

LAW ON LICENSING 2002

LAW OF MONGOLIA

LAW ON LICENSING

February 1, 2001 Ulaanbaatar

PART ONE

General Provisions

Article - 1. Objectives of the Law

1.1. Objective of this Law is to regulate a relation with respect to giving, delaying and invalidating a license to some business activities that might negatively effect public interest, human well-being, environment and national security and that might require specific conditions and expertise.

Article 2. Other relevant legislation on Licensing

2.1. Legislation on licensing consists of this Law, Civil Code and other legal acts consistent with these two laws.

2.2. If it is differently stated in the International Agreement of Mongolia, provisions of the international agreement will be enforced.

2.3. Licenses on land and natural resources will be regulated by the Land Law of Mongolia, Law on Land Paunch, Law on Specially Protected Territory, Law on Natural Plants, Hunting Law, Law on Animals, Forest Law and Water Law of Mongolia.

Article 3. Terminology in the Law

3.1. Terminology in this law will be understood as below:

3.1.1. "License for the business entities" (will further be stated as Licensing) means an official document given by an authorized institution to the individuals, for-profit and not-for-profit legal bodies to conduct particular type of business in accordance with specific deadline, terms and requirements;

3.1.2. "License holder" means a body who is given a license by the authorized institution to conduct particular type of business;

PART TWO

Giving, Delaying and Invalidating the License

Article 4. Content of the License

4.1. The license will include the following contents:

4.1.1. name of the authorized institution that gave a license;

4.1.2. name and address of the license holder;

4.1.3. type of expected business;

4.1.4. deadline of the license;

4.1.5. terms and requirements to the licensed business;

4.1.6. Number and authorized date (year, month, date) of the license;

4.1.7. signature and stamp of the authorized official of the licensing institution.

Article-5. Scope and frame of the Licensing

5.1. The licensed business should be conducted within the particular territory, if it is specifically stated.

5.2. Other business activities, except the licensed ones, can be conducted in accordance with required legal acts and requirements after passing relevant registration institution.

5.3. It is prohibited to sell, present and pledge the license to others, except in the cases stated in this Law.

Article-6. Deadline of the License and its Extension

6.1. The license will be given for three years, if it is not differently stated in the law.

6.2. The license can be extended for the period not less than the original deadline, if it is not differently stated in the law.

6.3. If it is not differently stated in the law, and if the situation stated in the 13.1 of this law is not revealed, deadline of the license will be extended within three days based on license holder's request.

6.4. In case the terms and requirements of the license are violated, the deadline of the license will not be extended.

Article-7. Procedure to give a license

7.1. If it is not differently stated in the Law, relevant central administrative body will give a license stated in the article-15 of this law.

7.2. All types of food industry and food services will be conducted on the base of inspection and permission by appropriate institution on industrial conditions, technology procedures and product samples.

7.3. Detailed procedures with regard to the licensing of the particular type of business will be regulated by each separate law.

7.4. If the authorized institution finds it as necessary, the license might be given through selection of bids.

Article 8. Prohibited business activities

8.1. The following types of business are prohibited within the territory of Mongolia:

8.1.1. manufacturing, importing and selling drugs and narcotics;

8.1.2. organizing, advertising and encouraging any types of depravity;

8.1.3. dealing with casino business;

8.1.4. profit-seeking business through multistage marketing or pyramid approach.

Article-9. Principles and requirements for licensing

9.1. The following principles will be considered by the authorized institution to give a license:

9.1.1. provision of national security and defense, protecting public and legal interests;

9.1.2. creating favorable environment for business;

9.1.3. efficiency and transparency;

9.1.4. giving a license only in the cases stated in this law.

Article-10. Authority of the licensing institution

10.1. The authorized licensing institution has the following rights:

10.1.1. Giving a license in accordance with terms and procedures stated in this law;

10.1.2. Registering the license;

10.1.3. Supervising the enforcement of terms and requirements of the license;

10.1.4. Delaying and restoring the license;

10.1.5. Extending and invalidating the license.

Article-11. Required documents for licensing

11.1. The body who is requesting the license will bring the following documents:

11.1.1. Request for the license / expected business, type of service and deadline should be clearly stated/;

11.1.2. If the requester is a legal body, he/she will bring state registration certificate;

11.1.3. If the requester is an individual, he/she will bring notarized copy of their passport or ID;

11.1.4. Receipt confirming payment of state stamp fee;

11.1.5. Other documents stated in the law depending on specific types of industries and services;

11.1.6. Proposals of the capital city and aimag Governors are required to conduct business activities stated in the 15.5.7; 15.5.8; 15.6.1-15.6.3; 15.6.5; 15.8.3; 15.8.8;

15.8.18; 15.8.20; 15.10.4-15.10.6; 15.11.2; 15.12.1-15.12.6 of this law.

11.2. Other documents and fees not stated in the 11.1 are not to be required.

Article 12. Giving a license

12.1. The authorized licensing institution will review the request and other relevant documents and will make a decision within 21 working days after receiving the request, if the issue of giving a license is not differently stated in the law.

12.2. If the institution refused to give a license, the reason of refusal should be described in the written response to the request.

12.3. If required, the licensing institution has an authority to give the documents of the requester for inspection /accreditation/ of relevant institution.

12.4. In case of additional inspection /accreditation/, deadline to decide upon the request can be extended for 14 working days.

Article-13. Delaying the licensing

13.1. If the terms, deadline and requirements of the licensing are violated, licensing institution can delay the license up to three months based on opinion of professional inspection body.

13.2. The licensing institution will send written information on the delaying decision to the license owner and related tax organization within 3 days.

13.3. The licensing institution will reauthorize the license, when the delay reason is corrected.

Article-14. Invalidating the license

14.1. The licensing institution will invalidate the license in the following cases:

14.1.1. according to the license owner's request;

14.1.2. if the legal body is abolished;

14.1.3. if it is revealed that the license owner brought counterfeit documents to get the license;

14.1.4. terms and requirements of the license are constantly violated;

14.1.5. Within the delayed period, requirement on violation is not addressed;

14.2. The licensing institution will send written information on the decision to invalidate the license to the license owner and related tax organization within 3 days after making the decision.

Article-15. Types of business to be conducted under the license

15.1. The following businesses will be conducted under license.

15.2. Banking:

15.2.1. establishing a bank and dealing with banking business

15.3. Securities related business:

15.3.1. organization dealing with underwriter, brokerage, dealer, stock exchange, clearing, settlement and depository businesses and conducting professional activity on the investment fund and capital market.

15.3.2. publicly trading of company bond;

15.4. Finance and economy:

15.4.1. dealing with social and commercial insurance business;

15.4.2. auditing;

15.4.3. producing securities;

15.4.4. issuing lottery;

15.4.5. establishing and dealing with duty-free shop;

15.4.6. dealing with trusted customs freight-forwarding service;

15.4.7. acting as customs broker;

15.4.8. dealing with endorsed customs warehouse.

15.5. Justice and home affairs:

15.5.1. asset valuation;

15.5.2. translation business in court, case registration and questioning;

15.5.3. prosecutor's business;

15.5.4. notary business;

15.5.5. publishing laws of Mongolia and law brochures, except "State Information";

15.5.6. producing state number of transportation vehicles;

15.5.7. dealing with bookmaking, bet and gambling;

15.5.8. manufacturing and selling weapons;

15.5.9. working as a trusted representative of products belonging to copyrights;

15.5.10. working as a trusted representative of a patent.

15.6. Environment

15.6.1. importing, selling and utilizing ozone splitting substances and products involving such substances in their contents;

15.6.2. dealing with industries that produce harmful, poisonous disposal for environment and human well-being;

15.6.3. manufacturing, importing, selling, utilizing and destroying poisonous chemical substances;

15.6.4. conducting land cadastre;

15.6.5. transferring chemical substances to the air zone while pollution rate is not described in consistent with the standards;

15.6.6. detailed assessment of environmental impact

15.7. Education, culture and science:

15.7.1. establishing university, college, vocational and training schools;

15.7.2. dealing with master and PhD training,

15.7.3. exporting and selling historical, cultural and precious collections through the state border;

15.7.4. conducting new professional training courses at the higher education institution;

15.8. Infrastructure:

15.8.1. establishing and working with atomic energy generator;

15.8.2. building railway stations;

15.8.3. establishing power sources and distribution network;

15.8.4. dealing with energy generation, transmission, dispatch regulation, distribution, provision and selling;

15.8.5. civil aviation business;

15.8.6. railway freight forwarding;

15.8.7. establishing telecommunication network, its utilization and services;

15.8.8. building and maintaining auto roads and road construction;

15.8.9. technical inspection to auto transportation vehicles;

15.8.10. developing geodesy and dealing with construction building;

15.8.11. international and domestic public transportation, post service;

15.8.12. confidential location map and database publishing;

15.8.13. cadastral drawing;

15.8.14. construction and maintenance of elevator and lift ;

15.8.15. construction, maintenance and related services of high pressure oven, pumps and tubes;

15.8.16. public industries and services;

15.8.17. radio frequency, and utilization of its transmission;

15.8.18. gas service;

15.8.19. constructing and reconstructing aircrafts;

15.8.20. dealing with higher ranked hotel service.

15.9. Social Protection and Labor:

15.9.1. exporting and importing work force and dealing with public employment bureau business;

15.10. Industry and trade:

15.10.1. producing medals and stamps;

15.10.2. manufacturing jewelries of precious metal and stones;

15.10.3. selling strong poisonous substances except drugs;

15.10.4. selling grenade and shells;

15.10.5. minerals exploration;

15.10.6. utilization of minerals;

15.10.7. geodesy and drawing industries and services;

15.10.8. manufacturing measuring facilities, its maintenance and selling;

15.10.9. inspection of measuring facilities, constructing them in accordance with standards and other related services;

15.10.10. services regarding quality endorsement;

15.10.11. any transactions with regard to natural gas;

15.11. Food and agriculture:

15.11.1. planting tobacco plants and manufacturing tobacco;

15.11.2. producing alcoholic products except milk vodka;

15.11.3. producing seed of crops;

15.11.4. manufacturing and importing livestock medicine and veterinary facilities;

15.11.5. selection of livestock sickness microbes;

15.11.6. selling and importing substances utilized to protect plants;

15.11.7. adapting new and imported veterinary medicine and new sorts of animal selects into industry and services, importing and exporting of new sort of animals;

15.11.8. privately deal with veterinary and selection service, and manufacturing new medicine for veterinary and livestock selection;

15.12. Health:

15.12.1. preparation of medicine using drug plants;

15.12.2. producing and selling drugs and medical facilities;

15.12.3. all types of services to deliver health care;

15.12.4. producing and selling drugs, mutually effected medicament and substances;

15.12.5. domestically and internationally invested medical institutions dealing with professional health care services;

15.12.6. producing, selecting, reserving, storing, transporting, selling harmful microbes and their causes;

15.12.7. services as nursery and treatment of patients;

Article-16. Types of business to be licensed by aimag, capital city, soum and

district Governors and by the Radioactivity Monitoring Department

16.1. The Radioactivity Monitoring Department will give a license for the following types of business:

16.1.1. dealing with radioactive minerals and other radioactive sources;

16.2. Aimag and capital city Governors will give a license for the following types of business:

16.2.1. nationwide public transportation and post service;

16.2.2. professional activities of health care institutions;

16.2.3. producing, destroying and importing of poisonous chemical substances;

16.2.4. establishing secondary schools;

16.2.5. selling and serving with alcoholic beverages;

16.3. Soum and district Governors will give a license for the following types of business:

16.3.1. dealing with business that produces polluted chemicals to the atmosphere and that effects poisonous physical impact and using local sources for such kind of business;

16.3.2. delivering local public transportation service /this provision doesn't belong to the district Governor/;

16.3.3. establishing kindergarten.

PART THREE

Miscellaneous

Article-17. Dispute solution regarding licensing process

17.1. Any conflicts/disputes regarding the licensing will be solved by the related senior level institution of the authorized licensing organization and if a decision is not agreed, the case can be decided by the Court.

Article-18. Sanctions and punishment to the violators of licensing law

18.1. If a case of the violator is not necessary to have criminal punishment, a judge or authorized state inspector will impose him/her the following sanctions while considering violation scope:

18.1.1. If the business activities stated in the articles 15 and 16 of this law are conducted without licensing, illegal income will be collected and the guilty individual will be fined by 20000-50000 Tg, and the legal body 100000-250000 Tg;

18.1.2. If, the article 7.2 is violated, illegal income will be collected and a guilty individual will be fined by 20000-50000 Tg, officials will be fined by 30000-60000 Tg and the legal body will be fined by 100000-250000 Tg;

18.1.3. If, the article 5.3 of this law is violated, individuals will be fined by 20000-50000 Tg, officials by 30000-50000 Tg and the legal bodies by 100000-250000 Tg. License will be invalidated;

18.1.4. If the license owner brought counterfeit documents and received a license, illegal income will be collected, a guilty individual will be fined by 20000-50000 Tg, legal bodies by 100000-250000 Tg and a license will be invalidated;

18.1.5. Officials who violated 6.3; 11.2; 12.1; 12.4; 13.2; and 14.2 of this law will be fined by 30000-50000 Tg.

Article-19. Validating the Law

19.1. This Law will be enforced from the 1st of January, 2002. Parliament Speaker L. Enebish