



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

FIRST PHASE REVIEW

**ACQUISITION OF SHARES OF ASKARI
INVESTMENT MANAGEMENT LIMITED BY PAK OMAN
ASSET MANAGEMENT LIMITED.**

CASE: 882/Merger-CCP/17

Commission

Ms. Vadiyya Khalil
Chairperson



Mr. Ikram Ul Haque Qureshi
Member

ORDER

I Background

- 1 On 13th April, 2017, Askari Investment Management Limited ("AIML") and Pak Oman Asset Management Company Limited ("POAMCL") (the "Applicants") through their legal advisor LMA Ebrahim Hosain, submitted a pre-merger application (the "application") to the Commission, for the intended acquisition of _____ shares of AIML (the "Target") by POAMCL (the "Acquirer"), along with the necessary information. The case is examined as under:

II Merger Parties

Acquirer

- 2 POAMCL is a NBFC, under license to carry out asset management and advisory services. It is incorporated in Pakistan as unlisted public limited company. It is a subsidiary of Pak Oman Investment Company Limited which holds _____ shares of POAMC.

- 3 Total Assets under management for the year 2016 for POAMCL are PKR : _____

Target

- 4 AIML is a Non-Banking Finance Company ("NBFC") incorporated in Pakistan as unquoted public limited company. AIML is a wholly owned subsidiary of Askari Bank Limited. It is an asset management company.

- 5 Total Assets under management for the year 2016 for AIML are PKR _____

III Transaction

- 6 The proposed transaction represents a horizontal merger. The Acquirer intends to acquire _____ shares _____ of the Target. The transaction value of the proposed transaction is PKR _____ . The intended transaction will be financed by the parent company of the Acquirer i.e. Pak Oman Investment Company Limited through loans.

- 7 The transaction meets the notification thresholds prescribed in Regulation 4 (2), (c) (e) & (f) of the Merger Regulations, 2016 as the transaction value exceeds PKR 100 million, the percentage of shares to be acquired by an asset management company exceeds 25% of the total shareholding of the Target and the value of the total assets under management of an Asset Management Company is more than PKR 1 billion.

IV Relevant Market:

The Relevant Product Market in this case is "Asset Management Market". Asset Management Company is a NBFC licensed by the Securities and Exchange Commission of Pakistan ("SECP") to carry out Asset Management in accordance with Companies



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Ordinance, 1984. Asset Management Company manages the pooled funds of its investors in a wide variety of investment vehicles including stocks, bonds, money market instruments, government securities and bank deposits.

9 The Relevant Geographic market is Pakistan.

V Findings of the Phase I investigation on the competition assessment

10 The competition assessment in Phase I have resulted in the following findings:

- a. In the proposed transaction the Acquirer (POAMCL) intends to acquire shares of the Target (AIML). Both the Acquirer and the Target are participant of the same relevant market therefore creating a horizontal relationship between the two.
- b. The relevant product market is a fairly competitive market with a number of market participants. SECP is the regulator of the relevant market.
- c. The Acquirer has a market share of [redacted] while the Target has a market share of [redacted] in the relevant product and geographic market. Post-merger there will be a slight increase in the market share of the Merger Parties with the market share reaching [redacted] which will be much below the presumption of dominance (prescribed limit of 40%).
- d. The transaction is not likely to result in creation or strengthening of dominant position in the relevant market. The intended merger does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Competition Act 2010 ("the Act").

VI Conclusion

11 In conclusion, there is no evidence that suggests a substantial lessening of competition by creating or strengthening of dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31(1) (d) (i) of the Act.

12 It is so ordered.

Vadiya Khalil

Vadiya Khalil
(Chairperson)

Ikram ul Haque Qureshi

Ikram ul Haque Qureshi
(Member)



Islamabad 22nd May, 2017