
Federal Law No .4 of 2012
Issued on 10/10/2012
Corresponding to 24 Dhu al-Qi'dah 1433 AH
ON THE REGULATION OF COMPETITION

We, Khalifa Bin Zayed Al Nahyan, President of the United Arab Emirates,
After perusal of the Constitution;
Federal Law no. 1 of 1972 on the competencies of the Ministries and the Powers of Ministers and its amending laws
Federal Law no.5 of 1975 on the Commercial Register;
Federal Law no.4 of 1979 on Combating Fraud and Adulteration in Commercial Transactions;
Federal Law no.10 of 1980 on the Central Bank, the Monetary System and Organization of the Banking Profession and its amending laws; and
Federal Law no.18 of 1981 on the Organization of Trade Agencies and its amending Laws;
Federal Law no. 8 of 1984 on Commercial Agencies and its amending Laws;
Civil Transactions Law Promulgated by Federal Law no.5 of 1985 and its amending laws;
Federal Law no.6 of 1985 on Banks, Financial Institutions and Islamic Investment Companies;
Penal code promulgated by Federal Law no.3 of 1987 and its amending laws;
Law of Evidence in Civil and Commercial Transactions promulgated by Federal Law no.10 of 1992 and its amending laws;
Civil Procedure Law promulgated by Federal Law no.11 of 1992 and its amending laws;
Penal Procedure Law promulgated by Federal Law no.35 of 1992 and its amending laws;
Federal Law no.37 of 1992 on Trademarks and its amending laws;
Federal Law no.9 of 1993 on Controlling the Trade and Stamping of High-Value Stones and Precious Metals
Commercial Transactions Law promulgated by Federal Law no.18 of 1993;
Federal law no.4 of 2000 on Emirates Securities and Commodities Authority and Market and its amending Laws;
Federal Law no.28 of 2001 on the Establishment of Emirates Authority for Standardization and Metrology and its amending laws;
Federal Law no.7 of 2002 on Copyrights and Neighboring Rights and its amending laws;
Federal Law no.17 of 2002 on the Organization and Protection of Industrial Property, Patents, Drawings and Models and its amending laws;
Federal Decree-Law no.3 of 2003 on the Organization of Telecommunication Sector and its amending laws;
Federal Law no.8 of 2004 on Financial Free Zones;
Federal Law no.1 of 2006 on Electronic Transactions and Commerce;
Federal Law no.24 of 2006 on Consumer Protection;
Federal Law no.6 of 2007 On the Establishment of the Insurance Authority and Organization of its Operations;
and

According to the suggestion of the Minister of Economy, approval of the Cabinet and the Federal National Council and ratification of the Federal Supreme Council,

Have issued the following Law:

Chapter One

Article 1- Definitions

In applying the provisions of this Law, the following terms and expressions shall have the meanings stated beside them, unless the context requires otherwise:

State: The United Arab Emirates.

Ministry: The Ministry of Economy

Minister: The Minister of Economy.

Relevant Authority: The Local Competent Authority

Sector Regulation Authorities: The Federal and Local Authorities entitled, by virtue of their regulations, to organize, control or supervise a specific economy sector in the state.

Competition: To practice economic activities according to the market mechanisms without affecting or restricting the said mechanisms at the expense of commerce and development.

Establishment: Any physical or corporate person, or any person related thereto, or any assembly of people regardless of its legal form, practicing an economic activity.

Relevant Market: A commodity, service, or a group of products or services which may be substituted, on the basis of its price, characteristics and uses, or whose alternatives may be chosen to meet the consumer's needs in any specific geographical area.

Agreements: The agreements, contracts, arrangements, alliances or practices between two or more establishments, any collaboration between such establishments, or any decisions issued by a group of establishments, whether in writing, orally, expressly, implicitly, publicly or secretly.

Dominant position: A position whereby any establishment can, by itself or in collaboration with other establishments, control or affect the relevant market.

Economic Concentration: any act resulting in a total or partial transfer (merger or acquisition) of a property, usufruct, rights in stocks or shares, or obligations, from one establishment to another, empowering the establishment or the group of establishments to control, whether directly or indirectly, another establishment or group of establishments.

Committee: The Competition Regulation Committee constituted in accordance with the provisions of the Law herein.

Chapter 2

Objectives of the Law

Article 2

The Law herein aims at protecting and enhancing the competition as well as fighting monopoly practices throughout the following:

1- Provide a motivating environment for establishments to ensure efficiency, competition and consumers' interests, as well as reach a sustainable development for the State.

2- Maintain a competitive market governed by market mechanisms in accordance with the principle of economic freedom by prohibiting restrictive agreements as well as the acts and conducts taking advantage of a dominant position, control the economic concentration process and avoid all what might violate, reduce or prevent competition.

Chapter 3

Law Validity

Article 3

The provisions hereof shall govern all establishments with regard to their economic activities in the State, exploitation of the intellectual property rights inside and outside the State, as well as the economic activities conducted outside the State while affecting competition in the State.

Article 4

No provision of this Law shall apply to the following:

1- Sectors, activities and businesses set forth in the appendix annexed to this Law; whereas the cabinet shall have the right to delete or add any sectors, activities or businesses to these exceptions.

2- Conducts initiated by the Federal Government or a local government of an Emirate, and acts carried out by establishments based on a decision or authorization granted by the Federal Government or a local government of an Emirate, or under the supervision of one of them, including the acts conducted by the establishments owned or

controlled by the Federal Government or a local government of an Emirate according to the controls specified by the Cabinet.

3- Small and medium establishments according to the controls specified by the Cabinet.

Chapter 4

Anti-Competitive Practices

Article 5- Restrictive Agreements

1- Restrictive agreements between establishments whose subject or aim is violating, reducing or preventing the competition, shall be prohibited, in particular those targeting the following:

a. Limiting the sale or purchase price of the products and the services, directly or indirectly, by causing an increase, reduction or fixation of the prices to the detriment of competition.

b. Limiting the conditions of sale, purchase and performance of the service and the like.

c. Colluding in tenders or bids in auctions and other supply offers.

d. Freezing or reducing the production, development, distribution and sale operations as well as all the other aspects of investment.

e. Colluding against buying from a specific establishment (s), selling or in supplying the same, as well as in preventing or obstructing the practice of their activities.

f. Restricting the free flow of products and services to a specific market or withdraw the same from the said market in order to hide or store them unlawfully, or refrain from dealing with the same or create a sudden abundance of such products and services that lead to trade the same in unreal price.

2- In conformity with the provisions of the aforementioned Federal Law no.18 of 1981, restrictive agreements between establishments aiming at violating, reducing or preventing the competition, shall be prohibited in particular those targeting the following:

a. dividing the markets or allocating customers depending on their geographical area, distribution centers or customers' type, seasons or periods of time or any other basis that may adversely affect the competition.

b. taking measures to hinder the entry of establishments to the market or exclude the same from the said market or obstructing their access to existing agreements and alliances.

3- Except for the paragraph (a) of clause (1) and the paragraph (a) of clause (2), the provisions of this article shall not apply to weak agreements where the overall share of the contracting establishments, does not exceed the percentage of the overall transactions in the relevant market. The cabinet may - upon the proposal of the minister - increase or decrease this proportion according to the economic situation demands.

Article 6- Abusing a dominant position

1- No establishment enjoying a dominant position in the relevant market, or in an important and influential part thereof, shall be allowed to conduct any acts or works that may lead to an abuse of the position and to the violation or reduction or prevention of the competition, particularly those aiming at the following:

a. Impose the prices or terms for reselling products and services directly or indirectly.

b. Sell a product or a service for a price that is lower than its real cost in order to obstruct the entry of the establishments to the market or to exclude them from it, or to expose them to big losses that makes it difficult for them to carry on with their activities

c. Discriminate between customers of similar contracts without any justification as for the products and services prices or for the terms of their sale or purchase contracts.

d. Compel a client not to deal with another competing establishment.

e- Refuse to deal in part or in whole according to common trading conditions.

f- Unjustifiably refrain from buying or selling products or services or restrict or obstruct such dealing in a way that causes prevail of unreal prices.

f- Suspend the conclusion of a contract or agreement for buying or purchasing products and services unless with the consent to commit to deal with other products and services that are, naturally or by the commercial use thereof, not related to the original subject of the transaction or agreement.

g- Knowingly spread wrong information concerning the products or prices thereof.

h- Decrease or increase the available quantities of the product in order to create a virtual shortage or abundance of the goods.

2- The dominant position, previously stated in Clause One of this article, shall be achieved if the share of any establishment surpasses the proportion of the overall transactions in the market as determined by the Cabinet.

The Cabinet may- according to the Minister's proposal- increase or decrease such proportion according to the economic situation conditions.

Article 7

1- According to the recommendation of the Committee, the Minister shall issue a decision for excluding the restrictive agreements or practices related to the dominant position from abiding by the provisions of Articles 5 and 6 hereof, provided that:

a. The relevant establishments shall notify the Ministry thereof in advance according to the standard form prescribed for this purpose along with the documents provided for by the Implementing Regulation hereof.

b. The relevant establishments shall prove that such restrictive agreements or practices related to a dominant position will reinforce the economic development, improve the performance and competitiveness of the establishments, develop the production and distribution systems, or realize specific benefits for consumers.

c. The ministry shall be notified of any modification introduced to the restrictive agreements or practices related to a dominant position and which were previously excluded, within thirty day from making the draft.

2. The Implementing Regulation hereof shall define the controls with respect to notifications and documents attached to the application for exclusion.

3. The Implementing Regulation hereof shall define the regulatory unit concerned with the implementation of the provisions hereof.

Article 8

1- The Minister shall issue his decision previously stated in Clause One of article 7 hereof within ninety days. Such period may be extended for forty five more days from the date of receiving the notification fulfilling the requisites. If such period lapses without any decision being issued by the Minister, this shall be an implicit acceptance of these restrictive agreements or practices related to a dominant position.

2- The Minister may temporarily, for a period not more than thirty days, approve the adoption of the restrictive agreements or practices related to a dominant position till the issuance the final judgment in this regard.

3-The Ministry shall – upon having completed the formal examination of an application and its supportive statements - issue a notice confirming that the formal requisites of the application were satisfied.

4- The Ministry shall examine the application to make sure that the establishments or agreements have fulfilled the conditions stipulated in Paragraphs (a-b) of the Clause one of Article 7 hereof.

5- The Minister may fix a period for the exclusion issued by virtue of this article and control it via a periodical review.

6- The Minister may take a substantiated decision as for the notices submitted according to the provisions of Article 7 hereof, as follows:

a. Approve the adoption, amendment or rejection of the restrictive agreements or practices related to a dominant position.

b. Approve the adoption or amendment of the restrictive agreements or practices related to a dominant position only if the relevant establishments undertake the implementation of conditions and obligations specified by the Minister for this matter.

7- The Minister shall issue a decision cancelling the approval in one of the following instances:

a. If the circumstances for which the approval was issued do not longer exist.

b. If the relevant establishments failed in fulfilling the conditions and recommendations upon which the approval was based.

c. If the information whereby the approval was issued, were misleading or wrong.

Chapter 5

Economic Concentration

Article 9

1- In order to achieve the economic concentration operations in which the overall share of the establishments exceeds the proportion of the overall transactions in the relevant market, as determined by the cabinet, and which may affect the competition level in the relevant market, particularly to create or promote a dominant position, the relevant establishment shall submit a request to the Ministry minimum thirty days before the date of their completion, according to the form prescribed for this purpose, altogether with the needed documents.

2- The cabinet- based on the suggestion of the minister- shall increase or decrease the proportion of concentration set forth in Clause One of this article, according to the economic situation demands.

3- The Implementing Regulation hereof defines the limits of the economic concentration request and the annexed documents thereof.

Article 10

1- The Ministry shall check the economic concentration operations previously stated in Article 9 hereof, according to the procedures defined by the Implementing Regulation of this Law.

2- The Minister shall issue his decision previously stated in Article 9 hereof, within ninety days renewable to forty five more days from the date of receiving the complete application that fulfills the requisites. The relevant establishments shall not conduct any actions or procedures during that period to achieve the economic concentration operations. If such period lapses without any decision being issued by the Minister, this shall be an implicit acceptance of the economic concentration processes.

3- The Ministry shall ask for additional information related to the economic concentration process.

Article 11

1- The Minister shall take a substantiated decision on the given requests, according to the provisions of both Articles 9 and 10 hereof, as follows:

a. Approve the economic concentration process if it does not adversely affect the competition and has positive economic influences that surpass any negative effects sustained by the competition.

b. Approve the economic concentration process only if the concerned establishments undertake the implementation of the conditions and obligations defined by the Minister for this purpose.

c. Reject the economic concentration process.

2- The Minister shall issue a decision cancelling the approval, set forth in Clause One of the article herein, if any of the instances stated in Clause 7 of Article 8 hereof is fulfilled.

Chapter six

The Competition Regulation Committee

Article 12

A committee called "Committee of competition regulation" shall be established by virtue of the Law herein and shall be chaired by the undersecretary of the Ministry of Economy. The Cabinet shall issue a decision forming the committee as well as setting its bylaws, its membership term and the rewards of its members.

Article 13

The competencies of the Committee of Competition Regulation shall be the following:

1- Suggest the general policy to protect competition within the state.

2- Study issues related to the implementation of the provisions hereof and raise recommendations to the Minister in this regard.

3- Suggest special legislations and procedures to protect competition and raise the same to the Minister.

4- Study the requests of re-examination of the decisions issued by the Minister and received by the Committee within a period of maximum ten days from the date of notification.

5- Raise the recommendations to the Minister on the exception of the restrictive agreements or practices related to a dominant position.

6- Prepare an annual report on the activities of the Committee to be submitted to the Minister.

7- Further issues related to the protection of competition referred thereto from the Federal Authorities and the relevant authorities in the State.

Chapter 7

Competencies of the Ministry Related to Competition

Article 14

The Ministry shall handle the following competencies related to competition affairs:

- 1- Implement the competition policy in cooperation with the relevant authorities in the State.
- 2- Cooperate with the relevant authorities in the State to confront any kind of activities or practices violating the provisions hereof.
- 3- Prepare samples and forms designed for the practice of tasks thereof and set up a register for notifications and complaints.
- 4- Investigate the information and practices violating the competition based on a claim or on its own, confront the same in cooperation with relevant authorities, submit recommendations to the Minister concerning the decisions that shall be taken in this regard so he can decide on what he deems appropriate in this respect.
- 5- Receive requests on reviewing the decisions issued by virtue of this law and take measures in their regard.
- 6- Conduct the studies related to the market competition, issue reports and provide the public with information.
- 7- Receive and follow up notifications of restrictive agreements or practices related to a dominant position and their amendments, as well as economic concentration applications.
- 8- Hire experts and consultants from outside of the ministry to achieve works related to the competencies thereof.
- 9- Reinforce the exchange of information with the authorities concerned with the competition in other countries in order to serve the purpose of the law and the implementation thereof.
- 10- Take measures and steps to spread the culture of competition and the principles of free market.
- 11- Undertake the tasks of the executive secretariat of the Competition Regulation Committee.
- 12- Any other tasks related to competition entrusted thereto by the cabinet

Article 15

- 1- The Ministry shall commit to perform its tasks as follows:
 - a. Take sufficient measures to guarantee the confidentiality of information viewed by the Ministry and provided thereto by the business institutions, which when disclosed, may cause a serious damage to the commercial interests of the establishments as well as to its owners, and a conflict with the public interest.
 - b. Non-disclosure of information viewed by the Ministry except to the stakeholders and as per the request of the relevant authorities.
- 2- The Ministry shall commit to its obligations stipulated herein.

Chapter 8

Sanctions

Article 16

Whoever violates the provisions of both Articles 5 and 6 hereof, shall pay a fine of minimum (500.000) five hundred thousand AED and maximum (5.000.000) five million AED.

Article 17

Whoever violates the provisions of article 9 hereof, shall pay a fine of minimum (2%) and maximum (5%) of the overall annual sales of products or service revenues in question as accrued by the violating establishment in the State within the last financial year, or a fine of minimum (500.000) five hundred thousand AED and maximum (5.000.000) five million AED if the estimation of the overall annual sales or revenues in question is impossible.

Article 18

Whoever violates the provisions of Clause 2 of Article 10 hereof, shall pay a fine of minimum (50.000) fifty thousand AED and maximum (500.000) five hundred thousand AED.

Article 19

Whoever violates the provisions of article 15 hereof, shall pay a fine of minimum (50.000) fifty thousand AED and maximum (2. 00.000) Hundred Thousand AED.

Article 20

Whoever violates any of the other provisions of the Law herein or its implementing regulation, shall pay a fine of minimum (10.000) ten thousand AED and maximum (100.000) one hundred thousand AED.

Article 21

The penalties prescribed for the crimes stipulated by the Law herein shall be doubled in case of recidivism.

Article 22

The court may, upon issuing the judgment of condemnation, close the establishment for a period not less than three months and not more than six months. It shall publish the enacting terms of its judgment once or more in at least two local dailies on the expense of the violator.

Article 23

1- Adopting the sanctions stipulated in the Law herein shall not breach any more severe penalties stipulated in any other law.

2. Adopting the sanctions stipulated in the Law herein shall not violate the right of the damaged to have recourse to justice for compensating the damage resulting from the violation of any provision hereof.

Article 24

Competition lawsuits shall be considered as urgent cases. Therefore, the Court shall issue a decision on ceasing or preventing any act before the issuance of the final judgment.

Chapter 9

General and Final Judgments

Article 25

Any interested party shall have the right to file a claim before the Ministry concerning any violation of the provisions hereof according to the controls set forth in the Implementing Regulation of the Law herein and the implementing decisions thereof.

Article 26

Notwithstanding the provisions of Article 19 hereof, the criminal lawsuit filed against the crimes stipulated by the Law herein shall not be carried on without a written request from the Minister or his representative.

The Minister or his representative shall reach reconciliation on such crimes before referring the criminal lawsuit to the court, and that, in return of an amount of at least two thirds of the fine.

The Implementing Regulation shall specify the reconciliation controls.

Article 27

It is possible to appeal the decisions issued by the Minister before the competent court, according to the provisions hereof within sixty days from the date of notifying the concerned parties.

Article 28

The staff appointed by a decision of the Minister of Justice in accordance with the Minister and the concerned authority, shall have the capacity of judicial officers, each within his competence, to detect all violations to the provisions of the Law and its Implementing Regulations and Decisions .

Article 29

The Ministry shall cooperate with the competent authorities and the sector regulation authorities in order to implement the provisions hereof.

Article 30

The establishments existing at the time of this Law coming into force, shall adjust their position according to the provisions hereof, within a period that does not exceed four months from the date of its commencement date.

Article 31

Every provision contradicting or contravening with the provisions hereof shall be abrogated.

Article 32

The Cabinet shall issue the Implementing Regulation of this Law and the decisions issued in implementation thereof.

Article 33

This law shall be published in the Official Gazette and shall come into force four months after its issuance

Issued in the Presidential Palace in Abu Dhabi

On 24 Dhu al-Qi'dah 1433 H

Corresponding to 10 October 2012 AD

Khalifa Bin Zayed Al Nahyan

President of the United Arab Emirates State

The present Federal Law was published in the Official Gazette, issue no. 542 p. 35.

Appendix**On sectors, activities and businesses exempted from the provisions of Federal Law no. 4 of 2012
On the Regulation of Competition**

Shall be exempt from the provisions of the law herein any agreement, practice or work related to a specific product or a service, where the competence of regulating the competition rules thereof is granted by virtue of another law or regulation to sector regulation authorities, unless such authorities ask, in writing, the Ministry to take charge of this matter partially or totally and the Ministry approves. The exceptions include the following sectors, activities and services:

- a- Sector of Telecommunication
- b- Financial Sector
- c- Cultural Activities (readable, audible and visual)
- d- Sector of Oil and Gas
- e- Production and Distribution of Pharmaceutical Products
- f- Postal services including the express mail service
- g- Activities related to production, distribution and transportation of electricity and water
- h- Activities on the treatment of sewerage, garbage disposal, hygiene and the like, in addition to supportive environmental services thereof.
- i- Sectors of land, marine or air transport, railway transport and services related thereto.