

**Federal Law No. (4) of 2012  
Organizing Competition**

## **Federal Law No. (4) of 2012 Organizing Competition**

**We, Khalifa Bin Zayed Al Nahyan, President of the United Arab Emirates**

Having reviewed:

- The Constitution,
- Federal Law No. (1) of 1972 on the Competencies of Ministries and Powers of Ministers and the laws amending thereof;
- Federal Law No. (5) of 1975 concerning Commercial Registration;
- Federal Law No. (4) of 1979 on Suppression of Fraud and Deceit in Commercial Transactions;
- Federal Law No. (10) of 1980 concerning the Central Bank, the Monetary System, and Organization of Banking and the laws amending thereof;
- Federal Law No. (18) of 1981 regulating commercial agencies and the laws amending thereof;
- Federal Law No. (8) of 1984 concerning Commercial Companies and the laws amending thereof;
- Civil Transactions Law issued in Federal Law No. (5) of 1985 and the laws amending thereof;
- Federal Law No. (6) of 1985 concerning Banks, Financial Institutions, and Islamic Investment Companies and the laws amending thereof;
- Penal Code issued in Law No. (3) of 1987 the laws amending thereof;
- Law of Evidence in Civil and Commercial Transactions issued in Federal Law No. (10) of 1992 and the laws amending thereof;
- Civil Procedural Code issued in Federal Law No. (11) of 1992 and the laws amending thereof;
- Criminal Procedural Code Issued in Federal Law No. (35) of 1992 and the laws amending thereof;
- Federal Law No. (37) of 1992 concerning Trademarks and the laws amending thereof;
- Federal Law No. (9) of 1993 concerning Control over Trading and Molding Valuable Stones and Precious Metals and the laws amending thereof;
- Commercial Transactions Law issued in Federal Law no. (18) of 1993 and the laws amending thereof;
- Federal Law No. (4) of 2000 concerning Emirates Securities and Commodities Authority (ESCA) and Market and the laws amending thereof;
- Federal Law No. (28) of 2001 establishing the Emirates Authority for Standards & Specifications;
- Federal Law No. (7) of 2002 concerning Copyrights and Neighboring Rights and the laws amending thereof;

- Federal Law No. (17) of 2002 Regulating and Protecting Industrial Property for Patents, Designs and Industrial Models and the laws amending thereof;
- Federal Law Decree No. (3) of 2003 Regulating Telecommunications Sector and the laws amending thereof;
- Federal Law No. (8) of 2004 concerning Financial Free Zones;
- Federal Law No. (1) of 2006 concerning Electronic Transactions and Trade;
- Federal Law No. (24) of 2006 concerning Consumer Protection;
- Federal Law No. (6) of 2004 Establishing Insurance Authority and Regulating its Operations;
- Based on the proposal of the Minister of Economy, the approval of the Council of Ministers and the Federal National Council, and the Endorsement of the Supreme Council of the Federation,

*Have issued the following Law:*

**Chapter 1**  
**Article 1**  
**Definitions**

The following terms and phrases appearing herein shall have the meanings assigned thereto hereunder unless the context denotes otherwise:

<b>State:</b>	United Arab Emirates
<b>The Ministry:</b>	The Ministry of Economy
<b>The Minister:</b>	The Minister of Economy
<b>Competent body</b>	Competent local body
<b>Sector Regularity Bodies:</b>	The federal or local body entitled under its laws to regulate, control, or supervise a specific economic sector within the State
<b>Competition:</b>	Practicing economic activities according to market mechanisms without any influence or restriction against such mechanisms in a manner that may harm trade or development
<b>The Enterprise:</b>	Any person, natural or juristic, carrying out economic activities, or any grouping of such persons regardless of its legal form
<b>Concerned Market:</b>	The product or service or all products or services which are, in view of their price, characteristics and uses, interchangeable and mutually replaceable to meet a particular need of the consumer in a particular geographical location
<b>Agreements:</b>	Agreements, contracts, arrangements, alliances, or

practices between two enterprises or more, or any cooperation between two enterprises or the decisions issued by enterprise groupings, whether made in writing or verbally, express or implied, declared or confidentially.

**Dominant Position:** The condition in which an Enterprise, whether solely or in participation with other enterprises, is able to control and affect the activity of a concerned market.

**Economic Concentration:** Any act resulting into full or partial transfer (merger or acquisition) of title or usufruct rights in properties, rights, stocks, shares, or obligations of an enterprise to another that enables an enterprise or a group of enterprises to control, directly or indirectly, another enterprise or a group of enterprises.

**Committee:** Committee regulating competition formed by virtue of the provisions of this law

## **Chapter 2**

### **Objectives of the Law**

#### **Article 2**

This Law aims at protecting and promoting competition and combating monopolistic practices through the following:

1. Provision of an environment that encourages business organizations in an effort to promote efficiency, competitiveness, consumer interests, and the realization of sustainable development in the State.
2. Maintain a competitive market governed by market mechanisms in accordance with the principle of economic freedom. This is to be achieved through prohibiting restrictive agreements, actions and acts leading to misuse of dominant position, controlling economic concentrations, and avoiding everything that may prejudice, limit or prevent competition.

## **Chapter 3**

### **Enforcement**

#### **Article 3**

Provisions of this Law shall apply to all enterprises in relation to their economic activities carried out within the State, and the utilization of intellectual property rights within and outside the State, and to any economic activities occurring outside the State and having an effect on competition inside the State.

#### **Article 4**

The following shall be excluded from the application of the Law:

1. Sectors, activities and businesses described in the Annex attached to this Law. The Council of Ministers may remove or add any sectors, activities or businesses to those exceptions.
2. Acts initiated by the Federal Government or any emirate government, as well as acts initiated by enterprises pursuant to a decision or authorization from the federal government or emirate government, or under the supervision of either of them, including the acts of enterprises owned by the federal government or emirate government.

### **Chapter 4 Anti-Competitive Practices**

#### **Article 5 Restrictive Agreements**

1. Restrictive agreements between enterprises the subject matter or purpose of which may contravene, limit or prevent competition, shall be prohibited, especially those whose object is to:
  - a. Control the sale or purchase prices of commodities and services meant for sale by increasing, decreasing, fixing their prices or in any other manner detrimental to lawful competition.
  - b. Control the conditions of sale, purchase or services provisions and their equivalents.
  - c. Collude in tenders, bids, proposals, practices, and any other supply offers.
  - d. Freeze or limit the processes of production, development, distribution or marketing and any other investment aspects.
  - e. Collude in refusal to purchase from certain enterprise or enterprises or sell or supply certain enterprise or enterprises.
  - f. Restrict freedom of flow of commodities and services to markets or remove them by hiding, unlawfully storing, or refraining from dealing in them.

2. Without prejudice to the Provisions of the Federal Law No. (18) of 1981, to which a reference is made, restrictive agreements between enterprises prejudicing, controlling or preventing competition shall be prohibited, especially those with the aim to:
  - a. Divide markets or allocate customers based on geographical regions, distribution centers, type of clients, seasons and time periods, or any other basis negatively affecting competition.
  - b. Set barriers to entry of enterprises into the market or eliminate them therefrom or hinder access to agreements of alliances.
3. With the exception of paragraph (a) of Clause (1) above, and paragraph (a) of Clause (2), provisions of this article shall not apply to agreements with weak effect wherein the total share of the enterprises to which it is a party shall not exceed a rate set by the Council of Ministers from total transactions in certain market. The Council of Ministers may, pursuant to a proposal from the Minister, increase or decrease the rate in accordance with the requirements of the economic situation.

**Article 6**  
**Abuse of Dominant Position**

1. An Enterprise with a Dominant Position in the local market or a significant part thereof is prohibited from any acts or dealings that abuse this Dominant Position in order to prevent, limit or weaken competition including the following:
  - a. Fixing or setting prices or conditions of resale of products or services, directly or indirectly.
  - b. Selling products or performing services against a price that is lower than their actual costs thereby setting barriers of entry of other enterprises to the market, or their elimination therefrom, or their exposure to gross losses in a manner that hinders their business continuity.
  - c. Unjustifiably discriminating between customers in similar contracts with regard to price of products or services or conditions of sale or purchase.
  - d. Forcing any of its customers to refrain from dealing with a competing Enterprise.
  - e. Partially or fully refraining from dealing in accordance with common trading conditions.

- f. Unjustified refusal to deal, through sale or purchase, with products and services, or limiting or hindering such dealing, thereby leading to imposing unrealistic prices thereto.
  - g. Tying the conclusion of sale, purchase, or service provision contracts to the acceptance of obligations concerning another product or service which are not related to the original dealing or contract by nature or in accordance with commercial usage.
  - h. Knowingly publishing inaccurate information on products or prices thereof.
  - i. Increasing or decreasing available volumes of a product to fictitiously create unreal deficit or surplus therein.
2. The Dominant Position referred to in Clause (1) of this Article is realized when the share of any enterprise exceeds the ratio of total transaction set by the Cabinet for such enterprise in the market concerned.

#### **Article 7**

1. Based on the Committee's recommendation, the Ministry shall issue a decision concerning the restrictive agreements or practices relevant to Dominant Position that may be exempted from the application of Articles 5 and 6 herein, provided that:
- a. Concerned enterprises inform the Ministry using the form prepared for this purpose, inclusive to all documents required by the Executive Regulation of this Law.
  - b. Concerned enterprises establish that these restrictive agreements or practices related to Dominant Position will lead to enhancing economic development and the performance and competitiveness of enterprises, developing production or distribution systems, or realizing customer- specific benefits.
  - c. The Ministry is notified of any amendments to restrictive agreements or practices related to Dominant Position which have obtained exemption thirty days before the execution of the proposed amendment.
2. The Executive Regulation of this Law shall set the terms and conditions related to notifications and the documents to be enclosed with the exemption application.

3. The Executive Regulation of this Law shall determine the regulatory unit concerned with the implementation of the provisions of this Law.

### **Article 8**

#### **Decisions by the Minister**

1. The Minister shall issue his decision referred to in Clause 1 of Article 7 herein within 90 days, a period which may be extended to additional 45 days, from the date on which the notification fulfilling requirements is received. Non-issuance of a decision by the Minister during the said period shall be interpreted as implied acceptance of restrictive agreements or practices related to Dominant Position.
2. The Minister may temporarily, and for a period not exceeding 30 days, approve actions in accordance with restrictive agreements or practices related to Dominant Position until the issuance of his final decision.
3. The Ministry, upon completion of the formal examination of the application and the supporting documents thereof, shall issue a notice on the fulfillment of formal requirements of the application.
4. Ministry shall examine the application to ensure the fulfillment by the enterprise or agreement of requirements provided for in Paragraphs (a and b) of Clause (1) of Article 7 herein.
5. The Minister may determine specific period for the enforcement of the exemption issued under this Article or may subject it to periodic review.
6. The Minister may issue reasoned decision concerning notifications submitted in accordance with Article 7 herein, based on the following:
  - a. Approve or reject the continuation of implementing restrictive agreements or practices related to Dominant Position.
  - b. Approve the continuation of implementing restrictive agreements or practices related to Dominant Position provided that the concerned enterprises undertake to fulfill the terms and conditions set by the Minister for this purpose.
7. The Minister shall issue a decision cancelling the approval granted in any of the following cases:
  - a. If it is established that the circumstances for which the approval was granted no longer existed.



- b. If the concerned enterprises fail to fulfill the terms and conditions based on which the approval was granted.
- c. If it is established that the information based on which the approval was granted was misleading or incorrect.

**Chapter 5**  
**Economic Concentration**  
**Article 9**

1. The accomplishment of economic concentration operations in which the total share of party enterprises exceeds the rate of total transactions in the market set by the Council of Ministers, which impact the level of competition in the market by causing or enforcing, in particular, a Dominant Position, shall depend upon the submission of an application by these enterprises to the Ministry at least 30 days from their completion, using the form prepared for this purpose supported by the required documents.
2. The Council of Ministers may, pursuant to a proposal by the Minister, increase or decrease the rate of economic concentration provided for in Clause 1 of this Article, in accordance with the requirements of the economic situation.
3. The Executive Regulation of this Law shall set regulations for the application of economic concentration and required documents.

**Article 10**

1. The Ministry shall verify economic concentration operations referred to in Article 9 herein in accordance with the procedures identified by the Executive Regulation of this Law.
2. The Minister shall issue his decision referred to in Article 9 herein within 90 days, , a period which may be extended to additional 45 days, from the date on which the notification fulfilling requirements is received. Concerned enterprises may not, during this period, undertake any actions or procedures to complete economic concentration operations. Non-issuance of a decision by the Minister during the said period shall be interpreted as implied acceptance of economic concentration operations.
3. The Ministry may request additional information related to economic concentration operations.

### **Article 11**

1. The Minister may issue reasoned decision concerning applications submitted in accordance with Articles 9 and 10 herein, based on the following:
  - a. Approve the economic concentration operation if it does not adversely affect competition, or if its positive economic effects exceed negative impact.
  - b. Approve the economic concentration operation provided concerned enterprises undertake to fulfill the terms and conditions set by the Minister for this purpose.
  - c. Reject the economic concentration operation.
2. The Minister shall issue a decision cancelling the approval referred to in Clause (1) of this Article in case any of the cases referred to in Clause (7) of Article 8 herein materializes.

## **Chapter 6 Competition Committee**

### **Article 12**

A committee named the Committee on Competition shall be formed, chaired by the Minister and with the membership of at least 11 members. The Committee shall include members representing federal authorities, as well as members representing each concerned body based on its nomination, and members from the private sector to be nominated by the Minister. A decision by the Council of Ministers shall be rendered forming the Committee and regulating its functions, tenor, and remunerations of its members.

### **Article 13**

The Committee on Competition shall have the following responsibilities:

1. Propose the general policy for the protection of competition within the State.
2. Examine issues related to the implementation of this Law, and propose related recommendations before the Minister.
3. Propose legislations and procedures in relation to the protection of competition and submit them to the Minister.
4. Propose work system for the Committee.
5. Examine applications for reconsidering decisions passed by the Minister, which are submitted within 10 days from the date of being informed of the decision.

6. Submit to the Minister recommendations concerning exemptions of restrictive agreements or practices related to Dominant Position.
7. Any other issues related to the protection of competition referred to the Committee by federal authorities or competent bodies operating within the State.

**Chapter 7**  
**Competition-Related Powers Vested in the Ministry**  
**Article 14**

The Ministry shall practice the following competencies

1. Execute competition policy in cooperation with competent bodies within the State.
2. Coordinate with competent bodies within the State to address all forms of activities or practices violating the provisions of this Law.
3. Prepare forms related to practicing its functions and allocate register for notices and complaints.
4. Examine information and investigate practices prejudicing competition based on complaints, or acting independently, and submit recommendations to the Minister concerned decisions to be taken in this regard, in order to take whatever procedures, he deems appropriate.
5. Receive applications to reconsider decisions and take relevant procedures.
6. Conduct studies related competition in markets, issue reports, and provide information publically.
7. Receive and follow up notices on restrictive agreements or practices related to Dominant Position and economic concentration applications.
8. Seek the assistance of experts or consultants from outside the Ministry to implement any functions falling within the scope of its competencies.
9. Promote the exchange of information with bodies concerned with competition in other countries with the aim to implement and serve the purposes of this Law.
10. Take measures and arrangements to spread the culture of competition and free market principles.

11. Carry out the functions of the Executive Secretariat of the Committee on Competition.
12. Any other issues related to the protection of competition referred thereto by the Cabinet.

### **Article 15**

1. The Ministry, in carrying out its functions, shall adhere to:
  - a. Undertake adequate procedures to ensure the confidentiality of the information which the Ministry gains access to or the information provided by business firms, which, if disclosed, may cause adversely affect the commercial interests of businesses or their owners. Confidentiality procedures shall further apply to information conflicting with public interests.
  - b. Information which the Ministry gains access to may not be disclosed to any party except those concerned, or based on a request from competent bodies.
2. The Committee shall abide by Ministry's obligations contained in this Article.

### **Chapter 8 Penalties Article 16**

A person who violates the provisions of Articles 5 and 6 herein shall pay a fine of at least AED 500,000, but not exceeding AED 5,000,000.

### **Article 17**

A person who violates the provisions of Article 9 herein shall pay a fine of at least 2%, but not exceeding 5%, of annual gross sales or revenue from services subject of the violation which is gained by the violating enterprise within the State during the most recent financial year, or pay a fine of at least AED 500,000, but not exceeding AED 5,000,000, if the gross sales or revenues subject of violation cannot be determined.

### **Article 18**

A person who violates the provisions of Clauses 2 and 3 of Article 10 herein shall pay a fine of at least AED 50,000, but not exceeding AED 500,000.

### **Article 19**

A person who violates the provisions of Article 15 herein shall pay a fine of at least AED 50,000, but not exceeding AED 200,000.

### **Article 20**

A person who violates the provisions of remaining articles herein shall pay a fine of at least AED 10,000, but not exceeding AED 100,000.

### **Article 21**

Penalties set for the violations provided for herein shall be doubled in case of repetition.

### **Article 22**

The Court, when rendering a decision of conviction, shall close the enterprise for at least 3 months, but no more than 6 months. The Court may also publish the wording of its decision once or more in at least two local dailies at the expense of the violator.

### **Article 23**

1. Punishments under this Law may not preclude any other severer punishment provided for in any other law.
2. Punishments under this Law may not prejudice the right of the injured party to refer to courts claiming compensation for the damage resulting from violating any provision herein.

### **Article 24**

Competition cases shall be treated on summary basis, and the court of jurisdiction shall render decisions to suspend or prevent any action until a final decision is rendered.

## **Chapter 9 General and Final Provisions**

### **Article 25**

Concerned parties may submit a complaint to the Ministry in relation to any violation to this Law, in accordance with the regulations identified by the Executive Regulation of this Law and the decisions issued in the implementation thereof.

### **Article 26**

Saving the provision of Article 19 of this law, penal lawsuits concerning the crimes stipulated in this law shall not be auctioned without a written request made by the Minister or whoever he authorizes for this purpose.

The Minister or whoever he authorizes may enter into conciliation with respect to any of such acts before the penal case is referred to trial in consideration of an amount which is no less than twice the value of the fine.

The Executive Regulation shall determine the rules of conciliation.

### **Article 27**

Decisions issued by the Minister may be appealed based on the provisions of this Law before the court of jurisdiction within 60 days of serving concerned parties.

### **Article 28**

Employees named by a decision from the Minister of Justice, in agreement with the Minister and the concerned body, shall have the capacity of judicial officers in establishing violations to this Law and the regulations and decisions issued in the implementation thereof, in accordance with the jurisdiction entitled to each of them.

### **Article 29**

The Ministry shall coordinate with concerned authorities and Sector's regulatory bodies for the execution on this Law.

### **Article 30**

Enterprises which exist at the time of enforcing this Law shall amend their status in accordance therewith within 6 months of its enforcement.

### **Article 31**

Any provision violating or contradicting with this Law shall be revoked.

### **Article 32**

The Council of Ministers shall issue an executive regulation for this Law, as well as any decision required for its implementation.

**Article 33**

This Law shall be published in the Official Gazette and shall come into force 4 months after the date of its publication.

**Khalifa Bin Zayed Al Nahyan  
President of the United Arab Emirates**

Issued by us in the Presidency Palace  
Abu Dhabi

24 Dual-Qa'dah/1433H  
10 October/2012 AD

**Annex on the Sectors, Activities, and Businesses Exempted from the Application  
Of the Federal Law No. (4) of 2012 on Competition**

Any agreement, practice, or business related to certain product or service for which another law or regulation grants the jurisdiction for regulating its competition rules to sector's regulatory bodies shall be exempted from the application of this Law, unless these sector's regulatory bodies requests the Ministry in writing to fully or partially undertake this issue, and the Ministry expresses its approval of the same. These exemptions include the following sectors, activities, and services:

- a. Telecommunications sector
- b. Financial sector
- c. Media activities (prints, audio, and visual)
- d. Oil and gas sector
- e. Production and distribution of pharmaceutical products
- f. Postal services, including express mail
- g. Activities related to the production, distribution and transferring electricity and water
- h. Activities related to sewage, disposal of waste, sanitation, and their equivalents, in addition to supporting environmental services.
- i. Land, sea and maritime transportation sectors, as well as transportation by rail and related services.