Hong Kong

[Please introduce here the name of your country]

COMPETITION FRAMEWORK

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The Competition Ordinance (Cap. 619) is the competition law in Hong Kong, alongside with its related subsidiary legislation.

The Ordinance was enacted in June 2012 by the Legislative Council, and became fully operational in December 2015.

The Ordinance establishes three key rules to promote fair competition:

First Conduct Rule: This rule prohibits agreements between businesses that hinder competition. This includes agreements on pricing, production, and how they compete for customers.

Second Conduct Rule: This rule prevents businesses with a dominant market position from abusing their power to stifle competition.

Merger Rule: This rule currently applies only to mergers in the telecommunications sector involving companies with carrier licenses. It restricts mergers that could significantly reduce competition.

[Please Introduce the name of the laws constituting the National Competition Law Regime. Include the year of enaction and the corresponding amendments as well]

Competition Authority

The Competition Commission acts as the main enforcer of the Competition Ordinance. It initiates enforcement proceedings before a specialized court called the Competition Tribunal.

It is an independent body created by a law called the Competition Ordinance (Chapter 619).

Competition Commission Website: https://www.compcomm.hk/en/about/comm/role_functions.html Competition Tribunal Website: https://www.comptribunal.hk/en/home/index.html

[Please introduce here the name of the competition authorities that are part of the enforcement process of the laws mentioned in the previous question. In that regard, please specify the norms that established those agencies, the year in which they started operation, and their website. Include tribunals only if they have a role in the process of founding guilt and imposing sanctions. This point specifically excludes judicial authorities that only have judicial review powers]

POLICY-MAKING AGENTS

-DIVERSIFICATION-

How many agencies are responsible for competition enforcement?

The Competition Commission is the main enforcer of Competition Law in Hong Kong

The functions of the Commission are:

Investigating possible violations of the Competition Ordinance's competition rules and enforcing the law;

Educating the public about the importance of competition and how the Ordinance helps it thrive;

Encouraging businesses operating in Hong Kong to set up internal systems to manage competition risks and ensure they comply with the law;

Advising the government on competition issues in Hong Kong and elsewhere;

Studying how competition works in different Hong Kong markets

;

Supporting research and skill development related to competition law in Hong Kong.

Additionally, Hong Kong has a The Competition Tribunal which superior court of record set up by the Competition Ordinance, Cap 619 ("CO").

The Communications Authority shares concurrent jurisdiction with the Commission in respect of anti-competitive conduct of certain undertakings operating in the telecommunications and

	broadcasting sectors.
	[Please mention how many authorities have a general mandate to enforce competition in your jurisdiction. Include a brief reference on their duties e.g.: if they impose criminal, civil or administrative liability. The purpose is that readers can quickly understand, which are the agencies charged with competition enforcement in the jurisdiction, the difference between them, and if they have concurrent, overlapping, or exclusionary authority. Include the relevant provisions on which their powers are based. Exclude in this point sector regulators or enforcers]
Do sector regulators have a competition policy enforcement mandate?	The Competition Ordinance has additional regulations that define exemptions, exclusions, and procedures. Some government entities are exempt, while others are subject to the Ordinance. Certain entities linked to the Hong Kong Exchanges and Clearing Limited are exempt from specific rules. There are also regulations for calculating a business's turnover and application fees. [Please introduce the name agencies that have powers to enforce any aspect of competition law, including merger control, in specific sectors. Introduce the relevant provisions on which their powers are based]
Have the Competition Authority and other agencies signed protocols or memoranda of understanding with sector regulators?	The Commission has signed a Memorandum of Understanding with the Communications Authority to coordinate the performance of their functions under the Ordinance. The other MOU's: Memorandum of Understanding with the Guangdong Administration for Market Regulation (courtesy translation); Memorandum of Understanding with the Philippine Competition Commission; Memorandum of Understanding with the Securities and Futures Commission; Memorandum of Understanding with the Canadian Competition Bureau; Memorandum of Understanding with the Communications Authority. [Please mention here any provision or interinstitutional agreement that allows the competition authorities to coordinate behavior to effectively enforce competition law]
DISAGGREGATED FUNC	ONS—PROSECUTORIAL MODEL
Are there different authorities or agencies that make the decision to investigate and the final ruling in the cases?	[Answer: Yes or No] No Where the Commission investigates an alleged contravention of a Competition Rule, whether initiated by a complaint or otherwise, it will generally do so in two phases: Initial assessment phase: In this phase the commission can state if it is reasonable to conduct an investigation and if there is sufficient evidence to establish a reasonable cause to suspect that a contravention of a Competition Rule has occurred. Investigation phase: The Commission believes it has grounds to suspect a violation of the Competition Rules

		The investigation may involve the Commission using its compulsory document and information gathering powers under sections 41, 42 and 48 of the Ordinance (the "Investigation Powers"). The Commission can initiate legal action before the Tribunal if it has reasonable suspicion that someone has violated a Competition Rule outlined in section 91 of the Ordinance. Violations of the ordinance can be proven in various ways: A Tribunal decision finding a rule violation; A Court of First Instance or Court of Appeal decision from transferred proceedings, confirming the violation; A Court of Final Appeal decision upholding a violation finding; A person admitting to a violation in a Commission-accepted commitment. [If the answer is yes, please explain briefly the enforcement process, and include the relevant provisions. The purpose of this question is to understand the enforcement model of the jurisdiction and establish how many independent authorities are involved in the enforcement process and what are their functions]
Are disputes presented for decision to judiciary authorities?	[Answer: Yes or No] Yes	The Competition Tribunal is a tribunal set up under the Competition Ordinance (Chapter 619 of the Laws of Hong Kong), as part of the Judiciary, to hear and decide cases connected with competition law in Hong Kong. The Tribunal settles disputes on competition and communication issues, reviews certain decisions, and hears private complaints. It has broad enforcement powers and can handle cases transferred from the Court of First Instance. There are four main types of cases: review of determinations, enforcement actions, followon actions for those harmed by violations, and transferred proceedings. [If the answer to your question is "yes", please introduce the name of the judiciary authorities that are involved and their role until the final decision in the process is achieved; exclude from this question judiciary authorities whose role in the process is the judicial review of administrative decisions]
Do private rights of action to challenge competition law infringements exist in your jurisdiction	[Answer: Yes or No] Yes	Part 7 of the Ordinance contemplates private actions. According to section 110 of the Ordinance, individuals harmed by conduct rule violations can seek compensation. This means, anyone who suffered loss or damage due to an act proven to violate a conduct rule can seek compensation. Follow-on actions must follow a procedure in which claims must be filed with the Tribunal, regardless of whether the lawsuit solely concerns a conduct rule violation. These claims can be filed within 3 years of the earliest

				the appeal period expires. e explain briefly the process and who cise those rights; mention the relevant
* Please fill the next sections for each of the authoritie sector regulators	s mentioned in the prior sec	tions exc	luding	
C	OMPETITION COM	MISSIC	ON	
Statu	S OF THE COMPETITION	N AUTI	HORITY	
Accountability	Please, answer "Yes" in the boxes of this line if any of the duties on the right column apply to the authority, and "No" if they do not.		with X /√ as it applies	Please, in the boxes of this line mention trelevant provisions in which the obligation are based.
Does the Competition Authority have obligations before the executive?	Yes	X	Obligations to report to the executive on ongoing investigations upon request.	According to the Investigation Guideline, The Commission will generally investigate in private to protect the interests of all persons involved and will not make disclosures except where appropriate. To this end, the Commission will not normally comment on matters it is considering or investigating.
		X	The decisions of the Competition Authority may be vetoed by a ministry or by the executive branch. m	provisions] There is no provision on the Ordinance that states anything on this, neither on cases of public interest
		X	The executive has to report on an annual basis to the executive.	[Introduce the relevant provisions] There is no provision on the Ordinance that states this obligation
Does the Competition Authority have obligations before the legislature?	Yes	√ ·	Obligation to publish an annual report on its activities.	[Introduce the relevant provisions] According to Part 6 Section 25 of the Ordinance, The Commission is required to publish a comprehensive report on its activities within six months of the fiscal year's end. This report details the Commission's work throughout the previous year.
		√	Obligation to stand before parliament and to respond to congressmen on an annual basis.	[Introduce the relevant provisions] According to Part 6 Section 26 of the Ordinance, within 6 months of the financial year end, the Commission must provide its annual report, statement of accounts, and auditor's report to the Chief Executive for submission to the Legislative Council. [Introduce the relevant provisions]

		√	Its activities are monitored by an independent auditor or by oversight committees.	According to Part 6 Section 24 of the Ordinance, the Commission must appoint an auditor to audit its statements of account [Introduce the relevant provisions]
Does the Competition Authority have obligations before the judiciary or independent agencies?	Yes	√ ·	Decisions of the Competition Authority are subject to judicial review.	The Hong Kong Competition Law regime adopts a prosecutorial model, in which the competition authority (ie the Commission and to a limited extent the Communications Authority) investigates alleged contraventions and brings enforcement proceedings before the tribunal, allowing the tribunal to decide whether a contravention is made out on the facts and, if so, to impose sanctions. [Aside from the relevant provisions please mention the judicial authority charged with the review]
		X	Decisions of the Competition Authority are subject to review or control of an independent authority different than the judiciary?	[Aside from the relevant provisions, please mention the authority charged with the review]
		Obligation [Introduction of the content of the cont	on or comment that you con	der relevant regarding the status of
Independence	Please, answer "Yes" or "No			
Are the criteria for appointment and removal of the head/board members clear and transparent?	Yes Yes	-	Section 5 of the Ordinance sef Executive to remove men	states all the reasons which all nbers of the Commission
		Unexcu Failing (Financia Mental Being gr Associa Commit Becomi Acting a In the C	as an Assessor;	ruling; olations; setition law; al or a judge in another court; being unable or unsuitable to
			xplain briefly why in your ope	and if the answer to this question is inion the criteria are not clear or
Does the executive have powers to decide on specific cases based on public interest?	No	[Please in	introduce the relevant provisions,	and if the answer to the question is

		"yes", explain in which cases the executive can decide on public interest bases]
Does the executive retain decision-making powers over the	No	
Competition Authority?		
Is the Competition Authority obliged to publish reasoned decisions to ensure transparency?	Yes	[Please introduce the relevant provisions]
Is there a provision of the national budget allocated by law to the Competition Authority to ensure its proper functioning?	Yes	According to part 5, section 21 of the Ordinance, The Commission's revenue comes from two sources: (a) Any government funds allocated to the Commission by the Legislative Council. (Updated 2014, Section 174) (b) All other income received by the Commission, including fees, interest, and accumulated earnings. [Please introduce the relevant provisions and the budget assigned to the authority
Can the Competition Authority be financed by its own means (notification fees, fines, etc.)?	Yes	for the current year and the next if it is already approved According to part 5, section 21 of the Ordinance, The Commission's revenue comes from two sources: (a) Any government funds allocated to the Commission by the Legislative Council. (Updated 2014, Section 174) (b) All other income received by the Commission, including fees, interest, and accumulated earnings.
		[Please introduce the relevant provisions and mention the means by which the authority can be financed on its own]
Gov	ERNANCE OF THE (
Is the Competition Authority governed by a single chairman or by a collegiate body?	Collegiate Body	attly has a Chairman and 15 Members who are all appointed by the Chief
How are the members of the Authority's directive organ	body" if the authority's direct presided by a chairman or p. Direction Body]	if the directive organ of the authority is composed of one person. Answer "collegiate tive organ is composed of two or more members, regardless if this organ is directed or resident. Also mention how many board members or directors are part of the ssion are appointed by the Chief Executive.
chosen?	[Please describe the electing process for choosing the members of the directive organ. Include relevant provisions; mention the branch government involved in this process]	
Is there a fixed period during which removal is prohibited?	No	There is no provision that states this prohibition
		[If your answer is "yes", please introduce the duration of the tenure and the relevant provisions. If the answer is no, please refer if there are specific and restricted grounds under which the members of the Directive body can be removed; mention if they are elected for a term and introduce the relevant provisions]
Is the tenure of the heads renewable?	Yes	According to part 2, section 2(3) of the Ordinance, a member holds office for the period, not exceeding 3 years, but is eligible for reappointment.
		[Please, introduce the relevant provisions]
Are the heads required by law to have certain minimum qualifications (degree in law or economics, age, experience)?	Yes	According to part 2, section 2(2) of the Ordinance, in order for members to be appointed as members of the Commission they must have expertise or experience in industry, commerce, economics, law, small and medium enterprises or public policy. [If your answer is "yes", please make reference to the qualifications required by
	1	
		law and the relevant provisions
	Architectu	A 2
Is the Competition Authority a stand-alone agency with an independent physical location or is it part of a bigger entity	ARCHITECTU Stand-alone	A 2

	POLICY DUTIES	
Does the Competition Authority have an exclusive mandate on competition or multiple mandates?	Exclusive	[Answer Concurrent consumer protection mandate. with X/V as it applies]
		√ [Other mandates: Include any other mandates entrusted to the Competition Authority]
	PORTFOLIO INSTRUME	ENTS
Law Enforcement Does the Competition Authority have powers to investigate cartels?	Yes	Cartels violate Hong Kong's First Conduct Rule (FCR) under the Competition Ordinance. The FCR prohibits any agreements, joint actions, or decisions that aim to prevent, limit, or distort
		competition within Hong Kong. [If the answer is "yes", please mention the type of liability that the actions of the agency seek: civil, criminal, administrative. Introduce the relevant provisions; briefly explain if the powers of the authority are limited to certain types of cartels and what kind of sanctions can be imposed]
Does the Competition Authority have powers to investigate unilateral Conduct?	Yes	Under the Ordinance, businesses with a substantial degree of market power are also prohibited from abusing that power to harm competition.
		The Second Conduct Rule targets businesses with a substantial degree of market power in abusing that power with a view to protecting or increasing their position of power and profits.
		This principle is embodied in section 21 of the Ordinance, or the Second Conduct Rule.
		[If the answer is "yes", please mention briefly if the competition authority is invested with the power to pursue exploitative and exclusionary effects, also make reference to relevant provisions, the type of liability that the actions of the authority seek, and what kind of sanctions can be imposed]
Does the Competition Authority have the powers to conduct <i>ex-ante</i> merger review?	Yes	Under section 39 of the Ordinance, the Commission may conduct an investigation into a merger or an anticipated merger if it has reasonable cause to suspect that a contravention of the Merger Rule has taken place, is taking place or is about to take place
		[If the answer is "yes", please explain briefly the process and which are the remedies that authority can seek or impose and mention the relevant provisions]
Is the notification of merger transactions mandatory?	No	There is no requirement to notify the Commission of a merger falling within the Merger Rule.
		Despite this, parties are encouraged to contact the Commission at the earliest opportunity to discuss a

		proposed merger that falls within the Merger Rule, where they may seek the Commission's informal advice on the transaction. [If the answer is "yes", please explain whether all the transactions shall be notified or if there is a threshold; mention relevant provisions]
Can the parties close the transaction before the final decision of the Authority (suspensory effect of merger notification)?	Yes	According to the Merger Rule Guideline, Parties will proceed at their own risks where they choose not to notify the Commission of a proposed merger in advance. [Please mention the relevant provisions and add any explanation that you deem necessary]
Does the Competition Authority have the power to carry out ex-post merger investigations?	Yes	Under section 39 of the Ordinance, the Commission may conduct an investigation into a merger or an anticipated merger if it has reasonable cause to suspect that a contravention of the Merger Rule has taken place, is taking place or is about to take place. As required under section 99(2) of the Ordinance, for a completed merger, proceedings must be brought within the period of six months after the day on which the merger was completed or the Commission became aware of the merger. This six month period may be extended by the Tribunal under section 99(3) of the Ordinance on the application of the Commission if the Tribunal considers it reasonable to do so. [Please mention relevant provisions]
Does the Competition Authority have the power to impose remedies on ex-post merger investigations?	Yes	Section 60 of the Ordinances allows companies merging to propose remedies to address competition worries raised by the Commission. This way, the Commission might avoid or stop enforcement actions against them. These proposed solutions, called Commitments, should be able to eliminate or avoid the effect of substantially lessening competition in a relevant market that the merger, either now or in the future, might bring about. The Commission is open to considering both structural and/or behavioral remedies. [If the answer is yes, please mention the remedies that the Authority can impose; mention relevant provisions]
Does the Competition Authority have powers to conduct dawn raids at premises?	Yes	Sections 47 and 48 of the Ordinance state that the Commission can appoint employees as authorized officers to conduct searches. Additionally, the officer must convince the judge (with sworn testimony) that there's a good reason to believe relevant documents might be found there. [If the answer is "yes", please mention whether the dawn raids shall be authorized by a judge, and mention the relevant provisions]
Can the Competition Authority investigate ex officio cases?	Yes	According to section 130 of the Ordinance the Commission has the function to investigate conduct that may contravene the competition rules and enforce the provisions of this Ordinance. Additionally, Part 3, Section 30 of the Ordinance

		establishes that the Commission may conduct an	
		investigation into any conduct that constitutes or may constitute a contravention of a competition rule	
		(a) of its own volition;	
		(b)where it has received a complaint under this Part; (c)where the Court of First Instance or the Tribunal has	
		referred any conduct to it for investigation under	
		section 118; or	
		(d)where the Government has referred any conduct to	
		it for investigation	
		[Please, mention the relevant provisions]	
Does the Competition Authority have powers to accept leniency applications?	Yes	According to division 3, section 80 of the Ordinance, the Commission offers leniency programs to individuals and businesses involved in cartel activity.	
		In exchange for cooperation with investigations or enforcement actions, the Commission may agree not to pursue penalties in court.	
		There are two types of leniency programs:	
		Type 1 Leniency: This applies to the first person (or company) to report a cartel the Commission hasn't yet investigated. They receive full immunity from fines.	
		Type 2 Leniency: This applies to the first person (or company) to provide significant help with an ongoing investigation. They may receive reduced fines, but the Commission can still issue an infringement notice requiring them to admit wrongdoing (which can be used by victims in lawsuits).	
		Only the first person/company to cooperate gets leniency.	
		Leniency isn't available to ringleaders or those who forced others into the cartel.	
		[If the answer is "yes", please mention if there is any limitation for the applicants, what are the benefits, and mention the relevant provisions. Include any commentary that you consider relevant about the leniency program]	
Does the Competition Authority have powers to accept seek criminal punishment?	No	[If the answer is "yes", please mention the different kinds of sanctions that the agency can impose]	
Advocacy			
Can the Competition Authority issue opinions on draft legislation?	Yes	[if the answer is yes, please specify if there is any kind of limitation to the agency's authority to issue opinions, include relevant provisions]	
Is the executive and/or the legislature obliged to request the opinion of the Competition Authority when drafting legislation that may impact competition?	No	[if the answer is yes, include relevant provisions]	
Rulemaking			
Can the Competition Authority issue guidelines?	Non-Binding	[Answer Guidelines on the calculation of fines.	
Can the Competition Authority issue guidelines?	non-diliding	with X/	
		as it applies [Answer Guidelines on merger control.	
		[Answer] Guidelines on merger control. with X/V	
		as it applies] Guideline on the merger rule	
		$\sqrt{}$	
		[Answer Guidelines on the economic analysis of	

		as it applies]
Can the Competition Authority issue binding regulation on	Yes	Please, explain which kind of regulation and mention the relevant
competition?		provision on which the powers are based]
Research & Reporting		
Can the Competition Authority carry out market studies?	Yes	According to part 9, section 130 (e) of the Ordinance, one of the functions of the Commission is to conduct market studies into matters affecting competition in markets in Hong Kong
Constitution And arite and the laridation of	Yes	[If the answer is "yes", include relevant provisions] One of its functions is to conduct market studies into
Can the Competition Authority report to the legislature on the results of market studies?	res	matters affecting competition in Hong Kong's markets as stated above. The Commission then publishes reports on these studies,
		which can be found on their website
		[If the answer is "yes", include relevant provisions]
	DECISION-MAKING FUNCTIONS	
Aggregated Functions		
Does the Competition Authority make the decision to investigate and make guilty findings?	No	The Commission has the authority to investigate potential violations of competition rules. If they find reasonable cause to believe someone has broken a rule (either directly or indirectly), they present their findings to the Tribunal and apply l for a financial penalty
		[If the answer is "yes", include relevant provisions]
Does the Competition Authority impose punishments?	No	The Commission has the authority to investigate potential violations of competition rules. If they find reasonable cause to believe someone has broken a rule (either directly or indirectly), they can apply to the Tribunal for a financial penalty. There are time limits for these applications: 6 months for mergers (after completion or Commission awareness, whichever is later) and 5 years for ongoing conduct (after the violation stops or Commission awareness, whichever is later).
		The Tribunal has the final say on imposing a penalty. If they're convinced of the violation, they can order the person to pay the government a certain amount. The amount is determined by considering factors like the seriousness of the violation, any harm caused, the circumstances surrounding the violation, and the person's history of such violations. There's a limit, though. The penalty can't exceed 10% of the company's annual turnover for each year of the violation, with a maximum of 3 years considered if the violation lasted longer.
		[If the answer is "yes", please mention the different kinds of sanctions that the agency can impose]
Is there a single body that carries out the investigation and the guilty findings within the Competition Authority?	No	[Regardless of the answer please explain briefly the enforcement process until the final decision is issued, include relevant provisions, and if the answer is "No" mention how the head of the body that carries out the investigation is elected and removed. The main idea of this last point is to establish whether the investigation authority is, in fact, independent from the decision-making body]

Can the Competition Authority's decisions be	Yes	According to Part 5 of the Ordinance, any person that
appealed to a court?		believes the Commission has made an unfair decision
		can apply to the Tribunal for a review. However, only
		those listed in section 85 can automatically apply.
		The Tribunal also has the power to involve the Court
		of Appeal on any legal issues arising from the review
		process. Similar to getting permission for a review itself,
		this will only happen if the Tribunal believes there's a
		good chance of success in the appeal or if it's deemed necessary for justice.
		, ,
		The Court of Appeal can then decide the legal question,
		modify the case, or send it back for reconsideration
		based on their decision.
		Finally, the Tribunal itself has the authority to either
		uphold the original decision, overturn all or part of it,
		or send it back to the original decision-maker with
		instructions to reconsider based on the Tribunal's
		guidance.
		[Please, mention the judicial authority who is charged with the
		review, make reference to the relevant provisions, and if there is
		any requirement to exercise the right of the judicial review]
Please add commentaries or information that you consider		
relevant and were not covered in any of the previous sections		
and questions.		