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CCP imposes Rs25m fine on ICAP

RECORDER REPORT

ing of non-ICAP accountancy stu- dictions. organisations.

and International Affairs).

imposed a fine of Rs 25 million on the members in the future. As per the accountancy students.

ISLAMABAD: The Competition for the violation, and restrained ICAP ation of undertakings in relation to the students on a broader range of sub-should continue to provide, the busi-professional and national interests and Commission of Pakistan (CCP) has from issuing similar directives to its market for the professional training of jects which was not substitutable to nesses and other consumers not only that these are better served by

Institute of Chartered Accountants of order, the relevant course of action for The bench has held that when ICAP other approved employers. Pakistan (ICAP) for prohibition affectees would be to pursue compensissued the July Directive, it acted as an The Bench further observed that the for accountancy services. imposed by the institute on the train- sation from courts of competent juris- association of undertakings and that ICAP directive also acted as an entry It observed that while it appreciated investment and improvement. The the July Directive was in violation of barrier for the ancillary market of that ICAP could regulate its own stu-accountancy market in Pakistan would dents by their approved training Earlier, CCP had issued a show Section 4 of the Act. The bench accountancy services that is crucial to dents and the quality of training be strengthened not by protectionism cause notice to ICAP for the prima observed that the July Directive fore- the business environment and the imparted by its approved accountancy but by allowing free competition. In this connection, the CCP here on facie violation of Section 4 of the Act. closes, shuts out, and precludes not economy as a whole, CCP observed firms, it could not prohibit these firm, Thursday issued an order by a three- This section prohibits, inter alia, deci- only a large but the most valuable seg- such a prohibition, issued by ICAP to most of which are also approved penalties and remedies under the Act member bench of CCP comprising Ms sion taken by association of undertak-ment - the public practice accountan-protect its own economic interests, employers of other accountancy bod-keeping in mind the importance of the Rahat Kaunain Hassan, Chairperson, ings that have the object or effect of cy firms - of the relevant market for would stunt the growth in the accountancy profession for the econo-Abdul Ghaffar, Member (Cartels and preventing, restricting or reducing the non-ICAP students. The order stat- tancy services sector and reduce. The order observed that all over the my and the necessity of discouraging Trade Abuses) and Dr Joseph Wilson, competition in the relevant market. ed that it was important to recognise choices available in the market. The world, accountancy firms acted as such practices by professional bodies. Member (Mergers and Acquisitions The show cause notice had alleged that training through a public practice bench observed that ICAP ought not approved employers of multiple. In the event that ICAP continues the that ICAP's Directive dated 4 July accounting firms was a valuable form to discourage, discriminate or other- accountancy bodies and ICAP should subject practice in violation of this According to the order, the 2012 (the 'July Directive'), which of training for accountancy students wise unequally treat growing number act in sync with the industry practice order, it will be liable to pay a penalty Commission has declared ICAP's prohibited ICAP's members and their and while there were other avenues of a human resource essential for a rather than creating hegemony for of Rs 1 million everyday for such vioprohibition to be in contravention of accountancy firms from offering train- such as in-house training at commer- vibrant economy. As a natural corol- itself. The bench further observed that lation in terms of Sub-Section 3 of Section 4 of the Competition Act, ing opportunities to non-ICAP cial concerns in public or private sec- lary of competition in the market, the they find merit in ICAEW submis- Section 38 of the Competition Act, 2010 and, hence to be without any accountancy students, amounted to an tor, accountancy firms offered a increase in the number of such professions that ICAP's directive appeared CCP added.

legal force, fined ICAP Rs 25 million anti-competitive decision of an associ-greater exposure and experience to sionals in the past has provided and to place protectionism above both the any training or experience offered by with a greater choice but also strengthening the profession in

improved quality and reduced costs Pakistan through maintaining an open

environment to encourage continual

The commission has imposed

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CCP imposes Rs25 million penalty on ICAP

By Mehtab Haider

ISLAMABAD: The Competition Commission of Pakistan (CCP) has imposed Rs25 million penalty on the Institute of Chartered Accountants of Pakistan (ICAP) for violating the competition law.

The CCP issued a show cause notice to ICAP for the prima facie violation of the section 4 of the Competition Act, 2010, which prohibits object or effect of preventing, restricting or reducing competition in the relevant market.

According to the notice, the ICAP's directive 4th July, 2012 (the 'July Directive') disallowed ICAP's members and their accountancy firms from offering training opportunities to non-ICAP accountancy students, which is tantamount to anti-competitive decision of an association of undertakings in relation to the market for the professtudents.

As per the order, the relevant course of action for affectees will be to pursue compensation from courts of competent juris-

The body observed that the July Directive forecloses, shuts out, and precludes not only a large but the most valuable segment - the public practice accountancy firms - of the relevant market for the non-ICAP students. The order stated that it was important to recognise that training through a public practice accounting firms was a valuable form of training for accountancy students, and while there were other avenues such as inhouse training at commercial concerns in public or private sector, accountancy firms offered a greater exposure and experience to students on a broader range of subjects which was not substitutable to any training or experi-

sional training of accountancy ence offered by other approved vices," it said. employers.

It added that the directive also acted as an entry barrier for the ancillary market of accountancy services that is crucial to the business environment and the economy as a whole. The CCP observed such a prohibition, issued by ICAP to protect its own economic interests, will inhibit the growth in the accountancy services sector and reduce choices available in the market.

"ICAP ought not to discourage, discriminate or otherwise unequally treat growing number of a human resource essential for a vibrant economy. As a natural corollary of competition in the market, the increase in the number of such professionals in the past has provided and should continue to provide the businesses and other consumers not only with a greater choice but also improved quality and reduced costs for accountancy ser-

It further observed that while it appreciated that ICAP could regulate its own students and the quality of training imparted by its approved accountancy firms, it could not prohibit these firm, most of which are also approved employers of other accountancy bodies, from training non-ICAP students. All over the world, accountancy firms acted as approved employers of multiple accountancy bodies and ICAP should act in conformity with the industry practice rather than creating hegemony for itself, it added.

According to the CCP, they find merit in ICAEW submissions that ICAP's directive appeared to place protectionism above both the professional and national interests and that these are better served by strengthening the profession in Pakistan

Continued on page 18

CCP imposes.

Continued from page 15 through maintaining an open environment to encourage continual investment and improvement. The accountancy market in Pakistan would be strengthened not by protectionism but by allowing free competition

It would be pertinent to mention that CCP has imposed the penalties and remedies under the Act keeping in mind the importance of the accountancy profession for the economy and the necessity of discouraging such practices by professional bodies.



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CCP imposes Rs 25m fine on ICAP for violating Competition Act

Staff Report

A ISLAMABAD: The Competition Commission of Pakistan (CCP) has the issued an order in the matter of protein the hibition imposed by the Institute of AP Chartered Accountants of Pakistan (ICAP) on the training of non-ICAP accountancy students by their approved training organisations.

In its order, the Commission has declared ICAP's prohibition to be in contravention of Section 4 of the Competition Act, 2010 (the 'Act') and, hence to be without any legal force, fined ICAP Rs 25 million for the violation and restrained ICAP from issuing similar directives to its members in the future.

As per the order the relevant course of action for affectees would be to pursue compensation from courts of competent jurisdictions.

A three-member bench of CCP comprising Ms Rahat Kaunain

Hassan, Chairperson, Abdul Ghaffar member (Cartels and Trade Abuses) and Dr Joseph Wilson member (Mergers and Acquisitions and International Affairs) conducted the inquiry.

Earlier CCP had issued a show cause notice to ICAP for the prima facie violation of Section 4 of the Act. This section prohibits, inter alia, decision taken by association of undertakings that have the object or effect of preventing, restricting or reducing competition in the relevant market. The show cause notice had alleged ICAP's directive July 4, 2012 (the 'July Directive'), which prohibited ICAP's members and their accountancy firms from offering training opportunities to non-ICAP accountancy students, amounted to an anti-competitive decision of an association of undertakings in relation to the market for the professional training of accountancy students.

The Bench has held when ICAP issued the July Directive, it acted as an association of undertakings and that the July Directive was in violation of Section 4 of the Act.

July Directive forecloses, shuts out and precludes not only a large but the most valuable segment-the public practice accountancy firms of the relevant market for the non-ICAP students.

The order stated it was important to recognise training through a public practice accounting firms was a valuable form of training for accountancy students and while there were other avenues such as in-house training at commercial concerns in public or private sector, accountancy firms offered a greater exposure and experience to students on a broader range of subjects which was not substitutable to any training or experience offered by other approved employers.

ICAP Directive also acted as an

entry barrier for the ancillary market of accountancy services that was crucial to the business environment and the economy as a whole.

CCP observed such a prohibition, issued by ICAP to protect its own economic interests, would stunt the growth in the accountancy services sector and reduce choices available in the market.

The bench observed that ICAP ought not to discourage, discriminate or otherwise unequally treat growing number of a human resource essential for a vibrant economy. As a natural corollary of competition in the market, the increase in the number of such professionals in the past has provided and should continue to provide, the businesses and other consumers not only with a greater choice but also improved quality and reduced costs for accountancy services.

While it appreciated ICAP could

regulate its own students and the quality of training imparted by its approved accountancy firms, it could not prohibit these firm, most of which are also approved employers of other accountancy bodies, from training non-ICAP students.

The order observed all over the world, accountancy firms acted as approved employers of multiple accountancy bodies and ICAP should act in sync with the industry practice rather than creating hegemony for itself.

The accountancy market in Pakistan would be strengthened not by protectionism but by allowing free competition

CCP has imposed the penalties and remedies under the Act keeping in mind the importance of the accountancy profession for the economy and the necessity of discouraging such practices by profes-

sional bodies.

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CCP fines ICAP Rs 25m

OUR STAFF REPORTER

ISLAMABAD - The Competition Commission of Pakistan (CCP) has issued an order in the matter of prohibition imposed by the Institute of Chartered Accountants of Pakistan (ICAP) on the training of non-ICAP accountancy students by their approved training organisations.

In its order, the Commission has declared ICAP's prohibition to be in contravention of Section 4 of the Competition Act, 2010 (the 'Act') and, hence to be without any legal force, fined ICAP Rs 25 million for the violation, and restrained ICAP from issuing similar directives to its members in the future as protection for affectees would be to pursue compensation from courts of competent jurisdictions.

This order has been issued by a three member bench of CCP comprising Ms. Rahat Kaunain Hassan, Chairperson, Abdul Ghaffar, Member (Cartels & Trade Abuses) and Dr Joseph Wilson, Member (Mergers and Acquisitions & International Affairs).

Earlier, CCP had issued a Show Cause Notice to ICAP for the prima facie violation of Section 4 of the Act. This section prohibits, inter alia, decision taken by association of undertakings that have the object or effect of preventing, restricting or reducing competition in the relevant market. The show cause notice had alleged that ICAP's Directive dated 4 July 2012 (the 'July Directive'), which prohibited ICAP's members and their accountancy firms from offering training opportunities to non-ICAP accountancy students. amounted to an anti-competitive decision of an association of undertakings in relation to the market for the professional training of accountancy students.

The Bench has held that when ICAP issued the July Directive. it acted as an association of undertakings and that the July Directive was in violation of Section 4 of the Act. The Bench observed that July Directive forecloses, shuts out, and precludes not only a large but the most valuable segment - the public practice accountancy firms - of the relevant market for the non-ICAP students. The order stated that it is important to recognie that training through a public practice accounting firms was a valuable form of training for accountancy students and while there were other avenues such as in-house training at commercial concerns in public or private acctor, accountance firms offered a greater exposure and experience to surrous on a broader range of subjects which was not substitutable to any training or experience offered by other approved emplovers.



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CCP imposes Rs25m fine on ICAP

By Kalbe Ali

ISLAMABAD, Tan 10: The Competition Commission of Pakistan (CCP) has imposed a fine of Rs25 million on the Institute of Chartered Accountants of Pakistan (ICAP), and restrained it from prohibiting training of non-ICAP accountancy students by their approved training organisations.

The order has been issued by a three-member bench of CCP, comprising Rahat Kaunain Hassan. Chairperson, Abdul Ghaffar, Member (Cartels and Trade Abuses) and Dr Joseph Wilson, Member (Mergers and Acquisitions and International Affairs).

The order by CCP declared ICAP's prohibition as contravention of Section 4 of the Competition Act, 2010.

"The relevant course of action for affectees would be to pursue compensation from courts of competent jurisdictions," the CCP order suggested to affectees.

The CCP had earlier issued a showcause notice to ICAP for prima facie violation of Section 4 of the Act.

The show cause notice had alleged that ICAP's directive of July 4, 2012, prohibited ICAP members and their accountancy firms from offering training opportunities to non-ICAP accountancy students, which amounted to an anti-competitive decision.

This section prohibits, inter alia. decision taken by association of undertakings that have the object or effect of preventing, restricting or reducing competition in the relevant market.

"The accountancy market in Pakistan would be strengthened not by protectionism but by allowing free competition," the CCP order said.

The CCP bench noted that when ICAP issued the directive in July it acted as an association of

undertakings and that directive was in violation of Section 4 of the CCP Act.

The CCP order stated that it is important to recognise that training through a public practice accounting firm was a valuable form of training for accountancy students and while there were other avenues such as in-house training at commercial concerns in public or private sector, accountancy firms offered a greater exposure and experience to students on a broader range of subjects which was not substitutable to any training or experience offered by other approved employers.

The bench observed that the ICAP directive also acted as an entry barrier for the ancillary market of accountancy services that is crucial to business environment and economy as a whole.

The CCP observed that such a pro-

hibition would stunt growth in accountancy services sector and reduce choices available in the mar

The bench observed that ICAI ought not to discourage, discriminat or otherwise unequally treat growin number of a human resource esser tial for a vibrant economy.

As a natural corollary of compet tion in the market, the increase in th number of such professionals in th past has provided and should conti ue to provide, the businesses ar other consumers not only with greater choice but also improve quality and reduced costs f accountancy services.

The order said that all over t world, accountancy firms acted approved employers of multip accountancy bodies and ICAP short act in synchronisation with the ind try practice rather than creat hegemony for itself.



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CCP imposes Rs 25m fine on ICAP

STAFF REPORTER

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In its order, the Commission has declared ICAP's prohibition to be in contravention of Section 4 of the Competition Act, 2010 (the 'Act') and, hence to be without any legal force, fined ICAP PKR 25 Million for the violation, and restrained ICAP from issuing similar directives to its members in the future. As per the order, the relevant course of action for affectees would be to pursue compensation from courts of competent jurisdictions.

This order has been issued by a three member bench of CCP comprising Ms. Rahat Kaunain Hassan, Chairperson, Mr. Abdul Ghaffar, Member (Cartels & Trade Abuses) and Dr. Joseph Wilson, Member (Mergers and Acquisitions & International Affairs).

Earlier, CCP had issued a Show Cause Notice to ICAP for the prima facie violation of Section 4 of the Act. This section prohibits, inter alia, decision taken by association of undertakings that have the object or effect of preventing, restricting or reducing competition in the relevant market.



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انسٹی ٹیوٹ آف چارٹرڈا کا وُٹٹینٹس کواڑھائی کروڑ جر مانہ

مسابقت كيشن في الأنان أنى كيب الكاونيس كيطليكوريت في وم زاف كي باداش من جرمان بيا

تربیت نے محروم طلبہ کو تلافی کیلئے عدالتوں سے رجوع کرنے کی بھی ہدایت اسلام آباد (نمائندہ فصوص) سابقت کمشن نے جائے۔ فیصلہ میں یہ آرابھی دیا گیا ہے کہ آئی کیپ انٹی ٹیوٹ آف چارٹرڈ اکاؤشیش آف پاکستان پر ساس فیصلہ کی وجب جوطلبر تربیت سے محروم ہوتے اڑھائی کرد روپے جرمانہ مائد کیا ہے۔ آئی کیپ پر سے ہیں وہ مدلیہ سے تلافی کے لئے مدالتوں سے رجوح جرمانہ '' نان آئی کیپ'' اکاؤنش طلبہ اواجے منظور شدہ کر تھے ہیں۔

تر بی اواروں میں تربیت ہے حور مرکز نے پر عائد کیا ا گلیا۔ سابقت کھٹ نے ٹائی کیپ کی طرف سے شملک اداروں کو نان آئی کیپ طلبہ اور تربیت کی سیولت ندوینے کانوٹس لیا تعااور شوکار ویا تھا۔ سابقت کھٹن کے تیج نے آئی کیپ سے حکم کو قانون کی طاف درزی قرار دیا کہا کہ آئی تعدہ اس قسم کا تھم جاری نہ کیا