

**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

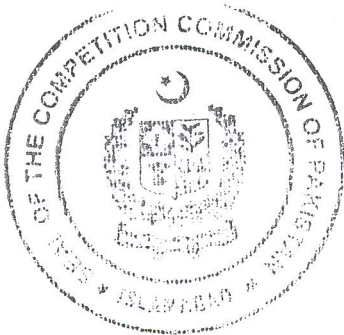
**IN THE MATTER OF
FIRST PHASE REVIEW**

**ACQUISITION OF SHARES OF CENTRAL
DEPOSITORY COMPANY OF PAKISTAN BY
PAK CHINA INVESTMENT COMPANY LIMITED**

CASE: 802/MERGER-CCP/16

Commission

Mr. Shahzad Ansar
Member



Mr. Ikram Ul Haque Qureshi
Member

ORDER

I Background

- 1 On 15th April 2016, Pak China Investment Company Limited ("PCICL") (the "Acquirer"), submitted a pre-merger application (the "application") to the Commission, for the intended acquisition of _____ shares of Central Depository Company of Pakistan Limited ("CDC") (the "Target") by PCICL, along with the applicable processing fee and necessary information in accordance with the Competition (Merger Control) Regulations 2007 (the "Merger Regulations").

II Merger Parties

2 Acquirer

PCICL was incorporated in Pakistan as a public limited company in 2007. The company is a 50:50 joint venture between the Government of China and Government of Pakistan through China Development Bank and Ministry of Finance respectively. The principal activity of the company is to invest in the financial sector and infrastructure projects.

- 3 Total assets of PCICL as on 31st December 2015 were PKR _____ its turnover remained at PKR _____ for the above mentioned period.

III Target

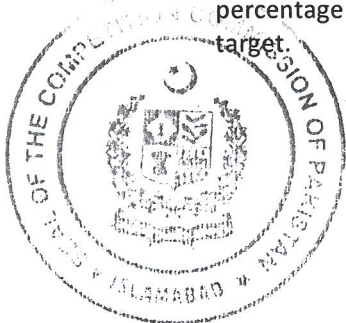
- 4 CDC is a holding company and was incorporated as a public limited company in 1993. The principal business activity of the company is to act as a depository for securities and to open securities account. The company also acts as a registrar to the issuer of securities.

- 5 Total assets of CDC as on 30th June 2015 were PKR _____ its turnover for the above mentioned period remained at PKR _____

IV Transaction

- 6 In the proposed transaction PCICL intends to acquire _____ of the total issued share capital of CDC from Citibank Overseas Investment Corporation ("COIC"). COIC is divesting its minority stakes _____ in CDC which is being acquired by PCICL. The consideration of the transaction is estimated to be PKR _____

- 7 The transaction meets the notification thresholds prescribed in Regulation 4(2) (a) (b) (c) & (d) of the Merger Regulations, by having acquirer's assets valuing more than PKR 300 million and combined assets being more than PKR 1 billion and turnover of acquirer more than PKR 500 million and combined turnover being more than PKR 1 billion. The transaction value also exceeds PKR 100 million and percentage of share to be acquired exceeds 10% of the total shareholding of the target.



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V Relevant Market:

8 The relevant product market in this case is "central securities depository". A central securities depository (CSD) is a specialist financial organization that holds securities such as shares either in certified or uncertified (dematerialized) forms to ensure transfer of ownership through a book entry. Pakistan like many other countries has one domestic CSD in the form of CDC.

9 The Relevant Geographic market is Pakistan.

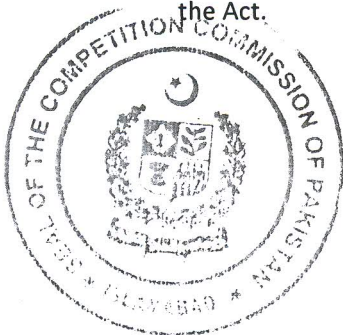
10 Findings of the Phase I investigation on the competition assessment

11 The competition assessment in Phase I has resulted in the following finding:

- The proposed transaction involves acquisition of shares of The Target by the Acquirer. The Target i.e CDC is the sole securities depository in the relevant geographic market thus, having 100% market share in the relevant product market, while the Acquirer is not a participant of the relevant product market and has nil market share. Post- merger the market share in the relevant product market will remain the same. The relevant market is a specialized market with single participant. The proposed transaction involves a conglomerate and is a divestment of minority stakes by COIC i.e. the seller in this case. 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").

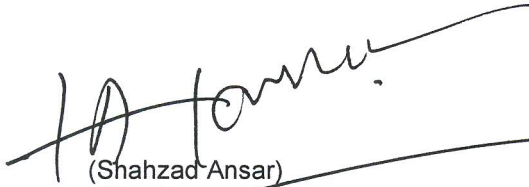
VII Conclusion

12 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.

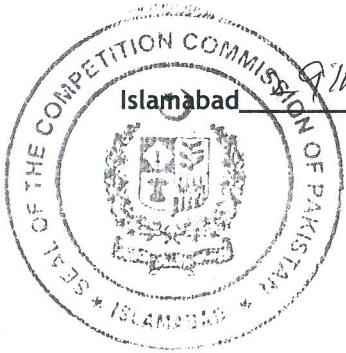


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13 It is so ordered.


(Shahzad Ansar)
Member


(Ikram Ul Haque Qureshi)
Member



9th April, 2016.