 - b. Practices occurring outside the Kingdom that have an adverse effect on fair competition within the Kingdom, in accordance with the provisions of the Law.
2. Public establishments and state-owned companies shall be excluded from paragraph (1) of this Article if such establishments or companies are solely authorized by the Government to provide goods or services in a particular field.
3. In the application of the provisions of the Law, GAC shall have inherent jurisdiction over any matters arising therefrom, which may be inconsistent or overlap with the jurisdictions of other governmental bodies.

The Regulations shall specify the controls to be observed in the application of this Article.

Article 4:

The prices of goods and services shall be in accordance with the rules of the market and the principles of free competition, except for the prices of goods and services determined by a Council of Ministers resolution or under a law.

Article 5:

Practices including agreements or contracts between entities, whether written or oral, explicit or implicit, are prohibited if the purpose or effect thereof prejudice competition, particularly the following:

1. Determining or proposing prices of goods, service fees, and terms of sale or purchase, etc.
2. Determining the sizes, weights, or quantities of goods produced or the performance of services.
3. Limiting the free flow of goods and services to or from the markets in whole or in part by unlawful concealment or storage or refusal to deal therein.
4. Any conduct that excludes or obstructs the entry of an entity into the market.
5. Denying a particular entity or entities access to goods and services available in the market in whole or in part.
6. Dividing markets for the sale or purchase of goods and services, or designating them according to any standard, particularly the following standards:
 - a. Geographical areas.
 - b. Distribution centers.
 - c. Customer type.
 - d. Seasons and time periods.
7. Freezing or limiting the manufacturing, development, distribution, marketing, and all other investment activities.
8. Colluding or coordinating in bids or offers in government tenders, auctions, etc., in a manner that interferes with competition.

Article 6:

An entity or entities having a dominant position in the market or an important part thereof shall be prohibited from exploiting this position to undermine or limit competition, including the following:

1. Selling a good or service at a price lower than the total cost to remove entities from the market or expose them to serious losses or impede the entry of potential entities.

2. Determining the prices or conditions for the resale of goods or services or imposition thereof.
3. Reducing or increasing the available quantities of products to control prices and create false abundance or deficit.
4. Discrimination in treating entities with similar contracts in relation to the prices of goods and service fees or the conditions of sale and purchase.
5. Refusing to deal with another entity without an objective reason, in order to restrict its entry into the market.
6. Requiring an entity to refrain from dealing with another entity.
7. Making the sale of a good or the provision of a service conditional upon bearing of obligations or acceptance of goods or services which by their nature or by commercial use are not related to the goods or services subject of the original contract or transaction.

Article 7:

Entities seeking to participate in an economic concentration transaction must inform GAC at least ninety (90) days before completion if the total annual sales value of the entities seeking to participate in the economic concentration exceeds the amount determined by the Regulations.

Article 8:

In accordance with the conditions and controls specified by the Regulations, the Board may approve the request of the entity to be exempt from any of the provisions of Articles (5), (6) and (7) of the Law, upon a recommendation by a technical committee formed for this purpose, if this would lead to improved market performance, or improve the performance of entities in terms of the quality of the product or technological development or creative efficiency or both. The benefit of such exemption to the consumer should outweigh the effects of restricting the freedom of competition.

Article 9:

1. The Regulations shall specify the procedures to be followed for reporting economic concentration, including the content, information, and documents required.
2. GAC may access and obtain copies of all records, data, files, and documents of entities concerned with economic concentration.

Article 10:

The Board shall issue a resolution concerning the economic concentration notices in one of the following forms:

1. Approval.
2. Conditional approval.
3. Refusal.

The resolution of conditional approval or of refusal must be reasoned.

Article 11:

The entities referred to in Article (7) of the Law may not complete the procedures of economic concentration except in the following cases:

1. If notified by GAC of the approval in writing.
2. If (ninety) days have elapsed from the date of the notice without being notified by GAC in writing of the approval or refusal of the Board.

Article 12:

1. It is prohibited for GAC or the members of the Board to engage in business activities except for the members who are selected on their own merits. It is also prohibited for the employees of GAC to engage in any profession that is contrary to the work of GAC and its objectives. The Board shall adopt disclosure and transparency rules.

2. No gifts, donations, endowments, wills, grants, or aids may be given to GAC, except for what is provided by government agencies.

Article 13:

1. Members of the Board and employees of GAC shall maintain the confidentiality of information, records, data, files, and documents obtained from the entities in the course of collecting evidence or investigations, and may not be passed to other parties except with the approval of GAC.
2. The Chairman, the Governor, or a Board member may not attend a deliberation concerning a case or matter nor participate therein if he has an interest or relationship, is related to one of the parties by blood or marriage, or has represented one of the persons concerned. The Regulations shall set necessary controls.

Article 14:

1. The Board shall issue its resolution to approve the procedures of inquiry, search, gathering of evidence, investigation, and criminal action or closure of the case in respect of complaints and initiatives relating to violation of the provisions of the Law, provided that the same shall be reasoned.
2. In cases of urgency, the Chairman or the Governor may issue a decision to take the procedures of inquiry, search, gathering of evidence, or investigation into anti-competitive practices, provided that the decision shall be presented to the Board at the first meeting following its issuance.

Article 15:

Officers appointed by the Board shall undertake the following:

1. Investigate, search, gather evidence, and record violations of the provisions of the Law. They shall have judicial recording capacity. They shall also have the right to enter the premises of the entities, their offices, and branches in normal working

hours, review their books and documents, and take copies of them according to minutes signed by such officers and the representative present at the time of the recording. In competition-related cases, they may use all means of proof, including: Electronic and computer-generated data, telephone recordings, fax machine correspondence, and e-mail. The Regulations shall define their powers and rules of operation.

2. Undertake the necessary investigation and accountability measures and public prosecution, when considering violations of the provisions of the Law.

Article 16:

1. An entity may not prevent the law enforcement officer or investigator from performing a task assigned to him in accordance with the powers conferred upon him by the Law, nor withhold information from him, provide misleading information, or conceal or destroy documents that benefit the investigation.
2. GAC may, when necessary, seek the assistance of the competent authorities, including the security authorities, to enable the law enforcement officers to carry out the duties entrusted to them.

Article 17:

GAC may request that it be provided with periodic reports on the entities operating in the market from the relevant official authorities, or when needed, as set forth by the Regulations.

Article 18:

1. Upon the nomination of the Chairman, a committee of experts consisting of five members shall be formed for a renewable period of three years by a resolution of the Board, provided that three legal specialists are among them. The Committee shall adjudicate violations of the Law and Regulations, except the violations referred to in Article 12(1) and Article 24, and impose penalties provided for in

the Law. The resolution shall determine the chairman of the Committee, provided that he is a legal specialist. The Committee shall convene and issue its resolutions by majority. The Regulations shall determine the rules of work of the Committee.

2. If a seat of a Committee member becomes vacant, another member may be appointed until the end of the term of the Committee.
3. The resolutions of the Committee may be appealed before the competent court within thirty (30) days from the date of notifying the violator of the resolution. If the resolution is overturned, the competent court shall consider the violation and impose the appropriate penalty in accordance with the provisions of the Law.

Article 19:

1. Without prejudice to the provisions of Article (24) of the Law, whoever violates any of the provisions of Articles (5, 6, 7, and 11) of this Law shall be punished by a fine not exceeding (10%) of the total annual sales value subject of the violation. When it is impossible to estimate the annual sales, the fine shall not exceed ten million riyals. The Committee may, at its discretion, impose a fine not exceeding three times the gains made by the violator as a result of the violation.
2. Without prejudice to any severer penalty provided for by the Law or any other law, and without prejudice to the provisions of paragraph (1) of this Article, whoever violates any provision of Article (16) of the Law shall be punished by a fine not exceeding (5%) of the annual sales value. When it is impossible to estimate the annual sales, the fine shall not exceed five million riyals.
3. If the violator repeats the violation, the Committee may double the fine awarded in the first instance. The violator shall be deemed a recidivist if the same violation is committed within three (3) years from the date of the resolution of the first violation.

4. The resolution on the violations mentioned in this Article shall be published at the expense of the violator in a local newspaper issued within the area where he resides or in any other appropriate media, provided that the publication shall be after the judgment or resolution becomes final.
5. The Board shall issue a resolution specifying the cases in where the publication provided for in paragraph (4) of this Article is permissive. The Regulations shall specify the controls to be observed in the resolution.

Article 20:

Without prejudice to the provisions of Articles 12(1),19, and 24 of the Law, anyone who violates any other provision of the Law or the Regulations shall be punished by a fine not exceeding (2) million Riyals.

Article 21:

Without prejudice to the provisions of Article 19 of the Law, the Board may take one or more of the following measures if it is found that there is a violation of one of the provisions of the Law:

1. Requiring the violator to correct his status and remove the violation within a specified period.
2. The Board may, upon the Committee's resolution to impose the penalty, take one or more of the following measures:
 - a. Requiring the violator to dispose of certain assets, shares, or property rights, or to perform any other act to ensure the removal of the violation.
 - b. Requiring the violator to pay a daily fine not exceeding ten thousand riyals until the violation is removed within the period specified in the resolution of the Board. If such period elapses without removing the violation, the fine shall be doubled until it is removed.

- c. If the violation continues, the entity shall be temporarily closed for a period not exceeding thirty (30) days as of the expiry of (ninety) days from the Board's notification to the entity stating removal of the violation.

The Regulations shall determine the rules necessary for the application of such measures.

Article 22:

In imposing the penalties and measures mentioned in Articles (19), (20), and (21) of the Law, the following shall be observed:

- 1- If the entity has various activities that differ from one another, the fine shall be estimated according to the nature of the activity subject of the violation. taking into account the activities targeted by the violation.
- 2- Condition and circumstances of the violation.
- 3- Severity of the violation.
- 4- Effects of the violation.

on a case-by-case basis.

Article 23:

The Board may decide not to refer to the Committee the entity in violation of the provisions of this Law, if such entity proactively provides evidence to reveal its partners in that violation. The Board may also accept settlement with the violating entity. The Regulations shall specify the necessary controls and requirements therefor, and the mechanisms for compensating aggrieved persons.

Article 24:

Without prejudice to any severer penalty provided for by the Law or any other law, a fine of not more than SR (1) million shall be imposed on anyone who discloses a secret related to his work from the members of the Board or the employees of GAC for the purpose of achieving material or moral benefit.

Article 25:

Any natural or corporate person harmed by practices contrary to the provisions of the Law may apply for compensation before the competent court.

Article 26:

The Law shall replace the Competition Law, issued by Royal Decree No. (M / 25) dated 4/5/1425 AH.

Article 27:

The Board shall issue the Regulations within (one hundred and eighty) days from the date of publication of the Law in the Official Gazette, and shall come into effect from the date of its entry into force.

Article 28:

This Law shall be effective (one hundred and eighty) days from the date of its publication in the Official Gazette.