



شعبة الترجمة الرسمية  
Official Translation Department

## **Competition Law**

Royal Decree No. M/75  
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**Translation of Saudi Laws**



**NOTE:**

The translation of Saudi laws takes the following into consideration:

- Words used in the singular form include the plural and vice versa.
- Words used in the masculine form include the feminine.
- Words used in the present tense include the present as well as the future.
- The word “person” or “persons” and their related pronouns (he, his, him, they, their, them) refer to a natural and legal person.



## Competition Law

### Article 1

In this Law, the following terms shall have the meanings assigned thereto, unless the context requires otherwise:

**Law:** Competition Law.

**Authority:** General Authority for Competition.

**Board:** The Authority's Board of Directors.

**Chairman:** The Chairman of the Board.

**Governor:** The Authority's Governor.

**Regulations:** Implementing Regulations of the Law.

**Entity:** Any natural or legal person engaged in an economic activity, including commercial, agricultural, industrial, and service activities, as well as the purchase and sale of goods and services.

**Market:** A physical place or any other medium where a group of current and prospective buyers and sellers meet within a specified period.

**Dominant Position:** A situation in which an entity, or a group of entities, influences the market or controls a certain percentage thereof. The Regulations shall determine such percentage in accordance with criteria approved by the Board.

**Economic Concentration:** Any activity that results in the total or partial transfer of ownership of assets, rights, stocks, shares, or obligations of an entity to another, or in the combining of two or more managements into one joint management, in accordance with the Regulations.

**Committee:** The Committee for Adjudication of Violations of the Law.

### Article 2

This Law aims to protect and encourage fair competition, and to combat and prevent monopolistic practices that affect lawful competition or consumer interest; thereby improving the market environment and promoting economic development.

### Article 3

1. Without prejudice to the provisions of other laws, the provisions of this Law shall apply to:
  - a) all entities within the Kingdom; and



- b) practices taking place outside the Kingdom which have an adverse effect on fair competition within the Kingdom, in accordance with the provisions of this Law.
2. Paragraph (1) of this Article shall not apply to public establishments and State-owned companies if such establishments or companies are granted exclusive rights by the Government to provide goods or services in a certain field.
  3. The Authority shall have original jurisdiction over any matter arising from the application of this Law, or conflicting or overlapping with the jurisdiction of other governmental entities.

The Regulations shall determine the rules that must be observed in the application of this Article.

#### **Article 4**

The prices of goods and services shall be in accordance with market rules and free competition principles, except for prices of goods and services determined pursuant to a resolution issued by the Council of Ministers, or an applicable law.

#### **Article 5**

Practices which deliberately or inadvertently prejudice competition, whether written or verbal, explicit or implicit, including agreements or contracts between entities, shall be prohibited, particularly the following:

1. Determining or proposing prices of goods, fees of service, and terms of sale or purchase, and the like.
2. Determining the goods' sizes, weights, and production quantities, or determining the performance of services.
3. Restricting the free flow of goods and services to or from markets in whole or in part by unjustly concealing, storing, or refusing to deal therein.
4. Any conduct that obstructs the entry of an entity into the market or leads to its exclusion therefrom.
5. Preventing a particular entity or entities from accessing goods and services available in the market, in whole or in part.
6. Dividing markets for the sale or purchase of goods and services, or designating them according to any specific criteria, particularly:
  - a) geographical areas;
  - b) distribution centers;
  - c) customer type; and
  - d) seasons and time periods.
7. Freezing or limiting the manufacturing, development, distribution, and marketing process, as well as all other investment activities.
8. Colluding or coordinating in bids or offers of government tenders, auctions, and the like, in a manner that prejudices competition.



## **Article 6**

Any entity having a dominant position in the market or a substantial part thereof shall be prohibited from exploiting such position to prejudice or limit competition, including the following:

1. Selling goods or services at a price lower than their total cost to force entities out of the market or subject them to substantial losses, or to obstruct potential entities from entering the market.
2. Determining or imposing prices or terms for the resale of goods or services.
3. Decreasing or increasing quantities of available products to control prices and create a false sense of abundance or shortage.
4. Discriminating among entities under similar contracts in relation to prices of goods and fees of services or their terms of sale and purchase.
5. Refusing to deal with another entity without a valid reason to obstruct its entry into the market.
6. Requiring an entity to refrain from dealing with another entity.
7. Making the sale of goods or the provision of services conditional upon incurring obligations or accepting goods or services which, by their nature or by commercial use, are not related to the goods or services subject of the original contract or transaction.

## **Article 7**

Entities seeking to join an economic concentration transaction must notify the Authority at least 90 days prior to the completion of such transaction if the total value of the entities' annual sales exceeds the amount determined by the Regulations.

## **Article 8**

The Board may, in accordance with the Regulations and upon the recommendation of a technical committee formed for such purpose, approve an entity's request to be exempted from any of the provisions of Articles 5, 6, and 7 of this Law, if this improves market performance or improves the entity's performance in terms of product quality, technological development, or creative efficiency, provided the consumer's benefit from such exemption outweighs the effects of restricting freedom of competition.

## **Article 9**

1. The Regulations shall determine the procedures that must be followed in economic concentration notifications, as well as the required content, information, and documents.
2. The Authority may access and obtain copies of all records, data, files, and documents of the entities taking part in the economic concentration.

## **Article 10**

The Board shall issue a decision concerning economic concentration notifications in any of the following forms:



1. Approval.
2. Conditional approval.
3. Refusal.

The refusal and conditional approval decisions must be reasoned.

#### **Article 11**

The entities referred to in Article 7 of this Law may not complete the procedures of economic concentration except in the following cases:

1. The Authority's written notification of the approval.
2. The lapse of 90 days from the date of notification without the Authority's written notice of the Board's approval or refusal.

#### **Article 12**

1. Authority employees and Board members, except for members selected for their merits, shall be prohibited from engaging in business activities. Authority employees shall also be prohibited from engaging in any profession that conflicts with the Authority's work and its objectives. The Board shall adopt the rules for disclosure and transparency.
2. The Authority shall be prohibited from receiving gifts, donations, endowments, bequests, grants, or aid, except for those offered by government agencies.

#### **Article 13**

1. Board members and Authority employees must maintain the confidentiality of information, records, data, files, and documents they obtain from entities while gathering evidence or conducting investigations, and they may not share them with a third party without the Authority's approval.
2. The Chairman, the Governor, or any Board member may not access or participate in a deliberation concerning a case or matter if he has an interest or relationship therein, is related to one of the parties by blood or marriage, or has represented one of them. The Regulations shall determine the relevant rules.

#### **Article 14**

1. The Board shall issue a reasoned decision approving inquiry, search, and evidence-gathering procedures with respect to the investigation of complaints and reports relating to violations of this Law, as well as the filing or closing of a criminal action related thereto.
2. The Chairman or the Governor may, in exigent circumstances, issue a decision to inquire, search, gather evidence, or investigate practices which prejudice competition, provided said decision is presented to the Board at the first meeting following its issuance.

#### **Article 15**

Officers designated by the Board shall undertake the following:



1. Inquiring, searching, gathering evidence, and recording violations of this Law and shall have judicial recording capacity. They shall also have the right to enter the entities' premises, offices, and branches during regular business hours, access their books and documents, and make copies thereof and a report to this effect shall be signed by the officers and the entity's employee present at the time of recording the violation. In competition-related cases, they may use all means of proof, including electronic and computer-generated data, telephone recordings, facsimile correspondence, and electronic mail. The Regulations shall specify their powers and work rules.
2. Conducting interrogations and investigations and prosecuting violations of this Law.

#### **Article 16**

1. An entity may not prevent a law enforcement officer or investigator from carrying out a task assigned to him in accordance with the powers conferred upon him by this Law, nor may it withhold information, provide misleading information, or conceal or destroy documents that benefit the investigation.
2. The Authority may, when necessary, seek the assistance of the competent authorities, including law enforcement agencies, to enable law enforcement officers to carry out their duties.

#### **Article 17**

The Authority may request relevant official authorities to provide it with periodic reports on entities operating in the market, or when needed, as specified by the Regulations.

#### **Article 18**

1. Pursuant to a decision by the Board, and the nomination of the Chairman, a committee shall be formed comprising five experts—three of whom shall be legal specialists—for a renewable term of three years. Said Committee shall adjudicate violations of this Law and its Regulations, except for the violations referred to in Article 12(1) and Article 24, and shall impose the penalties provided for in this Law. The decision shall designate the Committee's chairman from among its legal specialists. Committee decisions shall be passed by majority vote and shall be reasoned. The Regulations shall determine the Committee's work procedures.
2. If the seat of a Committee member becomes vacant, another member may be appointed to fill his seat for the remainder of the Committee's term.
3. Committee decisions may be appealed before the competent court within 30 days from the date of the violator's notification. If the decision is overturned, the competent court shall review the violation and impose the appropriate penalty in accordance with the provisions of this Law.

#### **Article 19**

1. Without prejudice to the provisions of Article 24 of this Law, any person violating any of the provisions of Articles 5, 6, 7, and 11 of this Law shall be subject to a fine not exceeding 10% of the total value of the annual sales subject of the violation, or a fine not exceeding 10 million riyals if it is not



- feasible to estimate the annual sales. The Committee may, at its discretion, impose a fine not exceeding three times the gains the violator accrues from the commission of the violation.
2. Without prejudice to any harsher penalty provided for by this Law or any other law, or the provisions of paragraph (1) of this Article, any person violating any of the provisions of Article 16 of this Law shall be subject to a fine not exceeding 5% of the value of the annual sales, or a fine not exceeding 5 million riyals if it is not feasible to estimate the annual sales.
  3. If the violator repeats the violation, the Committee may double the fine imposed for the first violation. The violator shall be deemed a recidivist if the same violation is committed within three years from the date the decision on the first violation is issued.
  4. The decision on violations provided for in this Article shall be published at the expense of the violator in a local newspaper issued in the area where he resides or in any other appropriate media outlet, provided that the judgment or decision is published after becoming final.
  5. The Board shall issue a decision specifying the cases where the publication provided for in paragraph (4) of this Article is not mandatory. The Regulations shall provide the necessary rules to be observed.

#### **Article 20**

Without prejudice to the provisions of Articles 12(1), 19, and 24 of this Law, any person violating any of the provisions of this Law or its Regulations shall be subject to a fine not exceeding 2 million riyals.

#### **Article 21**

Without prejudice to the provisions of Article 19 of this Law, the Board may take one or more of the following measures in the event of any violation to the provisions of this Law:

1. Requiring the violator to make the necessary changes to rectify the violation within a specified period.
2. The Board may, upon issuance of the Committee's decision to impose the penalty, take one or more of the following measures:
  - a) Requiring the violator to dispose of certain assets, shares, or property rights, or to perform any other act to ensure the violation is rectified.
  - b) Requiring the violator to pay a daily fine not exceeding 10 thousand riyals until the violation is rectified within the period specified in the Board's decision. If such period lapses without rectifying the violation, the daily fine shall be doubled pending rectification.
  - c) Closing the entity temporarily for a period not exceeding 30 days, if the violation continues after the lapse of 90 days from the Board's notification.

The Regulations shall determine the rules necessary for the application of such measures.





## **Article 22**

When imposing the penalties and applying the measures stipulated in Articles 19, 20, and 21 of this Law, the following shall, on a case-by-case basis, be considered:

1. If an entity engages in different activities, a fine shall be imposed on the activity subject of the violation, and the value of the fine shall take into account the nature of the activity.
2. Circumstances of the violation.
3. Gravity of the violation.
4. Effect of the violation.

## **Article 23**

The Board may decide not to refer to the Committee the entity in violation of the provisions of this Law if such entity cooperates in providing evidence to reveal its accomplices in that violation. The Board may also accept a settlement with the violating entity. The Regulations shall determine the necessary rules and requirements, as well as the method for compensating aggrieved parties.

## **Article 24**

Without prejudice to any harsher penalty provided by this Law or any other law, a fine not exceeding 1 million riyals shall be imposed on any person who discloses work-related confidential information, whether a Board member or an Authority employee for the purpose of achieving material or immaterial gain.

## **Article 25**

Any natural or legal person who sustains damage due to acts committed in violation of this Law may petition the competent court for compensation.

## **Article 26**

This Law shall supersede the Competition Law, promulgated by Royal Decree No. (M/25) dated 4/5/1425H.

## **Article 27**

The Board shall issue the Regulations within 180 days from the date of publication of this Law in the Official Gazette. The Regulations shall enter into force on the date this Law becomes effective.

## **Article 28**

This Law shall enter into force 180 days following the date of its publication in the Official Gazette.