

# An Analysis of Corporate Merger and Acquisition in Pakistan: A Comparative Study with UK and USA

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## Abstract

This study provides an in-depth analysis of the legal and regulatory structures surrounding merger and acquisition in Pakistan, drawing comparisons with the United Kingdom and United States regulatory environments. Although merger and acquisition transactions are very instrumental in corporate development, market expansion and economic integration, they are highly regulated globally in order to maintain a fair competition. This paper is a critical analysis of the current mergers and acquisition laws in Pakistan, the applicable laws, process, and the regulatory bodies. A comparative analysis is carried out in detail to get an idea of how the mergers and acquisition regime in Pakistan compares with or contrasts to well established regimes of the UK and the USA. The paper also examines major regulatory reforms that have been enacted in such developed jurisdictions and especially the mechanisms that have been put in place to ensure that there is competition, transparency and accountability in mergers and acquisition transactions. This study, through qualitative research approach, determines the existence of legal gaps and procedural deficiencies that exist in the corporate merger and acquisition environment in Pakistan. This research paper has come up with practical suggestions on how the Pakistani regulatory framework can be enhanced to ensure that the merger and acquisition process is efficient, transparent, and competitive based on the experience of the UK and USA. The research seeks to establish a more transparent, cohesive and internationally consistent environment for corporate merger and acquisition in Pakistan.

## Keywords

Merger and Acquisition, Corporate Governance, Regulatory Framework, Comparative Law (Pakistan, UK, USA)

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## 1. Introduction

Globally, merger and acquisition significantly influence the financial landscape of driving corporate growth and market competitiveness. As their frequency increases, robust regulatory frameworks become essential to ensure transparency and protect stakeholders (Mukhtar & Siddiqah, 2024). Over the past three decades, corporate governance has emerged as a vital research area in corporate finance, with board-level decisions directly impacting organizational performance. Merger and acquisition, in particular, have become crucial, reshaping organizational structures, market positions and shareholder value (Darayseh & Alsharari, 2023). Merger and acquisition are effective strategies for rapid development and growth. The digital era and internet have accelerated the pace and scale of these deals. Companies of all sizes share common strategic objectives, such as creating long-term shareholder value and using synergies from combined entities (Khan & Ahmed, 2018). However, each industry has unique goals, including revenue growth, market share expansion, and gaining competitive advantages. Merger and acquisition are crucial for companies seeking to acquire assets, drive growth, and enter new markets, ultimately enhancing profitability (Qureshi et al., 2021).

Pakistan's business landscape has witnessed significant merger and acquisition activity, reflecting its dynamic nature. Merger and acquisition are an effective way to accelerate development and growth (Khan & Ahmed, 2018). In Pakistan, merger and acquisition deals are governed by the Competition Law, and the establishment of the Competition Commission of Pakistan has led to notable advancements in the country's



merger and acquisition control regime. Efforts have been made to align Pakistan's merger control regulations with international best practices, drawing inspiration from the prominent legislations such as the Sherman Antitrust Act, Consumer Protection Act, and Clayton Act (Gillette, 2021).

Merger and acquisition are an important concept inside the corporate zone. Merger and acquisition of the businesses turn out to be an essential medium of corporate sector in the present time. Established nations and economies like the United Kingdom (UK) and United States (USA) have effective and robust regulatory structures that balance the promotion of merger and acquisition with the protection of competition. These transactions serve multiple strategic goals, a central aim is often to maximize profitability and shareholder value, sometimes relatively within a short period (Khan & Ahmed, 2018).

### **1.1 Merger**

A merger occurs when two or more corporations unite to pool their resources and capabilities in pursuit of shared objectives. In most cases, the shareholders of the emerging companies become joint owners of the newly combined entity (Gaughan, 2018).

Following are the types of mergers:

#### **1.1.1 Horizontal Merger**

A merger between companies in the same industry, producing similar products, to increase competitive advantages. Horizontal mergers involve firms held in similar kinds of businesses (Linton, 2010).

#### **1.1.2 Vertical Merger**

A merger between companies at different stages of the supply chain, aiming to boost synergies and control. It reduces opposition and makes a single entity. The merger fulfilment is totally based on whether the combined brand has more cost than as compared to a separate firm. It enhances the operation and sales of the organization (Linton, 2010).

#### **1.1.3 Concentric Merger**

A merger between companies in the same industry, serving similar customer bases but offering different, complementary products and services. The products are not identical but enhance each other's value (Ness, 2014).

### **1.2 Acquisition**

An acquisition is the purchase of assets, a division or an entire company, where one firm buys another's shares or assets, and the acquired company loses ownership and control (Gaughan, 2018).

Following are the types of acquisition (Ness, 2014).

#### **1.2.1 Value Creating Acquisition**

Value creating is defined as acquiring a company, enhancing its performance, and selling it at a profit.

#### **1.2.2 Consolidating Acquisition**

In this acquisition an employer acquires a company to eliminate competition from the market.

#### **1.2.3 Accelerating Acquisition**

It occurs when a larger company acquires another smaller company to rapidly expand market access by using the additional resources and products of that company.

### **1.3 Significance of the Study**

This research provides a comparative analysis of merger and acquisition regulatory frameworks in the UK, USA and Pakistan. It identifies significant challenges within Pakistan's system, such as outdated laws, Regulatory fragmentation, and weak enforcement. These issues in Pakistan's merger and acquisition regime

discourage investment and impede market efficiency (Swarnakar & Sharma, 2023). In contrast, developed jurisdictions like the USA and UK have implemented advanced regulatory frameworks promoting effective merger and acquisition activity while safeguarding market integrity (Metwalli & DeMello, 2021). The study emphasizes the need for Pakistan to adopt international best practices. Lessons learned from these jurisdictions are crucial for strengthening Pakistan's regulatory approach and fostering investor confidence.

#### **1.4 Research Objectives**

- To compare laws relating to merger and acquisition in Pakistan with UK and USA
- To assess the importance of mergers and acquisition in Pakistan
- To assess defects in the laws of merger and acquisition in Pakistan
- To assess the current scenario of merger and acquisition in Pakistan
- To provide suggestions and recommendations in respect of improvement in this law

#### **1.5 Research Questions**

- What is corporate merger and acquisition?
- What is the current regulatory framework governing corporate merger and acquisition in Pakistan?
- What is the institutional mechanism regarding merger and acquisition?
- Are there any gaps and issues in Pakistan legal regime regarding mergers?
- Which legal framework is more suitable as a model for improving merger and acquisition regulation in Pakistan, and why?
- What are the important factors that play role in cross-border merger and acquisitions?

## **2. Literature Review**

### **2.1 Evolution and Strategic Importance of Merger and Acquisition**

The thought of merger and acquisition dates back to the Eighteenth Century. Merger and acquisition involve strategic consolidation of companies to achieve growth, efficiency and competitive advantages, making them a crucial tool in the modern corporate world (Devi, 2016). Research highlights the importance of merger and acquisition in improving organizational efficiency, workplace capability, and profitability, particularly in Pakistan's financial sector (Khan & Ahmed, 2018). Effective legal frameworks and stakeholder engagement are also emphasized to ensure merger and acquisition success in developing countries, advocating for stronger regulatory measures to protect diverse interests (Wang & Guo, 2015).

### **2.2 Legal Frameworks and Procedural Insights in Pakistan and Beyond**

The procedural and operational aspects of merger and acquisition have been extensively examined, with a focus on identifying the common factors that contribute to both successful integrations failures because by understanding the key drivers of success and failures, companies can better navigate the merger and acquisition process and achieve their strategic objectives (Roberts et al., 2018). In the context of Pakistan, studies have analysed the country's legal and procedural framework governing merger and acquisition such as the Companies Act 2017 and competition laws. These studies highlight the need for reforms and improvements to ensure that Pakistan's merger and acquisition landscape is beneficial to business growth and development (Awan, 2015). Comparative studies with countries like India and USA revealing strengths and weakness in regulatory frameworks, particularly regarding shareholder protections by providing valuable lessons for Pakistan and other emerging markets (Singhal et al., 2023)

### 2.3 Global Perspectives on Merger and Acquisition Reforms

Global research emphasizes the need for transparency and oversight in Pakistan's merger and acquisition processes, proposing reforms based on the UK's robust framework (Mukhtar & Siddiqah, 2024). Comparative studies of corporate restructuring in countries like Nigeria, India and the UK highlight the importance of adaptive laws tailored to national realities (Aduma & Udeoji, 2024). Cross-border merger and acquisition such as those with China-Pakistan Economic Corridor (CPEC), require addressing cultural differences and managing psychological contracts for success (Bari et al., 2019).

### 2.4 Theoretical Framework

The theoretical framework underlying corporate merger and acquisition in Pakistan is shaped by regulatory frameworks of the UK and USA. This framework influences the outcomes of merger and acquisition activity, which is proposed to produce two key benefits: improved transparency and enhanced efficiency. These benefits in turn contribute to creating a more investor-friendly environment and by understanding the regulatory policy makers can work together to create a more favourable business environment that contributes significantly to the national economy as described in figure 1.

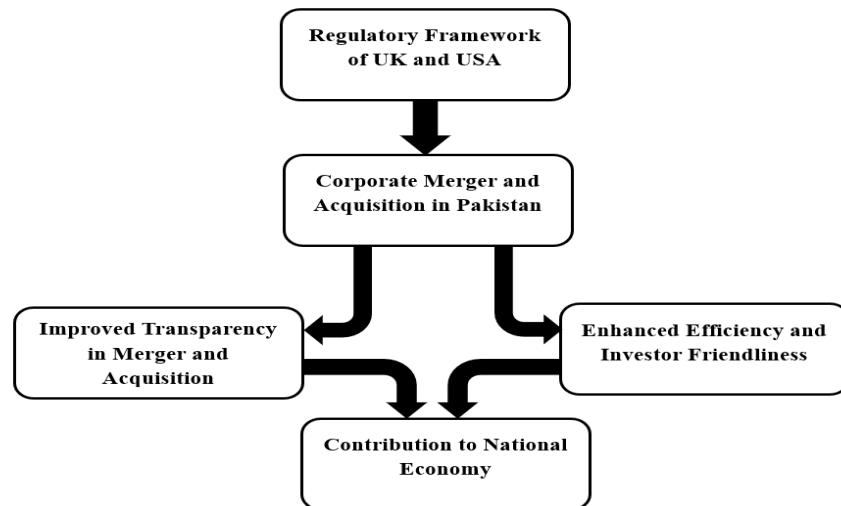


Figure 1: Theoretical Framework of the Study

**Source:** Author's own compilation based on insights from relevant literature

## 3. Research Methodology

This study has employed a qualitative research design, specifically utilizing content analysis approach to thoroughly examine and explain the specifics of merger and acquisition regulations. The primary objective is to identify areas for improvement in the Pakistan's legal framework. A comparative method is employed to examine and contrast the legal frameworks governing merger and acquisition in the UK and USA with the regulatory framework in Pakistan. By focusing on qualitative research, this study seeks to uncover concepts, patterns, and themes embedded in legal literature and documents. The primary sources are the legal statutes and cases (Table 1) while secondary sources are the law books, articles, and research papers.

**Table 1:** *List of Relevant Cases*

No.	Relevant Cases
1	Novartis AG's acquisition of GlaxoSmithKline involving a Portfolio of Oncology vs Products (Excluding Manufacturing Operations) – Reported in 2016 C.L.D 444 (Pakistan)
2	International Multi Leasing Company vs Capital Assets Leasing Corporation Limited – Reported in 2004 C.L.D 1 (Pakistan)
3	Tervita Corporation and Complete Environmental Inc. – Reported in 2016 S.C.M.R 492 (Pakistan)
4	Babkirk Land Services Inc vs Commissioner of Competition (Pakistan)
5	Mumtaz Ali vs Khatoon Begum – Reported in 2017 C.L.C [High Court] 147 (Pakistan)
6	Sahazadi Maharunisa vs Ghulam Sughran – Reported in 2016 P.L.D [Supreme Court] 353 (Pakistan)

#### 4. Merger and Acquisition Landscape in Pakistan

The procedure of merger and acquisition in Pakistan is governed by several key laws and regulations, including Companies Act 2017, Takeover Regulations 2017, Competition Act 2010 and Merger Control Regulations 2016. These legal statutes form the regulatory framework under which merger and acquisition activities are conducted in the country. Corporate merger and acquisition in Pakistan aim to boost income quickly while supporting organizational growth. Global market interdependence and foreign competition drive firms to expand their reach. Companies seek increased market share, customer access, and stakeholder returns. Transparency is ensured through disclosures and public announcements (Khan & Ahmed, 2018).

##### 4.1 Companies Act, 2017

The Companies Act, 2017 outlines the procedures for mergers and demergers, specifically in sections 279 to 285. These sections allow companies to create compromise agreements and arrangements with their shareholders or creditors regarding the merger or demerger. The arrangement scheme should specify the assets, liabilities and debts of the companies and it should be approved by the Securities and Exchange Commission of Pakistan that has the power to enforce such agreements (Rana, 2024).

##### 4.2 Takeover Regulations, 2017

The Takeover Regulations 2017 specify the conditions under which any person would like to become a major shareholder or purchase majority of shares in a listed company in the stock market. The securities to be sold in the acquisition should be very liquid and the acquirer should also offer a complete cash alternative besides offering securities of the company takeover (Awan et al., 2020).

##### 4.3 Competition Act, 2010

According to the Competition Act, 2010, in the event one entity wants to acquire shares or assets of another, or in the event that two or more entities want to merge part of their business and satisfy the pre-merger thresholds, they are required to seek clearance from the Competition Commission. This clearance is mandatory and the process cannot be done without this clearance. In the next 30 days, the Commission will determine whether the proposed merger satisfies the required threshold and proceeds to the second phase of review, in case it is necessary, where more information might be demanded (Kayani, 2017).

##### 4.4 Merger Regulations, 2016

The merger regulations 2016 empower the Competition Commission of Pakistan to oversee significant merger transactions, ensuring compliance with established guidelines. Companies that exceed specific thresholds are required to submit a pre-merger application, accompanied by necessary documentation and fee. The Commission employs a two-phase review process to assess the legality and potential market impact of proposed merger. Failure to obtain clearance may result in penalties, underscoring the importance of

adherence to regulatory requirements. Additionally, the regulations address confidentiality requests, compliance monitoring, complaint handling, and corporation in cross-border merger, providing a comprehensive framework for managing complex transactions (Mukhtar & Siddiqah, 2024).

In recent years, merger and acquisition have gained prominence in Pakistan as companies increasingly explore these transactions as a strategic means of expansion and restructuring. However, concerns persist regarding the adequacy of the existing legal frameworks in supporting the evolving dynamics of corporate merger. While legislative improvements have been made, further refinement is necessary to enhance the efficiency and transparency of merger and acquisition processes (Farid et al., 2025).

#### **4.5 Mobilink and Warid Merger: A Case Study**

According to the Case No. 773 of 2015, the Competition Commission of Pakistan conducted a phase 2 review of the proposed amalgamation between Mobilink and Warid. Under the Competition Act 2010, the commission is empowered to ensure fair competition in the relevant market and protect consumers from abusive dominant positions, thereby promoting a level playing field for businesses (James, 2015). In 2016, the Competitive Commission of Pakistan issued an order concluding the first phase review, after which the second phase review was initiated. On 17<sup>th</sup> December 2017, Competitive Commission of Pakistan received a pre-merger application filed by the Pakistan Mobile Communications Limited Mobilink, Warid Telecom Pakistan LLC, and Bank Alfalah Limited, informing and looking for approval from the Commission to get 100% shares of Warid Telecom Private Limited by Mobilink, by way of share swap agreement. Application has been submitted by Section 11 of Act, and Competition Regulations, 2007. The Merger was approved under Section 31(1)(d)(i) of the Act. This case lies in understanding the regulatory process and oversight involved in merger and acquisition, particularly in corporate sector of Pakistan. This emphasizes the importance and regulatory approval and compliance with competition laws to ensure fair market practices and consumer protection (Umer, 2020)

#### **4.6 Analysis of Pakistan's Merger and Acquisition Regulatory Framework**

Hostile takeovers are rare in Pakistan, and consequently, the directors of the company lack established defensive strategies. When faced with such processes, the target firms have limited means of resistance, depending on the legal compliance obligations imposed on the acquiring party. The adoption of common defence mechanisms is difficult due to Pakistan's strict regulatory environment. If the acquirer breaches legal provisions, the target company may seek recourse by involving regulatory bodies like Securities Exchange Commission of Pakistan and Competitive Commission in the court (Mukhtar & Siddiqah, 2024).

### **5. Merger and Acquisition in the United Kingdom**

In the United Kingdom, merger and acquisition are primarily governed by the Takeover Code and relevant provisions of the Companies Act 2006 which provides regulations for merger situations, regulating the transaction procedure. Securities and investments concerning merger transactions are governed by the Financial Services & Market Act. Financial Conduct Authority provides regulations for regulating securities and exchange offer. Other rules, formulated by this authority are transparency and listing rules apply to merger and acquisition transactions. The Enterprise and Regulatory Reform Act and the Enterprise Act deliver the legal framework for the functioning of the Competition and Markets Authority, which is responsible for enforcing anti-trust laws in the UK (Jones, 2024).

### **5.1 Methods of Acquisition in United Kingdom**

Two principal methods are employed: a takeover offer, where a bidder offers to purchase shares directly from shareholders, and a scheme of arrangement in which the votes of shareholders are required, and this process is completed through the intervention of Court. In these processes, payment can be made either in cash by issuance of securities, or both. These mechanisms are tightly regulated to ensure transparency, fairness, and procedural integrity (ICLG, 2018).

### **5.2 Merger Control Framework in United Kingdom**

Cross-border mergers involving UK companies are regulated under the Companies Merger Control Regulations 2007, which align with European Economic Area standards, such mergers can take the form of absorption into an existing entity or the creation of a new company. Cross-border transactions can trigger dual regulatory oversight under both UK and EU regimes. The Competition and Market Authority plays a central role in UK merger control. It conducts a two-phase investigation to assess the competitive impact of a proposed merger. If the Competition and Market Authority finds that a transaction may significantly lessen competition, it may prohibit the merger. The Secretary of State for Business may intervene, with the Competition and Market Authority providing expert opinion but the final decision resting with the authority (McIver & Heemsoth, 2021).

### **5.3 Companies Act 2006**

The disclosure requirements are governed by multiple provisions, including the Disclosure and Transparency Rules, the Companies Act of 2006, and the Listing Rules (section 5.4). Rule 8 of the Code introduces additional obligations for prompt disclosure regarding transactions involving target securities, equity share capital, and securities with conversion or subscription rights into such securities, including those with comparable rights as the consideration securities. Transactions enclosed by this rule include the opening or closure of options related to any securities, along with any actions that may affect the number of securities in which a person has an interest or maintains a short position (Saha, 2022).

### **5.4 City Code on Takeover and Merger**

Merger and acquisition activities in UK are controlled by the Takeover Code, also known as City Code on Takeovers and Mergers. This code outlines the rules and procedures governing the operational process of mergers and acquisitions. The Takeover Panel has the authority to enforce and administer the rules provided in the Code and is thus authorized to intervene in merger and acquisition transactions. The Takeover Panel receives a guide from the Panel Executive, regarding the application of rules provided under the Code (Mukhtar & Siddiqah, 2024).

### **5.5 Enterprise Act, 2002**

Under this act, a takeover falls under specific regulations if it does not qualify under the European Community Merger Regulations. A relevant merger situation arises when at least one of the entities operates in the United Kingdom. This is determined if the target company has a turnover exceeding 70 euro million or enhances 25% share of supply in the market. The office of fair trading conducts an initial assessment and may refer the case to the Competition Commission, accept undertakings and allow it to proceed further. While seeking clearance is voluntary, doing so mitigates the risk of post-merger scrutiny. If a statutory merger notice is filed, the office of fair trading has 30 working days to determine whether to refer to the case, and the Commission is required to complete its investigation within 24 weeks (Chance, 2008).

### **5.6 Competition Act, 1998**

The Competition Act 1998 is pivotal legislative instrument in the United Kingdom, designed to foster fair competition and prevent anti-competitive practices in the marketplace. The Act's comprehensive framework addresses three key areas. Firstly, it prohibits agreements that restrict, distort, or prevent competition, including illicit arrangements such as price-fixing and market sharing. Secondly, it prevents dominant firms from engaging in abusive practices, such as unfair trading, that can harm consumers and innovation. Thirdly, it regulates merger and acquisition to prevent the concentration of economic power that can have adverse effects on competition. The Competition and Market Authority plays a crucial role in enforcing the Act, with the responsibility for investigating proposed merger to ensure that they do not substantially lessen competition (Whish & Bailey, 2021).

## **6. Merger and Acquisition in the USA**

In the United States, Merger and Acquisition activities are governed by a dual regulatory framework comprising the state and federal laws, depending on the jurisdiction where the target company is incorporated. The state corporate laws primarily oversee procedural and judicial aspects of merger approvals and ensure the protection of shareholder rights. These laws also empower corporate boards to defend against hostile takeovers and require a clear understanding of statutory obligations to safeguard stakeholder interests during such transactions (Khan & Ahmed, 2018).

### **6.1 Antitrust Laws (Sherman Act 1890 and Clayton Act 1914)**

The federal antitrust laws focus on maintaining market competition and preventing monopolistic practices. The Sherman Antitrust Act was the first federal law in United States that attempted to control anti-competitive practices. It is used where there is a monopoly especially in the industrial sector as specified in Section 2 of the Act. Section 1 makes it outright illegal to enter into contracts in restraint of trade. The Act was however not very effective in the regulation of merger situations because it had a narrow scope and restrictive judicial interpretations. Clayton Act is the main legislative guideline in the United States that controls mergers and acquisitions. Section 7 of this Act prohibits any mergers or acquisitions that can result in establishment of monopolies or substantial reduction of competition in the concerned market (Awan et al., 2020).

### **6.2 Hart-Scott-Rodino Act 1976**

The Hart-Scott-Rodino Act mandates that companies involved in merger and acquisition submit a pre-merger notification to the Federal Trade Commission and the Department of Justice before completing the transaction. This notification provides details of the proposed merger, enabling regulatory review and assessment. Under the Hart-Scott-Rodino Antitrust Act all merger cases require review by the Federal Trade Commission and pre-merger filing is also compulsory (Laarossi, 2023).

### **6.3 Securities and Exchange Commission Act 1934**

The Securities and Exchange Commission Act 1934 supervises the transfer and issuance of securities. It must review and clear all relevant merger documents, especially where securities are offered as consideration, by issuing a registration certificate. Additionally, laws such as Exon Florio Amendment and the Foreign Investment and national Security Act authorize the US President to review or block mergers that may pose a threat to national security (Roberts et al., 2018).



## **7. Results and Discussion**

### **7.1 Comparative Analysis**

#### **7.1.1 Legal Frameworks**

The legal frameworks governing merger and acquisition vary across three jurisdictions but are built on foundational statutes. Transparency and disclosure standards are most rigorous in the UK and USA, where companies are legally required to provide details pre-merger information to shareholders and the public. The UK mandates disclosures under various sections of the Companies Act 2006, including director reports and financial data. Similarly, the USA enforces transparency through the antitrust laws, requiring pre-merger notifications and filings (Arif et al., 2023). Pakistan, in contrast, lacks statutory disclosure obligations prior to approval. While guidelines of Securities Exchange Commission of Pakistan suggest basic transparency principles, these are non-binding and fail to provide stakeholders with meaningful access to pre-merger financials (Fatima & Tabassum, 2022).

#### **7.1.2 Shareholder and Employee's Rights**

Shareholder and employee protections are most pronounced in the UK, where statutory mechanisms allow shareholders to object and employees to retain rights under the protection of employment regulations. The USA offers shareholder appraisal rights under state laws and applies selective employee protections through different acts like WARN Act. The framework of Pakistan, through recognizing shareholder rights, lacks robust enforcement and clear mechanisms for dissenting shareholders. The rights of employees are merely acknowledged in Securities Exchange Commission of Pakistan guidelines, without binding obligations or enforcement provisions (Khan & Ahmed, 2018)

#### **7.1.3 Antitrust Enforcement and Regulatory Oversight**

Antitrust enforcement and regulatory oversight differ significantly in scope and strength. The Competition and Market Authority of United Kingdom and the Federal Trade Commission and Department of Justice of United States conduct multi-phase merger reviews, focusing on market concentration and consumer impact. In the USA, pre-merger filings for significant deals are mandated by the antitrust laws (Soomro et al., 2021). Pakistan's Competition Commission also requires pre-merger approval but faces challenges related to weak institutional capacity, limited transparency and absence of independent market analysis to perform detailed economic assessments. Consequently, the enforcement of anti-monopoly rules in Pakistan remains inconsistent and underdeveloped compared to UK and USA standards (Mike, 2022).

#### **7.1.4 Insider Trading Regulations**

Insider trading regulations in the United Kingdom and United States provide strict prohibitions and penalties, especially during merger and acquisition transactions, ensuring fairness and deterring market manipulation. The City Code in the United Kingdom and Securities Exchange Act of United States are effective enforcement tools. Pakistan's disclosure-based approach is comparatively lenient, limiting market accountability (Qureshi et al., 2021). Regarding transactions costs and timing, the USA generally offers faster and more predictable merger and acquisition processes due to efficient courts and regulatory bodies, though mega-mergers still face delays. In the UK, streamlines procedures and clear legal timelines aid deal closure. However, in Pakistan, the merger and acquisition process are lengthy, bureaucratic, and costly, often discouraging timely completion and efficient deal execution (Fatima & Tabassum, 2022).

### **7.1.5 Role of Independent Advisors in Enhancing Shareholder Participation**

The corporate world today is complex, and many shareholders find it hard to understand how mergers work. Because of this, they often do not feel motivated to take part in the process. The value of a company in the market is based on financial information, such as future earnings, expected cash flow and asset worth. In UK and USA, independent advisors play an important role during merger and takeovers. They give useful advice and help both the buying and selling companies. Studies have shown that when companies hire financial advisors and independent experts from firms, it increases the chances of a successful deal and also increase the participation of shareholders (Soomro et al., 2021).

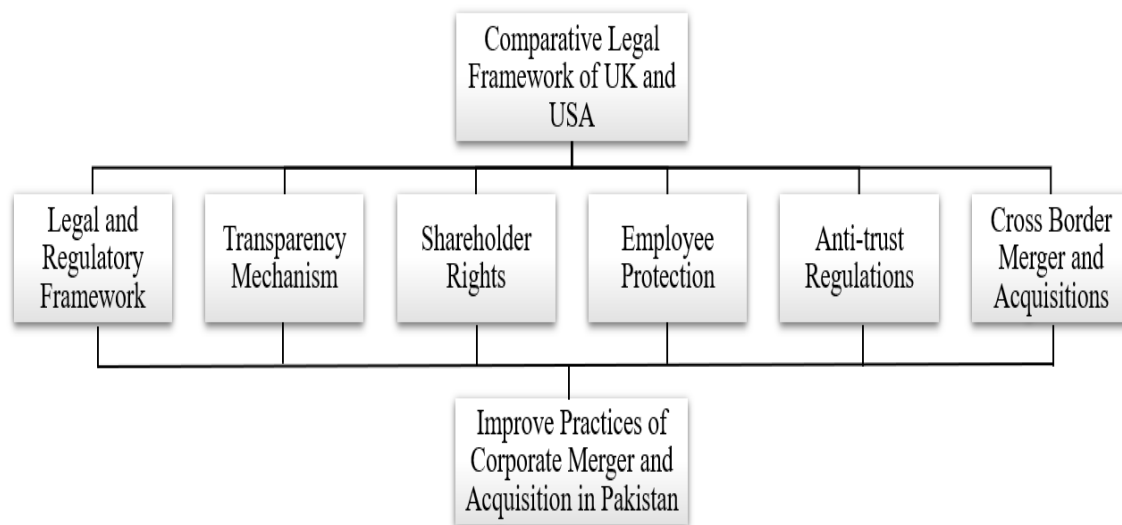
### **7.1.6 Cross-border Merger and Acquisition Regulations**

The United Kingdom facilitates cross-border mergers, enabling efficient international transactions. In the USA, such transactions are subject to scrutiny by the foreign investment, particularly when national security is at risk. Both jurisdictions have established robust processes for handling sensitive transactions and protecting stakeholders (Bytsiura, 2022). In contrast, Pakistan's regulations of merger and acquisition rely on outdated Foreign Exchange Regulations, which require State Bank of Pakistan approval but lack a comprehensive statutory framework to accommodate modern global transactions. As foreign investment increases, Pakistan needs to adopt updated legislation to govern cross-border merger and acquisition effectively (Carril, 2020).

## **8. Findings of the Study**

The study's findings highlight the potential for improving Pakistan's corporate merger and acquisition framework by drawing lessons from global models, particularly the UK and USA. The analysis revealed practical strategies to enhance governance, emphasizing transparency, competition preservation, and stakeholder rights. In contrast to the developed countries, Pakistan's merger and acquisition regime face challenges such as regulatory fragmentation, inconsistent antitrust laws application, and inadequate institutional enforcement.

By studying and adapting components from the United Kingdom and United States legal frameworks, Pakistan can improve its corporate merger and acquisition process. Adopting best practices in pre-merger disclosures, shareholder rights, and public scrutiny can enhance transparency and effectiveness in merger and acquisition deals, ultimately promoting a more favourable business environment in Pakistan. Improving these elements within its legal framework could promote more effective involvement of stakeholders, cultivate confidence in corporate procedures, and bolster economic development. By drawing lessons from these benchmarks, the merger and acquisition process in Pakistan is expected to evolve, leading to improve merger and acquisition practices that are characterized by greater efficiency, enhanced transparency, and the implementation of necessary legal reforms ((Khan & Ahmed, 2018) as illustrated in figure 2 below.



**Figure 2:** Factors that Improve Merger and Acquisition in Pakistan

## 8.1 Gaps in Pakistan's Merger and Acquisition Procedures

### 8.1.1 Inadequate Legal Framework

Pakistan is relying on the certain provisions of Competition Act with regard to merger and acquisition, but these provisions are not enough to deal such kind of huge and useful process. As compare to Pakistan, the United States and United Kingdom have separate Acts and special legislation for every state to deal with the process of these transactions. Although Pakistan has enacted the Companies act, the Securities Exchange Commission of Pakistan has yet to introduce comprehensive regulations aligned with it (Mukhtar & Siddiqah, 2024). In contrast, the U.K and U.S.A have advanced regulations for merger and acquisition. Pakistan relies mainly on the Merger Control Regulations 2016 whereas both U.K and U.S.A have multiple regulatory frameworks for the process of merger and acquisition (Mike, 2022)

### 8.1.2 Complex and Expensive process of Merger and Acquisition

The merger and acquisition process in Pakistan is complicated and time consuming. For instance, the second phase of a merger alone takes up to 90 days for completion. Compared to the UK and USA, Pakistan's procedures are far more complex and lengthier. The merger and acquisition procedures in Pakistan are also costly. The associated fees and heavy taxes make the process expensive, as detailed in relevant financial tables. In contrast, merger and acquisition processes in the U.K and U.S.A are considered most cost effective (Roberts et al, 2018).

## 8.2 Litigation Burden and Weak Regulatory Mechanism in Pakistan

In Pakistan there are number of litigations is pending in the competition commission of Pakistan and Appeals in the High court and Supreme Court. Many companies are not entering in the process of merger and acquisition because the litigations are pending. In UK and USA, the number of litigations is low because of proper hierarchy (Khan & Ahmed, 2018). In Pakistan there is no proper regulatory bodies like USA and UK. Regulatory bodies of Pakistan are facing a lot of problems because there is no proper legislation with regard to merger and acquisition. Political powers also damaging the regulators. Without independent regulators it is not possible to run properly (Farid et al., 2025)

## 9. Recommendations

- **Merger and Acquisition is Underdeveloped:** In Pakistan, mergers and acquisitions are still nascent due to various regulations and transactional constraints. The wake of China-Pakistan Economic Corridor and especially the efforts of the government to call for foreign investment have put great potential in Pakistan's economy for growth in mergers and acquisitions. Hence, serious steps must be taken to ensure transparency in this sector.
- **Clarity and Certainty:** Corporate and competition law needs adjustment to bring clarity and certainty to the merger scheme, followed by openness in all merger and acquisition steps. The law must have proper disclosure and mechanisms to make material information available and understandable to stakeholders through independent experts.
- **Educate Shareholders:** To ensure transparency, the foremost step is to educate the shareholders about the merger and acquisition process. This aspect is vital because the shareholders equate merger and acquisition in Pakistan as detrimental.
- **Proper Legislation:** Government of Pakistan should take some measures for the proper legislation. It should make an independent regulatory body under the supervision of Competition Commission of Pakistan.
- **Simplification and Cost Effective:** Merger and Acquisition process is lengthy and expensive. It is recommended that the government should make some policies regarding fees and time for completion of process of merger and acquisition and make it cost effective.
- **Director's Report:** A comprehensive Directors report shall be made compulsory to explain the reason for initiating the merger and acquisition transaction, with its potential future implications and impact, i.e. risks and benefits on the shareholders.
- **Facilitation Centres:** To further reduce cost and save time, one window operation service with the objective of merger and acquisition facilitation centres can be formed, including Securities Exchange Commission and Competitive Commission of Pakistan, and other stakeholders.

## 10. Conclusion and Future Research

The main objective of the Merger and Acquisition is to get maximum profit within the minimum time. After the detailed analysis on the legal aspect of Merger and Acquisition we conclude our topic that the Merger and Acquisition is the emerging concept in the field of corporate sector. Developed like U.S.A and U.K countries are trying to increase their economy; both the countries have strong legislation and separate regulatory bodies but in Pakistan competition commission of Pakistan have jurisdiction. Many obstacles stand in the way of ensuring transparent merger and acquisition transactions. The significant barrier in Pakistan's corporate laws perspective is the lack of a robust disclosure mechanism at the pre-merger phase, availability of material information constraints to shareholders, ineffective financial reporting, multiple regulatory oversights, absence of the concept of breakup fees, neglect of legal aspect in the synergy of a merger, absence of comprehensive framework in which expert will work and having no concept of independent advisors. Future research should also address the critical issue of court jurisdictions in sanctioning merger and acquisition transactions, particularly considering that merger and acquisition is a technical area. It is important to examine how the judiciary already burdened with a high volume of cases can effectively contribute to overseeing such transactions.

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