

*In the Name of God,
the Compassionate, the Merciful*



**Law on Amendment of Specific Articles of
4th Five-Year Economic, Social and Cultural
Development Plan of the Islamic Republic of
Iran and Implementation of General Policies of
Principle (44) of the Constitution**



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National Library of Islamic Republic of Iran publication data:
Law on Amendment of Specific Articles of Fourth Five-Year Economic, Social and Cultural Development Plan of the Islamic Republic of Iran and Implementation of General Policies of Principle (44) of the Constitution



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Lithography, Publication and layout: *Commercial Publication and Distribution Company*

First Edition, Tehran, 2008

Circulation: *5,000*

Printed in the Islamic of Republic of Iran



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Chapter I: Definitions

Article 1 - Terms in this Law are defined as:

1. **Market** means a geographical or virtual venue in which buyers and sellers exchange goods for similar goods or a near substitute.

2. **Goods** mean any movable and/or immovable objects that can be exchanged and used.

3. **Service** means intangible product the use of which is indistinguishable from its production process.

4. **Firm** is an economic entity involved in producing goods or providing services as either a legal or real entity.

5. **Company** is a legal entity set up on the basis of trade law or special law.

6. **Managerial shares** is the number of shares of a company whose holder is authorized to nominate at least one member to the board of directors as stipulated in the Articles of association.

7. **Controlling share** is the least number of shares that enables a holder to determine the majority of the board of directors members.

8. **Cooperative Company** is a legal entity established as per the Islamic Republic of Iran's economic law pertaining to the cooperative sector, passed by Majlis⁽¹⁾ in 2001, and sections of the 1971 Cooperative Companies' Law in effect and its subsequent amendments. This type of cooperative company is also called the conventional company.

9. **Joint Stock Cooperative Company** is a type of joint stock company set up in accordance to the trade law and is subject to restrictions stipulated in the law.

10. **National Comprehensive Cooperative Company** is a type of conventional or joint stock company that is formed to eliminate poverty from the three low income deciles. Membership of other individuals in this cooperative body, but upon formation, at least seventy percent (70%) of its members should be from the three low income deciles.

11. **Competition** is a situation in the market in which a number of producers, independent purchasers and sellers are involved in production, purchase or sale of goods or services. In such a way that none of the producers, buyers and sellers shall have the

1. Majlis, *Islamic Consultative Assembly*, also called The Iranian Parliament, is the national legislative body of Iran

power to determine market prices and there is no restriction on the entry of the firms to the market or their exit from it.

12. **Monopoly** is a market situation in which the shares of one or more than one firm or manufacturing company, buyer and seller of goods in supply and demand are such that enables them to determine the price and/or quantity in the market, or restricts entry of new firms to the market or their exit from it faced with restriction.

13. **Natural monopoly** is a situation of a market in which a firm, due to lower average expenditure, can supply goods or services at a price which prevents other entities from entering the market or continuing their activities.

14. **Legal monopoly** is a market situation based on the law in which production, sale or purchase of a special kind of goods or services is monopolized by one or several specific firms.

15. **Dominant economic condition** is a market situation in which one or several legal or real entities have the power to determine prices, set supply or demand limits for goods or services or lay down conditions of a contract.

16. **Merger** is a process through which one or several companies do away with their legal character to form a new entity or join other legal bodies.

17. **Disintegration** is a process through which a company removes its legal entity and forms two or three new legal

entities.

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18. **Controlling firm or company** is the firm or company which controls economic activities of firms or other companies in a market through full or partial ownership of shares, capital, and management or other means.

19. **Company managers** are members of the board of directors, managing director and those with similar designations or any other person to whom the responsibility of decision making in the company has been entrusted as per the law or article of association or per ruling of a court or competent legal authority.

20. **Sabotage in competition** refers to the cases which lead to monopoly, hoarding, and economic corruption harming the public, centralization and the distribution of wealth by placing it at the disposal of certain people or specific groups, reducing skill and innovation in the community and/or permitting economic domination of foreigners over the country.

Chapter II: Domain of Activities of Public, Cooperative and Private Sectors

Article 6- Economic activities in the Islamic Republic of Iran, comprising production, purchase and/or sale of goods or services, fall into three distinct groups:

Group 1: All economic activities except the points mentioned in groups two and three of this article.

Group 2: Economic activities cited early in the beginning of Principle 44 of the Constitution, excluding the points referred to in group three of this article.

Group 3: Activities, institutions and companies falling under this group are:

1. Mother telecommunication networks and frequency allocation management,
2. Main networks providing exchanges, management of distribution of essential postal services,

3. Secret or necessary military, disciplinary and security production falling under the jurisdiction of armed forces general command,

4. National Iranian Oil Company and crude oil and gas drilling and production companies,

5. Oil and gas wells,

6. Central Bank of the Islamic Republic of Iran, Bank Mellî of Iran, Sepah Bank, Industry and Mines Bank, Export Development Bank of Iran, Agricultural Bank, Housing Bank and Bank of Cooperative Development,

7. Central Insurance Company and Iran Insurance Company,

8. Main power transmission networks,

9. Civil Aviation Organization and the Ports and Shipping Organization of the Islamic Republic of Iran,

10. Dams and major irrigation networks,

11. Radio and TV.

On the proposal of The Ministry of Economic Affairs and Finance, the cabinet will approve the identity, conformity and classification of economic activities and firms in six months, subject to the article with each of the three groups. As for part three of Group 3, cabinet approval should be endorsed by the commander-in-chief of the armed forces.

Article 3- Domain of economic activities of government will be determined in the following ways:

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organizations such as Iran's Industrial Development and Renovation Organization to the ceiling of forty nine (49%) percent jointly with the non-government sectors. In such cases, government shall be duty-bound to cede to non-government sectors its shares in new firm within a maximum of three years after operation.

b. Government will have to cede to the private, cooperative and non-governmental sectors eighty (80%) percent of total value of shares of government firms in any profession subject to activities of Group two of Article 2 of the law, excluding roads and railway.

Note 1- To maintain optimal value of governmental sector in the activities of Group two of Article 2 of this law with respect to maintaining government sovereignty, country's independence, social justice and economic growth and development, government will invest in a manner that its share will not exceed twenty (20%) percent of these activities' value in the market.

Note 2- Non-governmental sectors will be permitted to be involved in the road and railway sector. The optimal share of government and non-government sectors in road and railway activities will be in accordance with the by-law that will on joint proposal of The Ministry of Roads and Transportation and The Ministry of Economic Affairs and Finance be approved by the High Council of Implementing General Policies of Principle

Forty-Four (44) of the Constitution.

Note 3- Government will take necessary measures to provide essential goods such as wheat and fuel for a specific period to check the impacts of crises.

c. Investment, ownership and management of activities and firms subject to Group 3 of article 2 of this law will be restricted for the government.

Note 1- Purchase of financial, technical, engineering and managerial services from the non-government sectors' firms engaged in activities of Group 3 of Article 2 of this law will be possible on condition of maintaining government's hundred (100%) percent ownership based on a by-law that will be approved by the cabinet within six months on the proposal of the The Ministry of Economic Affairs and Finance in coordination with relevant organs.

The by-law for companies producing military, disciplinary and security goods and services of the armed and security forces will be drawn up within a maximum of three months by the The Ministry of Defense and Armed Forces Logistics and submitted to the Commander-in-Chief of Armed Forces for approval.

Note 2- Health, educational, research and cultural activities are not subject to this law and any bid by the government and non-governmental sector to develop and also any sort of ceding to the private sector will be in accordance with a bill that will be

approved by the Majlis within a year after the promulgation of this law.

Article 4- Domain of government sector's economic activities is as follows:

a. Investment, ownership and management of activities of Group 1 of Article 2 of this law will only relate to non-government sector.

b. Government will be involved in activities laid down in notes two and three of paragraph one of article 3 of this law.

c. Investment, ownership and management of activities of Group 2 of Article 2 of this law will be allowed for private and cooperative sectors and the non-governmental public institutions.

d. Private, cooperative and non-government public sectors' activities shall be allowed for Group 3 of article 2 of the law per note 1 of paragraph c of article three of this law.

Article 5- Non-government banks and financial and credit institutions and other intermediary monetary firms which were or will be established following the ratification of the law and also the state banks, whose shares have been ceded, will operate only within the framework of the joint stock companies and authorized joint stock cooperative enterprises. The permitted ceiling of ownership for each joint stock enterprises or joint stock cooperative companies or any non-government public

institutions will either directly or indirectly be ten (10) percent and for the real entities and other legal entities will be five (5) percent. Transactions above the set ceilings by any of the mentioned people will be null-and-void. Any increase in the ceiling of the permitted share through inheritance will also be subject to the rule. Inheritors and their legal custodians shall have to sell the portion in excess of the ceiling within two months following the issuance of the probate. Sudden increase in the ceiling of permitted shares in any other way should be brought down within three months to comply with the ceilings permitted in the article.

Note 1- Real entities that are shareholders of the firms subject to the article and also their families including wife/husband, children and their wife/husband, brother, sister, father and mother will be permitted to have shares amounting to a specific ceiling only so that they will not be able to jointly determine more than one member of the board of directors in the firm.

Note 2- On the proposal of Central Bank of Iran and the approval of the Monetary and Credit Council, government shall take necessary legal actions within three months to establish and manage the firms subject to this law.

Note 3- Non-governmental firms subject to this law shall within one year from the ratification of this law adapt themselves to conditions of this article.

Note 4- Interest-free credit cooperative and interest-free funds that are exclusively involved in offering loans will be an exception to this Article and be governed by their own regulations.

Article 6- Non-governmental public institutions subject to Article (5) of the 1987 general audit law and its subsequent amendments and the institutions' subordinate and umbrella companies will be entitled to direct or indirect ownership of up to maximum forty percent (40%) of market share of any goods or services.

Note 1- The government will repay its debts to institutions, organs and companies by ceding shares as per this law in keeping with the ceilings specified in this law.

Note 2- The Ministry of Economic Affairs and Finance will have the duty to supervise the proper implementation of this Article and its note and in the case it observes anything contrary, report it to the Supreme Council for the Implementation of General Policies of Principle (44) of the Constitution to make necessary decision.

Article 7- To facilitate and expedite investment and issuance of licenses for economic activities of the non-governmental sector in authorized fields, the government sectors being subject to Article (86) of this law, the Islamic City Councils, municipalities, and the guild associations and unions will take steps to meet all regulations on issuance of licenses for investment

and professions, focusing on annulment of all unnecessary permissions, facilitating conditions for obtaining permissions and transparency of activities within a period of maximum six months following the ratification of the law. The law will be amended, prepared and compiled in a way that relevant authorities shall within a maximum ten days of registration respond to the applicant's request. In case the response is affirmative, relevant authority will provide the applicant with the list of necessary documents and if necessary the bill of legal expenditures in writing and following the receipt of complete records and documents on depositing of the cash needed for the announced accounts, will take actions within maximum one month to begin activity, issuance of license or permission and conclusion of contract with the applicant. If any of the persons responsible for issuing licenses or permission, fail within the mentioned period of a month to fulfill due commitments, the Provincial Investment Headquarters' agreement will be given the chance to do the job within maximum period of the following month.

Note 1- In case of no response, the related authority will be responsible for providing the applicant with a notice and make necessary documents available to justify the refusal.

Note 2- In case of affirmative response, if related authority does not act on its duty within the set deadline, and/or in case

of negative response, if the applicant is not convinced with the response, the applicant's objection will be investigated by the Provincial Investment Headquarters.

Provincial Investment Headquarters headed by the governor general or his deputy for planning affairs and heads of the Industries and Mines Organization, Agricultural Jihad Ministry, The Ministry of Labor and Social Affairs, The Ministry of Commerce, The Ministry of Economic Affairs and Finance, and the Cooperative and Environment Protection General Offices in any province will be assigned the responsibility.

The Headquarters shall within fifteen days from receipt of objection look into the issue within the framework of related organs' regulations and if the objection is deemed justified, the Head of the Headquarters will order that the demand of the applicant be scrutinized and the offender(s) referred to related board of administrative offenses.

If the board confirms the offense, those guilty will be sentenced to punishments as mentioned in paragraph (C) and the onward paragraphs of Article (9) of the Law of Investigation of Administrative Offenses passed on November 28, 1993. The Headquarters' sessions will be deemed official with two third of the members present and its decisions will be valid with absolute overwhelming majority of votes cast by those present in the session.

In case the plan of the applicant needs approval of the higher-provincial organs, his objection will be dealt with in a board made up of deputy heads of the above-mentioned related organs headed by the Minister of Economic Affairs and Finance or his deputy as mentioned in this note.

Note 3- The The Ministry of Economic Affairs and Finance shall within six months from the approval of this law publish a guidebook of investment in all economic activities in cooperation with all authorities responsible for issuance of permits for operation. The The Ministry will every six months review the procedure to facilitate regulations and revoke unnecessary permits.

This guidebook will only be used as a document indicating the duties of investment applicants. No institution and source will have the right to grant permits or licenses, documents or conditions more than the ones specified in it.

Note 4: The president shall assign a board to supervise the project for revoking regulations and facilitating conditions for issuance of licenses and permits for economic activities. This board will be responsible for drawing up related bills and submit to the cabinet in cases that materialization of the goals requires changes to the laws.

Note 5: All authorities, that issue permits or licenses for economic activities, will every six months have the responsibility

to provide the applicants with and publish for public awareness the information on the issued licenses and the units active in any profession and business that entry to which requires getting permission or license.

The by-law to this Article will be approved by the cabinet on the proposal of the The Ministry of Economic Affairs and Finance within three months.

Article 8- Any privileges considered for governmental firms with economic activities specified in groups one and two of Article (2) of this law, will be taken exactly into consideration with the priority given to similar firm or economic activities in the private, cooperative and non-government public sectors.

Note - The Government will have the duty to cancel or extend all the available privileges subject to this Article within three months, after ratification of this law.

Chapter III: Policies on Development of Cooperative Sector

Article 9- To raise the cooperative sector's share to twenty five percent (25%) in the national economy by the end of the Iranian calendar year of 1393 (March 20, 2014-March 21, 2015), government will take the following measures:

a. Draw up the cooperative sector development document in cooperation with the The Ministry of Agricultural Jihad, the State Management and Planning Organization, the The Ministry of Economic Affairs and Finance, the The Ministry of Commerce, the Central Bank of the Islamic Republic of Iran, and the Central Chamber of Cooperative of the Islamic Republic of Iran, that in which the collection of strategies to attain a share of twenty five percent (25%) and specify the responsibilities of each of the entities are determined, shall be submitted to the cabinet

for approval. This document will serve as the basis for compiling annual budgets.

b. Under all circumstances, the government incentives -- except taxes -- that are offered to non-governmental sectors, will be twenty percent (20%) higher for the cooperative, compared to incentives for non-cooperative sector.

c. Besides supports envisaged in paragraph (b) of the Article, the following support will be given to the cooperative companies:

1. Extension of grants and payment of interest-free loans to meet the entire or portion of financial needs of cooperative companies with those receiving such support being among the first three deciles of social strata in terms of income.

2. Offering a rebate of twenty percent (20%) on insurance premium paid by the employer for each staff member of the cooperative sector.

3. Providing counseling services, contributing to increasing productivity, and offering free-of-charge entrepreneurial trainings, skill, professional courses.

4. Paying subsidy for banking interests and meeting other expenditures caused by initial investment in operating the cooperative companies.

5. Facilitating research and contributing to drawing up of plans, establishment of data banks, ownership and land development.

d. Contributing to formation of Joint Stock Cooperative Companies and Comprehensive National Cooperative to eradicate poverty and assist in establishing and expanding specialized cooperative union.

e. Extending financial support to strengthen cooperative chambers.

f. Establishing a Cooperative Development Bank with an initial capital of Rls 5,000 billion drawn from the Forex Reserve Fund to secure cooperative sector's capital resources.

The bank's Article of association shall be approved by the cabinet within maximum three months following the ratification of related law in accordance with banking laws and regulations on joint proposal of the The Ministry of Cooperative and the The Ministry of Economic Affairs and Finance. The Minister of Cooperative will be the head of the Bank's General Assembly.

Note 1: Following the establishment of the Cooperative Development Bank, the Cooperative Fund will turn into the Cooperative Investment Guarantee Fund following amendments to its Article of association without having the authority to establish branches.

Branches of the Fund along with its entire facilities, assets and manpower will be ceded to the Cooperative Development Bank.

Settlement of accounts between the Fund and the Bank will be possible by a team, comprising the Minister of Cooperative,

Minister of Economic Affairs and Finance, and Head of the State Management and Planning Organization within a maximum of three months after ceding of the branches.

Note 2: Government's share of the profits from Cooperative Development Bank will be used to address part of government's assistance to the cooperative sector.

Note 3: Supportive plans, envisaged in the Article, will not bar allocation of other supports to special strata such as villagers, those covered by the supportive institutions, war veterans, and so on.

g. Necessary resources for implementation of the Article will be highlighted in a separate column, entitled 'Formation and Empowerment of Cooperative', in the annual budget.

h. The The Ministry of Cooperative will have the duty to do away with state involvement in the executive and managerial affairs of cooperative and promote policies for development of the sector in cooperation with the Central Chamber of Cooperative of the Islamic Republic of Iran within six months following the ratification of the law, taking steps to revise relevant cooperative laws and regulations and proposing necessary bills to the cabinet for approval.

Article 10- All cooperative companies and unions will upon establishment or increase of their capital to the ceiling of forty nine percent (49%) be authorized to cede shares to non-member

real or legal entities with the possibility of having a maximum voting rights of thirty five (35%) percent out of the total number of votes cast and of taking board of directors seats to the same proportion as long as the authority of the members are not violated and the specified ceiling of shares and vote of any non-member share holders are observed according to the provisions of the Articles of association. Sale of shares to non-Iranians will be in accordance with foreign investment regulations.

Also, cooperative companies will be permitted to set up specialized cooperative unions within the framework of Articles (61) and (62) of the 1971 Cooperative Companies Law without abiding by note (2) of Article (43) of the Islamic Republic of Iran's economic law on the Cooperative sector passed in 1991.

In general assembly of different kinds of cooperative unions, members' votes will be commensurate with number of members and the number of shares or volume of their dealings with the union or a combination of these in accordance with the Articles of association.

Dealings between directors of cooperative companies and cooperative unions shall be subject to Article (129) of the trade law.

Article 11- The following text will be annexed to the 1987 law on direct taxes and the incoming amendments, as note (6) Article (105):

Note 6- Income subject to instrumental taxation of conventional cooperative unions and companies and the joint stock cooperative companies will be entitled to twenty five percent (25%) rebate from the rate subject to this Article.

Article 12- The Ministry of Cooperative will make necessary preparations to set up and develop joint stock cooperative with respect to the following conditions and supervise the proper implementation of the same:

1. Maximum share of any legal entity shall not exceed half percent capital of the company either directly or indirectly upon establishment and during operation of the company.

2. Legal entity shareholders of joint stock cooperative company, if they are national comprehensive cooperative company or the joint stock cooperative, will have maximum right of ownership to ten percent (10%) of the shares. Other legal entities will have the right of ownership to maximum five percent (5%) of the shares commensurate with number of shareholders either directly or indirectly.

3. Each and all government affiliated legal entities falling under the provisions of this law will have up to forty nine percent (49%) share in authorized activities per the law in the less developed regions and up to twenty percent (20%) share in the activities in other regions and will be allowed to enter into partnership with the cooperative sector from its internal

resources. Each non-governmental public institutions also will be entitled to partnership of one up to twenty percent (20%) and in total up to forty-nine percent (49%).

At any rate, share of a group of firms and non-governmental public institutions and governmental companies shall not be more than forty-nine percent (49%) of the shares and seats of the board of directors directly or indirectly.

4. If all or some of shareholders do not exercise their priority, when raising the capital, the non-shareholding staff of the company will have the priority in purchasing the share.

5. General assemblies in joint stock cooperative companies, whose shareholders shall not exceed five-hundred, will be blocked at the time of implementation. Each of the shareholders will have the authority to choose representatives through blocking and/or by being present in the general assembly directly. To safeguard the rights of minor shareholders the limits of blocking will be specified in a by-law that will be proposed jointly by the The Ministry of Cooperative and the The Ministry of Economic Affairs and Finance and approved by the cabinet.

6. All shares will be labeled and their ownership or transfer will be possible on condition of registration in the bureau of the company shares and observing the ceiling of share ownership as mentioned in the by-law as distinguished by the board of directors, not exceeding the ceiling specified in the Article. Any

accord contradictory to the stipulation of this paragraph will be considered null and void.

7. Joint stock cooperative companies can be a member of the chambers of cooperative.

Chapter IV: Improvement of State-Run Companies

Article 13- To reform and improve governmental companies and raise the turn-over, productivity and proper management of the companies remaining in the governmental sector per Article (3) of the law, government will have to:

a. Separate all policy-making and management affairs based on the proposal of the The Ministry of Economic Affairs and Finance and approval of the government, from governmental companies in two years after the ratification of the law and cede them to related ministries and specialized governmental institutions.

Note- Change of status of employees of companies subject of this paragraph shall be possible in line with rights acquired within the framework of a by-law approved by the cabinet.

b. Excluding banks and insurance companies, those companies remaining state-owned or formed based on the government law will only be active within two frameworks:

1. Specialized or main mother company whose shareholder is directly the government and/or head of its general assembly is the president.

2. Operational or subsidiary companies whose shareholders are specialized mother or main companies. Establishment of a new company or ownership of other companies by the companies shall be permitted if firstly, the bid falls within the limits specified for them in the law and secondly, hundred percent (100%) of shares of the established companies or government owned companies are owned by the government.

Note 1- Partnership and investment of each governmental company in other governmental companies will be possible if the invested company's profession matches that of the investor company and if the government issues the permit. The directive does not concern the banks, credit institutions, and insurance companies and their investment companies.

Note 2- The degree and quality of ownership of shares of other economic firms by the government specialized and commercial banks will be approved by the cabinet per proposal of the Monetary and Credit Council. However, at any rate, investment by banks in other firms, by no means, shall deter allocation of

financial resources to applicants of the facilities.

Note 3- Opening and continued activity of bureaus and overseas branches and government owned companies shall be possible only on joint proposal of the The Ministry of Economic Affairs and Finance and the State Management and Planning Organization and on the approval of the cabinet. Government owned banks and insurances are not subject to this rule and are an exception.

Note 4- Government will have the responsibility to have related authorities approve amendment and ratification of article of association of government and government affiliated firms which are transferable per the law.

Note 5- Government will have to announce the articles of association and guidelines deemed contrary to the subject of this Article and declare the Article's notes null and void.

Article 14- Transfer operations by government should be conducted in a way that the entire Ceding process is completed at most by the end of 2014.

Article 15- Government will have the duty to prepare the ground within maximum six months for establishing guild and professional associations to serve as popular organizations. The associations will be involved in implementing guild and professional regulations, principles of professional ethics, and scientific and technological development in related branches.

The executive organs shall have the duty to seek advice from the associations on compilation and amendment of laws and regulations.

Article 16- To support manpower, maintaining employment level and continued production in firms being subject to Ceding, the Ceding Board will be responsible for providing all staff of each company up for Ceding with unemployment insurance before ceding and take due actions if deemed appropriate as follows:

1. Early retirement per Articles (9) and (10) of the Law on Industries Reconstruction and Renovation passed on January 16, 2006. The deadline is extended for these firms to the end of year 2014.
2. Severance based on agreement.
3. After the said measures, it will record number of staff of any company undergoing Ceding in the Ceding document and include the condition in all Ceding terms. Directors of the privatized companies will not be allowed to lay-off their employees for up to five years.
4. Purchasers of companies who are ready to increase the staff after Ceding will announce their financial or non-financial incentives including discount in the original price.
5. Training and recruitment of extra workforce in other units individually or through assistance of purchasers of firms using

financial and non-financial incentives.

Note 1- Consideration of financial or non-financial incentives per this Article will be based on the guideline that will be approved by the Supreme Council for Implementation of General Policies of Principle (44) of the Constitution on the proposal of the Ceding Board.

Note 2- Purchasers will in return for financial and non-financial incentives, present their program in writing for maintaining level of occupation and training of the staff of the firm that is due to be ceded to the Ceding Board.

Chapter V: Governmental companies' Ceding Process

Article 17- All government affiliated organs subject to Article (86) of this law shall within six months from the ratification of the law categorize all government firms falling in Groups (1) and (2) of Article (2) of this law in any market based on criteria such as company size, technology, financial status, industrial relations and degree of consumer's sensitivity towards the company's products. The organs will then offer the list of companies, rights and assets explicitly referred to in Note (1) of Article (3) of this law as well as the offer for their Ceding along with number of workforce, list of movable and immovable assets, all necessary information and document and latest audited financial bills to the The Ministry of Economic Affairs and Finance.

a. The Ministry of Economic Affairs and Finance will receive information, documents and financial bills of the transferable

firms and examine and verify them with the Auditing Organization or official auditors.

b. The Ministry of Economic Affairs and Finance will, if demanded by the purchaser, furnish information, documents and confirmed financial bills.

c. The Ceding Organization will per provisions of this Article market the transferable firms and complete the Ceding process based on schedule in two months after undergoing the procedures mentioned in the law.

The executive by-law of this Article, including method of firms' classification, confirmation of the financial bills and marketing of the transferable firms, will be passed by the cabinet on the proposal of the Ministry of Economic Affairs and Finance within a maximum of three months.

Note 1- Violation of the provisions of this Article and/or presentation of poor or improper information or denial of information will be subject to Article (85) of this law.

Note 2- Members of the board of directors, managing director, and other directors of the firms that refuse to provide facts about the finances or publish unreal financial reports to conceal the real status of the firm will be deemed offender and be sentenced to punishments cited in Articles (72) and (75) of this law.

Note 3- The Ceding Organization will pay damage for losses resulting from the refusal to provide facts about the finances or

give unreal financial reports with the ruling of related authorities to the purchasers.

Article 18- To facilitate the process of Ceding of firms being subject to Ceding the following actions shall be taken from the time that list of firms is approved by the Ceding Board:

1. All rights relating to the firms' ownership will be ceded to the Ministry of Economic Affairs and Finance.

2. Following the approval of Ceding, any transfer of properties and immovable assets of firm without permission of the Ministry of Economic Affairs and Finance will be deemed as illegal confiscation of financial assets and will be subject to legal action.

3. The Ceding Board will be allowed to make necessary amendments (only in one year which is extendable for two years) in by-law and rulings on the companies that can be ceded to the non-governmental sector within the framework of the trade law so as to facilitate Ceding and management of companies. Within the said period the companies will not be subject to regulations for governmental companies.

4. The Ministry of Economic Affairs and Finance will have the duty to prepare all conditions necessary for offering shares of firms, covered by paragraph (a) of Article (20) of this law, in the Stock Exchange.

5. To implement the law, the Ministry of Economic Affairs

and Finance will have the permission to specify only for the purpose of Ceding the group of transferable state-run economic and infrastructural projects and services, which are not active as an independent entity or are not treated as a company or cannot be privatized as indicated. The Ministry will then turn the companies into a proper legal entity and after such a conversion take action for their Ceding within a year per notes (2) and (3) of paragraph a of Article 3 of this law. The ruling will be in effect by 2013.

Note - The Ministry of Economic Affairs and Finance shall have the authority to use legal and technical services of governmental and non-governmental legal or real entities, if necessary, in the process of firms' Ceding.

Article 19- The Ceding Board will have the authority to use all possible means for ceding of firms and for ownership (rent on condition of ownership, sale of whole or part of shares, ceding of assets) and for ceding management (rental, general contract work, and management contract), disintegration, Ceding, dissolution and merger of companies if needed in line with conditions of this Article as follows:

a. **Ceding:** In case conditions for ceding are prepared from every aspect, the Ceding Board will vote in favor of transferring the company.

b. **Structural Reforms:** If the preliminaries for ceding the

firm is not prepared but the firm can be ceded after undergoing structural reforms, the Ministry of Economic Affairs and Finance will arrange structural reforms in the firm within maximum one year. The period for structural reforms can be extended under special conditions.

Moreover, if necessary, the Ceding Board shall have the authority to permit the conclusion of rental contract and accord for management of the firm that is to be ceded to the non-government sector. In such cases, the Ceding Board shall have the duty to carefully specify the framework for operation of the company that is to be rented and take steps to place it on auction or tender after investigating technical and scientific qualifications.

c. **Fragmentation:** If Ceding of the government company within framework of paragraph (12) of Article (1) of this law leads to transfer of exclusive condition of the government company to non-government sectors, the Ceding Board will have the authority to take action to reduce the transferable firm's market share or raise its productivity, and then make decision on fragmentation or separation of the company and order to cede.

d. **Merger:** Government can form a new company through merger of several transferable governmental companies and then allow the Ministry of Economic Affairs and Finance to take steps to cede.

e. **Acquisition:** Government can transfer share of several

transferable companies (the acquired) without removing legal persons of each of them to a transferable company (acquirer) and then allow the Ministry of Economic Affairs and Finance to take steps for ceding of the acquirer company.

f. **Dissolution:** In case structural reforms in the transferable firm is not possible and the idea for the company's Ceding is not materialized after three advertisements, or the net value of the company's assets is negative or if its Ceding is deemed appropriate for whatever justified reasons, the Ceding Board will have the authority to rule in favor of the company's dissolution.

g. **Donation and settlement without compensation:** Within framework of legal permits, government can make decision on donation and settlement without compensation of governmental companies that are subject to group two of Article (2) of this law, whose shares can be traded in the Stock Exchange to the non-governmental public institutions on condition that business of the transferable company matches that of the said institute. The executive by-law of this Article will be jointly prepared by the Ministry of Economic Affairs and Finance and the State Management and Planning Organization and will be approved by the cabinet within six months.

Note 1- The bid for transfer of shares, partner's portion, ownership rights and priority of firms subject to ceding in process of disintegration, merger and dissolution will be exempted from

transfer taxes as long as the transferable firms are affiliated to government and are not privatized. Firms transferred under the law or transferred by executive organs will be exempted from transfer taxes until ceding process is complete. Moreover, transfer of shares to the capital security companies due to subscription commitment will be exempted from transfer taxes.

Note 2- Government will pay any reparation, damage and so on relating to national or confiscated cases prior to the ceding period.

h. The quality of transfer of the incomplete projects of transferable companies subject to Article (3) of this law will be as follows:

1. The projects will be transferred to the non-governmental sector through auction,
2. Partnership with non-governmental sector and buying the semi-finished project as the governmental share and transfer of the governmental share to the non-governmental sector in three years after its operation.
3. Transfer of the right of exploitation of governmental share in the project to non-governmental sector,
4. Transfer of the right of exploitation of non-profit project in exchange for completion of the project for a specific period commensurate with the project cost.

Note- Projects lacking technical and economic feasibility but

are public, social and political oriented will be separated from transferable governmental companies and the government will decide on them.

Article 20- The Ceding Board will decide on transfer of firms giving preference to paragraph (a) on the basis of their ranking in the following ways:

a. Sale of firm through public sale of shares in domestic and foreign stock exchanges.

b. Sale of firms or block shares through public auction in domestic or foreign markets.

c. Sale of firm or block shares through negotiation.

Note 1- The license for offering shares in foreign stock exchange markets will be issued by the Supreme Council for the Implementation of General Policies of Principle (44) of the Constitution and on a proposal by the Ceding Board in line with the law to encourage and support foreign investment and the Islamic Republic of Iran Stock Exchange Market Law, passed on November 22, 2005.

Note 2- If after two auction notices no purchaser is found, the Ceding will be allowed through negotiation per approval of the Ceding Board. Moreover, ceding the consultant and basic sciences companies, whose physical and financial properties are limited and whose value stems from their intangible assets, and also ceding the joint stock companies, which need managerial

specialization to run their affairs, to directors or a group of directors and specialized experts of the same firm will be allowed through negotiation as an alternative to method of transfer to comprehensive national cooperative in the form of justice shares. It will be up to the Ceding Board to decide the qualification of directors and specialists.

Note 3- Sales by installment of maximum five percent (5%) of shares of firms subject to transfer to directors and staff of the same firm and maximum five percent (5%) to other experienced, expert and efficient directors will be allowed. Conditions of the eligible directors and regulations for installment-based offers will be decided by the Ceding Board.

Note 4- The Ministry of Economic Affairs and Finance will at the time of presenting the shares of the firms that are transferred per (b) and (c) methods of this Article make arrangements to give the priority to cooperative sector in the purchase under equal conditions.

Note 5- In all cases of this Article, observance of the 2001 law on encouraging and supporting foreign investment will be mandatory.

Article 21- Pricing and setting proper schedule for transfer of government firms in proportion to method and scope of any market will be per following paragraphs:

a. As for transfer through public sale of shares, setting the price

or sale of the first package of shares of any company, size of share package, method of election of strategic customers and applicant for purchase of controlled and management share, proper time for presenting the shares will be decided following expert studies on a proposal by the Ceding Organization and approval of the Ceding Board. In public offer of shares, observance of the Islamic Republic of Iran Stock Exchange Market's Law, passed on June 30, 2005, will be mandatory.

b. Sale of assets, the rental agreements and management contract, evaluating prices for sale of assets, determination of amount of rental and wage of management contract and other necessary conditions for Ceding on the basis of technical and financial assessment in whatever way should be within the framework of law on tender and government dealings on a proposal by the Ceding Organization and the approval of Ceding Board.

Note- One-phase or two-phase auction will be possible within framework of the law on tender passed by the Islamic Consultative Assembly in 2004 and in case of any discrepancy, the auction will be held in accordance with the law, and the laws and regulations concerning government dealings.

Article 22- The Ceding Organization can benefit from services of banks and companies for capital procurement and investment for subscription commitment or share purchase

commitment. Such institutions can buy the offered sale according to subscription contract that will be confirmed by the Ceding Board.

The executive instructions on the Article will be approved by Minister of Economic Affairs and Finance in maximum three months from ratification of the law.

Note- The Ceding Organization will be allowed to pay on basis of a percentage of total value the wages of banks, credit institutions, and the capital security companies being a contract party with it that will undertake the commitment of subscription or commitment of share purchase. Regulations governing the payment of the salary will be included in instructions of the Article.

Article 23- The Ceding Organization will after a deal declare the following points regarding transfer of management and control shares of firms immediately after publication of an announcement in mass circulated dailies:

Name of firm and summary of its financial and managerial information.

A summary of the dealing including amount of shares ceded.

Name of advisor(s) who have provided advisory services in the process of dealing with the Ceding Organization

Name and address of the buyer

Name of the Capital Supply Company that has showed commitment towards share subscription

Name of the official expert of the Justice Ministry or financial service institutions that have set the price of the firm

Note- The Ministry of Economic Affairs and Finance will inform the Islamic Consultative Assembly (Majlis) of a report on annual transfer activities per the law until Ordibehesht (April-May) next year.

Article 24- The Minister of Economic Affairs and Finance, his deputies, directors of the Ministry of Economic Affairs and Finance and staff of the Ministry involved in the Ceding, members of the Ceding Board, members of the Supreme Council of Implementation of General Policies of Principle Forty-Four (44) of the Constitution, ministers, advisors, deputy ministers and directors of systems in which shares of their companies and subsidiary and affiliated institutions are privatized, members of the board of directors, head and staff of the Ceding Organization and members of the advisor companies and the technical and specialized committees in charge of Ceding will not be allowed to be involved directly or indirectly in the purchase of shares, partner's shares, priority gained by shares, and partner's share, ownership right and right for exploitation of transferable management.

Note 1- All dealings and transfers falling beyond scope of this

article will be considered null and void and the court in charge of dealing with the issue will be responsible for reverting all traded or ceded cases to government ownership.

Note 2- The article will concern relatives of all the people cited in the Article per law banning the involvement of government employees, passed in 1958 and its subsequent amendments.

Article 25- The Ceding Organization will prior to transfer of the control shares of the governmental companies set, if necessary, such conditions as fresh investment in the same company, promotion of efficiency, productivity of the company, continued production and upgrading its level, promoting technology and raising or fixing employment in the firm, in the Ceding process. If the purchaser acts on terms and conditions, the Ceding Board will on a proposal of the Ceding Organization have the authority to minimize the benefit of sales by installment or extend the period of the installment-based sale or give a discount in original price.

Absolute transfer of the share or freeing purchaser's guarantees will be proportionate to the commitments. The way the commitments are received and inclusion of the conditions by the either side will be based on an instruction which will be approved by the Ceding Board in line with laws and regulations and on a proposal by the Ceding Organization within three months from ratification of the law.

Article 26- Minister of Economic Affairs and Finance can assign Head of the Ceding Organization as its plenipotentiary representative to enforce whole or part of his duties and authorities per this law.

Article 27- Article of association of the Ceding Organization will be compiled with respect to new missions by the Ministry of Economic Affairs and Finance and on cabinet approval.

Note 1- The Ceding Organization will have the permission to recruit employees to the ceiling of the approved organizational posts on an approval by the cabinet.

Note 2- The executive organs will on the request of the Privatization Organization assign or transfer its experts to the organization.

Note 3- The Ceding Organization will have the permission to use technical and specialized services of experts, the government and non-government legal and real entities as hour-based and work-based employees.

Note 4- Government will have the permission to incorporate a line of credit in the budget law annually for organizing short-term specialized courses, and for encouraging, awarding and offering bonuses to the Privatization Organization staff. The credit for this line will be met based on an Article of Association that will be ratified by the Supreme Council of Implementation of General Policies of Principle Forty-Four (44) of the Constitution

on a proposal by the Ceding Board.

Article 28- Resources and conditions for securing necessary financial sources for implementation of general policies of Principle Forty-Four (44) of the Constitution will be as follows:

1. The Ministry of Economic Affairs and Finance and Central Bank of the Islamic Republic of Iran will have the duty to provide annually at least ten billion (10,000,000,000) dollars credit to finance investment by the non-governmental sector.

2. Government will have the duty to adopt the policies that will allocate, through the Board of Trustees of Foreign Exchange Reserve Account of the Central Bank of the Islamic Republic of Iran and the agent banks, forty percent (40%) of the previous year's balance in the foreign exchange reserve account to the non-governmental sector and, in case of demand in the sector and existence of technically and economically viable project, offer them to the applicants. In any case, share of the non-governmental sector each year shall not be less than forty percent (40%) of the amount diverted from that year's foreign exchange reserve account.

3. To raise the amount of foreign exchange facilities extended to the non-government sector, the Board of Trustees of the Foreign Exchange Reserve Account and the Central Bank of the Islamic Republic of Iran will be allowed to devote part of the Foreign Exchange Reserve account or foreign exchange of the

Central Bank of the Islamic Republic of Iran for depositing in agent banks to open foreign exchange line of credit through the agent and foreign banks and payment of more facilities.

Article 29- Regarding paragraph (d) of the general policies, the cash gained out of Ceding per the law, including Ceding of the specialized and field mother companies, will be deposited in a special account in the General Treasury and will be used in the following ways:

1. Setting up a self-reliance fund for the oppressed and poor families and for promotion of social security
2. Allocation of thirty percent (30%) of total revenues of Ceding to the national comprehensive companies to eradicate poverty including discounts subject to Article (34) of this law.
3. Establishment of economic infrastructures giving priority to the less developed regions.
4. Offering (managed fund) facilities to promotion of cooperative, renovation and improvement of the non-governmental economic firms with the priority given to the privatized firms and also for investment by the non-governmental sectors for development of less developed regions and promotion of resources of the Cooperative Development Bank.
5. Cooperation of governmental companies with the non-governmental sectors to the ceiling of forty nine (49%) percent to

allow economic development of the less developed regions.

6. Completion of the semi-finished projects of governmental companies in line with chapter five of this law

7. Fulfillment of absolute duty of government in the new fields using sophisticated and high-risk technology,

8. Structural reconstruction, manpower transfer, and preparation of firms for Ceding

Note 1- Credits envisaged in the above-mentioned paragraphs in annual budget laws will be included in a single table.

Note 2- The executive by-law of this Article will be prepared in three months from ratification of the law by the Ministry of Economic Affairs and Finance in cooperation with the State Management and Planning Organization and the Ministry of Cooperative and approved by the cabinet.

Article 30- Articles (20) through (24) of the Law on the Third Five-Year Economic, Social and Cultural Development Plan of the Islamic Republic of Iran will be enforced.

Note 1- Executive instructions subject to Article (24) of the said law will be approved by the Ceding Board within maximum three months from ratification of the law on a proposal by The Ministry of Economic Affairs and Finance.

Note 2- Approvals of the Council will be sent to Speaker of the Islamic Consultative Assembly (Majlis) per Articles Eighty-Five (85) and One-Hundred-Thirty-Eight (138) of the Islamic

Republic of Iran's Constitution. In case Speaker of the Islamic Consultative Assembly (Majlis) announces contradictory points in the document, the Council will have to amend or annul its approvals.

Article 31- Employment ties of the staff of the privatized government firms with related executive organs will be severed and the staff of the governmental firms, who, as stipulated in the retirement law, are subject to special retirement funds affiliated to governmental companies and institutions and ministries and whose employment ties with related executive organs will be discontinued in line with policies of stock sale, can in case of continuing their job in the sold units and in line with regulations for payment of due insurance premium, in which share of the insured and employer is specified and clearly mandated, remain subordinate to due retirement fund regulations.

Note- All laws and regulations relating to subtraction of insurance premium and to the authorities of the Social Security Organization of Iran in connection with receipt of the insurance premium and of fines due to delayed payment of the insurance premium per articles (49) and (50) of the 1975 Social Security Law will be the concern of all people and above-mentioned funds.

Article 32- Judiciary will specify special branches for investigating offenses as a result of implementing the law and the law on the Islamic Republic of Iran's Stock Exchange market,

ratified on November 22, 2005. The branches will solely deal with claims and complaints relating to the two laws.

Note- The judiciary will be responsible for submitting the bill on investigation of the offenses and crimes relating to this law to the Majlis through the government within a period of maximum six months after ratification of the law.

Article 33- Institute of Standard and Industrial Research of Iran (ISIRI) will have the duty to ensure that quality assessment systems conform to international standards and their gradual and legal enforcement in all the economic firms. The executive by-law of the Article including the schedule for observing standards will within three months be approved by the cabinet on a proposal by Institute of Standard and Industrial Research of Iran.

Chapter VI: Distribution of Justice Shares

Article 34- To implement the policy on increasing general ownership to administer social justice, the government will be permitted to cede to Iranian nationals residing in Iran up to forty (40) percent of the total value of shares of firms that can be privatized in any market subject to Group two of Article 2 of the law under following regulations:

a. The two low income deciles, with villagers and tribal people having the priority, will be given fifty percent (50%) discount in price of privatized share due to be repaid on ten-year installment.

b. As for the next four deciles up to ten years installment will be considered if necessary.

Note 1- The base for setting the price is the price at which

shares are sold in cash in the Stock Exchange.

Note 2- The discounts mentioned in paragraph (a) of this Article will be deposited in the grants account for low income class.

Note 3- The Ministry of Economic Affairs and Finance will use scientific and accurate strategies to identify intended individuals in cooperation with the Ministry of Welfare and Social Security and other related institutions within a maximum of one year after the ratification of this law. It will also draw up conditions for ceding shares to such groups.

Article 35- Those subject to paragraphs (a) and (b) of Article (34) of this law will be organized within the framework of provincial cooperative company. Combination of the companies will lead to formation of provincial investment companies to serve as joint stock company and they will operate based on the trade law. Government will offer necessary assistance for acceptance of the said company in the Stock Exchange Market.

Article 36- The Ceding Organization will have the duty to directly divide each transferable firm's stocks, as referred to in Article (34), among provincial investment companies. Share of each of the provincial investment companies will be proportionate to number of the members of local cooperative in any province.

Note 1- Transfer of shares from the Ceding Organization to

provincial investment companies will be exempted from tax.

Note 2- Increase in capital of provincial investment companies as a result of receipt of shares from the Ceding Organization and also increase in capital of the city cooperative companies caused by increase in assets of provincial investment companies through the same source will be exempt from tax.

Article 37- Sale of shares ceded to provincial investment companies, before the entry of the companies to the stock exchange, to the extent that its installments are paid or is subject to discounts in the same proportion allowed in markets out of the stock exchange. In the same proportion, the ceded share will be free from down payment.

Article 38- Government will have the responsibility to cede shares mentioned in Article (34) in a way that will not encourage increase or continuation of ownership and state management in transferable companies. As for election of directors, the executive organs referred to Article 86 of this law will not be allowed to receive attorneyship from provincial investment companies.

Executive by-law of this chapter will be drawn up on joint proposal of the Ministry of Economic Affairs and Finance, and the Cooperative the Ministry and in cooperation with the related institutions and have the Supreme Council of Implementation of General Policies of Principle Forty-Four (44) of the Islamic Republic of Iran's Constitution ratify the law within a maximum

of three months.

Note - The approvals of this Council will per principles eighty-five (85) and one hundred and thirty eight (138) of the Islamic Republic of Iran's Constitution be sent to the Speaker of the Islamic Consultative Assembly (Majlis). If the Speaker announces contradictory points in it, the Council will have the duty to take steps to amend and annul its approvals.

Chapter VII: Ceding Board and Its Responsibilities

Article 39- To coordinate implementation of the law, the Ceding Board, headed by the Minister of Economic Affairs and Finance, will be formed and will comprise the following members:

1. The Minister of Economic Affairs and Finance
2. The Minister of Justice
3. The Head of the State Management and Planning Organization with no voting right
4. The Minister of related the Ministry without voting right
5. Two Majlis deputies to be elected by the Islamic Consultative Assembly (Majlis) to serve as supervisor

Secretariat of the board will be based in the Ceding Organization. The team's approvals will be announced by the

Minister of Economic Affairs and Finance.

Article 40- Duties and responsibilities of the Ceding Board will be as follows:

a.

1. Implementation of general Ceding plans and guidelines and specifying duties of firms being subject to Ceding,
2. Preparation of by-laws for installment-based Ceding system and the procedure for receiving price for transferable rights,
3. Preparation of a by-law for methods of setting the price for firms and way of enforcing the said methods within the same framework,
4. Drawing up a system for financial security, support and encouragement of purchasers along with specifying a framework for liabilities of purchasers and sellers,
5. Setting regulations for structural reforms of firms if necessary to serve the objective of protecting the employed workforce,
6. Drawing up a system for cultural-propaganda activities to facilitate, promote and make transparent the ceding project,
7. Preparing proposals for block ceding of firms that should be ceded at foreign stock exchanges,
8. Preparing by-law on quality of offering preferential shares to directors and personnel.

Note 1- The above points should be ratified by the Supreme

Council of Implementation of General Policies of Principle Forty-Four (44) of the Constitution.

Note 2- Approvals of the Council will be sent to Speaker of the Islamic Consultative Assembly per principles eighty five (85) and one hundred and thirty eight (138) of the Islamic Republic of Iran's Constitution and in case Speaker of the Islamic Consultative Assembly announces contradictory points, if any, in the ratifications, the Council will have to take steps to amend or cancel the approvals.

b.

1. Ratification of the by-law on the quality of extending insurance coverage to officials in charge of implementation and ceding.

2. Ratification of the list of cases that will be subject to sale, dissolution, merger, disintegration, rent, managerial contract, necessary scheduling along with the degree and method of their ceding each year. The said list, including scheduled plan of action, method, degree, and other conditions of ceding with respect to condition of each market, will be prepared jointly by the Ministry of Economic Affairs and Finance and related Ministry.

3. Ratification of price of cases of ceding

4. Ratification of guidelines on ways of regulating contracts for Ceding, including specification of duties and commitments of parties to the contracts, guarantees and warrantees,

conditions of cancellation and annulment, issuance of rulings for commuting terms and crimes, within the framework of legal laws and regulations.

5. Ratification of instructions relating to necessary characteristics and procedure for electing directors and technicians in case of ceding through dialogue in line with provisions of the law.

6. Ratification of executive instructions on the quality of regulating underwriting or guarantee for purchase of share of capital security institutions guaranteeing regulations for payment of their salaries.

7. Ratification of guidelines of Article (30) of the law.

**Chapter VIII: Supreme Council for Implementation of
General Policies of Principle (44) of the Constitution and
Its Responsibilities**

Article 41- The Supreme Council of Implementation of the General Policies of Principle Forty-Four (44) of the Constitution will be formed with the following members to fulfill the duties specified by law:

1. President or his Vice-President as head of the Council,
2. The Minister of Economic Affairs and Finance (as Secretary of the Council),
3. The Minister of Cooperative,
4. Minister(s) of related ministries,
5. The Minister of Justice,
6. The Minister of Information,
7. The Head of State Management and Planning

Organization,

8. Governor of the Islamic Republic of Iran's Central Bank,
9. Secretary of the Expediency Council,
10. Attorney General,
11. Head of the General Inspection Organization,
12. Head of the Auditing Office,
13. Three members of parliament elected by Islamic Consultative Assembly (Majlis),
14. The Head of the Islamic Republic of Iran Broadcasting (IRIB),
15. The Head of Iran's Chamber of Commerce, Industries and Mines (ICCIM),
16. The Head of the Islamic Republic of Iran's Central Cooperative Chamber,
17. Three top and professional economists from private and cooperative sectors proposed by the Minister of Economic Affairs and Finance and on a decree issued by the president,
18. The Head of the Ceding Organization,
19. The Head of the Stock Exchange Organization.

Note 1- The Council will be managed per the by-law ratified by members of the Council mentioned in paragraphs (1) to (6) and the by-law will be subject to note of Article (42).

Note 2- Secretariat of the Council will be formed under supervision of the Ministry of Economic Affairs and Finance

Article 42- Duties and authorities of the Supreme Council for Implementation of General Policies of Principle Forty-Four (44) of the Constitution will be as follows:

1. Defining annual executive policies and guidelines
2. Supervising procedures of implementation of laws and regulations concerning general policies of Principle Forty-Four (44) of the Constitution.
3. Regulating cultural-publicity activities for the implementation of general policies of Principle Forty-Four (44) of the Constitution.
4. Approval of by-laws, guidelines, charters and regulations which, based on the law, rests with the council.
5. Ratification of the executive indices for materialization of goals of general policies of Principle Forty-Four (44) of the Constitution so as to enable close supervision of their implementation.
6. Compilation of strategies to avoid influence and domination of foreigners over national economy.
7. Definition of government's policy making, guidance and supervision roles of the government.
8. Making coordination among the executive organs in order to implement general policies of Principle Forty-Four (44) of the Constitution.
9. Making necessary preparation to encourage all to invest,

create jobs and improve businesses.

Note- Ratifications of the Council will be announced by the
Minister of Economic Affairs and Finance.

Chapter IX: Promoting Competition and Prohibiting Monopoly

Article 43- All legal and real entities from the public, government, cooperative and private sectors will be subject to articles of this chapter.

Article 44- Any complicity among persons through (written, electronic, verbal or practical) contracts, agreements or accords resulting in one or multiple effects mentioned below that will obstruct competition is prohibited:

1- Specifying prices for purchase or sale of goods or services and process of determining it in the market either directly or indirectly.

2- Restricting or controlling amount of production, purchase or sale of goods or services in the market.

3- Imposing discriminatory conditions in identical

transactions with trading partners.

4- Having the trade party conclude contract with a third party or dictating terms of contract to them.

5- Conditioning conclusion of the contract on acceptance of supplementary commitments by other parties that has nothing to do with the contract based on trade norms.

6- Dividing or giving shares in the market for goods or services between two or more persons.

7- Restricting market access of those not signatory to the contract, agreement or accord.

Note- Contracts between the workers' or employers' organizations to decide wages and benefits will be subject to the labor law.

Article 45- The following acts which hinder competition are forbidden:

A. Hoarding and refusal to enter into transaction

1- Personal or group refusal to enter into transaction or restricting amount of goods or services subject to the deal.

2- Having other persons to refuse to transact or restrict their exchanges with a competitor.

3- Storing or annihilating goods or refusing their sale or refusing to offer services in a way that the storing, action or refusal will artificially push up prices of goods or services in the market either directly or indirectly.

b. Discriminatory pricing

Supply or demand for a similar good or services in prices that would reveal discrimination between two or more trade parties or discriminating in prices between different regions despite equal conditions governing the transaction and the transportation cost or other extra costs.

C. Discrimination in trade conditions

Discriminating trade with different persons under equal conditions.

D. Aggressive price setting

1. Supply of goods or services at a price lower than the cost prices to the extent that would harm others seriously or prevent the entry of new competitors to the market.

2. Offering gifts, prizes, discounts or the like that would harm others seriously.

Note- The Competition Council shall determine the seriousness of the harms caused.

E. Misleading comments

Any verbal, written or practical comment that will:

1. Show goods or services unrealistically qualitative in specific amount, degree, characteristic, model or standard, portraying the competitors' goods or services as being of low quality.

2. Present repaired, old, second-hand and low quality goods as new.

3. Make false claim on after-sales services, warranty for change, maintenance, and repair of goods or any of them or repeating or continuing services by pursuing special objectives, whereas no such facilities exist.

4. Deceive people with the price of goods and services that will be or are sold or offered.

F. Forced sale or purchase

1. Conditioning sale of a good or service on purchase of another good or service and vice-versa.

2. Having the other party enter into transaction with a third party in a way that competition of the deal will be linked to supply or demand of another commodity or service.

3. Dealing with the other party on condition that the party will refrain from entering into a deal with the competitor.

G. Supplying substandard goods or services

Supplying goods or services that do not comply with compulsory standard limits specified by authoritative bodies, including the application, combination, quality, content, designing, manufacture, completion and/or packaging standards.

H. Intervening in internal affairs or dealings of a firm with a rival company

Using the voting right, share transfer, disclosure of confidential information, and intervention in dealings of firms or companies

or applying similar methods to persuade, provoke one or more shareholder(s), capital owner, director or staff of a firm take an action that will be against the interests of the rival.

I. Abusing dominant economic condition

Abusing dominant economic conditions in one of the following ways:

1. Deciding, maintaining or changing price of a good or service in a non-conventional way,
2. Imposing unfair contract conditions,
3. Restricting supply or demand to raise or lower market price,
4. Creating impediments to make entry of new rivals difficult or eliminating rival firms or companies in a special profession,
5. Conditioning conclusion of contracts on acceptance of terms that have nothing to do with subject of such contracts in terms of nature or commercial norms,
6. Ownership of capital or shares of companies in a way that would harm competition.

J. Restricting re-sale prices

Conditioning supply of goods or services to the purchaser on acceptance of the following conditions:

1. Having the purchaser accept the earlier decided price or limiting his/her options of deciding prices in any form.
2. Having the purchaser maintain price of a specified goods or

service for a firm or company from which he/she buys goods or services or limiting the said firm or company's option in deciding price in any way.

K. Unauthorized profession, abusing information and position of persons

1. Illegally obtaining or use of any sort of secret information of the rivals in the commercial, financial, technical and so on fields in one's own or the third party's favor.

2. Illegally obtaining and using the information and approvals of official authorities before their disclosure or public announcement or their denial in one's own or the third parties' favor.

3. Abusing positions of persons in one's own or the third parties' favor.

Article 46-None of the directors, advisors or staff of the company or firm can concurrently hold a similar position in a related company or firm or similar profession with the aim of restricting or disrupting competition in one market or more.

Article 47- No legal or real entity will be authorized to own capital or share of other companies or firms in a way that would hinder competition in one and/or more markets.

Note- The following will be an exception to the article:

1. Ownership of shares or capitals by a broker or the like that is engaged in purchase and sale of notary bonds. This will be

in effect as long as s/he has not used the voting right of share to hamper competition.

2. Enjoying or securing mortgage rights of shares and capital of the companies and firms being active in market of a good or service on condition that it will not lead to the using voting rights in companies or firms.

3. If share or capital is owned under emergency situations, on condition that the Competition Council is informed of the issue within one month from the ownership and that it will not take more than the time limit set by the Council.

Article 48- Merger of companies or firms will be forbidden in the following cases:

1. During or as a result of the merger the said actions will be taken in the Article (45).

2. When price of goods or services increases unconventionally as a result of the merger.

3. When the merger will lead to extreme centralization of the market.

4. When merger will lead to establishment of a firm or a controlling company in the market.

Note 1- It will be allowed in cases when avoiding the stoppage of the activities of firms and companies or their access to technical know-how will not be possible other than through merger, although merger will result in paragraphs (3) and (4) of

this article.

Note 2- The scope of extreme centralization will be specified and announced by the Competition Council.

Article 49- Firms and companies can ask the Competition Council whether their actions are subject to articles (47) and (48). The Competition Council will have the responsibility to investigate the cases within maximum one month from receipt of due request(s) and inform the applicant of the result in a written way or by sending a reliable message. If the inquiry related actions are announced that are not subject to articles (47) and (48) and if no response is received from the Competition Council within the specified time, the actions will be deemed proper.

Article 50- Guild members subject to Guild System Law who are engaged in small-scale supply (retail sale) of goods or services will be an exception to the chapter.

Article 51- Restricted rights or advantages of intellectual ownership will not lead to violation of articles (44) to (48) of the law. In that case the Competition Council will have the right to make the following decision(s):

a. Stopping activity or refusing to enforce monopoly rights including restricting period of clamping down the monopoly rights.

b. Restricting the party to the contract, agreement or the compromise with monopoly rights to observe whole or part of

conditions and commitments included in it.

c. Annulment of contracts, agreements or accords with monopoly rights in case the measures envisioned in paragraphs (a) and (b) of the article do not prove effective.

Article 52- Any assistance and award of government advantages (in rial, foreign exchange, credit, exemption, discount, preferential treatment, information or the like) in a discriminatory way to one or more firms or companies which would make them dominant on the market or hinder competition will be forbidden.

Article 53- To meet goals of this chapter, a council, known as 'Competition Council', will be formed. The composition of the Council and conditions for elections of the members will be as follows:

a. Composition of the members

1. Three Majlis deputies assigned by Majlis from among members of Majlis Economic Commission, Plan and Budget and Auditing Commission and Industries and Mines Commission—one from each commission to serve as observers.

2. Two judges from the Supreme Court elected and on a decree issued by the Judiciary Chief.

3. Two top economists proposed by the Minister of Economic Affairs and Finance and the decree of the president.

4. A distinguished juror familiar with economic rights

proposed by the Minister of Justice and the decree of the president.

5. Two trade experts proposed by the Minister of Commerce and the decree of the president.

6. An industry expert proposed by the Minister of Industries and Mines and the decree of the president.

7. An infrastructural services expert proposed by the Head of the State Management and Planning Organization and the decree of the president.

8. A financial expert proposed by the Minister of Economic Affairs and Finance and the decree of the president.

9. A person elected by Iran's Chamber of Commerce, Industries and Mines.

10. A person assigned by the Islamic Republic of Iran Central Cooperative Chamber.

Note 1- Chairman of the Council will be assigned from among economists who are members of the Council per paragraph (2) as proposed by members and upon a decree issued by the president.

Note 2- Vice Chairman of the Council will be assigned from among members of the Council on a proposal by the members and a decree by the Council Chairman.

B. Conditions for election of members

1. Nationality of the Islamic Republic of Iran,

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2. Having minimum 40 years of age,
 3. The economist and juror members of the Council shall hold valid Ph.D. degree and the trade, industry, infrastructural services and financial experts will hold at least B.A. /B.S. degree,
 4. Having no criminal record per article (62) of the Islamic Penal Code or any record of bankruptcy due to offense or fraud,
 5. Having at least 10 years of experience in related field,
 6. Having no record of disciplinary guilty verdict per paragraphs (a) to (d), Article (9) of the Law on Administrative Offenses (adopted on November 28, 1993).

Note–Retirement, with the exception of the judge, will not be a criteria for non-election of the people.

Article 54 - To handle professional, executive and other affairs of the Competitive Council Secretariat, the Central Competitive Council will be formed to serve under President's supervision as an independent government institution. The body of the Center will be named on the proposal of the Ministry of Economic Affairs and Finance and the approval of the cabinet. Incoming changes in body of the National Competition Council will be proposed by the Competition Council, confirmed by the State Management and Planning Organization and approved by the Cabinet.

Note 1–Head of the Competition Council will also be the Head

of the National Competition Council.

Note 2- The official and contract personnel of ministries and government organs and institutions will have the priority in employment to the National Competition Council.

Note 3- The by-law on encouragement of the Competition Council members and staff of the National Competition Center will be proposed by the Ministry of Economic Affairs and Finance and approved by the Cabinet.

Article 55- The Competitive Council members' tenure and employment as well as investigation into their offenses will be based on the following points:

c. Tenure of the judge in the Council will be two years and for other members six years. The judge can assume the post for two terms and the other members for a single term.

d. Term of those succeeding the Council Members for whatever reason will be equal to the remainder of the term of his predecessor.

e. Granting mission to government and judiciary employees who are members of the Council and the Jury Board will be obligatory.

f. Chairman and members of the Competition Council will work full time. They can concurrently hold other job or responsibility in the public, private or cooperative sectors.

Note- Members of the academic board of instructors will be

excluded from the point if their teaching hours equal their duty hours as per paragraphs (8), (9) and (10) of paragraph (a) of Article (53) of this law.

g. Offenses of the Competition Council and the Jury Board members, excluding the judge assigned by the Judiciary, and also those of the employees of the National Competition Center will be investigated per regulations of the law on administrative offenses, whereas offenses of the judge assigned by the Judiciary Chief will be dealt with in the prosecutors' offices and the Judges Disciplinary Courts per legal regulations.

Article 56- Job security of the Council members and their independence will be based on regulations as follows:

1. None of the Competition Council members will be forced to get member in the Council against their wishes unless under the following conditions:

a. Failure to abide by the assigned duties as determined by two third of the Council members.

b. Indictments referred to in parts (3) and (5) and paragraph (b) of Article 53 of the law.

c. Indictment due to abusing regulations in articles (75) and (76) of the law.

d. Losing chance of resignation.

e. Unauthorized absence for more than two consecutive months and three non-consecutive months in a year in the

Council as determined by majority of the Competitive Council members.

f. Violation of duties and restrictions envisioned in Article (68) of the law and failure to observe regulations envisaged in articles (75) and (76) as determined by majority of members of the Competition Council.

2- In case of voluntary resignation or death of a member of the Council and also in case of conditions leading to expulsion in a way cited above, Chairman of the Council or his deputy will report the issue along with bonafide reasons, proofs and documents, if needed, to the authority appointing the member in order to arrange appointment of a successor. The authority will within maximum one month from the receipt of the demand, elect the succeeding member and introduce him/her to the Competition Council per Article (53) of the law.

3. Members of the Competition Council cannot be sued for adopting a decision per legal duties or the statements they make under the law.

4. The Competition Council will have full authority to investigate and make decisions per regulations of this chapter.

Article 57- The Council sessions will be official with the attendance of two third of the members, chaired by the Chairman and the Vice Chairman in case of the Chairman's absence. The Council decisions will be effective by a simple majority of votes

by members having the voting right unless the number of votes is less than five. The Council decisions on Article 61 of the law will be valid if vote of one judge member of the Council is in favor of it.

Article 58- In addition to the points mentioned in other cases, the Council will have the following duties and authorities:

1. Identification of instances of anti-competition procedures and the exemptions covered by this law and making decision on the exemptions concerning occasional affairs mentioned in the law.

2. Assessment of conditions and specifying boundary of good and services market in connection with articles 44 to 48.

3. Compilation and announcement of necessary guidelines and instructions to implement this chapter and internal guidelines of the Council.

4. Providing consultation to the government to draw up necessary bills.

5. Ratification of guidelines on price adjustment, amount and conditions of access to monopolized market of goods and services -- in each case in line with related regulations.

Article 59- With regards to special good or service, whose market is an instance of natural monopoly, the Competition Council can propose formation of part adjustment institution to the cabinet for approval. It can also cede part of its regulation

duties and authorities in related field to the part adjustment institution.

Composition of the part regulations institution members will be decided on a proposal made by the Competition Council and the approval of the cabinet. Conditions for election of members of the institutions will be in accordance with paragraph b of Article (53) of the law. Their members will undertake responsibilities envisioned in the law for members of the Competition Council to fulfill their duties and authorities.

At any rate, no institution can make any decision or take any action contradictory to the law or approval of the Competition Council to facilitate Competition.

Article 60- The Council authority for inspection and research is as follows:

a. Inspection

The Competition Council will have the authority in line with its duties and missions to investigate claims and cases, inspect firms and companies and issue permissions for entry to places, warehouses, vehicles, and computers and searching them and also issue licenses for inspection of economic activities, properties, computers, bureaus and other documents. Participation in general assembly sessions and compiling necessary data, including approvals of the board of directors, will also be subject to authority of the Council for inspection.

b. Research

The Council will have the authority to fulfill its duties and missions using one or more of the following strategies and investigate issues relating to the law and complaints:

1. Summoning to the Council or Center the defendant so as to conduct investigation.
2. Summoning eyewitnesses or any other person whose presence is deemed necessary for investigating the complaint.
3. Calling for report, information, documents, evidences and records (including paper or electronic record) in connection with anti-competition procedures from legal or real entities.
4. Inviting experts and specialized institutions and seeking comments from them in process of research and inspection.

Note 1- The Competition Council should ask one of the judge members of the Council or one of five judges assigned and named for the purpose by the Judiciary Chief (from among judges with at least ten years of experience) to issue licenses for research and inspection and specify boundaries of implementation of the article. The judge will be duty-bound to make decision within maximum two weeks. Any research and inspection will be possible through judge's verdict.

Note 2- The Council can refer research and inspection to specialized institutions and the legal or real bodies formed and qualified for the purpose.

Article 61- If the Council proves after receipt of complaints or conclusion of necessary investigation that one or more than one cases of anti-competition procedures per articles (44) and (48) of this law have been enforced by a firm, it can make one or more than one following decisions:

1- Order cancellation of any contract, agreement and understanding that incorporate anti-competition procedures per articles (44) to (48) of this law.

2- Order the parties reaching accord or relevant accords to stop continuing intended anti-competition procedures.

3- Order the stoppage of any anti-competition procedures and their repetition.

4- General information dissemination in order to make market more transparent.

5- Order the removal of directors that have been elected contrary to regulations of Article (46) of this law.

6- Order ceding shares or capital of firms or companies secured contrary to Article (47) of this law.

7- Mandating suspension or ordering annulment of any sort of merger deemed contrary to ban on Article (48) of this law or mandating disintegration of the merged companies.

8- Order the return of extra income or confiscation of properties secured through anti-competition procedures per articles (44) to (48) of this law by competent judicial experts.

9- Order the firm or company not to be active in any specific field or region or special region.

10- Order the amendment of the by-law, company or notes of the general assemblies or board of directors of companies or extension of necessary proposal to government to amend articles of association of public sector companies and institutions.

11- Mandate firms and companies to observe minimum supply and range of price under monopolized condition.

12- Set a cash penalty of ten million rials (10,000,000) up to one billion rials (1,000,000,000) in case of violation of prohibitions envisioned in Article (45) of this law.

The article of association relating to specifying the amount of cash punishments proportionate to the committed action will be made on the joint proposal of ministries of Economic Affairs and Finance, of Commerce and of Justice, then approved by the cabinet.

Article 62- The Competition Council will be the only authority to probe anti-competition procedures and the responsibility to start investigation on anti-competition procedures and make decisions within framework of Article (61) of the law. It will do that either itself or based on complaints raised by legal or real entities, including Prosecutor General or local prosecutor, State Audit Court, General Inspection Organization, section adjusters, government affiliated organizations and institutions,

guild groups, the associations of support for consumer rights and on the non-governmental organizations.

The Council will have the duty to set a date for investigating complaints and inform either side of the result of the investigation. The two sides can be present in the session or introduce an attorney or submit a bill of defense to the Council.

Note- Offenses discussed in Chapter eight of the Guild System Law will be investigated according to anti-competition law, if it causes anti-competition action. A committee, comprising one of the members of the Competition Council chosen by Chairman of the Council, a representative of the High Supervisory Board per Article (53) of the Guild System Law and a person assigned by Justice Minister, will settle disputes, if any.

Article 63- Based on Article (61), the decisions of Competition Council can be reviewed within 20 days from the notification to the beneficiary as per Article (64) of the law.

The period will be two months for those living abroad. In case of the decision is not reviewed in the period under study and in case the Council decisions are not confirmed by the Retrial Board, the decisions will be final.

Note- In case the Council decisions are deemed general in the view of the Council, they should be published in one of the mass circulated dailies with the losing party bearing the expense once they become final.

Article 64- The location, composition of the retrial board, conditions of elections and type of decisions made at the board will be as follows:

1. The retrial board that will be located in Tehran will comprise the following persons:

a. Three judges from the State Supreme Court chosen and on a decree by the Judiciary Chief.

b. Two economic experts proposed by the Minister of Economic Affairs and Finance and a decree by the president.

c. Two commercial, industrial and infrastructural affairs experts jointly proposed by ministers of Industries and Mines and Commerce and a decree by the president.

2. Members of the Retrial Board should have at least 15 years of experience in related field. Other conditions for election of the members and also regulations relating to period of the members' tenure of the post, occupation, dismissal, and also investigation of the members' offenses and the job status, employment regulations and their wages and benefits will be in a way as specified in paragraph (b) of Articles (53), (55) and (56) of the law.

3. The Retrial Board will make decisions as follows:

a. Decisions of the Retrial Board will depend on majority members' approval but the Retrial Board's verdict on decisions relating to Article (61) of the law will however be effective with

the consent of at least two of the judge members of the Board.

b. The Retrial Board can have specialized institutions and the specialized legal and real entities that have been formed on special regulations and qualified to conduct inspection.

c. The Retrial Board can reject the Council decisions or accept them as they are or make them lenient or amend them if required or make other decisions independently.

d. The Retrial Board's decisions will be final and binding as explained above.

e. The Retrial Board can invite the disputing parties to offer explanations. Also, the two parties or their attorneys will on their own decision show up at the court or offer a bill of defense to provide explanation in the court proceeding for the case.

Otherwise, the board will make necessary decision with respect to recorded evidence and proof.

Article 65- The Competition Council decisions will be in effect per paragraph (12) of Article (61) following notification to the beneficiary. The beneficiary' call for reconsideration will not bar the ratification from going into effect per Article (63).

In any case, the beneficiary can, while calling for reconsideration or after that until the Retrial Board' decision, request suspending the implementation of the Competition Council decisions. The Retrial Board will hence ask immediately for examination of the case and can order a halt to the

implementation of the Competition Council decisions after receiving proper guarantee or warranty.

Article 66- Legal or real entities incurring losses as a result of anti-competition procedures as referred to in the law can, within maximum one year from the period the decision of the Competition Council or the Retrial Board to enforce the non-competition procedures goes into effect, declare open a file of indictment at a competent court to compensate the losses. While observing regulations of the law, the court will call for an indictment in case copy of the final verdict of the Competition Council or of the Retrial Board is attached to the said call for indictment.

Note- In case decisions of the Competition Council or the Retrial Board are pronounced to be general and are published in mass circulated dailies after being deemed final, the third party beneficiary can receive a certificate from the Competition Council substantiating that the said decision will be the concern of them, thus submitting their request to the competent court. Issuance of a ruling for compensation of damage will be possible in case a certificate to that effect is issued. The court will on demand of the claimant for issuance of adjournment ruling put the case on hold until the response of the Competition Council is received.

Article 67- The Competition Council can serve as plaintiff in all offenses pertaining to the law, calling on a competent court

to take part in the proceedings to offset the damage inflicted to public interests.

Article 68- Duties and limitations of the Competition Council members, the Retrial Board and staff of the National Competition Center will be as follows:

1. Ban on participation in sessions and decision making as stipulated in Article (91) of the proceeding law of the Public and Revolutionary Courts for Civil Affairs.

Decisions taken without heeding the provisions of this paragraph and the benefits gained from it either directly or indirectly or pertain to relinquishing a member's duties will be null and void and of no legal value.

Note- If due to the said restrictions member(s) of the Competition Council or of the Retrial Board are banned from participation in the Council and decision making sessions, the Competition Council or the Retrial Board will call on the authority introducing the member to appoint a substitute to look into the issue.

2. Non-disclosure of inside information Members of the Competition Council, the Retrial Board, and staff of the National Competition Council and anybody who had been assigned previously to the post will not reveal inside information of the firms, companies or people that they have obtained in the course of their duties or in a similar process. Neither will the members

be allowed to use the information in their favor or to the benefit of others.

3. Avoid making any comment before a decision is adopted. Members of the Competition Council, the Retrial Board and staff of the National Competition Council will not make any written or verbal comments about violation of rules and regulations by firms, companies or persons prior to the announcement of any decision.

Article 69- The Competition Council will have the duty to make it possible for all to have access to regulations, by-laws and guidelines relevant to this chapter and publish annual report on implementation of the chapter and make them available to the public.

Article 70 - Final decisions of the Competition Council or those of the Retrial Board will be enforced by Department of Enforcement of Civil Rules of the Justice Department.

Article 71- The executive by-law related to this chapter, covering method of inspection, research, registration of inquiries, and receipt of complaints will be approved by the cabinet on the proposal of the Competition Council within maximum six months.

Article 72- Anybody making false claims in the process of investigation of anti-competitive procedures, including the inspection phase, to receive the certificate or licenses concerned

in this chapter or that if s/he avoids extending information, documents and proofs that can influence the outcome of decisions of the Competition Council and the Retrial Board and anybody offering forged or false documents to the Competition Council, Retrial Board, National Competition Council, Retrial Board and National Competition Center or trying to remove, change or distort the information, documents and evidence relevant to the anti-competition procedures directly or indirectly irrespective of their format, will receive prison terms ranging from three months to one year or be fined between ten million (10,000,000) rials and one hundred million (1,000,000,000) or receive both the sentences.

If it is proved that the documents and evidence and false or forged statements have influenced the receipt of certificate or licenses referred to in this chapter, the court will, in addition to punishment mentioned in this article, issue ruling on a request by the beneficiary to revoke the said certificate or license.

Article 73- Any expert or experienced personnel, whose testimony or comment per regulations envisaged in this chapter are needed, gives false testimony which affects decision of the Competition Council or the Retrial Board, will be sentenced to one to three years jail terms or cash penalty to the tune of thirty million (30,000,000) rials to three hundred million (300,000,000) rials or both.

Note- In addition to the above punishments, perjury will be subject to punishment as laid down in the Islamic penal code.

Article 74- Anybody lodging a complaint at the Competition Council or the Retrial Board with an aim of harming commercial and professional reputation of firms or companies or directors or their owners to the extent that it is proved later that the claims are false, s/he will be sentenced to six months to two years jail terms or to cash fine equaling the amount of damage inflicted or be subject to both the sentences.

Article 75- Anybody assigned per this chapter with the duty of keeping inside information of companies, firms or others secret, discloses them or uses the information to his or others' benefit, will be sentenced to six months to two years of jail terms or cash penalty of forty million (40,000,000) rials to four hundred million (400,000,000) or both the punishments as well as compensation for the damage caused by the disclosure or circulation of the information.

Article 76- Any member of the Competition Council, members of the Retrial Board, heads and staff of the National Competition Council and also any of their wage earners and their contract parties and any other person who abuses regulations stipulated in the law to harm national interests or commercial and profession reputation of the legal or real entities, will besides payment of damage be sentenced to three to five years in prison

or fines of fifty million (50,000,000) rials to five hundred million (500,000,000) rials or both the punishments.

Article 77- Violation of each of the paragraphs (1), (2), and (3) of the Article (68) of this law will be considered a disciplinary offense and the one committing the offense will, while being subject to punishments envisioned in the law, be tried and punished in one of the references mentioned in paragraph (5) of Article (55).

Article 78- Anybody causing any sort of restrictions for research and inspection of officers and inspections of the National Competition Council, will be sentenced to a fine of five million (5,000,000) rials to twenty million (20,000,000) rials and if case of continuing the obstruction s/he will have to pay one million (1,000,000) rials in addition to the amount originally set as fine.

Article 79- The legal entities will be subject to following punishment:

1. Legal entities and their directors committing any of the crimes mentioned in articles of this chapter will be subject to punishments envisaged by the law for the real entities.

2. If the crime attributed to the legal entity is the result of failure and shortcoming of any of his/her staff, it will be dealt with according to paragraph (1) and the offender will receive penal punishment per the law.

3. If any of the directors or paid employees of legal entities prove that the crimes had been committed without their knowledge or that they had done all in their power to prevent the offence or immediately informed the Competition Council or related authority of the offense, s/he will be exempt from punishments envisaged for the crime.

Note: If the damage is deemed to be compensated, the legal entities will, along with the people, be held accountable to the law in cases such a thing is called for in the by-law with related persons involved in the case.

Article 80- Request for damage per the law will be possible once related plea is presented to a competent court.

Article 81- If in the case of the crimes, cited in this chapter, harsher punishments are envisaged in other laws and regulations the stiffer penalties will be used.

Article 82- Crimes that are the concern of articles (72) to (78) this chapter will be dealt with in prosecutors' offices and public courts per current regulations and laws ahead of schedule.

Article 83- In this connection, the Justice Department officials will have to cooperate with the Competition Council, the Retrial Board and the National Competition Council.

Article 84- The amount of penalty, cited in this chapter, will be based on a proposal by the Competition Council and cabinet approval and be adjusted every three years commensurate with

the growth in consumer goods and commodities price index as is
officially announced by the Central Bank of the Islamic Republic
of Iran.

Chapter X: Miscellaneous Articles

Article 85-In accordance to Article (86) of this law, the highest official in each of the executive organs shall be responsible for strict and timely implementation of the duties specified for them in this law. He will also have the duty to present every three months a progress report to the Supreme Council for Implementation of General Policies of Principle Forty-Four (44) of the Constitution. In case of any delay or procrastination or halt in fulfilling the duties specified in the law, the highest official in the organ will be obliged to name the offender to the Board of Administrative Offenses within a maximum of one week. The Board will after investigation into the case and establishing the illegal nature of the act enforce paragraphs (c) to (i) of the Law on Administrative Offensives in the case of the offender. If the reason for delay, procrastination or halt of work is due to

problems and shortcomings in the law, the government will, within maximum two months after identifying the case, submit a bill on amendment of the law with a single urgency to the Majlis.

Article 86- All ministries, government institutions and companies subject to Article (4) of the State General Auditing Law, ratified on August 23, 1987, and also all the executive organs, governmental companies and government affiliated profit institutions covered by the general laws and regulations due to explicit reference of their name in the laws, will be subject to economic activities envisioned in the law. The companies are National Iranian Oil Company and its subordinate and affiliated companies, other Oil the Ministry affiliated companies and the subordinate companies, and the Industrial Development and Renovation Organization and affiliated companies, the Mineral Development and Renovation Organization and Mineral Industries Organization of Iran and affiliated companies, National Industries Company of Iran and its affiliated companies which are in the process of being dissolved, Goods Procurement and Distribution Center and also shares of the said organs, organizations and companies in non-governmental companies and the companies that are subject to special laws as well as the credit institutions and banks.

Article 87- All by-laws requisite to the law whose source of compilation has not been declared, will be approved by the

cabinet in maximum six months on the proposal by the Minister of Economy and Finance. By-laws, referred to in the third chapter of this law whose source of compilation is not clear, will be approved by the cabinet on the proposal of Cooperative The Ministry in cooperation with The Ministry of Economic Affairs and Finance.

Article 88- The Ministry of Economic Affairs and Finance will be duty-bound to submit every six months a report to the Expediency Council and Majlis about article by article and note by note implementation of the law and publicize it for the public information.

Article 89- The law will be exempt from Article (161) of the Law on the Fourth Five-Year Economic, Social and Cultural Development Plan of the Islamic Republic of Iran.

Article 90- If for any reason government sets prices for goods or services of the firms subject to ceding or of other non-governmental firms below market prices, government will have to specify the difference in set price and the cost price and pay it from government sources in the year the project is implemented or reduce it from the firms' debt to the Organization of Taxation Affairs to similar amount.

Article 91- Creating more proper conditions for partnership and role of non-governmental sectors in the economic activities.

a. All Majlis commissions can seek and follow the advice of

economic activists for investigation of financial bills and plans.

b. All decision making commissions, boards, councils and headquarters in government will seek and follow comments and advices of economic activist in their economic planning.

Government will arrange official recognition of membership of the head or representative of Iran's Chamber of Commerce, Industries and Mines and the Cooperative Chamber in the economic decision making councils by amending related law or article of association. Henceforth, Head of Iran's Chamber of Commerce, Industries and Mines and the Cooperative Chamber will as official members be added to the composition of members of the Economy Council, the Forex Reserve Fund Board of Trustees, Foreign Investment Board (concerning the law on attraction of and support for foreign investment) and High Ceding Board (concerning the law on the Third Five-Year Economic, Social, and Cultural Development Plan of the Islamic Republic of Iran).

c. The judiciary will encourage referring economic cases to the arbitration body by taking maximum benefit of the expert capacity of the non-governmental sector for arbitration of the cases and also inspection of economic issues.

d. Iran's Chamber of Industries, Commerce and Mines and the Cooperative Chamber will as their legal duty as advisor to three branches of government take necessary steps towards

reforms of and coordination among economic organizations and seek the views of economic activists, help create an atmosphere of private sector's constructive collaboration with pillars of government, offer necessary expert-level proposals on economic issues. In line with this, chambers will be responsible for setting up a department in charge of overseeing and following up implementation of general policies of Principle Forty-Four (44) of the Constitution and submitting regular reports to the Supreme Council of Implementation of General Policies of Principle Forty-Four (44) of the Constitution. Moreover, it will draw up draft law on creation of a suitable atmosphere for entrepreneurship and removal of barriers to profession and vocation.

Article 92- From the approval of this law, all laws and regulations contrary to it will be considered null and void and it will be valid as long as it is not considered abolished in subsequent regulations or as long as points or regulations of this law are not explicitly amended and specified by name and intended point.

The said law, which includes 92 articles and 90 notes, was approved in the open session of Majlis on Monday, January 28, 2008, and was recognized as conforming to the interests of the system by the Expediency Council on June 14, 2008.

Ali Larijani

Speaker of the Islamic Consultative Assembly (Majlis)