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**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
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Global Forum on Competition

**INTERACTIONS BETWEEN COMPETITION AUTHORITIES AND SECTOR REGULATOR –
Contribution from Armenia**

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This contribution is submitted by Armenia under Session III of the Global Forum on Competition to be held on 1-2 December 2022.

More documentation related to this discussion can be found at: oe.cd/icar.

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Interactions between Competition Authorities and Sector Regulator

– Contribution from Armenia –

1. Institutional context and legislation

1. According to the Article 1(1) of the Law on the Protection of Economic Competition of the Republic of Armenia (hereinafter referred to as “the Law”), the Law applies to actions, conduct or acts of economic entities, state bodies, as well as officials thereof, which lead or may lead to prevention, restriction, blocking of economic competition, or over an act of unfair competition, as well as harm the consumer interests. The Competition Protection Commission (hereinafter referred to as “the Commission”) has the mandate to enforce competition law in all sectors without almost any exception.

2. In 2021 the Law was significantly amended and specific attention was paid to the further regulation of cooperation between the Commission and Central Bank in the financial sector and Public Services Regulatory Commission (hereinafter referred to as “the PSRC”) in the public service sectors.

3. As a result of numerous discussions and negotiations with the Central Bank, according to the Article 1 (4) of the Law,

the Commission shall perform the functions provided by this Law with regard to entities regulated or supervised by the Central Bank based on cooperation with the Central Bank. Cooperation between the Commission and the Central Bank shall be based on the following principles:

The Commission shall inform the Central Bank about the issues of economic competition emerging in the sectors related to entities regulated or supervised by the Central Bank;

Before adopting any by-law on the prevention of dominant position abuse, cartels and mergers, the Central Bank shall submit them to the Commission for an opinion;

The Commission shall refrain from intervention in connection with the issue raised with regard to economic competition if the Central Bank provides the Commission with well-grounded information to the effect that due to regulatory objectives prescribed by law the issue in question is reserved to the Central Bank, and the Central Bank performs functions prescribed by law. In such case, the final decision shall be adopted by the Central Bank in view of the position submitted by the Commission, by addressing all the issues raised by the Commission and by providing justifications in its final position or decision for agreeing or disagreeing with them;

The Commission shall refrain from submitting the opinion prescribed by point 2 of this part and intervening with the issue raised with regard to economic competition referred to in point 3 of this part in such exceptional cases, where the Central Bank aims to prevent or respond to a potential danger threatening the financial stability and price stability, where a financial organization is declared insolvent or an application for bankruptcy is submitted to the court, where alienation of the shares or stocks of a financial organization or its participator is enforced, where

reorganization, forced sale or liquidation of a financial organization is carried out. The Central Bank shall submit decisions adopted in the cases provided for by this point to the Commission, except for the parts of the decision that contain bank secret or information the provision whereof is prohibited by law or may be permitted only based on a judicial act (...).

4. Thus, by the new amendments, a strong basis was established for further effective cooperation between the Commission and the Central Bank. Moreover, the Law does not cover all the issues arising during the cooperation. For that reason, according to the Article 1 (4) (5), *the Chairperson of the Commission and the Chairperson of the Central Bank shall sign a joint order which shall regulate the following:*

- a. directions and procedures for cooperation in regard to the issues of competition protection;*
- b. cases of and procedure for exchange of information, including information on the measures taken in relation to the issues of economic competition between the Commission and the Central Bank;*
- c. cases when the Commission and the Central Bank exercise their powers with regard to entities regulated or supervised by the Central Bank, and procedure for submitting the position of the Commission and details of mutual cooperation in such cases;*
- d. issues related to the competition protection in the field, as well as other issues not prohibited by law.*

5. As for the public service sectors, according to the Article 1 (5) of the Law, this Law shall not apply to the relations of the regulated public service sectors, the regulation of which falls within the competence of the Public Services Regulatory Commission. The Commission shall perform the economic competition-related functions with regard to entities operating in regulated public service sectors based on the principle of cooperation with the Public Services Regulatory Commission.

2. Cooperation in practice

6. Regarding cooperation with financial sector regulatory authorities, an explicit cooperation by the joint order between the Chairpersons of the Commission and the Central Bank is foreseen in the Law.

7. The joint order of the Chairpersons of the Commission and Central Bank has not yet been signed, it is still under drafting process and the clear division of roles between the two authorities is the main point of discussion to avoid further misperceptions. Moreover, the principles mentioned in the Article 1 (4) (5), should be thoroughly considered while drafting the joint order of the Chairpersons of the Commission and the Central Bank.

8. Although the joint order has not been adopted yet, the Commission and Central Bank have an established cooperation practice. In the framework of several merger cases the roles of competition authority and financial regulatory body have been outlined with certain mechanism enabling both bodies to enforce their mandate in analyzing the mergers.

9. As for the cooperation with the PSRC, it is also regulated by the Law, and the Commission carries out the functions of economic competition concerning economic entities operating in the field of public services based on the principle of cooperation with the PSRC. For instance, the PSRC sets regulated tariffs for the public services operating

economic entities; meanwhile, the Commission is responsible for competition-related issues.

10. In this regard it is worth mentioning that all regulatory legal acts prepared by the Central bank and PSRC that affect competition, prior to their adoption, are being presented to the Commission for review and comment.

11. Although in practice the Commission often faces challenges on balancing competition concerns on one hand and financial as well as public sector stability on the other, however an effective and efficient regulatory framework has been established for the cooperation of all respective bodies engaged in the process to address the challenges faced.