



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

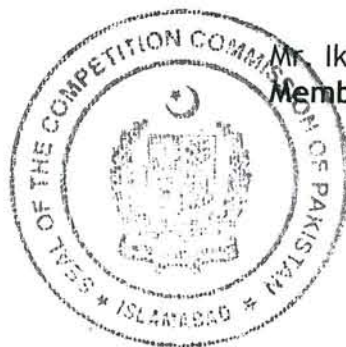
FIRST PHASE REVIEW

**ACQUISITION OF SHARES OF TRUST SECURITIES AND
BROKERAGE LIMITED BY SIX INDIVIDUALS**

CASE: 872/MERGER-CCP/17

Commission

Ms. Vadiyya Khalil
Chairperson



Mr. Ikram Ul Haque Qureshi
Member

ORDER

I Background

1 On 20 February 2017, the Competition Commission of Pakistan (the "Commission") received a pre-merger application (the "Application") notifying the proposed acquisition of shares of M/s Trust Securities & Brokerage Limited ("TSBL" or the "Target") by six individuals namely, Mr. Muhammad Ghayas Uddin, Mr. Sikander Mahmood, Mr. Ahmad Kamal, Master Manak Chand, Mr. Ali Asghar Nanji and Mr. Junaid Shehzad Ahmed, (the "Acquirers") along with the necessary documents and information prescribed under Section 11 of the Competition Act (the 'Act') read with the Competition (Merger Control) Regulations, 2016 (the "Merger Regulations").

The case is examined as under:

II Merger Parties

Acquirers

2 The Acquirers are six individuals namely, Mr. Muhammad Ghayas Uddin, Mr. Sikander Mahmood, Mr. Ahmad Kamal, Master Manak Chand, Mr. Ali Asghar Nanji and Mr. Junaid Shehzad Ahmed, collectively intend to purchase equity in the Target. The combined assets of the Acquirers for the year 2016 were PKR

Target

3 TSBL, a public listed company incorporated under the Companies Ordinance 1984 is a brokerage house involved in equity trading and brokerage service in Pakistan. Based in Lahore, the company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited. The total turnover of the Target for the year ended June 30, 2016, was PKR and value of its assets remained PKR for the same period.

III Transaction

4 By two Sale and Purchase of Shares Agreements dated 25 January 2017 between the Acquirers and M/s Emirates Global Investments Limited (EGIL) U.A.E., which holds shares of the issued share capital of the Target; and between the Acquirers and M/s Emirates Investment Group LLC (EIGL), which holds shares of the issued share capital of the Target. EGIL and EIGL are hereinafter collectively referred to as the 'Sellers'. The Acquirers intend to acquire/ purchase a total of shares (of the Target from the Sellers for PKR 20 million approximately.

5 The transaction meets the notification thresholds prescribed in Regulation 4(2)(a) and (d) of the Merger Regulations, where the assets of the merging entities exceed PKR 300 million and percentage of the voting shares to be acquired exceeds 10% of the total shareholding of the Target.



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IV Relevant Market:

- 6 The relevant product market, in this case, is the provision of brokerage Services pertaining to financial securities and related management activates. The Target serves investors who trade in public stocks and other securities through stockbrokers.
- 7 The relevant geographic market is Pakistan

V Findings of the Phase-I competition assessment

- 8 The competition assessment in Phase-I has resulted in the following finding:
- a. The Target is a brokerage house involved in equity trading and brokerage services across Pakistan through the medium of Pakistan Stock Exchange. The Acquirers are individuals associated with varying business backgrounds, including providing brokerage services and related management activities.
- b. The relevant market, in this case, is brokerage and related management services carried out at Pakistan Stock Exchange, Pakistan. The market is characterized by a high degree of competition with a number of brokerage houses. At present, out of the six Acquirers, two have limited investment in the relevant market.
- c. In view of the position of the Acquirer and the Target, the market share of the merged entity will remain the same and well-below the presumption of dominant position i.e. 40% prescribed under Section 2(1)(q) of the Act.

VII Conclusion

- 9 In conclusion, there is no evidence to suggest a substantial lessening of competition by creating or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31(1)(d)(i) of the Act.
- 10 It is so ordered.


(Vadiyya Khalil)
ChairPerson


(Ikram Ul Haque Qureshi)
Member

