



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

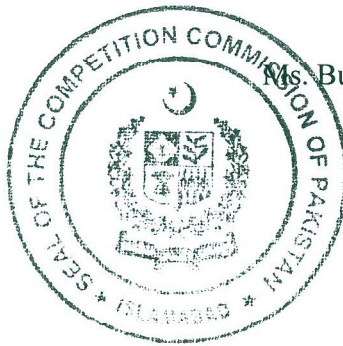
FIRST PHASE REVIEW

**IN THE MATTER OF ACQUISITION OF : % SHAREHOLDING IN
M/S. PAKISTAN MORTGAGE REFINANCE COMPANY LIMITED BY
M/S. INTERNATIONAL FINANCE CORPORATION**

CASE: 1115/Merger-CCP/20

Commission

Mr. Mujtaba Ahmad Lodhi
Member



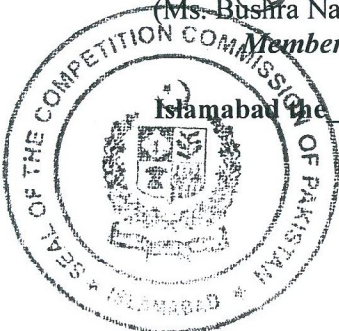
Ms. Bushra Naz Malik
Member

ORDER

1. On 25th September, 2020 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed acquisition pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") from M/s. Pakistan Mortgage Refinance Company Limited ("**Applicant**" or "**Target**") reflecting equity investment of PKR (% shareholding) in PMRC by M/s. International Finance Corporation ("**Acquirer**") pursuant to the Subscription Agreement ("**SA**").
2. The Commission has examined the Application as well as all the documents attached therewith, the market scenario, and its observations on the basis of independent research/investigation in the relevant market. The Phase I competition assessment of the intended transaction has resulted in the following findings:
 - i. The business activities of the undertakings concerned are:
 - a. For the Acquirer: Its activities are closely coordinated with and complement the overall development objectives of the other World Bank Group institutions.
 - b. For the Target: It is engaged in promoting, developing and improving the housing finance market of Pakistan, to provide refinance facilities to banks and financial Institutions against their Conventional and Islamic housing finance portfolios and to develop and promote the capital market in Pakistan. It was set up as a Mortgage Liquidity Facility by the State Bank of Pakistan to address the long-term funding constraint in the banking sector.
 - ii. The proposed transaction reflects an equity investment by the Acquirer in the Target of PKR : resulting in % shareholding.
 - iii. The relevant product market in this case has been defined as "**Provision of refinance facilities to financial institutions for housing finance**" having a geographic market identified as of "**Pakistan**". In the relevant product market, the Target is the only undertaking that is engaged in provision of refinance facilities.
 - iv. Post-transaction, the market conditions will remain unchanged.
3. The market position of the Target does meet the presumption of dominance as determined under Section (2) (1) (e) of the Competition Act 2010 ("**Act**"). The undertaking has been formed by the State bank of Pakistan and Government of Pakistan to facilitate the housing finance market by developing a new market for mortgage refinance led by both public and private sector. Given that no change in market structure is expected to take place via this equity injection by the Acquirer, the transaction is unlikely to have any competition affect. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
4. It is so ordered.

(Ms. Bushra Naz Malik)
Member

(Mr. Mujtaba Ahmad Lodhi)
Member



Islamabad the October 21, 2020.