

The Law Amending Certain Articles of the 4th Development Plan Act and Implementation of the General Policies Regarding Article 44 of the Constitution

Chapter I- Definitions

Article 1- In this Law, the following expressions have been used with the meanings ascribed to them, as follows:

- 1. Market:** Means a geographical or virtual space in which the buyers and suppliers exchange identical or closely substituting goods and services.
- 2. Goods/Commodities:** A movable or immovable object that can be used and exchanged.
- 3. Service:** A product forming an integral part of the process of production.
- 4. Entity:** An economic unit engaged in the production of commodities or in services including both legal entities and natural persons.
- 5. Company:** A legal entity organized in accordance with the Commercial Code or a specific law.
- 6. Managing Stocks:** A volume of the shares of a company that renders the owner of the shares entitled to the appointment of at least one director in the Board of Directors of the Company, according to the provisions of the Articles of Association of the Company.
- 7. Controlling Stocks:** The minimum quantity of shares required in order that the owner thereof shall become able to appoint the majority of the members of the Board of Directors of a company.
- 8. Cooperative Company/Cooperative:** A legal entity organized in accordance with the law pertaining to the cooperatives sector of IRI economy approved 1370 (1991) by the Islamic Consultative Assembly as well as Certain Articles of the Law of Cooperatives as Amended, approved 1350 (1971) that have not been abrogated, so far.
The above may have also been called ordinary cooperative company.
- 9. Public Joint Stock Cooperative Company:** A type of public joint stock company organized in accordance with the Commercial Code as well as the limitations set forth herein.
- 10. All-Embracing National Cooperative Company:** A type of ordinary cooperative company or public joint stock cooperative company to be organized for the purpose of fighting the poverty among the lowest three income deciles of the Society. Membership of other individuals in this type of cooperative company shall be permissible. However, to organize

an AENCC, a minimum of 70% of its members must be from among the individuals in the three lowest income deciles of the Society.

- 11. Competition:** A market condition created by participation of a number of independent producers, buyers and suppliers in order to become engaged in the production, purchase and sale of commodities or services where none of the producers, buyers and sellers shall be in a position to fix the market price and there shall exist no limitation for the entities to enter into or exit from the market.
- 12. Monopoly:** A market condition created by the dominant volume of the shares of one or more entity-ies or company-ies in the production, purchase or supply, enabling the holder(s) of such shares to fix the market price and/or the supply, or by the limitations for entry into or exit from the market.
- 13. Natural Monopoly:** A market condition in which an entity, due to descending costs of its production shall become able to offer a commodity or service at a price that shall not be possible for another entity to offer it at the same price or to enter the market or continue its activities at the market.
- 14. Statutory Monopoly:** A market condition in which the production, supply or purchase of a certain commodity and/or service shall become the monopoly of one or more specific entity-ies.
- 15. Dominant Economic Condition:** A market condition in which the power to fix the price, supply, or demand in respect of a certain commodity or service or the terms of making a contract shall be vested in one or more natural person(s) and/or legal entity-ies.
- 16. Merger:** An act on the basis of which some companies, while annihilating their legal entity, form a new legal entity or amalgamate into another legal entity.
- 17. Segregation:** An act on the basis of which a company, while losing its legal entity, forms two or more legal entities.
- 18. Controlling Entity/Controlling Company:** An entity or a company that controls other entities and companies through appropriation of the whole or a part of the stocks, capital or management and otherwise of such entities or companies.
- 19. Company Directors:** Members of the boards of directors, managing directors, CEO's and the holders of similar titles or any other person having the right to adopt decisions by virtue of law, the articles of association, a judgement issued by court or any other authority of jurisdiction.

20. Disruption of Competition/Disturbing the Competition: Those matters causing monopolies, hoarding, economic corruption, actions against public interests, acts culminating in the collection of wealth in the hands of specific individuals or groups, reduced skills and initiatives in the society or the dominance of foreigners in the country.

Chapter II- The Scope of Activities of Government, Cooperative and Private Sectors

Article 2- Economic activities in the Islamic Republic of Iran, comprising the production, purchase or sale of goods and/or services, are divided into the following three categories:

Category 1- All economic activities except those described in categories 2 and 3 of this Article.

Category 2- The economic activities mentioned in the opening part of Article 44 of the Constitution, except those described under Category 3 of this Article.

Category 3- The activities, entities and companies falling under this category are the following:

- 1) The backbone telecommunication networks and radio-frequency allocation affairs
- 2) The main exchange networks and distribution management of postal basic services
- 3) The confidential or vital military, disciplinary and security production, at the discretion of the Commander-in-Chief of the Armed Forces
- 4) National Iranian Oil Company as well as the companies engaged in the extraction and production of crude oil and gas
- 5) Oil and gas reservoirs
- 6) The Central Bank of Islamic Republic of Iran, Bank Melli Iran, Bank Sepah, Bank of Industry and Mines, the Export Promotion Bank, Bank of Agriculture, the Housing Bank (Bank Maskan), and the Cooperatives Development Bank
- 7) The Central Insurance and Iran Insurance Company
- 8) The main power (electricity) transmission grids
- 9) The Civil Aviation Organization, and the Ports and Shipping Organization
- 10) Dams and large irrigation and water distribution networks
- 11) Radio and television.

The application, eligibility and categorization of economic activities and entities falling under this Article, regarding any one of the above categories, shall be proposed by the Ministry of Economy and Finance, within six

months, to the Council of Ministers, for approval. In respect of production under Para 3 above, the approval made by the Council of Ministers must be further approved by the Commander-in-Chief of the Armed Forces.

Article 3- The realm of economic activities of the government shall be as follows:

A. Ownership, investment and management for the government in respect of that category of economic entities falling under Category 1 above including the projects of appropriation of capital assets, establishing government entities and companies, entering into partnerships with private, cooperative and public, non government sectors, in any manner and in any amount, shall be prohibited.

Note 1: The government shall be under the obligation to privatize its shares, contributions to the capital, priority rights to subscribe to new shares and stocks, proprietary rights, exploitation of rights and management of government and non-government companies, firms, entities and institutes engaged in the activities enumerated in Category 1 above through transfer to the private, cooperative and public, non-government sectors until the end of the period of implementation of the 4th Economic, Social and Cultural Development Plan Act of the IRI.

Note 2: It shall be permitted to continue the ownership, joint ventures and management in the entities mentioned in Category 1 of Article 2 of this law by the government after the end of the period of implementation of the 4th Development Plan Act of the IRI or to start new economic activities in necessary cases, only upon proposal of the said matters by the government to be approved by the Islamic Consultative Assembly for a fixed period of time.

Note 3: In less developed regions or in respect of new technologies and high risk industries, the government may enter into joint ventures, in the case of activities described in Category 1 of Article 2, through its development organizations such as the Industrial Development and Renovation Organization of Iran, up to the ceiling of 49%, together with non-government sectors. In the above cases, the government shall be under the obligation to privatize the stocks belonging to the government in the newly established companies through transfer to non-government sectors within a maximum of three years after commissioning.

B. The government shall be under the obligation to privatize 80% of the aggregate value of the shares of government entities in every activity falling under Category 2 of this law, except roads and railway, through transfer to the private, cooperative and public, non-government sectors.

Note 1: The government shall be allowed to make investment in the activities described in Category 2 of Article 2 of this law in such way that the share of the government in the said activities shall not exceed by 20% of the value of the said activities. Participation as provided herein shall be made for the purpose of protection of the preferred role of the government sector in the activities under Category 2 of Article 2 above with due regard to the sovereignty role of the government, country's independence, social justice and economic growth and development.

Note 2: Non-government sectors shall be allowed to become engaged in activities involving roads and railway. The preferred shares of the government and non-government sectors in roads and railway activities shall be determined through a Regulation to be proposed jointly by the Ministry of Roads and Transportation and the Ministry of Economy and Finance for approval by the High Council of Implementation of the General Policies of Article 44 of the Constitution.

Note 3: The government shall be under the obligation to provide necessary arrangements in order to encounter any crisis on the supply of basic commodities such as wheat and fuel for a specific period.

- C. The investment, ownership and management of the incumbencies and entities falling under Category 3 of Article 2 of this Law shall be the monopoly of the government.

Note 1: Purchase of financial, technical, engineering and management services from non-government entities engaged in the activities of Category 3 of Article 2 above, provided that 100% ownership by government shall remain intact, shall be according to a Regulation to be proposed by the Ministry of Economy and Finance through coordination with the organizations concerned for approval by the Council of Ministers.

The Regulation pertaining to the military, disciplinary and armed forces security goods and services shall be drawn up by the Ministry of Defense and Logistics of the Armed Forces within three months and shall be presented to the Commander-in-Chief of the Armed Forces for approval.

Note 2: The activities in the fields of health, education, research and culture shall not be subject to the provisions of this Law. Any development in the above fields by the government and non-government sectors as well as privatization through transfer of stocks to the non-government sector in the above fields shall be according to a bill that shall be approved by the Islamic Consultative Assembly within a period of one year after the date of notification (coming into force) of this Law.

Article 4- The scope of economic activities of the non-government sector shall be as follows:

A. Any investment, ownership and management of the activities described in Category 1 of Article 2 above shall be exclusively made and carried out by the non-government sector.

Note: It shall be permissible for the government to become engaged in the said activities in compliance with the provisions of Notes 2 and 3 of Clause A of Article 3 of this Law.

B. Private, cooperative and non-government public entities may become engaged in the investment, ownership and management of the activities described in Category 2 of Article 2 above.

C. Private, cooperative and non-government public sectors may become engaged in economic activities envisaged in Category 3 of Article 2 of this Law in compliance with the provisions of Note 1 of Sub-clause “C” of Article 3 above.

Article 5- Non-government banks, financial and credit institutes and other intermediary monetary entities established prior to the date of approval of this Law or hereafter as well as the government banks going public may operate exclusively in the form of public joint stock companies or public joint stock cooperative companies. The authorized ceiling of ownership of stocks that may be held directly or indirectly in each public joint stock company or in every public joint stock cooperative company or in every non-government public entity or institute shall be limited to 10% for natural persons and 5% for legal entities. Any transactions of stocks in excess of the above ceilings by the said natural persons and legal entities shall be null and void. Ownership of stocks in excess of the above ceiling through inheritance shall be subject to the above limitations. The heirs or their legal guardians shall be under the obligation to sell the excess stocks within two months after the date of issue of the certificate of heirship. Any other involuntary increase of stocks beyond the above ceilings that may occur in any manner must be reduced to the above ceilings within three months.

Note 1: Natural persons holding the stocks of the entities being the subject of this Article and members of their families including their spouses, children and the wives of the said children, their brothers, sisters, and parents shall be allowed to hold stocks up to a limit that they shall not be able to jointly appoint more than one member of the board of directors in the said entities.

Note 2: The government shall be under the obligation to take the necessary legal actions regarding the manner of establishing and running the affairs of

the entities being the subject of this Article upon proposal to be made in this regard by the Central Bank to the Money and Credit Council for approval, within three months.

Note 3: The existing non-government entities falling under these provisions shall be under the obligation to adjust their status with the requirements of this present Article within one year after the date of ratification of this law.

Note 4: Usury free credit cooperatives and usury free loaning funds that shall be exclusively engaged in interest free loans activities shall be exempt from the requirements of this Article and shall remain subject to their own regulations.

Article 6- The non-government public entities described in Article 5 of the Public Accounts Law approved 1987 (1366) together with its subsequent amendments as well as their affiliated and subsidiary companies shall have the right to hold, directly and indirectly, a total of up to 40% of the market share of every commodity or service.

Note 1: Payment of government debts to the above entities, institutes and companies through privatization under this Law shall be possible only in case the ceilings set forth herein shall be complied with.

Note 2: The Ministry of Economy and Finance shall be under the obligation to supervise the good implementation and enforcement of this Article and its Note. In case the said Ministry shall trace any case of infringement, it shall report such case to the High Council of Implementation of the General Policies of Article 44 of the Constitution in order that a decision shall be adopted regarding the reported matter.

Article 7- In order to facilitate and expedite investment and the process of issuing authorizations and permits as regards nongovernmental sectors in the authorized fields, the government organizations mentioned in Article 86 of this Law, Islamic city councils, municipalities and guilds and trade unions shall be under the obligation to adopt such measures to delete unnecessary permits and amend their regulations pertaining to the issue of investment, businesses and activities permits and authorizations, to facilitate the process of obtaining permits and to render economic activities transparent within a maximum period of six months after the date of approval of this Law in such manner that the applications and requests of the applicants shall be replied in writing by the authorities concerned within a maximum of ten days after filing application. In case the reply shall be positive, the authority concerned shall inform the applicant, in writing, of a list of the required documents and, if necessary, a list of the legal costs. After collecting the full set of

documents and upon payment of the required fees and costs to the accounts notified to the applicant, the authority concerned shall carry out the work, issue the permit or the authorization or shall conclude contract with the applicant within a maximum period of one month. If the authority concerned shall not be able to complete the task of issuing a permit or giving authorization or carrying out its obligations within the above one month period, a further respite that may not exceed by one month, may be given to the said authority, for only one time, by the Provincial Investment Headquarters(PIH).

Note 1: In case the reply shall be negative, the authority concerned shall be bound to inform the applicant of the reasons pertaining to such negative reply, in writing.

Note 2: Applicants shall have the right to complain against a negative reply or in case the authority concerned shall not complete its task in due time, after giving a positive reply, by lodging complaint with the provincial investment headquarters.

The Provincial Investment Headquarters (PIH) shall comprise the governor-general or his planning assistant acting as Chairman of the PIH and the managers of Industries and Mines Organization, Agriculture Jihad Organization, Labour and Social Affairs Department, Commerce Department, Economy and Finance Department, the Cooperatives Department and the Environment Protection Department of the province concerned. PIH shall examine the validity of a complaint within 15 days after the date of receipt in the context of the regulations of the organizations concerned. If the objection shall be acceptable to PIH, the chairman shall issue an instruction for a further investigation of the application made by the applicant and shall introduce the individual(s) in default to the Board of Investigation of Administrative Violations. If the said Board shall find the introduced individuals in default, they shall be convicted to the punishments described in Sub-clause "D" and subsequent Sub-clauses of Article 9 of the Law on Investigation of Administrative Violations approved on November 27, 1993. Meetings of PIH shall have quorum if attended by two thirds of the members and its resolutions shall pass by the votes of a majority of the members who attended the meeting. In cases where a project applied by an applicant shall require the agreement of the authorities beyond those in the province concerned, the objection made by the applicant shall be examined by a panel comprising the heads of the above organizations under the chairmanship of the Minister of Economy and Finance or his deputy in the same manner prescribed in this Note.

Note 3: The Ministry of Economy and Finance shall publish a guidebook of investment in all economic activities within six months after the date of approval of this law with the cooperation of all the authorities issuing permits for operation, commissioning and engagement in various activities. The said Ministry shall revise and facilitate the regulations contained in the said book and shall delete unnecessary permits in order to render investment more simple. The said book shall be the only reference regarding the obligations of the applicants of investment. No organization or authority shall be allowed to require documents or conditions in addition to those required in the said guidebook.

Note 4: The President shall designate a committee to delete redundant regulations and to facilitate the conditions for issuing permits required for engaging in economic activities. In cases where the said committee shall deem changes in the law necessary for the above purpose, it shall draw up the required draft bills and shall submit same to the Council of Ministers, for approval.

Note 5: All authorities issuing permits for economic activities, in any manner whatsoever, shall be under the obligation to release, once every six months, the information relating to the permits issued and the entities engaged in every business for the conduct of which a permit is required. The information shall be released to the public and shall be put at the disposal of the applicants.

The executive by-laws of this Article shall be drawn up by the Ministry of Economy and Finance within three (3) months for approval by the Council of Ministers.

Article 8- Every concession provided to government entities engaged in economic activities of Category 1 and Category 2 of Article 2, must be offered, in full, with priority, to the entities engaged in the same economic activities in the private, cooperative and non-government public sectors. Note: The government shall be under the obligation to either revoke or to expand and extend all concessions described in this Article within three (3) months after the date of approval of this law.

Chapter III- Policies on the Expansion of Cooperative Sector

Article 9- In order to increase the share of the cooperative sector in the economy of the country by 25% until the end of the Iranian year 1393

(2015), the government shall be under the obligation to carry out the following acts:

- A. To draw up the document pertaining to development of the cooperative sector by the Ministry of Cooperatives through cooperation with the Ministry of Agriculture Jihad, Management and Planning Organization, Ministry of Economy and Finance, Ministry of Commerce, the Central Bank of the IRI, and the Chamber of Cooperatives of the IRI. In the said document, the procedures and modes of achieving the above 25% target share as well as the scopes of responsibilities of each organization shall be determined and the document shall be presented to the Council of Ministers, for approval. The said document shall be used as the basis for preparing annual budget (bills).
- B. In all cases where the government offers incentives, other than taxes, for protection of non-government sectors, the extent of protection for cooperatives shall be 20% more than that of non-cooperative sectors.
- C. In addition to the protections under Sub-clause B above, the following protections shall be made of cooperative companies:
 1. Gratuitous aids and payment of interest free loans to cover the whole or a part of the capital of the cooperative companies whose stockholders shall be from among the first three income deciles of the Society at the time of receiving the above contribution.
 2. Offering 20% discount in employer's contribution to the social security insurance premium for the members of a cooperative company.
 3. Offering free of charge advice, helping the increase of efficiency, training job creation skill and apprenticeship.
 4. Payment of subsidies on banking facilities and other initial costs of starting up a cooperative company.
 5. Helping the process of conducting studies, preparing plans, commissioning data banks, appropriation and preparation of land.
- D. Helping the process of creation and organization of public joint stock cooperative companies and all-embracing national cooperative companies for the purpose of elimination of poverty and the creation and expansion of specialized cooperative unions.
- E. Offering financial protection for the purpose of strengthening chambers of cooperatives.
- F. To establish the bank of development of cooperatives with the initial capital of Rls.5,000,000,000,000 out of the funds available at the Foreign

Currency Reserve Account by the Government for the purpose of providing funds and capital resources of the cooperative sector.

The Articles-of-Association of the Bank of Development of Cooperatives shall be drawn up within a maximum period of three months after the date of approval of this law in compliance with banking laws and regulations through a joint proposal to be made by the Ministry of Cooperatives and the Ministry of Economy and Finance for approval by the Council of Ministers. The Minister of Cooperatives shall act as the chairman of the general assembly of the above bank.

Note 1: The Cooperatives Fund, after the establishment of the Bank of Development of Cooperatives, through the amendment of its articles of association, shall change to a fund for guarantee of cooperative investment without having the right of creating branches.

The branches of the Cooperatives Fund, with all their facilities, assets and manpower shall be conveyed to the Bank of Development of Cooperatives.

Settlement of the accounts between the Cooperatives Fund and the Bank of Development of Cooperatives shall be made by a work group comprising the Minister of Cooperatives, the Minister of Economy and Finance and the Head of the Management and Planning Organization within a maximum of three months after the date of transfer of branches.

Note 2: The dividends payable to the government out of the distributable profits of the Bank of Development of Cooperatives shall be spent to cover a part of government's aids to the cooperatives sector.

Note 3: The protection envisaged hereunder shall not stop allocation of other protections pertaining to specific strata such as the village dwellers, individuals protected by protective organizations, war sacrificing individuals and the like.

- G. The resources required for the implementation of this Article shall be included in the form of an independent heading having the title of "Establishing and Strengthening the Cooperatives", in the annual budget bills.
- H. The Ministry of Cooperatives, in line with the objective of elimination of government's meddling in the executive and management affairs of cooperatives and improvement of development policies, shall take action, within six months after the approval of this law, with the cooperation of the Central Cooperatives Chamber of the IRI, on reviewing the laws and regulations governing the cooperatives sector by proposing the necessary draft bills, to the Council of Ministers.

Article 10- All cooperative companies and unions, at the time of their establishment or at the time of increase of their capitals, shall be allowed to allocate up to a maximum of 49% of their stocks to the natural persons or juridical entities who are not members in that cooperative company, under the condition that such allocation shall not provide the voting power of over 35% and taking the position of board membership in those companies and shall not prejudice the dominant role of the members of the coop by setting a limit on the voting power of every non-member shareholder in the articles-of-association of the cooperative company concerned. Transfer of stocks to expatriates shall be in accordance with the laws pertaining to foreign investment.

Further, cooperative companies shall be allowed to form specialized cooperative unions in the frameworks laid in Articles 61 and 62 of the Law Establishing Cooperative Companies, approved 1971 and without the obligation to comply with Note 2 of Article 43 of the Law Governing the Cooperative Sector in the Islamic Republic of Iran, approved 1992.

In the general assemblies of the various types of cooperative unions, the voting powers of the members shall be fixed in proportion with the number of member cooperative companies and the volume of their shares or transactions with the union or a combination of these. Such arrangements shall be included in the articles of association.

Transactions between a Director of a cooperative company and cooperative unions shall be in accordance with Article 129 of the Commercial Code of Iran.

Article 11- The following text shall be added, as Note 6, to Article 105 of the Direct Taxation Act approved 1987 as Amended:

“Note 6- The taxable income of ordinary cooperative companies and unions as well as the public joint stock cooperative companies shall be subject to a discount of 25% on the rate envisaged in this Article”.

Article 12- The Ministry of Cooperatives shall be under the obligation to make necessary arrangements for the purpose of formation and expansion of public joint stock cooperative companies in compliance with the following conditions and to supervise good implementation thereof:

1. The maximum allowable stock of a natural person, directly or indirectly, at the time of formation and establishment of the company and during the life of the company may not exceed half a one per cent (0.5%) of the capital of the Company.

2. Legal entities holding stocks of a public joint stock cooperative company, where the said legal entities are, themselves, all-embracing national cooperative companies or public joint stock cooperative companies, may not possess in excess of 10% of the stocks. Other legal entities, commensurate with the member of their shareholders, may not hold, directly or indirectly, in excess of 5% of the stocks of a public joint stock cooperative company.
3. Any one of the government legal entities as well as the whole government entities may enter into joint ventures for the purpose of carrying out the activities permitted under this present law with cooperative companies, by the use of their own internal resources, in accordance with the provisions of this law, up to 49% in less developed regions and up to 20% in other regions. Non-government public entities may enter into the above joint ventures up to 20%, each, and up to 49%, in total.
In any case, the share of the aggregate number of non-government public entities and government companies, directly or indirectly, whether in the ownership of stocks or in the number of directors appointed as board members, may not exceed by 49%.
4. At the time of increase of the capital, if the whole or a part of the shareholders shall fail to use their pre-emptive right of subscribing to the new shares, the personnel of the company who shall not possess stocks, shall have priority in subscribing to the new shares.
5. General assemblies, in public joint stock cooperative companies having a minimum of 500 members or more, shall be held by blocks of shareholders. The shareholders may participate in the proceedings of general meetings through blocks and appoint representatives or take part in the proceedings directly. In order to protect the rights of small shareholders, the manner of forming blocks of shares shall be fixed in a Regulation that shall be drawn up jointly by the Ministry of Cooperatives and the Ministry of Economy and Finance and submitted, in the form of a proposal for approval, to the Council of Ministers.
6. All the shares shall be registered. The ownership or transfer of shares shall be subject to registration at the Share Register of the company in compliance with the regulations concerning the authorized limits envisaged in the articles of association. Compliance with the said limits shall be certified by the Board. Any agreement contrary to the provisions of this present Sub-clause shall be null and void.
7. Public joint stock cooperative companies may become members of cooperatives chambers.

Chapter IV- Regulating the Affairs of Government Companies

Article 13- In order to regulate the affairs and make proper use of government companies that shall remain as government owned companies (government sector) in compliance with Article 3 of this law, and to boost their efficiency and run their affairs in a favourable manner, the government shall be under the obligation to carry out the following tasks:

A. To take away the power of policy making and carrying out sovereign duties of the government owned companies pursuant to proposals in this regard by the Ministry of Economy and Finance and approval of the government, within two (2) years after the date of approval of this law and to refer the said duties to the ministries and specialized government organizations concerned.

Note: Change of status of the personnel of the companies above, with due regard to the rights acquired by the said personnel, shall be according to a Regulation that shall be approved by the Council of Ministers.

B. The companies that shall remain governmental or shall be formed as government owned companies, except the banks and insurance companies shall be active exclusively in two forms as follows:

1. Specialized holding companies whose stocks shall be held directly by the government or the chairman of whose general assemblies shall be the President.
2. Operating or subsidiary companies whose stocks shall be owned by specialized holding companies. Forming new companies or taking other companies into possession by the said companies shall be allowed if, firstly) the new companies shall be operating in the field(s) determined as their scope by law and, secondly) 100% of the shares of the newly established or taken into ownership company shall belong to the government.

Note 1: Joint ventures and investments by a government company in other government companies shall be possible only in case the subject of activity and objectives of the company in which the investment will be made shall be linked to the objectives and activities of the investor company and the government shall issue permission for such investment. The above provision shall not apply to banks, credit institutes, insurance companies and their investment companies.

Note 2: The extent and the manner of ownership of shares of other economic entities by government owned commercial and specialized banks shall be proposed by the Money and Credit Council to the Council

of Ministers, for approval. In any case, investment by banks in other entities shall not be in such manner that allocation of financing by banks to customers shall be adversely affected.

Note 3: Opening and continuation of operation of overseas bureaus and branch offices of government companies may only be possible by a joint proposal to be made by the Ministry of Economy and Finance and the Management and Planning Organization to the Council of Ministers for approval. Government owned Banks and insurance companies are hereby excepted.

Note 4: The government shall be under the obligation to adopt certain measures in order that any change and approval of the articles of association of the government entities and those affiliated to the government that undergo privatization schemes, shall be approved by the authorities concerned.

Note 5: The government shall be under the obligation to declare the regulations and directives repugnant to the provisions of this Article and its Notes, null and void.

Article 14- Privatization by government shall be carried out in such way that by March 2015 all privatization works shall be completed.

Article 15- The government shall be under the obligation to provide the grounds for establishment of professional guilds societies within a maximum period of six months in the form of popular institutes. The said societies shall operate to achieve the goal of implementation of guilds professional regulations, professional ethics and scientific and technological development in the related fields. Executive organizations shall be under the obligation to take advice from the said societies in compiling and amendment of criteria and regulations.

Article 16- In order to protect the work force, maintain the level of employment and sustained production in the companies being subject to privatization, the Board of Privatization shall be under the obligation to insure all the personnel of every company going for sale to the public, against unemployment and take the following actions accordingly:

1. Early retirement, according to Articles 9 and 10 of the Law on the Reconstruction and Renovation of Industries, approved on January 16, 2006 shall be extended to cover all the said industries up to the end of the Iranian year 1393 (March 20, 2015).
2. Mutual agreement for termination of employment.

3. After taking the above measures, the number of the personnel of each company going for sale to the public shall be indicated in the document of privatization in the form of a condition according to which the directors of the privatized company shall not have the right to reduce the number of the personnel for five years.
4. To provide financial and non-financial incentives including discounts in the principal value of the shares of the companies going for sale to the public for those buyers who agree to increase the number of the personnel of the company after privatization.
5. Training and employment of the redundant work force in other plants directly or through help by the buyers of the entities through offering financial and non-financial incentives.

Note 1: Providing of the financial and non-financial incentives being the subject of this Article shall be according to a directive to be proposed by the Privatization Board to the High Council of Implementation of the General Policies of Article 44 of the Constitution, for approval.

Note 2: The buyers, in lieu of the financial and non-financial incentives enjoyed by them, shall be under the obligation to submit their plan, in writing, to the Privatization Board, on the mode of maintaining the existing employment level and reeducating the personnel of the entity going for sale to the public.

Chapter V- The Process of Privatization of Government Entities

Article 17- All government entities being the subject of Article 86 of this law shall be under the obligation to make an offer, within six months after the date of ratification of this law, if they are government entities described as Categories (1) and (2) of Article 2 of this law, in every market. The offer shall be made by taking into consideration the size of the company, its technological and financial status, industrial relationship and the extent of sensitivity of consumers regarding their products. Offers, together with a list of the companies as well as the rights and assets mentioned in Note 1 of Article 3 of this law shall be submitted to the Ministry of Economy and Finance for the purpose of their privatization by indicating the number of their work force, a list of their movable and immovable assets and all the required information and documents as well as their last audited financial statements.

- A. The Ministry of Economy and Finance shall collect the information, documents and financial statements pertaining to the entities that may be

made subject to privatization schemes and shall examine to confirm the documents and data through the Auditing Organization or through official accountants.

B. The Ministry of Economy and Finance, in case of receiving a request from a buyer, shall be under the obligation to put the said audited information, documents and financial statements at the disposal of the buyer.

C. The Privatization Organization shall be under the obligation to carry out marketing activities, in compliance with the provisions of this Article, for the purpose of selling the entities that become subject to privatization and to complete the process of privatization, after passing through the stages envisaged in this law, under a specific time schedule of two months.

The executive by-laws of this Article comprising the mode of categorizing the entities, procedures for auditing and confirmation of financial statements and the manner of conducting the marketing works for the sale of stocks of the entities that become subject to privatization shall be proposed, not later than three months, by the Ministry of Economy and Finance to the Council of Ministers, for approval.

Note 1: Violation of the provisions of this Article or the supply of deficient or incorrect data and information or concealment and denial of the said data and information shall be treated according to the provisions of Article 85 of this law.

Note 2: Members of the boards of directors, managing directors and other managers of the entities who conceal the actual financial status of an entity or who publish unrealistic financial statements in this regard in order to conceal the actual status of the entity shall be regarded as having committed a violation of the law and shall be condemned to the punishments envisaged in Articles 72 and 75 of this law.

Note 3: The Privatization Organization shall be under the obligation to compensate the losses suffered by buyers as a result of hidden financial events and/or the unrealistic financial reports published in the above manner, according to the judgements issued by the forums concerned.

Article 18- For the purpose of facilitating the process of privatization of the entities that become subject to privatization, the following acts shall be taken after the date of approval of the list of entities that shall undergo privatization schemes, by the Board of Privatization:

1. All proprietary rights in the said entities shall be transferred to the Ministry of Economy and Finance.

2. As of the date of approval of privatization of an entity, any transfer of its properties and fixed assets, without the prior permission of the Ministry of Economy and Finance shall be tantamount to encroachment of government property and subject to legal prosecution.
3. The Privatization Board shall be allowed to make necessary amendments in the articles of association and the regulations governing the companies that may be transferred to the non-government sector (for a period of one year that shall be extendable to two years, only). Such amendments may be made according to the regulations of the Commercial Code in line with the purpose of facilitating privatization and management of affairs of the said companies. During the said period, the above companies shall not be subject to the regulations governing government owned companies.
4. The Ministry of Economy and Finance shall be bound to provide all the conditions for the supply of the stocks of the entities subject to the provisions of Sub-clause "A" of Article 20 of this law, at the Stock Exchange.
5. In implementation of this law, the Ministry of Economy and Finance shall be allowed to change the legal status of any one of governmental infrastructure economic incumbencies and projects that may not undergo privatization in the form of an independent company or those incumbencies and projects that are not being administered in the form of a commercial company and are not thus transferable in their existing form. To this end, the Ministry of Economy and Finance shall first change the status of the said incumbencies, for the purpose of transfer of stocks through a privatization schemes, to an appropriate legal entity. Thereafter, the said Ministry shall, during a period of one year after the date of conversion into a proper legal entity, take the required action for their privatization in compliance with the provisions of Notes 2 and 3 of Sub-clause "A" of Article 3 of this law. The above provisions shall remain in force up to the end of the year 1392 (March 20, 2014).

Note: The Ministry of Economy and Finance, for the purpose of privatization and transfer of stocks of entities may utilize the legal and technical services of natural persons and legal entities of the government and non-government sectors, as the case may be.

Article 19- The Board of Privatization shall be allowed to employ all possible methods, as conditions may call and in accordance with the provisions of this Article, for the privatization and transfer of stocks of entities and ownership thereof (leasing with the condition of appropriation,

sale of the whole or a part of the stocks) as well as the methods of assignment of management (leasing, general contracting and management contracting), partition and fragmentation of the company, transfer of stocks, winding-up and merger, according to the following conditions:

- A. Transfer of stocks: In cases where the conditions for transfer of stock are fully available, the Board of Privatization shall opt the transfer of stocks.
- B. Restructuring: In cases where the conditions for transfer of stocks shall not be readily available but the entity concerned may be privatized through restructuring, the Ministry of Economy and Finance may proceed with such restructuring, in the framework that will be decided by the Board of Privatization, within a maximum period of one year. The period of restructuring, in special circumstances, may be extended.
Further, in case it shall be deemed necessary, the Board of Privatization may allow lease agreements and management agreements to be signed for the purpose of privatization and transfer to non-government sectors. In such cases, the Board of Privatization shall precisely determine the scope of operation of the company and shall proceed with holding tender after examination of technical and scientific competence (of the prospective applicant buyers).
- C. Partition and fragmentation: In cases where the assignment and transfer of ownership of a government owned company in the framework of Sub-clause 12 of Article 1 of this law shall cause the transfer of a monopoly of a government owned company to non-government sectors, the Board of Privatization, for the purpose of reducing the share of the entity being the subject of privatization, in the market, or for the purpose of boosting its efficiency, may segregate and fragment the government owned company and shall then proceed with the privatization of fragmented companies.
- D. Merger: The government may call for merger of several companies designated for privatization and shall then allow its privatization by the Ministry of Economy and Finance.
- E. Acquisition: The government may transfer the stocks of several companies designated for privatization (acquired companies), without prejudice to their legal entities, to another company going for sale to the public (acquiring company) and shall then allow the Ministry of Economy and Finance to proceed with the sale of stocks of the acquiring company.
- F. Winding up: In cases where restructuring of a company going for sale to the public shall not be feasible and the company shall remain unsold after publication of three notices, or in case the net value of company's assets

shall be negative and/or if winding up shall be deemed appropriate, due to any reason whatsoever, the Board of Privatization may decide to wind up the company.

- G. Making gift or free of charge conveyance: To the extent permitted by law, the government may decide to make gift or transfer, free of charge and gratuitously, the government companies being the subject of Article 2 of this law whose stocks can not be offered for sale through the Stock Exchange, to non-government public entities, provided that the objects of the company being the subject of gift shall be within the framework of the functions and duties of the said non-government public entity. The executive by-laws of this Article shall be drawn up jointly by the Ministry of Economy and Finance and the Management and Planning Organization within six months and shall be submitted to the Council of Ministers, for approval.

Note 1: Transfer of stocks, capital, proprietary rights and pre-emptive rights in the entities designated for privatization in the process of fragmentation, merger, acquisition and winding up, so long as the entity will be governmental and will not undergo privatization, shall be exempt from payment of tax on transfer. The entities that go for sale to the public or shall be transferred to executive organizations, so long as they shall not be privatized, shall not be subject to tax on transfer. Also, transfer of stocks to the companies in charge of procurement of capital resulting from subscription to the capital, shall be exempt from payment of tax on transfer.

Note 2: Payment of any compensation, damages and the like pertaining to nationalization or confiscation of property that will be related to the period prior to privatization, shall be made by the government.

- H. The mode of privatization of semi-completed projects of the companies designated for privatization under Article 3 of this law shall be as follows:
1. Transfer of projects to the non-government sector through bidding,
 2. Entering into joint ventures with the non-government sector in which the semi-completed project shall be regarded as the contribution made by the government to the capital of the JV company, and subsequent transfer of the said share of the government in the JV company to the non-government sector within three years after the date of commissioning,
 3. Transfer of the right of management of the share of government in the project to the non-government sector,

4. Transfer of the right of operation and exploitation for a specific period that will be proportionate with the costs of project in non profitable projects against completion of the project,

Note: The projects devoid of technical and economic feasibility that are vital for public, social and political purposes shall be segregated from the companies going for sale to the public and shall be taken care of by the government.

Article 20- The Board of Privatization, in the transfer and privatization of entities shall proceed in the following manner, with priority to be given to the method described in Sub-clause (a) below:

a) Sale of the entity through public offer of the stocks in domestic or foreign exchanges,

b) Sale of the entity or the blocks of shares of the entity through public tenders in domestic and/or foreign markets,

c) Sale of the entity or the blocks of shares through negotiations,

Note 1: Permission for the supply of stocks through foreign exchanges shall be given by the High Council of Implementation of General Policies of Article 44 of the Constitution in compliance with the Law on Promotion and Protection of Foreign Investment and the Law on Formation of Negotiable Instruments Market of the IRI approved on November 21, 2005, according to a proposal to be made in this regard by the Board of Privatization.

Note 2: In cases where no buyer shall approach after publication of two notices, the sale of stocks through negotiation, according to a decree of the Board of Privatization, shall be permissible. Sale of stocks through negotiation to all- embracing national cooperative companies in the form of Shares of Justice, and to consultants and knowledge based companies having limited physical and financial assets where the assets are mainly intangible as well as to public joint stock companies directors, or to a group of directors or experts of the company where the management skills of the said directors shall be needed by the company, shall be permissible. Qualifications of the directors and experts, for the above purpose, shall be confirmed by the Board of Privatization.

Note 3: Sale of a maximum of 5% of the stocks of an entity going for sale to the public to the directors and personnel of the same entity in installments and sale of a further five per cent (5%), in installment, to other experienced, specialized and efficient directors shall be permissible. Qualifications of eligible directors as well as the criteria for installment sales shall be determined by the Board of Privatization.

Note 4: The Ministry of Economy and Finance, in cases where the supply of the stocks of entities shall be made according to methods (b) and (c) above, shall be under the obligation to make such arrangements that under similar conditions, the cooperative sector shall enjoy priority in purchasing the shares.

Note 5: In all instances described in this Article, compliance with the provisions of the Foreign Investment Promotion and Protection Act, approved 2001 shall be mandatory.

Article 21- The pricing and appropriate timing for the privatization of government entities, in line with the methodology and extent of every market, shall be according to the following Provisions:

A. In case of supply of the stocks to public for sale, the price of the first package of the shares of each company, the size of a package of shares, the method of selecting the strategic customers and applicant buyers of controlling management shares, and the proper timing for the supply of shares shall be made according to expert studies to be proposed by the Privatization Organization and approval of the proposal by the Board of Privatization. In supplying the shares for sale to the public, compliance with the provisions of the Law on Formation of Negotiable Instruments Exchange of the IRI, approved on November 21, 2005 shall be mandatory.

B. In the case of sale of assets, lease agreements and management contracts, the sale prices of the assets, the rental under the lease agreements and the managers fees in management contracts and other necessary conditions for transfer, on the basis of technical and financial evaluation, shall be carried out in the framework of the Law of Government Tenders and Transactions according to proposals to be made by the Privatization Organization and approvals to be made by the Board of Privatization.

Note: Bidding in a single phase and in two phases shall be carried out according to the Law of Tenders approved 1383 (2004) by ICA. In case of contradictions between bidding under the provisions of this law and the laws and regulations pertaining to government transactions, the latter shall prevail.

Article 22- The Privatization Organization may utilize the services of banks, the companies engaged in procurement of capital as well as investment companies for the purpose of subscribing to shares. The said companies may purchase the shares that will be offered, within the framework set in the subscription agreement that will be approved by the Board of Privatization.

The executive directive of this Article shall be approved by the Minister of Economy and Finance within three months after the date of approval of this law.

Note: Privatization Organization shall be allowed to pay the fee payable to banks, credit institutes and the companies in charge of procurement of capital that are parties to contracts with the Privatization Organization and subscribe to the shares, in the form of a percentage of the value of the whole transaction. The criteria for payment of the said fees shall be included in the executive directive of this Article above mentioned.

Article 23- The Privatization Organization, after completion of every transaction, shall publish a notice in a newspaper of mass circulation announcing the following matters in respect of the transfer of controlling and management shares of the entity concerned:

- The name of the entity and an abstract of its financial and management data,
- A summary of the concluded transaction and the number of transferred shares,
- The name(s) of the consultant(s) who provided advice to the Privatization Organization in the process of the transactions,
- The name and address of the buyer,
- The name of the company in charge of procurement of the capital that subscribed to the shares,
- The name of the official expert of the Justice Administration or of financial services firms who carried out the task of pricing,

Note: The Ministry of Economy and Finance shall submit to the Islamic Consultative Assembly an annual report of the privatization works carried out hereunder, until the end of the Iranian month of Ordibehesht of the next year (May 20).

Article 24- The minister, deputy ministers and general managers in the Ministry of Economy and Finance as well as the group of the personnel of the said Ministry who are involved in privatization, members of the Board of Privatization, members of the High Council of Implementation of the General Policies of Article 44 of the Constitution, the ministers, advisors, assistants and directors of the organizations the stocks of whose subsidiary companies and affiliate entities will be designated for privatization (as the case may be), the members of the management board, the chairman and personnel of the Privatization Organization as well as the members of the consultant companies and the technical and specialized committees in charge

of privatization works shall not be allowed to directly or indirectly become involved in any purchase of shares, stocks, pre-emptive rights in buying the shares and stocks, proprietary rights and the right of operation, exploitation or management of a company offered for sale to the public.

Note 1: Any and all transactions and transfers made in violation of the above provisions shall be null and void. The courts investigating the above cases shall be bound to return all transacted or transferred properties back to the ownership of the government.

Note 2: The provisions of this Article shall apply to dependants/next of kin of those mentioned in this Article in the manner described in the Law on Non-Intervention of Civil Servants approved 1958 as amended.

Article 25- The Privatization Organization, prior to the transfer of the controlling shares of a government company, shall include such matters as new investment in the same company, boost of efficiency and productivity of the company, sustained production by the company and increase thereof, elevating the technology and the increase or fixation of the level of employment of work force in the deed of transfer, as the case may be. In case of compliance of a buyer with the agreed upon conditions, the Board of Privatization, according to a proposal made by the Privatization Organization, shall be allowed to reduce the interest charged on installment sale of shares or to extend the period of installment payment or to allow discount in the original sales price of the stocks. The final transfer of stocks or release of the letters of guarantee provided by a buyer shall be proportionate with the fulfillment of the above undertakings and obligations by the buyer. The manner of obtaining letters of undertaking and inserting the above conditions in the deed of transfer of stocks shall be according to a directive that will be drafted by the Privatization Organization within three months after the date of approval of this law and proposed to the Board of Privatization for approval.

Article 26- The Minister of Economy and Finance may designate the Head of the Privatization Organization as his fully authorized representative to carry out the whole or a part of the duties of the said Minister in respect of privatization hereunder.

Article 27- The articles of association of the Privatization Organization shall be prepared by the Ministry of Economy and Finance with due consideration of the new assignments of the said Organization and shall be presented to the Council of Ministers for approval.

Note 1: The Privatization Organization shall be authorized to recruit staff, with the approval of the Council of Ministers, up to the limit of the approved organization posts.

Note 2: The executive organizations shall, on the basis of requests by the Privatization Organization, either assign their staff to work at the said Organization or shall transfer their staff to the Privatization Organization to become members of staff of the said Organization.

Note 3: The Privatization Organization shall be permitted to use the technical and expert services of natural persons and legal entities of the government and non-government sectors on hourly basis or in the form of a specific assignment.

Note 4: The government, for the purpose of providing specialized short term training courses and other incentives and bonuses to the personnel of the Privatization Organization, shall be authorized to make a budgetary allocation, each year, in the annual budget bills. The credits under the above heading shall be spent according to a Regulation that shall be proposed by the Board of Privatization to the High Council of Implementation of the General Policies of Article 44 of the Constitution, for approval.

Article 28- The financial resources and the conditions for procurement of the funds required for the implementation of the general policies of Article 44 of the Constitution shall be as follows:

1. The Ministry of Economy and Finance and the Central Bank of Islamic Republic of Iran shall provide a line of credit for a minimum annual amount of ten billion dollars, each year, (US\$10,000,000,000) to finance the investments by non-government sectors outside Iran.
2. The government, through the Board of Trustees of the Foreign Currency Reserve Account, shall adopt policies in order to that the Central Bank of Islamic Republic of Iran (CBIRI) and the agent banks shall allocate forty per cent (40%) of the balance of foreign currency reserve account remaining from a previous year to non-government sectors by making payments to the applicants of loans having projects in hand with technical and economic feasibility. In any case, withdrawals from the Foreign Currency Reserve Account, each year, by the non-government sector shall not be less than forty per cent (40%) of total withdrawals made from the said account during that year.
3. Permission is being given hereby to the Board of Trustees of the Foreign Currency Reserve Account and to CBIRI to allocate a part of the foreign currency available in the Foreign Currency Reserve Account and/or the foreign currency available with the CBIRI, to deposits with agent banks

for the purpose of opening lines of credit by agent banks and foreign banks and payment of further credits, in a move to increase the share of foreign currency facilities taken by the non-government sector.

Article 29- With due regard to the provisions of Sub-clause (d) of the General Policies (of Article 44 of the Constitution), the amounts earned as a result of the privatization of specialized holding companies as well as the operating companies shall be paid to a special account of the Treasury General. The amounts deposited the said account shall be spent for the following purposes:

1. To establish self-reliance for needy, deprived and poor families and reinforcement of social security,
2. To allocate thirty per cent (30%) of the incomes earned through privatization to all-embracing national cooperatives for the purpose of elimination of poverty, including the discounts envisaged in Article 34 of this law,
3. To establish economic infra-structures with priority to be given to less developed regions,
4. To grant facilities (administered funds) to reinforce cooperative companies and to renovate and improve the condition of non-government economic entities as well as to investment by non-government sector in the development of less developed regions and to reinforcement of the resources of the Bank of Development of Cooperatives,
5. To set up joint ventures of government companies with non-government sectors, up to a ceiling of 49%, for the purpose of development of less developed regions,
6. To complete the incomplete projects in the hands of government companies in compliance with the provisions of Chapter V of this law,
7. To fulfill the sovereign duties and functions of the government in new fields of advanced and risky technologies,
8. To restructure and adjust the manpower resources and mobilize the entities for the purpose of privatization.

Note 1: The credits required for the above tasks shall be included in a single table in the annual budget bills.

Note 2: The executive by-laws of this Article shall be drawn up by the Ministry of Economy and Finance through cooperation with the Management and Planning Organization, within three months after the date of ratification of this law and shall be approved by the Council of Ministers.

Article 30- Articles 20 to 24 of the Third Economic, Social and Cultural Development Plan Act of the IRI are hereby rendered enforceable.

Note 1: The executive by-laws mentioned in Article 24 of the above law shall be drawn up within a maximum period of three months after the date of approval of this law by the Ministry of Economy and Finance and shall be given in the form of a proposed draft to the Board of Privatization, for approval.

Note 2: The decrees of the said Council (?) in implementation of Articles 85 and 138 of the Constitution of the IRI shall be sent to the Speaker of the Islamic Consultative Assembly. In case of any contradiction to be declared by the Speaker of ICA, the Council shall be bound to amend or cancel its decrees.

Article 31- Employment relationship between the personnel of a privatized government entity and the executive organization concerned shall be severed. The personnel of government entities who are subject to the regulations pertaining to the retirement and pension under special funds affiliated to the ministries and government companies whose relationship with the executive organization concerned shall be severed as a result of the privatization of the entity, may continue to remain subject to the regulations of their pertinent retirement fund in case they shall continue to remain at the service of the privatized entity in compliance with the criteria on payment of insurance premium separately payable by the insured employee and the employer's contribution.

Note: All the laws and regulations on the deduction of insurance premium as well as the powers and authorities of the Social Security Organization pertaining to collection of insurance premium and delay payment penalties, according to articles 49 and 50 of the Social Security Act, approved 1354 (1975), shall apply to individuals as well as the above funds.

Article 32- The Judiciary shall designate certain benches of the courts to investigate violations and prescribe punishment for crimes resulting from the enforcement of this law as well as the Law on the Negotiable Instruments Exchange of the IRI, approved on November 21, 2005. The said benches shall exclusively hear cases and investigate complaints pertaining to the above two laws.

Note: The Judiciary shall submit to the ICA the draft bill on the investigation of violations and crimes being the subject of this law within a maximum period of six months after the date of ratification of this law, through the government.

Article 33- The Institute of Standards and Industrial Research of Iran shall be in charge of gradual adaptation of its systems of evaluation of quality with international standards and enforcement of the same standards and compliance therewith by economic entities. The executive by-laws of this Article including the time frames for enforcement of the approved standards shall be drawn up by ISIRI within three months and submitted to the Council of Ministers, for approval.

Chapter VI- Distribution of Stocks of Justice

Article 34- In tandem with the policy on expansion of the ownership by the public for the purpose of securing social justice, the government shall be allowed to transfer up to 40% of the aggregate value of the stocks of the entities designated for privatization, in every market being the subject of Category 2 of Article 2 of this law, to Iranian subjects domiciled in Iran under the following terms and conditions:

- A. In the case of the lowest two income deciles, with priority to be given to villagers and tribesmen, 50% discount shall be allowed on the shares prices to be paid in installments over a period of ten years.
- B. As regards the subsequent four deciles, payment of the prices of shares in installments over a period of ten years shall be allowed.

Note 1: The basis of pricing shall be cash sales prices of the shares at the Stock Exchange.

Note 2: The discounts set forth in Sub-clause A of this Article shall be charged to the account of gratuitous aids to low income groups.

Note 3: The Ministry of Economy and Finance, through coordination with the Ministry of Welfare and Social Security and other organizations concerned shall identify the individuals falling under the provisions of this Article, by employing scientific and accurate mechanisms, within a maximum period of one year after the date of approval of this law and shall provide the conditions required for the transfer of ownership of the said stocks to eligible individuals.

Article 35- Those falling under the provisions of Sub-clauses A and B of Article 34 of this law shall be incorporated into cooperative companies of a township. A combination of the said companies shall form provincial investment companies operating in the form of joint stock companies in accordance with the rules of the Commercial Code of Iran. The government shall provide assistance to the said companies in order to be accepted at the Stock Exchange.

Article 36- The Privatization Organization shall distribute the stocks described in Article 34 of this law coming from a company whose stocks are being offered for sale to the public, among provincial investment companies. The share of each one of the provincial investment companies shall be determined proportionate with the number of the members of township cooperative companies of every province.

Note 1: Transfer of stocks from the Privatization Organization to provincial investment companies shall be exempt from taxation.

Note 2: Increase of capital of provincial investment companies resulting from collecting stocks from the Privatization Organization as well as increase of the capital of township cooperative companies resulting from an increase in the assets of provincial investment companies concerned shall be tax exempt.

Article 37- The sale of shares transferred to provincial investment companies, prior to their entry into the Stock Exchange, up to the amount of their installments paid or having become subject to discounts, in the markets outside the Stock Exchange, shall be allowed and the transferred shares shall be released from being a security, at the same proportion.

Article 38- The government shall transfer the ownership of the stocks described in Article 34 in such manner that the transfer shall not cause government's increased grip on the ownership and management of the companies becoming subject to privatization. In designating the directors, the provincial organizations mentioned in Article 86 of this law shall not be allowed to act as the proxies of provincial investment companies. The executive by-laws of this Chapter shall be drawn up and proposed jointly by the Ministry of Economy and Finance and the Ministry of Cooperatives through cooperation with the organizations concerned within a maximum period of three months after the date of approval of this law to the High Council of Implementation of the General Policies of Article 144 of the Constitution of the IRI, for approval.

Note: Decrees of the above High Council, in implementation of Article 138 of the Constitution of the IRI shall be sent to the Speaker of Islamic Consultative Assembly. In case contradictions shall be found by the ICA Speaker in the said decrees, the above High Council shall be under the obligation to either amend or cancel the said decrees.

Chapter VII- The Board of Privatization and Its Functions

Article 39- In order to bring about coordination in the enforcement of the provisions of this law, the Board of Privatization with the chairmanship of the Minister of Economy and Finance shall be formed. Members of the Board shall be as follows:

1. Minister of Economy and Finance,
2. Minister of Justice,
3. Head of the Management and Planning Organization without having the right to vote,
4. The minister concerned without having the right to vote,
5. Two ICA deputies acting as observers to be designated by the ICA.

The Secretariat of the Board of Privatization shall be set up at the Privatization Organization. The decisions of the Board shall be notified by the Minister of Economy and Finance.

Article 40- The Powers and duties of the Board of Privatization shall be the following:

A.

1. Implementation of the plans and general policies of privatization and determining the fates of the entities becoming subject to privatization,
2. Drawing up the Regulation on payment of the prices of sale of shares of the entities on installment and the manner of collecting the prices of transferred rights,
3. Drawing up the Regulation pertaining to the methods of pricing of entities and the manner of enforcement of the said methods within the same context.
4. Drawing up the system of financing, protection of buyers and providing incentives for them together with the frameworks of the obligations of buyers and seller,
5. Drawing up the criteria for rectifying the structures of the entities, if necessary, for protecting and preserving the work force engaged in the said entities.
6. Drawing up the by-laws of cultural-propagation activities to create the conditions of privatization, improve such conditions and render privatization process more transparent.
7. Drawing up the offer for block sale of the shares of the entities that can be sold in foreign stock exchanges,
8. Drawing up the Regulation on the manner of transfer of preferred shares to directors and personnel.

Note 1: The above draft regulations must be approved by the High Council of Implementation of the General Policies of Article 44 of the Constitution.

Note 2: Approvals made by the above High Council, in accordance with the provisions of Articles 85 and 138 of Constitution, must be sent to the Speaker of the Islamic Consultative Assembly. In case contradictions shall be found in the said decrees by the Speaker of the ICA, the said High Council shall either amend the said decrees accordingly or shall declare the relevant decree null and void.

B.

1. Drawing up the Regulation on the manner of providing insurance for those engaged in privatization.
2. Approving the lists of entities designated for sale, winding-up, merger, segregation, leasing, and management contracts with their time schedules together with the extent and procedures of transfer, during each year. The above lists, including the time table of the acts to be taken, the method, extent and other conditions of privatization, by taking into consideration the status of every market, shall be prepared jointly by the Ministry of Economy and Finance and the ministry concerned.
3. Approving the prices of the entities designated for privatization.
4. Approving the directive on the manner of drafting privatization agreements including the scope of the powers and obligations of the parties to such agreements, securities and guarantees, the conditions for termination and cancellation by mutual consent, the conditions for allowing discounts or enforcing penalties within the framework of legal criteria.
5. Approving the directive pertaining to the required qualifications and the mode of designation and appointment of directors and experts carrying out privatization through negotiation, in compliance with the provisions of this law.
6. Approving the executive regulations on the manner of drawing up the agreements for subscribing to the shares of entities procuring capital including the criteria on payment of their fees.
7. Approving the directive mentioned in Article 30 of this law.

**Chapter VIII- The High Council of Implementation of the
General Policies of Article 44 of the Constitution
(the High Council) and the Functions of the High Council**

Article 41- The High Council shall be formed in order to carry out the duties set forth herein. Members of the High Council shall be the following authorities:

1. The President of the IRI or his First Deputy acting as the Head of the High Council,
2. The Minister of Economy and Finance acting as the Secretary of the High Council,
3. The Minister of Cooperatives,
4. The Minister(s) concerned,
5. The Minister of Justice,
6. The Minister of Information,
7. The Head of the Management and Planning Organization,
8. Governor of the Central Bank of the IRI,
9. The Secretary of the Expediency Council,
10. The Attorney General,
11. The Head of Inspectorate Organization of Iran,
12. The Head of Public Accounts Tribunal,
13. Three Majlis deputies designated by the ICA,
14. The Head of IRI Broadcasting Organization,
15. The Head of the Chamber of Commerce, Industries and Mines of Iran,
16. The Head of Chamber of IRI Cooperatives,
17. Three experts having insight in economic affairs from private and cooperatives sectors to be proposed by the Minister of Economy and Finance and appointed through orders to be issued by the President,
18. The Head of Privatization Organization,
19. The Head of Stock Exchange Organization.

Note 1: The affairs of the High Council shall be managed according to a Regulation that shall be approved by the authorities named in the above Paras. (1) to (6). The said Regulation shall be subject to the provisions set forth in the Note to Article 42 blow.

Note 2: The Secretariat of the High Council shall be set up under the Supervision of the Ministry of Economy and Finance.

Article 42- The duties and authorities of the High Council shall be as follows:

1. To determine the annual executive policies,

2. To supervise the process of implementation of the laws and regulations pertaining to the general policies of Article 44 of the Constitution,
3. To organize the cultural-propagation activities for implementation of Article 44 of the Constitution,
4. To approve the regulations, directives, by-laws and criteria that need to be approved by the High Council according to the provisions of this law,
5. To approve the executive indices for achievement of the objectives of the general policies of Article 44 of the Constitution for the purpose of precise supervision of their implementation and enforcement,
6. To devise a mechanism to check the influence and dominance by foreigners over the national economy,
7. To define the policy-making role, guidance and supervision by the government,
8. To bring about coordination among executive organizations in implementation and enforcement of the general policies of Article 44 of the Constitution,
9. To make necessary arrangements in order to urge the public to make investment, create jobs and to improve the business environment.

Note: Approvals made by the High Council shall be notified by the Minister of Economy and Finance.

Chapter IX- Facilitating Competitiveness and Withstanding Monopolies

Article 43- All natural persons and legal entities in the private, cooperative, public and government sectors shall be governed by the regulations contained in the Articles of this present Chapter.

Article 44- Any collusion among individuals through contract, understanding or accords (whether in writing, electronically, verbal or in practice) resulting in any one or more of the following consequences and disrupting the process of competition, shall be prohibited:

1. To fix the sales or purchase prices of commodities or services or to determine the manner of fixing prices at a market, directly or indirectly.
2. To limit or control the volume of production, purchase or sale of commodities or services, at the market.
3. To impose discriminating conditions on the parties to identical transactions.
4. To obligate the party to a transaction to conclude contracts with third parties or to impose the contractual terms and conditions on such parties.

5. To make signature of a contract subject to acceptance of supplementary obligations by the other party to the contract where such supplementary obligations, in commercial routine practice, shall be irrelevant to the subject of the original contract.
6. To divide a market of certain commodities or services among certain individuals or entities or to determine the shares of each one of the said parties in that market.
7. To limit the access of the parties outside an accord or understanding to the market.

Note: Agreements between labourers and employers formations, for the purpose of fixing wages and benefits, shall be governed by the Labour Law.

Article 45- The following acts causing prejudice to competitiveness shall be prohibited:

- A. To hoard commodities or to refrain from entering into any transaction
 1. Individual or collective refusal to conduct transactions and/or to limit the quantity of goods or services being the subject of a transaction.
 2. To compel others to refuse to make transactions and/or to limit their transactions with one or more competitor(s).
 3. To hoard or to destroy goods or to refuse selling such goods as well as refusing to supply services in such way that hoarding, action or refusal shall cause fictitious rise in prices of a commodity or service, whether such act shall take place directly or through intermediaries.

B. Discriminative Pricing

Caused by the supply of and/or demand for a certain commodity or a service at a price denoting discrimination between two or more parties to a transaction compared with prices of identical goods or services elsewhere under similar conditions if the costs of transportation, etc. shall be the same.

C. Discrimination in the terms and conditions of transaction

Caused by including discriminating terms and conditions in agreements made with various parties under identical conditions.

D. Aggressive Pricing

1. Supply of commodities or services at a price less than the costs of production or supply inflicting serious losses to others or preventing others to enter into the market.
2. Offering gifts, prizes, discounts and the like inflicting serious losses on others.

Note: The Council of Competition shall determine the serious nature of loss.

E. Misleading Statements:

Any oral or written statement or any act

1. that shows unrealistic quality, quantity, grade, description, model or standards of a commodity or service or attributes inferior quality for the goods or services of competitors.
2. that pretends a restored, second hand, repaired or old commodity to be new.
3. that pretends the existence of after sales services, warrantee for the change, maintenance, or repair of the goods or any part thereof or offering specific services until a certain result shall be achieved without any such facilities really existing.
4. that deceive individuals in respect of the price of the goods or services offered and rendered.

F. Forcible sale or purchase

1. Making the sale of a commodity or service subject to the purchase of another commodity or service, and vice versa.
2. Forcing the other party to make transaction with yet a third party in such way that conclusion of the transaction shall be linked to the supplying or demanding another commodity or service.
3. Making transaction with the other party under the condition that such party shall refrain from making transaction with competitions.

G. Supply of Sub-standard goods or services

Offering goods and/or services that are inferior to the obligatory standards declared by the authorities concerned as regards the application, combination, quality, contents, design, manufacture, completion or packaging.

H. Interfering in the internal affairs or transactions of a competitor entity or company

To encourage, instigate or force one or more shareholder(s), investor(s), director(s) or staff member(s) of a competitor entity or company by means of casting their votes, transfer of their stocks, disclosing secrets and to interfere in the transactions of the said entities or companies by the use of similar means leading to a situation that will be to the detriment of a competitor.

I. Misusing one's dominant economic status

Misusing one's dominant economic status through any one of the following methods:

1. To fix, maintain or change the price of a commodity or service irregularly and in an uncommon manner,
2. To impose unfair contractual conditions,
3. To limit the supply or demand for the purpose of increasing or decreasing market prices,

4. To create obstacles in order to render it difficult for new competitors to join in the market or for the purpose of deleting competitor companies and entities from the market of a particular trade,
5. To make contracts subject to accepting such terms that shall be irrelevant to the subject of the said contracts as regards the nature of the said contracts or from the perspective of commercial common practice,
6. To acquire the stocks and shares of other companies in order to disrupt the process of competition.

J. Providing limitations for the prices of sold out commodities

To make the supply of commodities or services to a buyer subject to acceptance of the following conditions:

1. To force the buyer to accept fixed sales price or to limit the buyer in any manner in determining the sales price.
2. To oblige the buyer to maintain the sales price of a commodity or service, in respect of a specific entity or company that buys the said commodities or services from the obliged party or to impose limitations for the said specific entity or company in any manner in determining the price.

K. Unauthorized business activities, taking profit and advantage from the information and status of certain individuals.

1. To obtain information about the internal affairs of competitors in respect of trading, financial, technical and the like matters without being legally entitled thereto and to use the said information in favour of one's self or third parties.
2. To obtain the information regarding the decisions adopted by official authorities prior to the publication of the said decisions or making such information known and released for public awareness without being entitled thereto and to make use of any such information or to keep them secret in favour of one's self or third parties.
3. Making illegal use of the status of a certain individual for the benefit of one's self or third parties.

Article 46- None of the directors, advisors or other personnel of a firm or company shall be authorized to hold a position, at the same time, in another entity or company having an activity similar to or linked with the activities of former company or entity, with the objective of creating limitations to or prejudice the process of competition in one or more trade or market.

Article 47- No natural person or legal entity shall be allowed to acquire the capital or stocks of other companies or entities in a manner that shall be harmful to the process of competition in one trade or market.

Note: The following cases are hereby excepted:

1. To acquire the stocks or capital by means of agents or an agent engaged in transactions involving negotiable instruments, as long as the voting power shall not be used to harm competition.
2. To hold or to acquire mortgage rights in respect of the stocks or the capital of the companies and entities engaged in the market of a specific commodity or service provided that the above shall not result in creating voting right in the said companies or entities.
3. To acquire the above mentioned shares or capital under obligatory conditions. Provided, however, that the issue shall be notified, within one month, at the latest, to the Competition Council and such acquisition shall not be continued beyond the respite fixed by the said Council.

Article 48- Merger of companies or entities in the following instances shall be prohibited:

1. If the acts described in Article 45 above shall be carried out in the process of merger or as a result of merger.
2. If the prices of commodities or services shall increase unreasonably as a result of merger.
3. If merger shall cause intense concentration in the market.
4. If merger shall result in the creation of a controlling entity or company in the market.

Note 1: In cases where the entities and companies shall cease to exist or shall be unable to gain access to a desired know-how unless they resort to merger, such act shall be permissible even if it shall result in the conditions mentioned in Paras. (3) and (4) above.

Note 2: Emerging intense concentration (Para 3 above) shall be decided upon at the discretion of Competition Council.

Article 49- Entities and companies may seek the opinion of the Competition Council as to the existence of the conditions described in Articles 47 and 48 above. The Council, within a maximum period of one month after the date of receiving an enquiry in respect of the instances above, shall complete their study and shall inform the party that made the enquiry in writing or through a message of the result of the study. The non applicability of Articles 47 and 48 above shall be deemed as having been confirmed by the Competition Council if the Council shall fail to give a reply within the above respite.

Article 50- Guilds members governed by the Law of Guilds System who are engaged in retail sale of goods or services, shall be exempt from the provisions of this Chapter.

Article 51- The exclusive and monopoly rights and privileges resulting from intellectual property rights can not be cause for violation of Articles 44 to 48 of this law. In case of any such violation, the Competition Council may adopt one or more of the following decisions:

- A. To stop the activity or to decide non-enforcement of exclusive rights including the limitation of the period of enjoying exclusivity,
- B. To stop the party to the agreement or settlement relating to the exclusivity rights from carrying out the whole or a part of the conditions and obligations assumed thereunder.
- C. To cancel the agreements, accords or understanding relating to the exclusivity rights in case the measures taken under Sub-clauses A and B above shall prove to be futile.

Article 52- Any governmental aids and privilege (in rials or in forex, in the form of credit, exemption, rebate, preference, information or the like) discriminating one or more entity or company that will cause dominance over a market or prejudice competition, shall be forbidden.

Article 53- In order to achieve the objectives of this Chapter, a council called Competition Council shall be formed. The members and the conditions of their appointment shall be as follows:

A. Combination of Members

1. Three deputies from the Islamic Consultative Assembly (ICA) to be designated by the ICA from among the members of economic, plan and budget, accounts, and industries and mines committees (one deputy from each committee) to act as observers.
2. Two judges of the Supreme Court to be designated and assigned by the Head of Judiciary.
3. Two outstanding experts in economy to be proposed by the Minister of Economy and Finance and appointed by the order of the President.
4. One outstanding jurist conversant with economic law to be proposed by the Minister of Justice and appointed by the order of the President.
5. Two experts in commerce proposed by the Minister of Commerce and appointed by the order of the President.
6. One expert in industry to be proposed by the Minister of Industries and Mines and appointed by the order of the President.

7. One expert in infra-structural services to be proposed by the Head of Management and Planning Organization and appointed by the order of the President.
8. One expert in financial matters to be proposed by the Minister of Economy and Finance and appointed by the President.
9. One individual designated by the Chamber of Commerce, Industries and Mines of Iran.
10. One individual designated by the Central Chamber of Cooperatives of the IRI.

Note 1: The chairman of the above council shall be appointed from among the economic expert members mentioned in Para (2) above upon proposal to be made in this regard by the members and appointment by the President.

Note 2: The vice-chairman shall be appointed from among the council members upon proposal by the said members and appointment by the President.

B. Conditions for appointment of members

1. IRI nationality,
2. Having a minimum of forty (40) years of age,
3. Having a valid PhD degree in the case of economic expert members and jurists and a minimum of BA for experts in commercial, industrial, infra-structural services and financial matters,
4. Clear record of commitment of crimes being the subject of Article 62 bis. of the Islamic Penal Code or final conviction to bankruptcy by default or by fraud,
5. Having a minimum of ten years of experience in jobs and positions related to the above fields,
6. Lack of a record of final disciplinary conviction regarding the violations envisaged in Sub-clause (d) and subsequent sub-clauses of Article 9 of the Law on Investigation of Administrative Violations approved on Nov. 27, 1993.

Note: Except for the jurist member, retirement shall not be cause for non appointment of other members.

Article 54- In order to carry out the expert and executive activities and in order to set up a Secretariat, the Competition Council shall operate in the framework of a government entity called the National Centre of Competition that will be an independent government organization operating under the supervision of the President. The organization chart of the said entity shall be proposed by the Ministry of Economy and Finance and approved by the Council of Ministers. Any subsequent changes in the organization of the

National Centre of Competition shall be subject to proposal by the Competition Council and confirmation by the Management and Planning Organization and approval by the Council of Ministers.

Note 1: The Chairman of the Competition Council shall also serve as the Head of National Centre of Competition.

Note 2: In recruiting the work force required by the National Centre of Competition, priority shall be given to the official and contract based personnel of the ministries and government organizations and entities.

Note 3: The Regulation pertaining to encouragement of the members of the Competition Council and the personnel of the National Centre of Competition shall be proposed by the Ministry of Economy and Finance and approved by the Council of Ministers.

Article 55- The period of office, conditions for engagement and the procedures and modes of investigation of violations of the members of the council of competition shall be the following:

1. The term of office of the judges becoming members of the Council shall be two years. The term of office of other members shall be six years. The above judges may be re-elected for two more periods. Other members may be re-elected for one more period.
2. The term of office of those who substitute the Council members, due to any reason, shall be the remaining term of office of the original member.
3. It shall be obligatory to grant assignment to a mission to the civil servants and judicial staff becoming members of the Competition Council as well as the Appellate Board.
4. The service of the Chairman and members of the Competition Council shall be full time. The said individuals may not hold other posts and positions, at the same time, in the public, private or cooperative sectors.
Note: The scientific boards members of universities who shall be engaged in teaching, up to the limit of the hours of stipendiaries, as well as the members described in Paras. (8), (9), and (10) of Sub-clause “a” of Article 53 of this law, shall be exempt from the provisions of this present Sub-clause.
5. Violations by members of the Competition Council and the Appellate Board, except violations by the judge appointed by the Head of Judiciary, as well as the violations by the personnel of the National Centre of Competition shall be examined and investigated according to the Law on the Manner of Investigation of Administrative Violations. Violations by the judge designated by the Head of Judiciary shall be investigated,

according to the applicable regulations, by the Judges Disciplinary Prosecutor's Office and Court.

Article 56- The security of status of members of the Council and the mode of their independence shall be as follows:

1. No member of the Competition Council may be removed from his/her position as member of the said Council against the will of the said member except in the following cases:
 - a. Disability to fulfill the assigned duties at the discretion of two thirds of the council members.
 - b. In case of convictions described in Paras. (3) and (5) of Sub-clause (b) of Article 53 of this law.
 - c. Final conviction for the reason of misuse according to Article 75 and 76 of this law.
 - d. Having lost the capacity of vindication.
 - e. Unauthorized absence from Council meetings for over two consecutive months or three alternate months during a year, at the discretion of a majority of members of the Council.
 - f. Violating the obligations and restrictions imposed under Article 68 of this law as well as the violation of the regulations of Articles 75 and 76 below, at the discretion of a majority of Council members.
2. In the case of voluntary resignation, or death of a member of the Council, as well as in the case removal according to the above regulations, the said matter together with the supporting documents and evidence shall be reported to the appointing authority by the Chairman or his deputy in order that a new member shall be appointed. The appointing authority shall appoint the substitute member not later than one month after the date of receiving the request, within the scope set in Article 53 of this law, and shall introduce the new member.
3. Members of the Competition Council may not be prosecuted for the reason of adopting decisions in the framework of their legal obligations or their statements made by virtue of the law.
4. The Competition Council, in investigating the various issues and adopting a decision regarding such issues, in accordance with the provisions of this Chapter, shall enjoy full independence.

Article 57- Meetings of the Council shall have quorum by presence of two thirds of the members under the Chairmanship of the Chairman and, in his absence, the deputy-chairman. Decisions of the Council shall be adopted by a majority of the votes of the members having the right to vote. Provided,

however, that such votes shall not be less than five. Decisions of the Council regarding Article 61 of this law shall be valid if at least one judge who is a member of the Council shall cast his vote in favour of such motion.

Article 58- In addition to the jurisdictions explicitly explained throughout this law, the Council shall also have the following duties and authorities:

1. To determine the cases and instances where encountering competition has occurred and exemptions provided herein and adopting decisions regarding the said exemptions to be given, on a case by case basis, in the instances envisaged in this law.
2. To evaluate the situation and to determine the scope of the markets of commodities and services pertaining to Articles 44 to 48 below.
3. To compile and notify the required guidance, directives and instructions for implementation of the provisions of this present Chapter as well as the internal directives pertaining to the Council.
4. To offer advice to the Government in drafting the required bills.
5. To approve the directive to be issued in respect of regulating prices, quantities and conditions of access to the market of monopoly goods and services, on a case by cases basis, in compliance with the applicable regulations.

Article 59- The Council of Competition may, in respect of a specific commodity or service whose market is the example of a natural monopoly, suggest that a sectoral regulating institution shall be established and submit the said proposal to the Council of Ministers for approval. The Council may confer a part of their regulating functions and authorities in respect of that commodity or service to the said sectoral regulating institution.

The combination of the members of sectoral regulating institutions shall be proposed by the Competition Council to the Council of Ministers, for approval. The conditions regarding the appointment of the members of the said institutions shall be according to the provisions of Sub-clause (b) of Article 53 of this law. Members of the said institutions, in respect of the functions and authorities conferred on them, shall be liable to the same extent envisaged herein, in respect of members of the Competition Council. In any case, no sectoral regulating institution shall be allowed to take any action or to adopt any decision contrary to the approvals made by the Competition Council on facilitating competition.

Article 60- The authorities of the Council in respect of inspection and investigation shall be as follows:

A. Inspection

The Council of Competition, in implementation of the duties and assignments of the said Council regarding the investigation of the claims and cases brought before the Council, shall have the right to inspect entities and companies by entering the places, warehouses, means of transportation, computers and to search same. The Council may also issue permission for the inspection of economic activities, properties, computers, books and vouchers. Taking part in general assemblies and collection of necessary information, including the approvals made by the Board of Directors shall be within the authority of inspection of the Competition Council.

B. Investigation

The Council of Competition, in implementation of the duties and assignments of the said Council may investigate the issues relevant to this law and compliance therewith lodged with the Council by making use of one or more of the following methods:

1. To call the party against whom a complaint has been lodged in order to become present before the Council or at the Centre for interrogation.
2. To call witnesses, or any other person whose presence shall be deemed necessary, for investigation of complaints.
3. To require reports, information, documents, evidence and records (whether hard copies or electronic versions) pertaining to anti-competition procedures, to be provided by natural persons or legal entities.
4. To call experts and specialized firms and to obtain their opinions, in the process of investigation and inspection.

Note 1: The Competition Council, in carrying out the above task, shall apply for a permission to be given by one of the judges who are members of the Council or any one of the five judges to be designated and appointed by the Head of Judiciary (from among judges having a minimum record of ten years of practice as judge), as the case may be, for conduct of investigation and inspection and the scopes of such acts. The judge receiving the above enquiry shall be under the obligation to adopt a decision, regarding the inquiry, within two weeks. Conduct of investigation and inspection shall be subject to judgement to be issued by the judge.

Note 2: The Council may confer the task of investigation and inspection to specialized firms as well as individual and corporate experts that have been set up and qualified according to the laws, per se,

Article 61- If the Council, after receiving a complaint or after conducting the required investigation, shall come to the conclusion that one or more of

the anti-competition procedures being the subject of Articles 44 to 48 above have been taken by an entity, may adopt one or more of the following measures, as the case may be:

1. To issue order for cancellation and termination of any contract, agreement and understanding containing anti-competition procedures being the subject of Articles 44 to 48 of this law.
2. To issue order to the parties to an agreement or the accords relating thereto to discontinue the anti-competition procedures.
3. To issue order to stop and discontinue any anti-competition procedure.
4. To inform the public for further transparency of the market.
5. To remove the directors appointed in contravention of the provisions of Article 46 of this law.
6. To order the transfer of the shares and stocks of the entities or companies that has been acquired in contravention of Article 47 of this law.
7. To force the suspension or to order the cancellation of any merger that has been carried out against the prohibition provided under Article 48 of this law or to force the separation of merged companies.
8. To order the return of superfluous incomes or arrest of the properties gained through anti-competition procedures described in Articles 44 to 48 above, through competent judicial authorities.
9. To order an entity or a company to refrain from engagement in a particular field or in particular region(s).
10. To order the amendment of the articles of association, articles of incorporation or minutes of meetings of general assemblies or boards of directors of companies or to make necessary suggestions to the government to amend the articles of association of public sector companies and entities.
11. To obligate companies and entities, under monopoly conditions to comply with the obligations regarding the minimum supply and price ranges.
12. To fix cash penalties of Rls.10,000,000 to Rls.1,000,000,000 in the case of violation of the restrictions imposed under Article 45 of this law.

The By-laws on the amounts of cash penalties in proportion with perpetrated acts shall be proposed jointly by the Ministry of Economy and Finance, the Ministry of Commerce, and the Ministry of Justice to the Council of Ministers, for approval.

Article 62- The Council of Competition shall be the sole authority for investigation of anti-competition procedures. The said Council shall take up cases for investigation and adopting decision within the scope provided in

Article 61 of this law either directly according to the initiatives of the Council or pursuant to complaints lodged by any natural person or legal entity including the Prosecutor General or public prosecutors of any region, Supreme Audit Court, General Inspection Organization, sectoral regulators, the organizations and entities affiliated to the Government, guilds organizations and formations, the societies formed in order to protect the rights of consumers and other non-government organizations.

The Council, for the purpose of investigation of complaints, shall fix a date of hearing and shall notify such date to the parties. The parties may become present in the hearing in person or by proxy or submit a plea to the Council. **Note:** The violations being the subject of Chapter VIII of the Law of Guilds System, if such violations shall disrupt the process of competition, shall be investigated according to the provisions of this law. In case of any difference or dispute in this regard, the dispute shall be referred to a committee comprising a member of the Competition Council designated by the Chairman of the Council, a representative of the High Council of Supervision described in Article 53 of the Law of Guilds System (Order) and an individual appointed by the Minister of Justice. Resolutions of the said committee that shall be adopted by a majority of the votes of the members shall be final. The said Committee shall be set up and established at the Ministry of Justice.

Article 63- Resolutions adopted by the Council of Competition according to Article 61 above may be objected to by a beneficiary within 20 days after the date of service of the decision on the said beneficiary. The objection shall be filed with the Appellate Board described in Article 64 below. The said respite, for those domiciled outside Iran, shall be two months. Decisions of the Council shall become final if no objection shall be made thereto within the statutory respite as well as in cases where the decisions of the Council shall be further confirmed by the Appellate Board pursuant to the said objection.

Note: In cases where the decisions of the Council shall be of interest to the public, at the discretion of the Council, such decisions shall be published in a newspaper of mass circulation. The costs of publication shall be paid by the party against whom the judgement was issued.

Article 64- The place of establishment, combination of the Appellate Board members, conditions of appointment and the mode of adopting decisions of the Appellate Board shall be as follows:

1. The Appellate Board shall be established in Tehran. Members of the Board shall be the following:
 - a. Three judges of the Supreme Court appointed according to an order issued by the Head of Judiciary.
 - b. Two economic experts to be proposed by the Minister of Economy and Finance and appointed according to an order issued by the President.
 - c. Two experts in commercial, industrial and infra-structural activities and businesses to be proposed jointly by the Minister of Industries and Mines and the Minister of Commerce and appointed according to an order issued by the President.
2. Members of the Appellate Board shall require a minimum record of 15 years of experience in carrying out works related to their expertise. Other conditions for appointment of the said members, the criteria regarding their term of office, engagement, removal from office and investigation of violations committed by the said members as well as the criteria for recruitment, salaries, benefits, etc. shall be according to the procedures described in Sub-clause (b) of Article 53 and Articles 55 and 56 of this law.
3. The mode of adopting decisions of the Appellate Board shall be as follows:
 - a. Decisions of the Appellate Board shall be adopted by a majority of the votes of its members. However, the decisions regarding matters mentioned in Article 61 of this law shall require the votes of at least two judges who will be members of the Appellate Board.
 - b. The Appellate Board may refer the task of investigation and inspection to specialized corporate bodies and individual experts set up and qualified in accordance with specific laws.
 - c. The Appellate Board may repeal the decisions of the Competition Council or confirm such decisions in their entirety or to change or amend the said decisions or to adopt a different decision, independently.
 - d. Decisions of the Appellate Board adopted according to the foregoing Sub-clause shall be final and binding.
4. The Appellate Board may call upon the parties to a dispute to become present in order to provide explanations. The parties and/or their attorneys may, at their own discretion, become present at the hearing of their cases to provide explanations or to submit letters and pleas. In the absence of litigating parties, the Appellate Board may proceed to adopt an appropriate decision with due regard to the documents and evidence in the file.

Article 65- The decisions of the Council of Competition, except in respect of matters described in Para (12) of Article 61 of this law, shall be enforceable after service thereof to the beneficiary. Objection by a beneficiary, according to Article 63, may not prejudice the process of enforcement of a judgement.

In any case, a beneficiary may request the Appellate Board, at the time of making objection or thereafter, to stop enforcement proceedings until such time when a final decision shall be adopted by the Appellate Board. The Appellate Board shall urgently investigate the said request and may decide that execution proceedings shall come to a halt by collecting a proper security or guarantee.

Article 66- The natural persons and legal entities who suffer losses from anti-competition procedures set forth in this law, may institute lawsuit and submit plaint to competent court for compensation of their losses within a maximum period of one year after the decisions of the Competition Council or the Appellate Board concerning implementation of anti-competition procedures, shall become final. The court, while complying with the provisions of this law, shall investigate the above plaint if the plaintiff shall attach a copy of the final judgement of the Competition Council or the Appellate Board, to his plaint.

Note: In cases where a decision adopted by the Council of Competition or the appellate Board shall be of interest to the public, and shall be published through a newspaper of mass circulation, after the said judgement becomes final, any third party who shall be beneficiary to the said judgement may submit a plaint to the competent court by obtaining a certificate regarding the applicability of the said decision to them, from the Competition Council. Issuing a judgement on compensating the loss shall be subject to submission of the said request. The investigating competent court, by issuing a writ of stay of proceedings shall refrain to adopt a decision and to carry out investigation until such time when the reply of the Competition Council shall be given. Investigation by the Competition Council of the applications under this Note shall be made out of turn.

Article 67- The Competition Council may act as complainant in respect of the crimes dealt with in this law and may thus seek redress through a court of competence for compensation of the losses sustained to the public interests.

Article 68- The obligations and limitations of the members of the Competition Council, the Appellate Board and the personnel of the National Centre of Competition, shall be as follows:

1. Restriction imposed in Article 91 of the Law on the Procedure of Public and Revolutionary Courts in Respect of Civil Cases, as regards taking part in hearing and issuing judgement and adopting a resolution.

The resolutions adopted without compliance with the provisions set forth in this present Sub-clause that result in direct or indirect interests to be acquired by a member or exemption from an obligation for that member, shall be null and void.

Note: If, pursuant to compliance with above restriction, one or more member(s) of the Competition Council or the Appellate Board shall be banned to take part in the proceedings, the Competition Council or the Appellate Board shall require the authority who designated the said member, to appoint a substitute member in order to take part in the investigation and examination of the issue in question.

2. The obligation regarding confidentiality of internal information

Members of the Competition Council, the Appellate Board and the personnel of the National Centre of Competition and any individual previously engaged in the above positions, shall not be allowed to divulge the information pertaining to the internal affairs of the entities, companies or individuals of which the said members or personnel became aware in the process of exerting their duties or take benefit and advantage of the said information in their own favour or for the benefit of others.

3. Prohibition on expressing any opinion prior to decisions being adopted

Members of the Competition Council and the Appellate Board as well as the personnel of the National Centre for Competition may not express any opinion regarding the violations of entities, companies or individuals, orally or in writing, prior to decisions being adopted.

Article 69- The Council of Competition shall provide access by the public to the criteria, regulations and directives pertaining to this Chapter and publish the annual report of its activities pertaining to enforcement of this Chapter for information of the public.

Article 70- The final decisions adopted by the Council of Competition and the Appellate Board shall be enforced and executed by the Department of enforcement of Civil Judgements of the Justice Administration.

Article 71- The Executive By-laws of this Chapter including the procedures for conducting inspections, investigation, registration of enquiries made and complaints lodged, shall be proposed by the Competition Council to the Council of Ministers, for approval, within a maximum period of six months.

Article 72- Anyone who, for the purpose of obtaining a certificate or a permission required according to the provisions of this Chapter or in the process of examination of anti-competition procedures whether in the phase of inspection or interrogation, shall make a false statement or shall refrain from providing the information and documents that shall be required by the Competition Council in order to adopt a decision as well as anyone who submits forged or false documents to the Competition Council or to the Appellate Board and the National Centre of Competition or shall destroy the information, documents and evidence pertaining to anti-competition methods directly or indirectly, regardless of the contents of the said documents, or shall change or later the contents of the said documents, shall be condemned to imprisonment from three months to one year or to payment of cash penalty from Rls.10,000,000 to Rls.100,000,000 or to both punishments. If the submitted documents and evidences or the false statements and forgeries resulted in the release of the permits and authorizations required under this Chapter, the court, in addition to determining the punishments provided in this Article shall, at the request of a beneficiary, cancel the certificate or the permission earlier given.

Article 73- Any expert or specialist whose opinion or witness evidence, according to the provisions of this Chapter shall be sought and gives a false opinion or makes a false statement resulting in a wrong decision to be adopted by the Competition Council or the Appellate Board, shall be condemned to imprisonment from one year to three years or payment of cash penalty from Rls.30,000,000 to Rls.300,000,000 or to both penalties.

Note: In addition to the above penalties, the perpetrator shall also be condemned to the punishment of giving false witness evidence prescribed in the Law of Islamic Punishments.

Article 74- Anyone who, with the intention of undermining and damaging the commercial and professional prestige and credibility of entities or companies or the directors or proprietors of entities, firms or companies, shall make a complaint to the Council of Competition or to the Appellate Board that proves to be a false complaint, after investigation, in addition to being convicted to remedy the losses, shall be condemned to imprisonment

from six months to two years or to payment of cash penalty that will be equal, in amount, to the loss he inflicted or to both punishments.

Article 75- Anyone who, according to the provisions of this Chapter shall be under the obligation to keep the information regarding the internal matters of companies, entities, firms or other corporate bodies confidential and who publishes or divulges such information or takes benefit of the said information for his/her own interest or the interests of another person, shall be condemned to imprisonment from six months to two years or to payment of cash penalty from Rls.40,000,000 to Rls.400,000,000 or to both punishments as well as to the remedy and compensating the losses suffered as a result of divulging or publishing the information.

Article 76- Any one of the members of the Competition Council, the Appellate Board, the managers or the personnel of the National Centre of Competition as well as their stipendiary staff members and the parties to contracts concluded with them and any other person who shall wrongly use the provisions of this law for the purpose of inflicting harm on the financial interests or the commercial prestige or professional credibility of natural persons or legal entities, in addition to being condemned to compensate the losses, shall also be convicted to imprisonment from three to five years or to payment of cash penalty from Rls.50,000,000 to Rls.500,000,000 or to both punishments.

Article 77- Violation of the provisions of any one of Sub-clauses (1), (2), and (3) of Article 68 of this law shall be regarded as disciplinary offense. The perpetrator, in addition to the punishments prescribed herein, shall also be tried before any one of the forums described in Sub-clause (5) of Article 55 of this law.

Article 78- Anyone who creates any obstacle to prevent investigation and inspection by the agents and inspectors of the National Centre of Competition shall be condemned to payment of cash penalty from Rls.5,000,000 to Rls.20,000,000. In case of persistence, the perpetrator(s) shall be condemned to payment of one million rials (Rls.1,000,000) of cash penalty for each day of such prevention, in addition to the above penalty.

Article 79- The following are the punishment of legal entities:

1. In case of perpetration of any of the crimes described in the various articles of this present Chapter, by legal entities, the directors of the said

corporate bodies holding office at the time of perpetration of the crime shall be condemned to the punishments envisaged in this law for perpetrators who are natural persons, as the case may be.

2. If the perpetration of crime by a corporate body shall be the result of deliberate acts or the default on the part of an individual receiving salary from the legal entity concerned, in addition to the directors falling under the provisions of Sub-clause (1) above, also the said individual shall be held responsible and punished according to the provisions of this law.
3. Any one of the directors or the individuals receiving salary in a corporate body who succeeds to prove that the crime by corporate body has been committed without his knowledge or he/she exerted his/her utmost diligence to avoid such act or informed the Competition Council or the competent authority concerned immediately after such perpetration, shall be immune from punishment.

Note: If compensation of losses shall be required and the act giving rise to prosecution was within the objects of the company or in case others were also involved in the perpetration of illegal act, also those who made and signed the Articles of Association or contributed to committing the illegal act, shall be held, jointly and severally, liable together with the individuals named in this Article.

Article 80- The losses mentioned in this Article may only be claimed by means of submitting a plaint to the competent court.

Article 81- If more grave punishments have been provided for the crimes described in this Chapter, in other laws, those harsher punishments shall be applied.

Article 82- The crimes being the subject of Articles 72 to 78, in this Chapter, shall be investigated by Public Prosecutors' Offices and Public Courts, in accordance with the existing regulations as well as the provisions of this law, out of turn.

Article 83- In enforcement and implementation of this law, the bailiffs and executive officers of the Justice Administration shall be under the obligation to cooperate with the Council of Competition, the Appellate Board and the National Centre of Competition.

Article 84- The amounts of cash penalties envisaged in this Chapter shall be adjusted, once every three years, proportionate with the growth of the index

of consumable goods and services that will be officially announced by the Central Bank of Islamic Republic of Iran, according to a proposal, in this regard, by the Council of Competition and approval by the Council of Ministers.

Chapter X- Miscellaneous Provisions

Article 85- The topmost authority in any one of the executive organizations mentioned in Article 86 of this law shall be in charge of proper and timely enforcement and implementation of the obligations set forth herein. The said authority shall submit a quarterly report, on the progress of the works hereunder, to the High Council of Implementation of the General Policies of Article 44 of the Constitution. In case of delay, procrastination, or discontinuation of exerting one's duties hereunder, the topmost authority in the executive organization concerned shall be under the obligation to introduce the defaulting person to the Board of Investigation of Administrative Violations, within one week. The said Board, after examining the report and in case it shall be established that the person in charge is guilty shall apply the punishment described in Sub-clauses (C) to (I) of Article 9 of the Law on the Investigation of Administrative Violations. If the cause of delay or procrastination shall prove to be a defect or deficiency in the law, the government shall submit a bill to amend the law to the Islamic Consultative Assembly with single asterisk urgency, within two months after the defect shall be established.

Article 86- All ministries, as well as the government owned companies and organizations mentioned in Article 4 of the Public Audit Law, approved on August 22, 1987 as well as the executive organizations and the government companies and profit entities affiliated to the government the applicability of public sector laws and regulations thereto shall require that their names be explicitly mentioned, including the National Iranian Oil Company and the companies affiliated thereto as well as its subordinate companies and other companies being the subsidiary companies of the Ministry of Petroleum, the Industrial Development and Renovation Organization of Iran and its subsidiaries, the Organization for Development and Renovation of Mines and Mining Industries of Iran and its subsidiaries, National Iranian Industries Organization (under liquidation) and its subsidiary companies, the center for goods procurement and distribution as well as the stocks belonging to the above organizations, corporate bodies and companies in non-government companies as well as the companies governed by specific laws and banks

and credit institutes in their economic activities shall be subject to the regulations and provisions of this law.

Article 87- All the regulations and by-laws required under this law for the drawing up of which no authority has been determined shall be proposed within six months by the Ministry of Economy and Finance to the Council of Ministers, for approval. The regulations mentioned in Chapter III of this law the authority for preparation of whose drafts has not been fixed shall be drawn up by the Ministry of Cooperatives through cooperation with the Ministry of Economy and Finance and shall be approved by the Council of Ministers.

Article 88- The Ministry of Economy and Finance shall submit, once every six months, a report of the actions taken under this law and on the implementation of every Article and Note thereof to the Expediency Council as well as the Islamic Consultative Assembly and shall publish the said report for the information of the public.

Article 89- This law shall be exempt from the provisions of Article 161 of the 4th Economic, Social, and Cultural Development Plan Act of the IRI.

Article 90- In cases where the government, due to any reason, shall decide that the sales prices of the commodities or services of the entities going for sale under privatization schemes or any other entities belonging to the non-government sector shall be less than the market price thereof, the government shall pay the balance of the obligatory price compared with the cost price of the said goods or services, out of the credits and government resources during the year of execution or to deduct the said difference from the debts of the said entities to the Taxation Affairs Organization.

Article 91- In order to secure most favourable conditions for the participation of the non-government sector in economic activities and to encourage the said sector to assume greater role in economic activities:

- a. All committees of the Islamic Consultative Assembly may seek the advice of those engaged in economic activities and to use the said opinions in examination of economic bills and draft laws.
- b. All committees, panels, boards, councils and headquarters in charge of adopting decisions in the Government, shall be allowed to seek the advice of those engaged in economic activities and to use the said opinions in adopting their decisions.

The government shall be under the obligation to formalize the membership of the Chairman of the Chamber of Commerce, Industries and Mines of Iran as well as the Chairman of the Chamber of Cooperatives or their representatives in the councils in charge of taking economic decisions through amending the pertinent laws or by-laws. Henceforth, the Chairman of the Chamber of Commerce, Industries and Mines of Iran and the Chairman of the Chamber of Cooperatives shall be added to the combination of the members of

- the Economy Council,
- the Board of Trustees of Forex Reserve Account,
- the Board of Foreign Investment (pursuant to the Foreign Investment Promotion and Protection Act - FIPPA), and
- the High Council of Privatization (according to the 3rd Economic, Social and Cultural Development Plan Act of the IRI).

- c. The Judiciary shall urge the referral of economic cases to arbitration. In carrying out arbitration in respect of the said cases as well as in inspecting economic issues, expert capacities of the non-government sector shall be used to the fullest extent.
- d. Chamber of Commerce, Industries and Mines as well as the Chamber of Cooperatives shall, in carrying out their statutory functions as the advisors of the three branches of power, provide the necessary mechanisms for the organization and coordination of economic organizations and formations and obtaining the opinions and taking advice of those engaged in economic activities and to provide expert proposals in economic issues for the purpose of securing an atmosphere of constructive interaction between the private sector and the foundations of the State. To this end, the said Chamber shall set up a department to maintain and follow up proper implementation of the general policies of Article 44 of the Constitution and to submit periodical reports to the High Council of Enforcement and Execution of the General Policies of Article 44 of the Constitution and to draft and submit the draft bill on Favourable Atmosphere for Entrepreneurship and Elimination of the Barriers to Business Activities.

Article 92- As of the date of approval of this law, all the laws and regulations repugnant thereto shall stand null and void. The provisions of this law shall remain binding and valid as long as in subsequent laws the articles and provisions of this law shall not be expressly repealed by indicating the title and name of this law and the number of the Article being expressly repealed.