

11 Jan 2013

Page # 8

CCP imposes Rs25m fine on ICAP

RECORDER REPORT

ISLAMABAD: The Competition Commission of Pakistan (CCP) has imposed a fine of Rs 25 million on the Institute of Chartered Accountants of Pakistan (ICAP) for prohibition imposed by the institute on the training of non-ICAP accountancy students by their approved training organisations.

In this connection, the CCP here on Thursday issued an order by 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).

According to the order, the Commission has declared ICAP's prohibition to be in contravention of Section 4 of the Competition Act, 2010 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.

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 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 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 further observed that the ICAP 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. 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 profes-

sionals 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.

It 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. The order observed that 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 bench further observed that 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 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.

The commission has imposed 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.

In the event that ICAP continues the subject practice in violation of this order, it will be liable to pay a penalty of Rs 1 million everyday for such violation in terms of Sub-Section 3 of Section 38 of the Competition Act, CCP added.

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 profes-

sional training of accountancy students.

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

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 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 experi-

ence offered by other approved 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-

vices," it said.

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.

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

Staff Report

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 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 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 professional bodies.

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 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, 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 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 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.

CCP imposes Rs25m fine on ICAP

By Kalbe Ali

ISLAMABAD, Jan 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 sug-

gested to affectees.

The CCP had earlier issued a show-cause 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 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 greater choice but also improved quality and reduced costs of accountancy services.

The order said that all over the world, accountancy firms acted as approved employers of multi-qualified accountancy bodies and ICAP should act in synchronisation with the industry practice rather than create a hegemony for itself.

Page # 14
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CCP imposes Rs 25m fine on ICAP

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 organizations.

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.

انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس کو اڑھائی کروڑ جرمانہ

سابقہ کمیشن نے "نان آئی کیپ" اکاؤنٹس کے طلبہ کو تربیت سے محروم کرانے کی پاداش میں جرمانہ لیا

تربیت سے محروم طلبہ کو تلافی کیلئے عدالتوں سے رجوع کرنے کی بھی ہدایت

اسلام آباد (نامائندہ خصوصی) مسابقت کمیشن نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان پر اڑھائی کروڑ روپے جرمانہ عائد کیا ہے۔ آئی کیپ پر یہ جرمانہ "نان آئی کیپ" اکاؤنٹس طلبہ کو اپنے منظور شدہ تربیتی اداروں میں تربیت سے محروم کرنے پر عائد کیا گیا۔ مسابقت کمیشن نے نائی کیپ کی طرف سے شملک اداروں کو نان آئی کیپ طلبہ اور تربیت کی سہولت نہ دینے کا نوٹس لیا تھا اور شوکاژو یا تھا۔ مسابقت کمیشن کے بننے آئی کیپ کے حکم کو قانون کی خلاف ورزی قرار دیا کہا کہ آئندہ اس قسم کا حکم جاری نہ کیا جائے۔ فیصلہ میں یہ قرار بھی دیا گیا ہے کہ آئی کیپ کے اس فیصلہ کی وجہ سے جو طلبہ تربیت سے محروم ہوئے ہیں وہ عدلیہ سے تلافی کے لئے عدالتوں سے رجوع کر سکتے ہیں۔

تربیتی اداروں میں تربیت سے محروم کرنے پر عائد کیا گیا۔ مسابقت کمیشن نے نائی کیپ کی طرف سے شملک اداروں کو نان آئی کیپ طلبہ اور تربیت کی سہولت نہ دینے کا نوٹس لیا تھا اور شوکاژو یا تھا۔ مسابقت کمیشن کے بننے آئی کیپ کے حکم کو قانون کی خلاف ورزی قرار دیا کہا کہ آئندہ اس قسم کا حکم جاری نہ کیا