



COMPETITION COMMISSION OF PAKISTAN
GOVERNMENT OF PAKISTAN

EXEMPTION ORDER

IN THE MATTER OF APPLICATION FILED BY M/S. BLUE SUB (PRIVATE) LIMITED FOR
EXEMPTION OF ITS MASTER FRANCHISE AGREEMENT

CASE: 2(739)/AGR/EXM/CCP/2025

Commission

(Mr. Saeed Ahmad Nawaz
Member (Exemptions)



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1. M/s. Blue Sub (Private) Limited (hereinafter referred to as the Undertaking) applied for the grant of exemption on June 17, 2025 for the restrictive clauses 4, 5 and 11 of its Master Franchise Agreement (hereinafter referred to as the Agreement), authorizing Barrister Waqas Aziz Qureshi through authority letter dated June 03, 2025 submitted to the Competition Commission of Pakistan (hereinafter the Commission).
2. M/s. Blue Sub (Private) Limited is engaged in the food and beverage sector, primarily focusing on development and operation of fast-food-franchise outlets. Subway International B.V. Pakistan branch had a revenue of PKR 262 million for the year ended December 31, 2024.
3. The Application was made pursuant to Section 5 read with Section 9 (1) (a), (b)& (c) of the Competition Act, 2010 (the Act) in conjunction with Competition (Exemption) Regulations, 2020 on the following grounds:
 - i. Improvement in distribution and operational efficiency;
 - ii. Development and deployment of advance technology, including online platforms; &
 - iii. Employment opportunities across multiple cities.
4. The agreement is essentially an arrangement for not to deal with non-parties and may, therefore, violate Section 4 (2) (a) & (f) of the Act and institutionalize charging of economic rent, reducing consumer surplus and social welfare. Relevant particulars of the Agreement are as follows:

First Party:

M/s. Subway International B.V., (hereinafter called the Franchisor) having its principal office located at IJdok 27, 9th Floor, 1013 MM Amsterdam, the Netherlands.

Second Party:

M/s. Blue Sub (Private) Limited (hereinafter called the Master Franchisee) having registered office located at Service Road E, Ghauri Town Phase II, Islamabad/Rawalpindi.

Type of Agreement:

Master Franchise Agreement (Annex-A)

Date of Agreement:

Yet to be executed

Validity period of the Agreement:

The Agreement, shall continue for a period of five (05) years from the commencement date and continue thereafter unless sooner terminated as stipulated in clause 3(A) of the Agreement

Product(s)/Services covered under the Agreement:

Pursuant to clause 1 (Preambles), to develop, operate and manage the business (Subway- branded quick service restaurants)



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5. Based on the information provided by the Undertaking, the Commission, in exercise of the powers conferred under Section 5 read with Section 9(1)(a), (b) & (c) of the Act is pleased to grant exemption subject to the conditions specified in para 6 below, regarding the following clauses of the Agreement:

Exemption granted:

- (i) On Clause 4 (A) Exclusive License;
- (ii) On Clause 11 (A) Non-compete during the term of the Agreement; and
- (iii) On Clause 16 (D) Non-compete after the termination of the Agreement

Exemption period: From June 17, 2025 to June 16, 2027

6. In view of the above, the Exemption granted shall be subject to the conditions that the Applicant shall ensure the following:
- i. It does not engage in any anticompetitive behaviour and/or practices as outlined in Chapter II of the Act, including but not limited to:
 - a. Abuse of dominant position u/s 3;
 - b. Prohibited agreements u/s 4;
 - c. Deceptive marketing practices u/s 10;
 - d. Any mergers or acquisition in violation of Section 11; and
 - e. Charging of economic rent to the detriment of consumer surplus and social welfare.
 - ii. Intimate the Commission about the following dates of the Agreement within fifteen (15) days of issuance of this Exemption:
 - a. Effective Date; and
 - b. Commencement Date.
 - iii. The exemption shall not be used as a permission for transfer pricing or to evade regulatory restrictions, if any against transfer pricing;
 - iv. Revise the definition of "Restricted Persons" to exclude sub clause (e) of Exhibit – A to the Agreement and submit the amended Agreement, within thirty (30) days of issuance of this Order;
 - v. The scope of Sub-Clause (4) of Clause 11(A) shall be limited exclusively to the Competitive Business, as defined in Exhibit 'A' of the Agreement;



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- vi. It shall be the responsibility of the Applicant to furnish a duly executed copy of the 3P Sub-Franchise Agreement, along with detailed particulars thereof, within thirty (30) days of its execution;
- vii. Notify the Commission of any amendment(s) to the Agreement within fifteen (15) days of such change;
- viii. In case of having an ongoing Agreement, submit an application for grant of extension in exemption at least three (3) months prior to expiry of this Exemption Order;
- ix. It recognizes that the Commission reserves the right to verify the following against the baseline benchmarks (to be provided by the undertaking within thirty (30) days of issuance of this Order):
- Data on reduction in operational costs or processing time resulting from automation or digital integration;
 - Details of newly opened outlets;
 - Particulars of employments generated; &
 - Details of tangible and verifiable benefits passed on to consumers.
- x. Submit a verifiable compliance report on December 31st each year against the commitments made for the grant of this exemption; and
- xi. No breach of terms of this exemption takes place as it shall have an immediate effect of cancellation of this exemption.
7. The Commission may review and revise the terms and conditions of this Exemption, as deemed necessary. Furthermore, without prejudice to the generality of Section 6 of the Act, the grantee of the exemption shall inform the Commission forthwith and seek clearance for continuation of the exemption if there is any material change, inter alia, in:
- The terms of the Agreement;
 - The market share of products and/or services covered under the Agreement; or
 - The regulatory or policy framework in the relevant market in which the parties are operating.
8. It is so ordered.

Qasim Ahmad Nawaz
Member (Exemptions)

ISLAMABAD the 9th October, 2025.