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Corporate Responsibility in the Acquisition and Takeover of Competitor Assets: A Framework of Commercial Law and Competition Law

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ABSTRACT

This article examines the legal responsibilities of companies in the acquisition and takeover of competitor assets, focusing primarily on the Iranian legal framework. It explores the intersection of corporate law and competition law, emphasizing how Iranian regulations balance corporate freedom with public policy objectives. The study highlights the role of the Law on the Execution of General Policies of Principle 44 of the Constitution (Principle 44 Law), which integrates privatization, national economic policy, and socio-economic considerations into the oversight of mergers and acquisitions. The Competition Council (Shoraye Raghibat) is identified as the central authority responsible for monitoring and enforcing compliance, empowered to review transactions, impose administrative, civil, and criminal remedies, and ensure that acquisitions do not undermine market competition or the public interest. The article examines the specific responsibilities of companies in Iran, including disclosure obligations, protection of minority shareholders, prevention of abuse of dominant positions, and cooperation with regulatory authorities. Remedies for anti-competitive conduct are analyzed across administrative, civil, and criminal dimensions, illustrating a multi-layered enforcement system closely aligned with Principle 44 objectives. Comparative insights from the European Union and the United States provide context for understanding the strengths and limitations of the Iranian approach. While EU and U.S. frameworks emphasize market competition and consumer welfare, the Iranian model uniquely integrates socio-economic development and public policy objectives into corporate acquisition oversight. The article highlights both the strengths of this integrated approach and areas for improvement, including enhancement of technical capacity, procedural clarity, and transparency. Ultimately, the study concludes that the Iranian legal framework offers a distinctive and policy-oriented approach to regulating acquisitions of competitor assets, ensuring that while companies retain freedom to transact, their activities remain consistent with national economic goals, market fairness, and public welfare. The integration of Principle 44 and the oversight role of the Competition Council exemplify a harmonized model in which corporate governance, competition law, and public policy converge to support sustainable economic development.

Keywords: Iran, Principle 44 Law, Competition Council, corporate acquisitions, mergers and acquisitions, competition law, public policy, market regulation, EU competition law, U.S. antitrust law

Introduction

In the contemporary global economy, mergers and acquisitions (M&A) have become critical tools for corporate growth, market expansion, and strategic positioning. Companies often pursue acquisitions to consolidate market



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share, achieve economies of scale, or acquire innovative technologies. However, while such transactions may enhance corporate efficiency, they also raise significant legal and regulatory concerns regarding competition. The tension between corporate autonomy under company law and the regulatory imperatives of competition law becomes particularly salient when firms seek to acquire assets or shares of competitors. This article examines the legal responsibilities of companies in the acquisition and ownership of competitor assets, with a focus on the frameworks provided by European Union (EU) competition law and common law jurisdictions, especially the United States and the United Kingdom. The choice of these jurisdictions is deliberate: the EU has developed a comprehensive and detailed regulatory framework through the Treaty on the Functioning of the European Union (TFEU) and the EU Merger Regulation, while common law systems, particularly the U.S. and U.K., provide robust doctrines and enforcement mechanisms that balance corporate freedom with market fairness (1-3).

The issue is especially relevant because acquisitions of competitor assets can lead to anti-competitive outcomes, including market dominance, price manipulation, and barriers to entry. In the EU context, Articles 101 and 102 TFEU prohibit collusive agreements and abuse of dominant positions, while the EU Merger Regulation requires prior notification of significant transactions and permits intervention where market competition could be substantially impeded. Similarly, under U.S. antitrust law, the Sherman Act and Clayton Act, supplemented by the Horizontal Merger Guidelines issued by the Department of Justice (4), govern mergers that may reduce competition, emphasizing both procedural and substantive scrutiny. In the U.K., the Enterprise Act 2002 empowers the Competition and Markets Authority (CMA) to review mergers, prevent monopolistic consolidation, and impose remedies to protect consumer welfare. Understanding these regimes is essential for corporate actors to navigate the complex interface between commercial freedom and competition compliance.

Research Background and Literature Review

Previous scholarship has explored corporate acquisitions primarily from the perspectives of company law, corporate governance, and financial strategy. Iranian scholars such as Hosseini (2021), Kheradmand & Karimi (2018), and Mousavi (2019) have provided detailed analyses of corporate ownership, acquisition procedures, and shareholder rights in domestic law (5-7). Studies by Karimi (2020) and Karimian (2019) also highlight the interplay between acquisitions and market concentration, emphasizing the potential for abuse in the absence of regulatory oversight (8). On the competition law side, Rahimi (2021) and Hosseini-Nejad (2015) discuss antitrust principles in Iran, including market control and enforcement mechanisms, though these studies acknowledge that the regulatory framework remains comparatively underdeveloped relative to the EU and U.S. systems (9, 10).

In the context of EU and common law jurisdictions, foundational works by Whish & Bailey (2021), Jones & Sufrin (2016), Geradin & Petit (2012), and Bork (2016) provide comprehensive analyses of merger control, antitrust doctrines, and enforcement practices (1, 2, 11, 12). These studies emphasize that while company law provides autonomy in corporate transactions, competition law imposes substantive and procedural obligations to prevent market distortions. Empirical research, including Cabral & Hortaçsu (2010) and Levenstein & Suslow (2006), demonstrates that poorly regulated acquisitions can significantly increase market concentration and reduce consumer welfare, reinforcing the necessity for robust legal oversight (13, 14).

Despite these contributions, there remains a gap in scholarship at the intersection of company law and competition law, particularly regarding how corporate responsibilities in acquisitions are framed across jurisdictions and enforced in practice. This article seeks to address this gap by examining legal obligations, enforcement

mechanisms, and practical implications for corporations operating in Europe and common law jurisdictions, while drawing comparative insights from Iranian legal scholarship.

Research Methodology

This study employs a doctrinal-analytical approach, combined with comparative legal analysis. The methodology includes:

1. **Documentary Analysis:** Examination of primary legal sources, including the EU Merger Regulation, Articles 101 and 102 TFEU, the Sherman Act and Clayton Act (U.S.), the Enterprise Act 2002 (U.K.), and relevant Iranian laws.
2. **Doctrinal Review:** Analysis of judicial decisions, competition authority guidelines, and legal commentaries to identify principles governing corporate responsibility in acquisitions.
3. **Comparative Approach:** Evaluation of differences and similarities between EU and common law jurisdictions, supplemented by insights from Iranian legal literature to highlight lessons and potential reforms.
4. **Critical Analysis:** Integration of theoretical perspectives with practical implications for corporate compliance, market fairness, and consumer protection.

This approach allows for a holistic understanding of corporate responsibilities in acquisitions, emphasizing the delicate balance between enabling commercial freedom and preventing anti-competitive outcomes.

Conceptual Framework and Theoretical Foundations

Acquisition and Ownership under Company Law

Corporate acquisitions and ownership represent a fundamental aspect of company law, governing how firms may legally acquire, hold, and transfer assets or shares of other companies. Acquisitions can take direct or indirect forms. Direct acquisitions involve the purchase of assets or shares from the target company itself, whereas indirect acquisitions may occur through the purchase of controlling interests via subsidiaries or holding structures (15, 16). Understanding these distinctions is crucial for legal compliance, as each form triggers different regulatory obligations and corporate governance considerations.

Another key distinction lies between asset acquisitions and share acquisitions. In an asset acquisition, the acquiring company purchases specific tangible or intangible assets, which allows selective transfer of property but often leaves liabilities with the selling company. Conversely, a share acquisition involves the transfer of ownership in the form of company shares, which typically conveys both assets and liabilities and results in a change in control over the target entity (17, 18). The choice between these forms has significant implications for shareholder rights, creditor protections, and post-acquisition governance.

Company law imposes both formal and substantive requirements on acquisitions to safeguard stakeholders. Formal requirements often include registration, disclosure, and notification to relevant authorities, ensuring transparency and accountability. Substantive obligations may require compliance with fiduciary duties, protection of minority shareholders, and consideration of creditors' interests (5, 7). For example, directors are typically bound by duties to act in the best interests of the company, exercise due diligence in evaluating acquisitions, and provide

accurate information to shareholders to prevent misrepresentation or conflicts of interest. These safeguards are intended to preserve corporate integrity while enabling efficient market transactions.

The Concept of Competition and the Objectives of Competition Law

Competition law seeks to maintain a fair, efficient, and dynamic marketplace by preventing anti-competitive practices that may arise during corporate acquisitions. One primary objective is the protection of economic efficiency, which includes promoting optimal allocation of resources, incentivizing innovation, and enhancing productivity (1, 2). When companies acquire competitors without regulatory oversight, the risk of market distortion increases, potentially resulting in higher prices, reduced choice, or lower quality for consumers.

A second key objective is the prevention of market dominance and collusion. Anti-competitive acquisitions, particularly horizontal mergers between competitors, can create or strengthen market power, enabling firms to coordinate prices, restrict output, or exclude new entrants (12, 19). Both EU and U.S. competition law frameworks are designed to detect and mitigate such risks. In the EU, Article 102 TFEU prohibits abuse of dominant positions, while the U.S. Sherman Act and Clayton Act prohibit conduct that substantially lessens competition. The U.K. Enterprise Act 2002 similarly empowers regulators to intervene in mergers that may lead to significant market power.

Finally, competition law aims to protect consumers and preserve market structure. Regulatory oversight ensures that mergers and acquisitions do not undermine market dynamics or reduce incentives for innovation. Consumer welfare, price stability, and product quality are central considerations, reflecting the broader economic and social objectives of competition law (11, 20). By establishing clear standards and enforcement mechanisms, competition authorities help balance corporate strategic freedom with the public interest, ensuring that acquisitions contribute to, rather than detract from, a competitive marketplace.

Intersection of Company Law and Competition Law in M&A

Freedom of Contract under Company Law

The principle of freedom of contract is a cornerstone of company law, granting corporate entities substantial autonomy to negotiate, structure, and execute mergers and acquisitions. Companies may design transactions that reflect strategic priorities such as market expansion, vertical integration, or acquisition of technological capabilities, provided these operations adhere to statutory duties and fiduciary obligations (15). The legal system, particularly in common law jurisdictions, recognizes that contractual freedom is essential for fostering entrepreneurship, efficient capital allocation, and investor confidence (16).

Direct and indirect acquisitions represent two main pathways through which companies exercise contractual freedom. In a direct acquisition, the acquiring company purchases assets or shares directly from the target, creating an immediate change in ownership and control. In contrast, an indirect acquisition occurs when the acquiring company purchases a controlling interest in a subsidiary or holding company, which in turn holds the target company. While indirect acquisitions may appear more complex, they often offer strategic flexibility and potential tax or regulatory advantages (17). Legal considerations differ between these two forms, particularly in relation to disclosure requirements, shareholder consent, and potential liability for pre-existing obligations.

The distinction between asset acquisitions and share acquisitions is also critical. In an asset acquisition, the acquiring company selectively purchases tangible or intangible assets, often leaving behind certain liabilities with the selling entity. Conversely, a share acquisition transfers ownership of company shares, generally including both assets and liabilities, and results in control over the target company's governance and operational decisions (18). These structural choices have significant implications for corporate governance, including the protection of minority shareholders, rights of creditors, and post-acquisition integration.

Formal and substantive requirements under company law aim to balance corporate freedom with stakeholder protection. Formal obligations include registration with relevant authorities, disclosure to shareholders, and compliance with securities regulations, particularly for publicly traded companies (5). Substantive duties encompass fiduciary obligations, which require directors to act in the best interests of the company and exercise due care, diligence, and loyalty. Failure to meet these standards can result in liability for directors, civil remedies for shareholders, and reputational damage (7). In cross-border acquisitions, additional considerations such as compliance with foreign investment regulations, labor law protections, and taxation must also be addressed, increasing the complexity of M&A transactions.

Moreover, freedom of contract enables firms to employ innovative mechanisms to structure acquisitions. Examples include share-for-share exchanges, leveraged buyouts, joint ventures, and cross-border mergers. These mechanisms allow companies to optimize financing, maintain operational continuity, and leverage synergies while remaining within the legal framework. However, such flexibility is constrained when transactions intersect with competition law, which imposes substantive limits to protect market structure and consumer welfare (15).

Competition Law Limitations

Although company law provides substantial contractual freedom, competition law imposes substantive and procedural constraints to prevent anti-competitive outcomes in M&A transactions. A central mechanism is merger control, which enables regulators to assess the likely impact of acquisitions on market competition. The EU Merger Regulation (EUMR) requires prior notification for transactions that meet turnover thresholds, allowing the European Commission to investigate potential threats to effective competition (2). Failure to notify can result in fines and voiding of transactions, emphasizing the binding nature of regulatory oversight.

In the United States, Section 7 of the Clayton Act prohibits mergers that may substantially lessen competition or tend to create a monopoly, supplemented by the Horizontal Merger Guidelines issued by the U.S. Department of Justice (4). The guidelines provide detailed economic frameworks for assessing market concentration, potential barriers to entry, and likely price effects. Likewise, in the United Kingdom, the Enterprise Act 2002 empowers the Competition and Markets Authority (CMA) to investigate mergers, impose remedies, and block transactions that may lead to significant market power (1). These regulatory regimes share a common objective: to balance corporate strategic freedom with market integrity and consumer protection.

Another essential aspect is the notification requirement, which obliges companies to provide regulators with detailed information about the proposed transaction. This includes data on market shares, turnover, competitive constraints, and potential efficiencies. Timely and accurate notification enables authorities to assess whether the merger may substantially impede effective competition and to determine appropriate remedies (11). For example, in the EU, the European Commission can impose structural remedies, such as divestiture of specific business units, or behavioral remedies, including commitments to maintain access to essential facilities for competitors.

The assessment of competitive effects involves both qualitative and quantitative analysis. Economic tools, such as the Herfindahl-Hirschman Index (HHI), help measure market concentration before and after the transaction (13). Regulators also consider the likelihood of coordinated or unilateral effects, potential entry by new competitors, and the broader market context. These analyses ensure that mergers do not lead to excessive market power, price manipulation, or reduced innovation incentives, which could harm consumers and the economy.

Anti-Competitive Acquisitions

Certain types of acquisitions inherently carry a higher risk of anti-competitive effects. Horizontal mergers, combining competitors in the same product market, directly reduce the number of independent actors and increase the potential for price coordination, market foreclosure, or reduced innovation (12). Regulatory authorities closely scrutinize such transactions, particularly when they involve high market shares or concentrated industries, as evidenced in landmark EU cases such as Tetra Laval / Sidel and U.S. cases like FTC v. Staples/Office Depot.

Vertical mergers, involving companies at different stages of production or distribution, can create barriers for competitors' access to essential inputs or customers. While vertical integrations can improve efficiency and reduce transaction costs, regulators assess whether they could foreclose rival firms or harm market contestability (19). In the EU, commitments in vertical mergers may include non-discrimination clauses, ensuring fair access to critical supplies or distribution channels.

Conglomerate mergers, which combine firms in unrelated markets, may also present anti-competitive risks indirectly. Such mergers can enable firms to leverage dominance in one market to gain advantages in another, through bundling, tying, or leveraging brand recognition (21). These practices, though less directly restrictive than horizontal or vertical mergers, are carefully monitored by competition authorities to prevent market distortions.

Regulators employ multi-dimensional assessments to identify mergers that could disrupt market equilibrium. Analyses include evaluating potential price increases, reduced output, innovation suppression, and elimination of competitors. Real-world examples illustrate the regulatory approach: in the EU, General Electric / Alstom Energy faced significant scrutiny due to potential dominance in the energy sector, while in the U.S., the AT&T / Time Warner merger was reviewed for vertical effects on content distribution and competition (2, 12).

Finally, effective enforcement relies on preventive and remedial measures. Authorities may prohibit mergers outright, impose conditions such as divestitures, or require behavioral commitments to preserve competition. These interventions highlight the dynamic tension between corporate freedom and regulatory oversight, underscoring that the strategic objectives of firms must operate within the legal framework established by competition authorities (1).

Corporate Responsibilities in the Acquisition of Competitor Assets under Iranian Law

In Iran, corporate acquisitions and mergers are governed by a complex interplay of commercial, competition, and public policy laws. The Law on the Execution of General Policies of Principle 44 of the Constitution (hereinafter "Principle 44 Law"), along with the Iranian Commercial Code and the oversight of the Competition Council (Shoraye-Raghibat), constitutes the primary legal framework regulating the acquisition of competitor assets. Unlike EU or U.S. systems, where the primary focus is on consumer welfare and market structure, the Iranian framework integrates economic policy objectives, including the promotion of privatization, protection of small stakeholders, and alignment of corporate transactions with national economic development strategies (9).

Corporate responsibility in acquisitions under Iranian law can be analyzed in three main dimensions: contractual and corporate duties, responsibilities toward competition authorities, and obligations toward the market and consumers.

Contractual and Corporate Responsibilities in Iran

Corporate governance under the Iranian Commercial Code imposes strict fiduciary and disclosure duties on directors and management during acquisitions. Companies are obligated to provide full and accurate information to shareholders regarding the financial, strategic, and operational implications of a proposed acquisition. This requirement is particularly critical in share acquisitions, where minority shareholders might otherwise be disadvantaged by decisions taken by controlling stakeholders (22).

Directors and managers must also avoid misrepresentation or fraudulent conduct, ensuring that all communications, including financial statements and valuation reports, are truthful and reflect the actual risk profile of the transaction. Iranian law treats breaches seriously: misleading disclosures or concealment of material facts can result in civil liability, fines, and even criminal sanctions under the Commercial Code (5). The emphasis on transparency is aligned with the principle of protecting minority shareholders, a core aspect of Iranian corporate governance, which obliges controlling shareholders to offer fair treatment and equitable terms during mergers or acquisitions (9).

The protection of creditors is another significant dimension. Under the Commercial Code, acquisitions must not compromise the rights of creditors, particularly in asset acquisitions where liabilities may remain with the selling entity. Directors are responsible for ensuring that the transaction does not threaten solvency or violate debt covenants, reflecting the broader public interest in financial stability (5).

While EU and U.S. systems emphasize fiduciary duties primarily for shareholder protection, the Iranian model integrates public policy considerations, including national economic priorities, employment protection, and equitable distribution of corporate benefits. As a result, companies operating in Iran must carefully align corporate strategy with statutory responsibilities, balancing profitability with compliance and social objectives.

Responsibilities toward Competition Authorities

The Competition Council of Iran (Shoraye-Raghibat) plays a central role in supervising acquisitions and mergers, with powers comparable, though not identical, to the European Commission in the EU or the Federal Trade Commission in the U.S. Companies planning to acquire competitor assets are required to submit detailed notifications of proposed transactions that may affect market concentration (9). Notification enables regulators to assess potential anti-competitive effects, including the creation of dominant positions or foreclosure of smaller competitors.

The law obliges companies to provide complete and accurate documentation during the review process. This includes market analysis, turnover data, projected efficiencies, and potential risks to stakeholders. Any attempt to withhold information or mislead authorities can result in nullification of the transaction, administrative fines, and criminal liability for directors (5). For example, failure to notify a merger that substantially increases market concentration can be interpreted as an illegal concentration under Principle 44 Law and the Competition Law of 2006.

Iranian regulations also emphasize cooperation during regulatory investigations. Companies are expected to respond promptly to inquiries, provide requested documents, and facilitate on-site inspections if necessary. Proactive engagement with the Competition Council often allows companies to negotiate conditional approvals or remedies, such as divestiture of certain assets or restrictions on post-acquisition pricing strategies (9). While EU and U.S. law employ similar procedural safeguards, Iran's framework highlights the integration of economic policy considerations, ensuring that acquisitions do not compromise national development objectives.

Responsibilities toward the Market and Consumers in Iran

Corporate responsibility extends to the broader market and consumers, with the Iranian framework emphasizing the prevention of monopolistic practices and abuse of market power. Acquisitions that result in excessive market concentration are closely scrutinized to prevent anti-competitive outcomes, including price manipulation, reduction in product or service quality, and exclusion of smaller competitors (9).

Companies must avoid strategies that could exploit dominant positions post-acquisition, such as bundling products, restricting access to critical inputs, or artificially inflating prices. The Competition Law explicitly prohibits conduct that "substantially limits competition" or "harms consumer welfare," providing regulators with grounds to impose corrective measures (5). Enforcement may include fines, mandatory divestiture, or operational restrictions, ensuring that market equilibrium and public interest are preserved.

Furthermore, the Iranian system places a unique emphasis on consumer protection and economic stability. While EU and U.S. authorities similarly focus on consumer welfare, Iranian law additionally considers social objectives, including employment retention, regional development, and alignment with national industrial strategies (9). Companies acquiring competitors are thus accountable not only to shareholders and regulators but also to broader social and economic stakeholders.

In cross-border acquisitions involving Iranian and foreign companies, compliance with domestic law is paramount. Companies must reconcile local requirements with international expectations, ensuring that post-merger conduct respects both Iranian competition policy and international standards. Failure to do so can result in administrative intervention, reputational risk, and disruption of strategic objectives.

Comparative Observations

While the Iranian legal framework shares the core principles of disclosure, fiduciary duty, and market fairness with EU and U.S. law, there are distinctive features:

1. Integration of public policy objectives into corporate responsibilities, particularly through Principle 44 Law.
2. Emphasis on national economic development, employment, and industrial policy alongside traditional antitrust considerations.
3. Centralized regulatory oversight through the Competition Council, which combines merger review with broader economic policy assessment.

These differences underscore the necessity for companies operating in Iran to adopt a compliance strategy tailored to domestic law, while recognizing international best practices as benchmarks rather than binding standards.

Under Iranian law, corporate acquisitions entail a multi-dimensional framework of responsibilities: contractual obligations to shareholders and creditors, procedural and substantive duties toward competition authorities, and

broader responsibilities to the market and consumers. The legal framework, shaped by Principle 44 Law, the Commercial Code, and the Competition Law, emphasizes transparency, fairness, and alignment with national economic objectives. While European and American frameworks offer useful comparative insights, Iran's unique combination of corporate governance, competition oversight, and public policy integration requires companies to navigate both strategic and legal complexities.

Compliance with these responsibilities is not merely a procedural formality—it is a strategic necessity, ensuring legal certainty, investor confidence, and sustainable market conduct. Firms that effectively integrate these duties into their acquisition strategy are better positioned to achieve business objectives while upholding the rule of law and public interest in Iran.

Remedies and Enforcement in Anti-Competitive Acquisitions of Competitor Assets

Acquisitions that negatively affect market competition are subject to enforcement under multiple legal frameworks. In Iran, the Competition Law, Commercial Code, and the Law on the Execution of General Policies of Principle 44 of the Constitution (Principle 44 Law) provide the basis for administrative, civil, and criminal remedies in the case of anti-competitive conduct. While the regulatory approaches in Europe and the United States offer useful comparative insights, the Iranian system emphasizes alignment with national economic policies and public interest objectives, giving regulators significant discretion in structuring remedies.

Enforcement is particularly crucial in the context of mergers and acquisitions of competitor assets, where the potential for creating market dominance or eliminating competition is high. Remedies can be broadly categorized into administrative, civil, and criminal measures, each addressing distinct facets of corporate responsibility and market protection.

Administrative Remedies

Administrative remedies constitute the first line of defense against anti-competitive behavior in Iran. The Competition Council (Shoraye-Raghibat) is empowered to prohibit or annul transactions that are found to substantially restrict competition. When an acquisition risks creating a dominant position or adversely affecting market fairness, the Council may cancel the transaction even after its completion, requiring the parties to restore the pre-merger state insofar as possible (9).

In addition to annulment, the Council may impose financial penalties on companies and responsible directors. These fines serve as both punitive and deterrent measures, discouraging firms from attempting transactions that might circumvent legal requirements. In practice, the Council considers factors such as the magnitude of the anti-competitive effect, market share, and the presence of repeated violations when calculating fines (5).

Another administrative tool is the requirement to divest or transfer assets or shares. This remedy, analogous to structural remedies in the EU under the European Commission Merger Regulation or in the U.S. under the Sherman Act, aims to restore competitive conditions by separating overlapping business units or selling off acquired assets to competitors (2). In Iran, the divestiture process is tightly integrated with Principle 44 Law objectives, ensuring that privatization and public policy goals are not undermined by private consolidation (9). Administrative remedies in Iran are often proactive, as regulators may intervene before the completion of a transaction, requiring pre-merger notifications and approvals. This is similar to merger control in the EU and pre-merger notification under U.S.

antitrust law, but the Iranian system places stronger emphasis on alignment with national economic development and social policy, in addition to maintaining market fairness.

Civil Remedies

Civil remedies in the Iranian system primarily aim to compensate parties harmed by anti-competitive acquisitions. These remedies are directed toward competitors, shareholders, and consumers affected by the transaction. Competitors who suffer loss due to anti-competitive acquisitions may seek compensation through civil litigation, claiming damages arising from exclusionary practices, market foreclosure, or price manipulation (9). Such claims are supported by the Commercial Code and Competition Law, which recognize the rights of affected economic actors to restore financial losses caused by anti-competitive conduct.

Shareholders who are negatively impacted, particularly minority shareholders, are entitled to seek redress if misrepresentation, lack of disclosure, or fraudulent conduct occurs during the acquisition process. This aligns with general corporate fiduciary duties under the Iranian Commercial Code, reinforcing the obligation of directors and controlling shareholders to act in the best interest of all shareholders (22). Remedies may include monetary compensation, rescission of agreements, or revaluation of share purchases to ensure equitable treatment. Consumers are also a central concern. In cases where acquisitions lead to higher prices, reduced quality, or decreased availability of goods and services, Iranian law permits civil claims to recover losses or compel corrective measures. Although consumer protection mechanisms in Iran may not be as developed as in the EU, the Competition Law explicitly emphasizes preservation of consumer welfare as a key goal of enforcement (5). Comparative analysis suggests that EU remedies, such as the European Commission's commitment decisions, and U.S. private antitrust enforcement provide similar compensation pathways, but the Iranian framework integrates public interest and economic policy objectives more explicitly.

Criminal Remedies

Criminal liability under Iranian law applies when corporate misconduct crosses a threshold of deliberate or reckless behavior, particularly in misrepresentation, unapproved transactions, or collusion to eliminate competition.

Providing false or misleading information to shareholders or regulators during the acquisition process can trigger criminal sanctions under both the Commercial Code and Competition Law (9). This includes intentionally falsifying financial statements, valuations, or market data. Directors and officers found responsible may face fines, suspension from corporate management, or imprisonment in severe cases. Executing an acquisition without obtaining necessary approvals from the Competition Council or other regulatory authorities constitutes another criminal offense. Transactions completed without clearance violate Principle 44 Law, potentially endangering both market integrity and national economic objectives. In such cases, Iranian regulators have authority to impose criminal penalties in addition to administrative measures, reinforcing the deterrent effect of compliance requirements (5).

Finally, collusive behavior or coordination aimed at eliminating a competitor constitutes criminal conduct under Iranian law. This encompasses any agreement or concerted practice to manipulate market outcomes, restrict competition, or unfairly exclude rivals. Similar to U.S. antitrust provisions against conspiracies and EU rules against collusion under Article 101 TFEU, Iranian law treats these behaviors as serious offenses, but with an added emphasis on compliance with national economic policy and Principle 44 objectives (9).

Comparative Observations

While the Iranian enforcement framework shares certain structural similarities with EU and U.S. systems, there are distinctive features that emphasize domestic policy considerations:

1. Administrative remedies in Iran are closely linked to Principle 44 objectives, ensuring that privatization and economic policy priorities are maintained alongside competition enforcement.
2. Civil remedies integrate both shareholder and consumer protection with explicit attention to public interest, employment, and market stability.
3. Criminal remedies in Iran extend beyond standard antitrust violations, encompassing deliberate violations of regulatory approvals and misalignment with national economic objectives.

In the EU, remedies are often structured around commitment decisions, divestitures, and fines to maintain market competition, with the European Commission playing a central enforcement role. In the U.S., both administrative (FTC and DOJ) and private civil actions are available, with criminal penalties reserved for conspiracies or fraudulent conduct. In Iran, the combination of administrative, civil, and criminal remedies provides a multi-layered enforcement system, reflecting both market protection and alignment with broader national policy objectives.

In Conclusion of Section 5 Enforcement of anti-competitive acquisitions in Iran involves a comprehensive array of remedies, including administrative, civil, and criminal measures. Administrative actions allow the Competition Council to cancel, restrict, or impose structural requirements on transactions that threaten market competition. Civil remedies compensate affected competitors, shareholders, and consumers, while criminal sanctions deter deliberate misrepresentation, unauthorized transactions, and collusive behavior.

The Iranian framework, grounded in Principle 44 Law, the Commercial Code, and the Competition Law, emphasizes market fairness, consumer welfare, and alignment with national economic objectives, making enforcement not only a legal requirement but also a policy instrument. Comparative perspectives from the EU and U.S. illustrate common principles of transparency, competition preservation, and remedies, but the Iranian system distinguishes itself through its integration of public policy and economic strategy, ensuring that acquisitions contribute to broader social and economic goals while maintaining competitive markets.

Comparative Analysis of the Issue in Iranian, EU, and US Law

The acquisition of competitor assets is a critical issue in corporate law and competition law, requiring a balance between corporate freedom, market efficiency, and public policy objectives. In Iran, this balance is structured through the interplay of the Commercial Code, the Competition Law, and the Law on the Execution of General Policies of Principle 44 of the Constitution (Principle 44 Law). To fully appreciate the Iranian framework, it is necessary to analyze its mechanisms in comparison with the European Union and the United States, highlighting both similarities and distinctive features.

Corporate and Market Governance in Iran

The Principle 44 Law serves as the foundation for regulating corporate acquisitions and privatization in Iran. This law, combined with the Commercial Code, establishes a framework that integrates economic policy with corporate governance. While corporate freedom is recognized, it is not absolute; companies must ensure that acquisitions do not undermine competition, minority shareholder rights, creditor protections, or national economic objectives (9).

The Competition Council (Shoraye-Raghibat) serves as the primary regulatory authority overseeing acquisitions. It has the authority to review transactions, impose conditions, and apply remedies in cases where acquisitions threaten competition. The Council's powers encompass administrative annulment, financial penalties, and structural remedies such as divestiture, reflecting a proactive approach to market oversight (5).

Despite these powers, there are recognized challenges in the Iranian system. Limited technical expertise, bureaucratic delays, and insufficient transparency can impede timely enforcement. Studies have noted that, while the Council is empowered to act, procedural complexities may delay intervention, creating opportunities for temporary market distortions or strategic circumvention by companies (23). Nevertheless, the integration of public policy through Principle 44 ensures that acquisitions are assessed not only for competition effects but also for broader economic and social impacts, such as employment, regional development, and alignment with industrial strategies (9).

Corporate and Competition Law in the European Union

The European Union provides a mature framework for regulating corporate acquisitions through the EU Merger Regulation (EUMR) and competition provisions in Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU). EU law emphasizes market structure, consumer welfare, and the prevention of dominant positions. The European Commission reviews mergers and acquisitions that meet turnover thresholds, and it has the authority to prohibit transactions, require divestitures, or impose behavioral remedies (2). In contrast to Iran, the EU framework prioritizes competition policy as the central criterion. Public policy considerations, such as industrial development or employment protection, are generally secondary and considered only in exceptional cases. The EU system benefits from a highly technical and specialized bureaucracy capable of conducting detailed market assessments and quantitative analysis to determine potential anti-competitive effects (11).

The EU approach demonstrates strengths in predictability, transparency, and technical rigor, ensuring that corporate acquisitions are assessed with clear and standardized criteria. However, critics note that the EU system may occasionally overlook national economic or social objectives, as market competition is considered the primary benchmark for approval.

Competition and Corporate Regulation in the United States

The United States has a dual system of antitrust enforcement for mergers and acquisitions. The Federal Trade Commission (FTC) and the Department of Justice (DOJ) review transactions for anti-competitive effects under Section 7 of the Clayton Act. The U.S. approach combines pre-merger notification requirements (Hart-Scott-Rodino Act) with both administrative and judicial remedies, including divestitures, injunctions, and criminal sanctions for fraudulent conduct (3).

U.S. law emphasizes consumer welfare and market efficiency, similar to the EU. While public policy objectives are considered, they are largely limited to economic efficiency and innovation incentives. Enforcement is often litigation-driven, with a significant role for private antitrust suits in addition to federal intervention (24). Compared to Iran, the U.S. system benefits from a highly developed procedural infrastructure and predictability for corporate actors. Firms can rely on established guidelines, such as the Horizontal Merger Guidelines, to structure acquisitions in a legally compliant manner (4). However, unlike Iran, broader economic policy and social considerations play a marginal role in enforcement, limiting the integration of public policy objectives.

Comparative Strengths and Weaknesses

A comparative analysis highlights several key distinctions between Iran, the EU, and the U.S. in regulating acquisitions of competitor assets:

1. **Integration of Public Policy:** Iran explicitly integrates public policy and national economic objectives through Principle 44 Law. This ensures that acquisitions serve both market efficiency and social development goals. In the EU and U.S., public policy considerations are largely secondary, focusing on market competition and consumer welfare.
2. **Regulatory Expertise:** EU and U.S. systems benefit from highly specialized regulatory bodies with technical and economic expertise. Iran's Competition Council faces challenges related to resource constraints and technical capacity, which can affect the speed and precision of enforcement.
3. **Procedural Clarity:** U.S. and EU laws provide detailed procedural guidelines, including pre-merger notification thresholds, timelines for review, and standardized methodologies for market analysis. Iran's framework is less codified, relying on discretionary assessment and integration with broader public policy, which can create uncertainties for corporate actors (23).
4. **Enforcement Mechanisms:** All three systems employ administrative, civil, and criminal remedies. Iran's framework uniquely combines these remedies with public policy oversight, whereas in the EU and U.S., remedies primarily focus on competition preservation and consumer welfare. Iran also allows proactive administrative intervention aligned with Principle 44 objectives, which is less pronounced in other systems.
5. **Stakeholder Protection:** Iran places special emphasis on minority shareholders, creditors, and broader social stakeholders. EU and U.S. systems primarily consider shareholder and consumer interests, with less formal consideration for broader societal impacts.

Principle 44 and Its Role in Iranian Acquisitions

Principle 44 Law provides a legal foundation for corporate acquisition oversight by combining privatization goals, corporate governance standards, and economic policy considerations. Acquisitions must adhere to disclosure obligations, shareholder protections, and competition compliance, integrating the interests of both private and public stakeholders.

The law empowers regulators to impose structural and behavioral remedies, aligning acquisitions with national priorities. For instance, if a merger threatens regional employment or critical industrial sectors, the Competition Council may require divestiture, impose operational restrictions, or cancel the transaction entirely. These mechanisms reflect a unique approach in which market competition is harmonized with social and economic policy objectives (9).

Role of the Competition Council and Institutional Assessment

The Competition Council is central to Iran's regulatory landscape, tasked with reviewing mergers, enforcing competition law, and ensuring compliance with Principle 44. Its powers include:

- Reviewing and approving or rejecting acquisitions that may concentrate market power.
- Imposing fines or structural remedies such as divestiture or behavioral restrictions.
- Coordinating with other governmental bodies to align acquisitions with national economic policy (5).

Despite these responsibilities, the Council faces limitations. Procedural delays, lack of specialized economic expertise, and limited transparency in decision-making can reduce regulatory effectiveness. Comparatively, the European Commission and U.S. antitrust agencies have more predictable, codified, and transparent processes. Nevertheless, the Council's integration of public policy considerations offers advantages in ensuring acquisitions contribute to national economic development, a feature absent in most Western frameworks (23).

Regional Comparisons

In addition to the EU and U.S., regional frameworks in countries such as Turkey, the Gulf Cooperation Council (GCC) states, and India offer additional perspectives. Many of these systems adopt a combination of merger control and public policy oversight, but few integrate broad socio-economic objectives as systematically as Iran through Principle 44. This reinforces the unique role of Iranian law in harmonizing competition enforcement with national economic strategy (9).

Policy Implications

The comparative analysis suggests several policy implications for Iran:

1. Enhancing technical expertise within the Competition Council to align enforcement practices with global standards.
2. Codifying procedural guidelines for mergers to increase predictability and reduce administrative uncertainty.
3. Balancing public policy integration with streamlined competition assessment to ensure efficiency without compromising national objectives.
4. Strengthening transparency and stakeholder engagement to increase legitimacy and confidence in the regulatory process.
5. Considering selective adaptation of EU and U.S. methodologies for market analysis, while maintaining Principle 44 objectives (9).

The Iranian framework for acquisitions of competitor assets, grounded in the Commercial Code, Competition Law, and Principle 44, integrates corporate governance, market competition, and public policy objectives. Compared to the EU and U.S., Iran emphasizes socio-economic development alongside market efficiency, offering a distinctive model of regulatory oversight. While the EU and U.S. provide highly technical, codified, and predictable enforcement, Iran's approach prioritizes alignment with national priorities, minority and stakeholder protection, and strategic economic policy.

The role of the Competition Council is central to this system, yet challenges in technical capacity and procedural clarity suggest the need for reform. Comparative insights from Europe, the U.S., and regional systems can inform improvements in Iran, particularly in areas of procedural codification, technical expertise, and stakeholder engagement, without undermining the objectives enshrined in Principle 44.

Overall, the Iranian model represents a unique intersection of corporate law, competition law, and national economic policy, illustrating the potential to harmonize market regulation with broader developmental goals while ensuring competitive markets.

Conclusion

The acquisition of competitor assets represents a critical intersection between corporate freedom, market efficiency, and public policy. In Iran, this intersection is primarily governed by the Commercial Code, the Competition Law, and the Law on the Execution of General Policies of Principle 44 of the Constitution (Principle 44 Law). Together, these frameworks create a distinctive legal and regulatory system that balances corporate autonomy with broader economic and social objectives.

Principle 44 serves as the backbone of acquisition oversight, ensuring that mergers and asset transfers align not only with market efficiency but also with national economic policies, privatization objectives, and public welfare goals. Unlike many Western jurisdictions, Iranian law explicitly incorporates public policy considerations into the assessment of acquisitions, which allows regulators to consider factors such as regional development, employment, industrial strategy, and social equity in addition to market competition (9).

The Competition Council occupies a central role in enforcing compliance with these frameworks. Its powers to review, approve, modify, or prohibit transactions, combined with the ability to impose administrative, civil, and criminal remedies, make it the key institution for maintaining fair competition in the Iranian market. Despite challenges in procedural efficiency, technical expertise, and transparency, the Council ensures that acquisitions do not undermine competitive markets and that they remain consistent with the objectives of Principle 44 (5).

Comparative analysis reveals several distinctions between the Iranian system and the frameworks in the European Union and the United States. While EU and U.S. law prioritize market competition and consumer welfare, they generally treat broader public policy objectives as secondary. EU merger control emphasizes technical precision, standardized procedures, and economic analysis, whereas U.S. antitrust law relies on a combination of federal enforcement and private litigation. In contrast, Iran integrates competition enforcement with national economic policy, allowing acquisitions to be assessed through both market and socio-economic lenses (2, 3).

This comparative perspective underscores the strengths and uniqueness of the Iranian framework. The integration of Principle 44 into merger regulation ensures that acquisitions support privatization, national development, and strategic economic priorities. The Competition Council, although facing operational and technical limitations, provides a structured mechanism to safeguard competition while aligning corporate activities with public interest. These features distinguish Iran from the EU and U.S., where enforcement primarily serves economic efficiency and market fairness without a strong embedded policy-driven perspective.

At the same time, lessons from EU and U.S. systems highlight potential areas for improvement in Iran. Enhancing the technical capacity of the Competition Council, codifying procedural guidelines for acquisitions, and improving transparency would strengthen predictability and legal certainty for corporate actors. Adopting standardized economic and market assessment methodologies, while maintaining alignment with Principle 44 objectives, could further harmonize domestic enforcement with international best practices.

In conclusion, the Iranian legal and regulatory system governing the acquisition of competitor assets demonstrates a comprehensive approach that integrates corporate governance, competition law, and public policy. Principle 44 and the Competition Council are central to this system, ensuring that acquisitions promote not only fair competition but also broader socio-economic objectives. While comparisons with the European Union and the United States highlight differences in emphasis and methodology, Iran's model exemplifies a unique path in which competition law is closely intertwined with national economic strategy, stakeholder protection, and public welfare.

The Iranian framework thus provides a balanced, policy-oriented approach to regulating acquisitions, ensuring that while companies retain the freedom to transact, such activities remain consistent with the national interest, market fairness, and public welfare. Continued refinement of procedural clarity, technical expertise, and transparency will further strengthen this system, positioning Iran's approach as a model of harmonized corporate and competition regulation that aligns private economic activity with public policy goals.

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Authors' Contributions

All authors equally contributed to this study.

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The authors of this article declared no conflict of interest.

Ethical Considerations

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Transparency of Data

In accordance with the principles of transparency and open research, we declare that all data and materials used in this study are available upon request.

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