

**BOSNA I HERCEGOVINA**  
*Konkurencijsko vijeće*



**БОСНА И ХЕРЦЕГОВИНА**  
*Конкуренијски савјет*

**BOSNIA AND HERZEGOVINA**  
*Council of Competition*

## **REGULATION**

### **ON BLOCK EXEMPTION GRANTED TO AGREEMENTS ON DISTRIBUTION AND SERVICING OF MOTOR VEHICLES**

**Sarajevo**  
**January, 2006**

Pursuant to Article 7, paragraph (1), item d) and Article 25, paragraph (1) item a) of the Competition Act (“Official Gazette of BH”, No 48/05), the Council of Competition in its 22<sup>nd</sup> (twenty second) session held on 24<sup>th</sup> January 2006, has adopted the following

**REGULATION  
ON BLOCK EXEMPTION GRANTED TO AGREEMENTS ON DISTRIBUTION  
AND SERVICING OF MOTOR VEHICLES**

**I GENERAL PROVISIONS**

Article 1

*(Subject matter of the Regulation)*

This Regulation shall stipulate the conditions for block exemption granted to agreements on distribution and servicing of motor vehicles, set out the conditions which such agreements must contain, the restrictions or conditions which such agreements may not contain, and other conditions which must be fulfilled in order to meet the conditions for block exemption from application of the provisions on prohibited agreements pursuant to Article 4 of the Act on Competition (hereinafter: the Act).

Article 2

*(Applicability of block exemption)*

- (1) Block exemption shall apply to the agreements referred to in Article 7, paragraph (1) item d) of the Act, concluded between two or more undertakings each of which, for the purpose of the agreement, operate at the different level of production or distribution (hereinafter: vertical agreements) where they relate to the conditions under which the contracting parties may purchase, sell or resell new motor vehicles, spare parts for motor vehicles or provide repair and maintenance services for such vehicles, and particularly to the agreements which:
  - a) apply a qualitative, quantitative or mixed qualitative -quantitative selective distribution system as a form of distribution and servicing of motor vehicles;
  - b) apply the exclusive distribution or exclusive supply as a form of distribution and servicing of motor vehicles;
  - c) contain provisions which relate to the assignment to the buyer or giving the right to use to the buyer the intellectual property rights, provided that such provisions do not constitute the main object of such agreements and that they are directly connected to the use, sale and/or resale of contract products by the buyer or its buyers.
- (2) Exceptionally, the block exemption shall apply under the conditions set forth under Article 6, of this Regulation and to the particular vertical agreements entered into between associations of undertakings and their members, as well as between such associations and their suppliers, in other words, to particular vertical agreements entered into between competing undertakings.
- (3) Motor vehicles referred to in paragraph (1) of this Article means:
  - a) self propelled vehicles intended for use on public roads and having three or more road wheels;
  - b) passenger cars intended for the carriage of passengers and comprising no more than eight seats in addition to the driver's seat;
  - c) light commercial vehicles intended for the transport of goods or passengers with a maximum mass not exceeding 3,5 tones; if a certain light commercial vehicle is also sold in a version with a maximum mass above 3,5 tones, all versions of that vehicle are considered to be light commercial vehicles.

- (4) Selective distribution system referred to in paragraph (1) item a) of this Article means a distribution system established on the basis of the agreement on distribution and servicing of motor vehicles where the supplier undertakes to sell the contract products and services, either directly or indirectly, only to distributors or repairers selected on the basis of specified criteria and where these distributors or repairers undertake not to sell such products or services to unauthorized distributors or independent repairers, without prejudice to the ability to sell spare parts to independent repairers or the obligation to provide independent operators with all technical information, diagnostic equipment, tools and training required for the repair and maintenance of motor vehicles or for the implementation of environmental protection measures.
- (5) Qualitative selective distribution system, as referred to in paragraph (1), item a) of this Article, means a system where the supplier determines criteria for the selection of distributors or repairers which are only qualitative in nature, are required by the nature of the contract products or services concerned, are determined uniformly for all distributors or repairers wishing to join the distribution system, are not applied in a discriminatory manner, and do not directly limit the number of distributors or repairers in the relevant market.
- (6) Quantitative selective distribution system, as referred to in paragraph (1), item a) of this Article, means a system where the supplier determines criteria for the selection of distributors or repairers which directly limit their number in the relevant market.
- (7) Exclusive distribution agreements as a form of distribution and servicing of the motor vehicles referred to in paragraph (1) item b) of this Article, means vertical agreement where the supplier undertakes to sell the contract products only to one distributor selected in a particular location or to exclusively allocated customers group which have been allocated exclusively to that distributor.
- (8) Exclusive supply agreements as a form of distribution and servicing of motor vehicles referred to in paragraph (1) item b) of this Article, means a vertical agreement where the supplier directly or indirectly undertakes to sell the contract products only to one buyer inside the market of the Bosnia and Herzegovina for the purpose of a specific use or for resale.
- (9) It is not allowed to combine, at the same market, application of a selective distribution system referred to in paragraph (1) item a) and paragraphs (3), (4) and (5) of this Article, with the exclusive distribution or exclusive supply form referred to in paragraph (1) item b) and paragraphs (6) and (7) of this Article, by means of the agreement on distribution and servicing of motor vehicles.

### Article 3

#### *(Non-applicability of block exemption)*

Under the provisions of this Regulation, the following agreements may not be exempted from prohibition of block exemption:

- a) vertical agreements which fail to fulfill the cumulative criteria stipulated by the provisions of Article 4, paragraph (3) of the Act and which are not in compliance with this Regulation;
- b) vertical agreements which, according to their subject, fall into the category of some other regulation, pursuant to the provisions of Article 7 of the Act.

## II CONDITIONS THE AGREEMENTS MUST CONTAIN

### Article 4

#### *(Market share)*

- (1) Block exemption for vertical agreements shall apply on condition that the supplier's market share on the relevant market on which it sells new motor vehicles, spare parts for motor vehicles or provides repair and maintenance services does not exceed thirty percent (30%).
- (2) Block exemption for vertical agreements establishing quantitative selective distribution system for sale of new motor vehicles shall apply on condition that the market share on the relevant market does not exceed forty percent (40%).
- (3) However, the market share value shall not apply to block exemption for vertical agreements establishing qualitative selective distribution system referred to in paragraphs (1) and (2) of this Article.
- (4) In the case of vertical agreements containing exclusive supply obligation, the block exemption shall apply on condition that the market share held by the buyer does not exceed thirty percent (30%) in the relevant market where it purchases the contract products or services.

### Article 5

#### *(Market share calculation)*

- (1) The market share in the relevant market, within the meaning of Article 4 of this Regulation, shall be calculated:
  - a) for the distribution of new motor vehicles, on the basis of the sale volume of the contract products sold by the supplier and other products which are regarded as interchangeable or substitutable (hereinafter: substitute products);
  - b) for the distribution of spare parts, on the basis of the income realized by the supplier from the sale of contract products and other products which are regarded as their substitute products;
  - a) for the provision of repair and maintenance services, on the basis of the stated income realized by the members of the supplier's distribution network from the provision of contract services and other services which are regarded as their substitute services;
- (2) The market share referred to in paragraphs (1), of this Article, shall be increased by the income achieved by the connected undertakings realized in the market of contract products and their substitutes.
- (3) Mutual trade in contract products and their substitutes between the supplier referred to in paragraphs (1) of this Article and the connected undertakings referred to in paragraph (2) of this Article, as well as the mutual trade in such products and their substitutes between the connected undertakings, shall not be taken into account in the market share calculation.
- (4) The income calculated in accordance with paragraphs (1), (2) and (3) of this Article, shall be reduced by an amount of customs duties, the value added tax, and other taxes directly relating to the turnover and rebates in the financial year preceding the conclusion of the agreement.

- (5) The market share held by the buyer in the relevant market where it purchases the contract products which does not exceed thirty per cent (30%), and stipulated as a condition for the application of block exemption in the case of agreement containing exclusive supply obligations, within the meaning of Article 5 paragraph (4) of this Regulation, shall be calculated applying the criteria referred to in paragraphs (1) to (4) of this Article, taking into account the value of its purchases or the estimates thereof.
- (6) If the income amount figures, required for the calculations of the market shares of the undertakings are not available, other available information, including the sale volume data of the products may be used, unless the undertaking performed no activity in the relevant market in the financial year preceding the year of the conclusion of the agreement.
- (7) If the market share of the undertakings, on the moment of the agreement conclusion, is not more than thirty per cent (30%) or forty per cent (40%), when the agreement establishes the quantitative selective distribution system for the sale of new motor vehicles, but subsequently rises above that level without exceeding thirty five per cent (35%) or forty five per cent (45%) respectively, the exemption shall continue to apply for a period of two consecutive calendar years following the year in which the market share of thirty per cent (30%) or forty per cent (40%) respectively was first exceeded.
- (8) If the market share of the undertaking, on the moment of the agreement conclusion, is not more than thirty per cent (30%) or forty per cent (40%), when the agreement establishes the quantitative selective distribution system for the sale of new motor vehicles, but subsequently rises above thirty five per cent (35%) or forty five per cent (45%) respectively, the exemption shall continue to apply for one calendar year following the year in which the market share of thirty five per cent (35%), or forty five per cent (45%) respectively was first exceeded.
- (9) The benefit of paragraphs (7) and (8) may not be combined so as to exceed the exemption period of two calendar years.

## Article 6

### *(Total annual income for certain categories of vertical agreements)*

- (1) Block exemption shall also apply to vertical agreements entered into between an interest associations of undertakings and their members, or between such associations and their suppliers:
  - a) if all members of such associations are distributors of motor vehicles or spare parts for motor vehicles or repairers;
  - b) if no individual member of such associations, together with their connected undertakings have a total annual income exceeding 4.000.000,00 KM.
- (2) Block exemption shall also apply to vertical agreements entered into between competing undertakings, on condition that agreement does not grant the equal rights and obligations to each of the parties:
  - a) if the supplier is at same time a manufacturer and distributor of the products, while the buyer is a distributor but does not manufacture the substitute products; and/or
  - b) if the supplier is a provider of services at several levels of trade, while the buyer does not provide substitute services at the trade level where it purchases the contract services; and/or
  - c) if the buyer has a total annual income not exceeding 4.000.000,00 KM

## Article 7

### *(Calculation of total annual income)*

- (1) Within the meaning of Article 6 of this Regulation, the total annual income shall include the total annual income achieved by the undertaking during the financial year preceding the conclusion of the agreement and the income achieved by all its connected undertakings added together.
- (2) For the purposes of calculating the total annual income, referred to under paragraph (1) of this Article, no account shall be taken of dealings achieved by the sales of product between the undertakings concerned and their connected undertakings and between the connected undertakings.
- (3) The total annual income calculated pursuant to the provisions of paragraphs (1) and (2) of this Article, shall be reduced by an amount of duties, the value added tax, and other taxes directly relating to the turnover and rebates.
- (4) Block exemption for agreements referred to in Article 6 of this Regulation, shall remain applicable even if during the period of two consecutive financial years the total annual income is exceeded by no more than ten per cent (10%).

## Article 8

### *(Duration and application of block exemptions)*

- (1) Block exemption shall apply on condition that the vertical agreement concluded by the supplier of new motor vehicles with a distributor or authorized repairer provides:
  - a) that the agreement is concluded for a period of at least five years, and each party to the agreement undertakes to give the other party at least six months' prior notice of its intention not to renew the agreement; or
  - b) that the agreement is concluded for an indefinite period, in this case the period of notice for regular termination of the agreement has to be at least two years for both parties to the agreement.
- (2) The period of notice for regular termination of the vertical agreement in line with paragraph (1), item b) of this Article may be reduced to at least one year where:
  - a) the supplier is obliged by law or by special agreement to pay appropriate compensation on termination of the agreement, or
  - b) the supplier terminates the agreement where it is necessary to re-organize the whole or a substantial part of the network.
- (3) Block exemption shall apply on condition that the vertical agreement concluded with a distributor or repairer provides that a supplier who wishes to give notice of termination of an agreement must give such notice in writing and must include detailed and objective reasons for the termination, in order to prevent a supplier from ending a vertical agreement with a distributor or repairer because of practices which may not be restricted under this Regulation.
- (4) Block exemption shall apply on condition that the vertical agreement provides for each of the parties to the agreement the right to refer disputes resulting from the agreement.
- (5) Block exemption shall apply on condition that vertical agreement concluded with a distributor or repairer provides that the supplier agrees to the transfer of the rights and obligations resulting from the vertical agreement to another distributor or repairer within the distribution system.

### III RESTRICTIONS OF COMPETITION

#### Article 9

*(Hardcore restrictions concerning the sale of new motor vehicles, spare parts and repair and maintenance services)*

- (1) Block exemption shall not apply to vertical agreements on the sale of new motor vehicles, spare parts and repair and maintenance services, which directly or indirectly, in isolation or in combination with other factors under the control of the parties to the agreement, contain vertical restraints which have as their object:
- a) the restriction of the distributor's or repairer's ability to determine its sale price, without prejudice to the supplier's ability to impose a maximum sale price or to recommend a sale price, provided that this does not amount to a fixed or minimum sale price as a result of pressure from, or incentives offered by, any of the parties to the agreement;
  - b) the restriction of the territory into which, or of the particular customers to whom, the distributor or repairer may sell the contract products; the exemption shall apply to:
    - 1) active sales into the exclusive territory or to an exclusive customer group reserved to the supplier or allocated exclusively for sale by the supplier to another distributor or repairer, where such restrictions do not allow the sales by the customers of those distributors or repairers;
    - 2) the sales to end users by a distributor operating on the wholesale level of trade;
    - 3) the sales of new motor vehicles and spare parts to unauthorised distributors by the members of a selective distribution system in markets where selective distribution is applied;
    - 4) the sales of products supplied by the buyer from the supplier as spare parts for the purposes of incorporation in a new product, to end-users who would use those spare parts to manufacture the same type of products (substitutes) as those produced by the supplier.
  - c) the restriction of cross-supplies between distributors or repairers within a selective distribution system, including restrictions of cross-supplies between distributors or repairers operating at different levels of trade;
  - d) the restriction of active or passive sales of new passenger cars or light commercial vehicles, spare parts for any motor vehicles or repair and maintenance services for motor vehicles to end users by members of a selective distribution system operating at the retail level of trade in the markets where selective distribution is used;
  - e) the restriction of active or passive sales of new vehicles other than passenger cars or light commercial vehicles to end users by members of a selective distribution system operating at the retail level of trade in the markets where selective distribution is used, without prejudice to a prohibition on a member of a selective distribution system from operating out of an unauthorised place of business.
- (2) Active sales within the meaning of paragraph (1) of this Article shall mean sales made by actively searching for or approaching customers or particular group of customers inside another distributor's exclusive territory, the conclusion of individual agreements and taking measures of general presentation of products to the relevant

customers, establishment of branches, warehouses or organization of distribution networks and advertising in another distributor's exclusive territory. Active approach includes visits, direct and electronic mail, advertisements in the media or other promotions specifically targeted at that customers group or customers in another distributor's territory.

- (3) Passive sales within the meaning of paragraph (1) of this Article shall mean sales in response to requests from individual customers, including delivery of products to such customers, to the extent that such responding is not the result of active sales operations. Passive sales includes the sales generated by general advertising or promotion in the media or on the Internet that reaches customers in other distributors' exclusive territories or customer groups, which is the result of development in technology and easily access, and therefore it considered to be a reasonable method of approaching the customers or groups of customers.

#### Article 10

*(Hardcore restrictions concerning the sale of new motor vehicles)*

- (1) Block exemption shall not apply to vertical agreements on the sale of new motor vehicles, which directly or indirectly, in isolation or in combination with other factors under the control of the parties to the agreement, contain vertical restraints which have as their object:
  - a) the restriction of the distributor's ability to sell any new motor vehicle which corresponds to a model within its contract range of products set forth by the agreement;
  - b) the restriction of the distributor's ability to subcontract the provision of repair and maintenance services to other authorized repairers, without prejudice to the supplier's ability to require the distributor to give end users the name and address of the authorized repairer in question before the conclusion of the sales contract.
- (2) Contract range of products determined in the agreement, within the meaning of paragraph (1) item a) of this Article, means any of the different models of motor vehicles available for purchase by the distributor from the supplier.
- (3) A motor vehicle which corresponds to a model within the contract range of products, within the meaning of paragraph (1) of this Article, means a vehicle which is the subject of a distribution agreement with another undertaking within the distribution system set up by the manufacturer or with his consent and which is:
  - a) manufactured or assembled in volume by the manufacturer, and
  - b) identical as to body style, drive-line, chassis, and type of motor to a vehicle within the contract range.
- (4) Authorized repairer within the meaning of paragraph (1) of this Article means a provider of repair and maintenance services for motor vehicles not operating within the distribution system set up by a supplier of motor vehicles for which it provides the repair or maintenance services.

#### Article 11

*(Hardcore restrictions concerning the sale of spare parts and of repair and maintenance services)*

- (1) Block exemption shall not apply to vertical agreements on the sale of spare parts and of repair and maintenance services which directly or indirectly, in isolation or in



combination with other factors under the control of the parties to the agreement, contain vertical restraints which have as their object:

- a) the restriction of the authorized repairer's ability to limit its activities to the provision of repair and maintenance services and the distribution of spare parts;
- b) the restriction of the sales of spare parts for motor vehicles by members of selective distribution system to independent repairers which use these parts for the repair and maintenance of motor vehicles;
- c) the restriction agreed between a supplier of original spare parts or spare parts of matching quality, repair tools or diagnostic or other equipment and a manufacturer of motor vehicles, which limits the supplier's right to sell these products to authorized or independent distributors or to authorized or independent repairers or end users;
- d) the restriction of a distributor's or authorized repairer's ability to obtain original spare parts or spare parts of matching quality from a third undertaking of its choice and to use them for the repair or maintenance of motor vehicles, without prejudice to the ability of a supplier of new motor vehicles to require the use of original spare parts supplied by it for repairs carried out under warranty, free servicing and vehicle recall work;
- e) the restriction agreed between a manufacturer of motor vehicles which uses components for the initial assembly of motor vehicles and the supplier of such components which limits the latter's ability to place its trade mark or logo effectively and in an easily visible manner on the components supplied or on spare parts.

- (2) Independent repairer within the meaning of paragraph (1) items b) and c) of this Article means a provider of repair and maintenance services for motor vehicles not operating within the distribution system set up by the supplier of the motor vehicles for which it provides repair or maintenance. An authorized repairer within the distribution system of a given supplier is deemed to be an independent distributor for the purposes of this Regulation to the extent that it provides repair or maintenance services for motor vehicles in respect of which it is not a member of the respective supplier's distribution system.
- (3) Spare parts referred to in paragraph (1) item b) of this Article means parts which are to be installed in or upon a motor vehicle so as to replace components of that vehicle, including products such as lubricants which are necessary for the use of a motor vehicle, with the exception of fuel.
- (4) Spare parts of matching quality referred to in paragraph (1) item c) of this Article means spare parts made by any undertaking which can certify at any moment that the parts in question match the quality of the components which are or were used for the assembly of the motor vehicles.
- (5) Original spare parts within the meaning of paragraph (1) item c) of this Article means spare parts which are of the same quality as the components used for the assembly of a motor vehicle and which are manufactured according to the specifications and production standards provided by the vehicle manufacturer for the production of components or spare parts for the motor vehicle in question. This includes spare parts which are manufactured on the same production line as these components. It is presumed, unless the contrary is proven, that parts constitute original spare parts if the part manufacturer certifies that the parts match the quality of the components used for the assembly of the vehicle in question and have been manufactured according to the specifications and production standards of the vehicle manufacturer.

## Article 12

*(Other hardcore restrictions of market competition)*

- (1) Block exemption shall not apply where the supplier of motor vehicles refuses to give independent undertakings access to any technical information, diagnostic and other equipment, tools, including any relevant software, or training required for the repair and maintenance of these motor vehicles or for the implementation of environmental protection measures.
- (2) Independent operators (undertakings) referred to in paragraph (1) of this Article shall mean undertakings which are directly or indirectly involved in the repair and maintenance services of motor vehicles, in particular independent repairers, manufacturers of repair equipment or tools, independent distributors of spare parts, publishers of technical information, automobile clubs, roadside assistance operators, operators offering inspection and testing services and operators offering training for repairers.

## Article 13

*(Specific conditions agreements may not contain)*

- (1) Block exemption shall not apply to vertical agreements relating to the sale of new motor vehicles, of spare parts and repair and maintenance services containing any of the following restraints:
  - a) any direct or indirect compete obligation;
  - b) any direct or indirect obligation limiting the right to an authorized repairer to provide repair and maintenance services for vehicles from competing suppliers;
  - c) any direct or indirect obligation causing the members of a distribution system not to sell motor vehicles or spare parts of particular competing suppliers or not to provide repair and maintenance services for motor vehicles of particular competing suppliers;
  - d) any direct or indirect obligation causing the distributor or authorized repairer, after termination of the agreement, not to manufacture, purchase, sell or resell motor vehicles or not to provide repair or maintenance services.
- (2) With the exemption of paragraph (1) item a) of this Article, a compete obligation shall not be deemed a prohibited vertical restraint where the distributor sells motor vehicles from other suppliers in separate areas of the showroom in order to avoid confusion. An obligation imposed on the distributor to have brand- specific sales personnel for different brands of motor vehicles shall constitute a prohibited vertical restraint, unless the distributor decides to have brand-specific sales personnel and the supplier pays all the additional costs involved.
- (3) A compete obligation within the meaning of paragraph (1) item e) and paragraph (2) of this Article, means any direct or indirect obligation causing the buyer not to manufacture, sell or resell substitute products which compete with the contact products, or any direct or indirect obligation on the buyer to purchase from the supplier or from another undertaking designated by the supplier more than thirty per cent (30%) of the buyer's total purchases. That is to be calculated on the basis of the value of its purchases in products and substitutes in the relevant market in the preceding financial year.
- (4) Block exemption shall not apply to vertical agreements relating to the sale of spare parts and repair and maintenance services containing restraints as to the place of business where the system of selective distribution applies.

## IV OTHER CONDITIONS FOR APPLICABILITY OF BLOCK EXEMPTION

### Article 14

(Other criteria for block exemption)

- (1) In the assessment of vertical agreements, relating to the conditions the agreements must satisfy in order to be granted block exemption, pursuant to the conditions provided for under Article 4, paragraph (3) of the Act, and under Articles 4 to 8 of this Regulation, the following criteria is also to be taken into account, and in particular:
  - a) the relevant market structure on the supply and demand side;
  - b) the market position of competing undertakings and the extent to which the parties to the agreement and other suppliers of the substitute products face competition in the relevant market;
  - c) the nature of vertical contractual obligations containing restrictions of the inter-brand or intra-brand market competition;
  - d) the existence of parallel networks of vertical agreements.
- (2) Vertical agreements within the meaning of paragraph (1) item c) of this Article, shall be deemed compatible or prohibited depending on the economic and legal analysis of the conditions on the relevant market where those agreements have particular influences, or depending on relation between positive and negative effects.

## V WITHDRAWAL OF BLOCK EXEMPTION AND INDIVIDUAL EXEMPTION

### Article 15

(Conditions for withdrawal of block exemption)

- (1) Pursuant to Article 7, paragraph (1), item d) of the Act the Council of Competition may, *ex officio*, initiate the proceedings to assess the compatibility of a particular agreement or group of agreements, if such agreements individually or due to their cumulative effect with other similar agreements in the relevant market, do not fulfill the conditions for block exemption, and particularly:
  - a) where the access to the relevant market or competition therein is significantly restricted by the cumulative effect of vertical agreements containing similar vertical restraints;
  - b) where competition is restricted on a market where one supplier is not exposed to effective market competition from other suppliers;
  - c) where prices or conditions of supply for contract products or corresponding products differ substantially between relevant geographic markets;
  - d) where discriminatory prices or sales conditions are applied within a relevant market.
- (2) If the Council of Competition proves that there are no grounds for the applicability of block exemption, pursuant to the provisions of the Act and this Regulation, it shall by means of a decision withdraw the benefit granted by block exemption to a particular or a group of vertical agreements.

### Article 16

(Individual exemption)

Pursuant to Article 5 of the Act the undertakings - parties to the vertical agreement may submit to the Council of Competition a request for individual exemption, if the agreement concerned does not fall under applicability of block exemption within the meaning of this Regulation, or if it, by its

nature, is not covered by some other block exemption within the meaning of Article 3, paragraph (1), item b) of this Regulation.

#### Article 17

##### *(Non-compulsory notification)*

The parties to the vertical agreements that satisfy the conditions for block exemption laid down in this Regulation, within the meaning of Article 7, paragraph (3) of the Act, do not need to submit those agreements to the Council of Competition for assessment in respect of individual exemption.

### VI TRANSITIONAL AND FINAL PROVISIONS

#### Article 18

##### *(Transitional provisions)*

- (1) Vertical agreements referred to in Article 2 of this Regulation, which have been concluded before this Regulation enters into force, must be brought in compliance with the provisions of this Regulation by 31<sup>st</sup> December, 2006.
- (2) As regards vertical agreements which have been concluded before this Regulation enters into force, under the condition that they have been brought in compliance with the provisions of this Regulation within the time period set out under paragraph (1) of this Article, the market share, without prejudice to Article 5, paragraphs (2) and (4) of this Regulation, shall be calculated on the basis of the turnover realized during the financial year preceding the year of the entry into force of this Regulation.
- (3) As regards vertical agreements which have been concluded before this Regulation enters into force, under the condition that they have been brought in compliance with the provisions of this Regulation within the time period set out under paragraph (1) of this Article, for the purpose of calculating the total annual turnover, without prejudice to Article 7, paragraphs (1) and (2) of this Regulation, the total annual turnover in the financial year preceding the year of the entry into force of this Regulation shall be taken into account.

#### Article 19

##### *(Entry into force)*

This Regulation shall enter into force on the eighth day following the day of publication in the "Official Gazette of BH" and it shall be published in official gazettes of Entities and Brcko District of Bosnia and Herzegovina.

**C.C. Number: 01-01-26-124-I/06**  
**24th February 2006**  
**Sarajevo**

**President**  
**Council of Competition**

**Sena Hatibovic**