

**EXECUTIVE BY-LAW
FOR LAW NO. (22) FOR THE YEAR 2002
CONCERNING THE INVESTMENT**

The Prime Minister:

**After reviewing Republic of Yemen's Constitution;
And the Republican Decree No. (20) for 1991 concerning the Council of Ministers;
And law No. (22) for 2002 concerning the Investment;
And the Republican Decree No. (105) for 2003 concerning the formation of the Government and name its members;
And, upon the presentation of the Board of Directors of the Public Authority for Investment**

//Decided//

Chapter One

NOMINATION AND DEFINITIONS

Article (1):

This By-law is called (The Executive By-law for the Investment Law No. (22) for 2002).

Article (2):

For the purposes of applying Rules the of this Law, the hereunder mentioned words and statements shall have the meanings that stated before each of them unless the context implied otherwise:-

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| 1- The Republic: | Republic of Yemen. |
| 2- The Law: | Investment Law No. (22) for 2002. |
| 3- The Authority: | Public Authority for Investment. |
| 4- Board of Directors: | Authority's Board of Directors. |
| 5- Chairman | Board of Directors' Chairman. |
| 6- Executive Bureau | Authority's Executive Bureau. |
| 7- Authority's Chairman: | Chairman the Executive Bureau. |
| 8- General Manager: | Authority's General Manager. |
| 9- The Competent Authority: | The governmental competent authority or the person responsible of the sector where he works, or where the project will be established or responsible of any matter in connection with the project. |
| 10- Competent Sector | The competent sector within the Authority. |

11- Enterprise

Every activity, whatever its legal status is, which is within the scope of investment, according to Article (1) of the Law, registered in accordance with the rules and procedures mentioned in the Law, this By-law and the decisions issued for their implementation.

12- registration

Registration, implementation, widen, development or amendment of the enterprise or changing its activities at the Authority, including issuance of its exempted lists of requirements and other such certificates that the Authority issues or amends.

13- Investor

Any natural person or legal personality a Yemeni, an Arab or a foreigner who is desirous to invest, owns an enterprise or shares in it in accordance with the rules of the Law and this By-law.

14- Investing Company

The company that established by the Investor(s) for the implementation of the investment enterprise or enterprises.

15- Fixed Assets

The machineries, instruments, equipment, requirements and spare parts, which are necessary for the implementation, expanding or developing of the enterprise, including buses or vehicles specially prepared for tourism transport or vessels prepared for transportation or fishing, hotels and hospitals' furniture, whether imported, locally made or procured.

16- Service Charges

Charges levied against a service or a benefit such as harbor dues or warehousing charges and the like.

17- Expanding

Addition of new fixed assets to the enterprise that lead to its production capacity of commodities or services, whether for the manufacture of what the enterprise used to import or for the manufacture of new commodities or rendering new services, provided that this addition is within the activities that the enterprise is permitted to undertake in accordance with the rules and procedures mentioned in the Law, this By-law and the decisions issued for their implementation.

18- Development

Replacement or exchange the enterprises fixed assets, in whole or partially, by another new or developed ones, or carry out improvement procedures on the existing fixed assets by adding new assets, or parts of them, targeting at increasing operational efficiency, improving or developing type of commodities or services that it produces or renders, as the case may be.

- 19- Production Requirements** The entire materials that are necessary for the enterprise's operation; such as ore materials, intermediaries, spare parts and maintenance requirements that suit the nature of enterprise activities.
- 20- A) Permitted Capital** The total capital that founders agree upon on the company's articles of association, which accordingly they are permitted to establish the company.
- B) Paid Capital** It is the part of the capital which has actually being paid, at any time, during the company's life time.
- C) Issued Capital** It is the part of the capital which has actually being issued for the purpose of private or public shareholding, whether being paid at the time of shareholding or been paid within limited years.
- 21- Day** Official working day
- 22- Executive Committee** The Authority's Executive Committee formed by a decision from the Authority's Chairman.

Chapter Two

INVESTMENT ENTERPRISES' REGISTRATION

Section One REGISTRATION PROCEDURES

Article (3):

Any enterprise subject to the Law of Investment, may not be expanded or developed unless it has been registered at the Authority according to the procedures specified in this Section.

Article (4):

Applications for registration of investment enterprises shall be submitted to the Competent Sector, on Form No. (1) issued by the Authority for this purpose, which is annexed to this By-law.

Article (5):

After being filled with the specific information mentioned it, by the investor, the Investment Application Form should attach to it the following documents:-

- a) Applicant's ID card, Family Card or Passport in respect of the foreign investor; or, in case of authorization, the ID card of the authorized.
- b) A power of attorney certified by the competent authorities, in case the enterprise or the investor mandated a person to follow-up the enterprise's registration procedures.
- c) Commercial Register for the existing companies and corporations (valid).
- d) Enterprise's Articles of Association certified by the competent authorities, in case the application for investment is submitted by more than one shareholder.
- e) Enterprise's engineering designs, in the cases determined by decisions issued by the Executive Committee.

Article (6):

Subject to rules of Article (9) of this By-law, Head of the Sector will examine the investment application form and the annexed documents. Upon completion of the above-mentioned documents, he will appoint the enterprise's competent officer to receive them from the applicant, write the date of their reception on them and give the applicant a receipt, except for the cases mentioned in Article (10) of this By-law, whereof, the application will not be officially received by the Authority or give the applicant a receipt unless the deadline for the competent authority to give opinion is over.

Article (7):

Forthwith its receipt of the application in accordance with the rules of the previous Article, the competent sector will check the application and the annexed documents,

assess the application and define the enterprise's list of requirements, such as fixed assets, spare parts and labor, pursuant to the Law and this By-law.

Article (8):

After finalizing the application, Head of the Competent Sector will appoint the enterprise's officer and relative sections at the Authority to pay a field visit to the enterprise's site to verify its validity for the enterprise. The visit report will be added to the enterprise's documents at the Authority.

Article (9):

After finishing the former procedures, the competent sector will consult the competent authorities in the cases defined by the Law and this By-law. The competent authorities shall issue their decision, by approval or rejection, within a maximum period of fifteen days from the date of its consultation. Failure to advise the Authority of any protest, during this period, shall be deemed approval by it, then, the Authority should finish the registration procedures for the enterprise, upon expiration of this period, wherefore officially receives the application from the applicant to commence the specified registration procedures for the enterprise pursuant to rules of this By-law.

Article (10):

With the exception of the rules of previous Article, the Authority may decide on applications submitted to it, if it sees so, without referring to the competent body or the need of its approval, in the cases that the Executive Committee decides not to refer their applications to these authorities, because they are of a routine or standard specifications.

Article (11):

In the event that the sector verified the absence of any legal reasons to reject the application, the sector shall forward to the General Manager the enterprise's file accompanied by the draft of the enterprise's list of requirements that have been defined by the sector, within a maximum period of five days from the date of receiving the application or receipt of the competent authority's approval of the enterprise, as the case may be.

Article (12):

The General Manager will submit the approval decision to register the enterprise, after verifying it, to the Chairman, within a maximum period of two days. The Chairman shall be liable to request any clarification or amendment of any lists or data that he considers necessary, during a maximum period of two days, before giving consent to register the enterprise.

Article (13):

If it becomes clear to the Authorities that there are legal reasons to reject the enterprise's registration, the competent sector will forward the rejection and the legal reasons therein to the Authority's General Manager.

Article (14):

The following shall be considered legal reasons for rejection of enterprise registration:-

- a) The enterprise's non-conformity with the terms, regulations and procedures defined by the rules of the Law for the enterprise registration.
- b) The applicant's negligence of any of the specified information or data in the investment application.
- c) The Authority's non approval of the information or data in the investment application.
- d) If it becomes clear to the Authority that there is a dispute concerning the ownership of the enterprise, its site, the name or the trademark.
- e) If the competent bodies, for reasonable arguments, requested the Authority to stop or prohibit the registration of any enterprises that uses the activity specified in their request.
- f) Non validity of the enterprise's site.
- g) Non conformity of the enterprise with environmental provisions.
- h) The Authority's assertion that some of the information written in the investment application are deceptive.

Article (15):

The Chairman's approval decision for the enterprise registration will be issued pursuant to Form No. (2), which is specially prepared for this purpose by the Authority and annexed to this By-law.

Article (16):

If the investment enterprise's implementation will be carried out in stages, the Authority's decision for registration shall determine these stages according to the following:-

- 1- The application should include the beginning and end of each of the implementation stages, commence of production/activity in it, type of product or services for each stage and the fixed assets for each stage.
- 2- Each stage should consist of a definite commodity or service.
- 3- The enterprise shall inform the Authority upon completion of fixed assets' installation, for each stage separately, and of the date of commencing production/activity.

Article (17):

Special Register will be established at the Authority Chairman's Office for registration of the investment enterprises, in which the entire basic data and information in connection with the registered enterprises will be entered, particularly, the following information:-

- 1- Number and date of the registration's decision.
- 2- The Reference.
- 3- Name and address of the enterprise.
- 4- Name and address of the investor
- 5- Enterprise's legal status.
- 6- Enterprise investment's cost.
- 7- Value of Fixed Assets.
- 8- The foreign currency.
- 9- Sources of finance.

10-Implementation stages.

11-any future amendment to the above information.

Article (18):

In the Register a page will be specified by the Authority for each registered enterprise, where it will enter the entire enterprise's data and information, decisions issued by the Authority in connection with the enterprise, with all the information mentioned in them and the date of their issue. Each enterprise shall be given a fixed number that may not be given to any other enterprise. Moreover, no enterprise shall be given more than one number in the registered investment enterprise's Register.

Article (19):

For the execution of rules of Article (68/B), of the Law, the following enterprise's information shall be considered confidential and the Authority's employees shall maintain their confidentiality and shall not use them for other than application of rules of the Law and this By-law, and these are:-

- 1- Information concerning the production technology and enterprise's activities.
- 2- Enterprise's accounts.
- 3- The accounts concerning production costs and enterprise's activities.
- 4- Enterprise's contracts.

Section Two REGISTRATION AMENDMENT

Article (20):

The enterprise registration certificate may be amended, either by amending its contents or by adding any new data to it or in the enterprise's list of requirements upon the enterprise's request and consent of the Authority, according to procedures specified in this Section, with the necessity of consulting the competent authorities, if the amendment is in connection with changing the enterprise's activities or changing its location.

Article (21):

Applications for amendment shall be submitted to the competent sector, defining in them kind of amendments and its justifications. The sector will forward them to the General Manager accompanied by the sector's opinion, by its approval of the amendment or its justifies rejection. Amendment applications shall be subject to the same rules effective on registration applications in respect of the periods of time for decision or rejection.

Article (22):

The Executive Committee will determine the priorities or the documents that must be attached to the amendments applications, accompanied by the sector's opinion, in addition to a valid copy of the enterprise's commercial register.

Article (23):

The following shall be considered of the basic amendments in the enterprise:-

- 1- Transfer the enterprise location from one investment area to another area, or from a site to another within the same investment area.
- 2- Transfer of the enterprise's ownership or changing its legal form.
- 3- Changing the nature of the enterprise's production or services.
- 4- Stopping the enterprise's implementation or the seize of its production for a certain period due to reasons accepted by the Authority.
- 5- Any other amendments that would affect the legal dealing with the enterprise or that lead to a change in the enterprise's rights or liabilities.

Article (24):

On the original decision of the enterprise registration issued by the Authority, every amendment made on its items or information shall be marked. Such marking shall also be done on the enterprises register and the competent sections and offices at the Authority and bodies concerned shall be officially informed with the amendment decision.

Chapter Three

TAXATION & CUSTOMS EXEMPTIONS

Section One

CUSTOMS EXEMPTIONS FOR ENTERPRISE REQUIREMENT

First: Fixed Assets' Customs Exemptions:-

Article (25):

Lists of the enterprise requirements issued by the Authority in respect of the exempted fixed assets and the necessary spare parts of the enterprise shall be determined according to the rules of the Law.

Article (26):

The Customs Office at the Authority shall be informed with a copy of the lists of the enterprise requirements, when the Authority issues its approval decision. The Customs Office shall undertake execution of the clearance procedures thereof, within the period defined for their importation in the registration certificate, upon a request from the concerned person. The Customs Office shall provide the competent authority with a copy of what has been cleared.

Article (27):

It will be sufficient to present lists of the enterprise requirements issued by the Authority for the procurement of the exempted imported fixed assets and the exempted production's requirements found at the Customs entrance, without the need of approval or decision by any other authority.

Article (28):

The enterprise's request for execution of customs clearance for enterprise requirements shall be submitted to the Customs Office at the Authority accompanied by the following documents:-

- 1- The original lists of the enterprise requirements issued by the Authority.
- 2- The purchase invoice of these requirements from the country of origin or source of importation.
- 3- The Bill of Laden.
- 4- The enterpriser's tax number

Article (29):

The Customs Office shall mark the items that shall be executed, of lists of the enterprise requirements. In case of the need of detailed lists of these items, that should be requested from the competent sector at the Authority. It shall also determine the customs entrance that will undertake their clearance and inform the Customs Officer at that entrance with

the list by fax. These items shall also be marked on the office's copy of list of the enterprise requirements.

Article (30):

Customs Officers at the entrance shall mark the original lists of the enterprise requirements, on the equipment and the machineries that has been cleared, the date of execution and provide the Customs Office at the Authority, by fax, with the lists that have been marked so that the offices records would be marked by its execution.

Article (31):

The assets that would be cleared at the customs entrance shall be subject to certain procedures, by the customs officers at the entrance, for the purpose of verifying their conformity with the information and quantities specified in the lists of the enterprise requirements.

Article (32):

Customs Officer may not refuse to clear the defined lists of the enterprise requirements or ban them, in any of the following cases:

- 1- If the value of exempted fixed assets arrived at the harbor is less than the value defined in lists of the enterprise requirements' certificate.
- 2- If the total value of the exempted fixed assets does not exceed (10%) of its value, (CIF) at the port defined in the registration certificate, assessed by the foreign currency.
- 3- If the arrival date delays six months less than the date defined for it in the registration decision.
- 4- If the differences in item or type are simple differences that would not affect the quality or productivity of the item or that which would not lead to its transfer from one defining item to another defining item, or does not cause any infringement on the purpose it has been imported for.
- 5- If the purchase invoices of the enterprise requirements or part of them include a foreign currency other than the one defined in the lists of the enterprise requirements issued by the Authority, which does not infringe the rule referred to in Item (1) of this Article.

Article (33):

In the event of occurrence of differences in the value, dates, items or types that exceeds the defined limits in lists of the enterprise requirements, or the enterprise is in need of new fixed assets, the Authority shall assume issuance of the lists that amend or change lists of the enterprise requirements, as it may see convenient, in the light of the presented justifications, which may convince it. The Authority shall inform the Customs Office with a copy of these lists amendment decision.

Article (34):

Exemption will be granted to hotels' furniture and requirements, education projects and hospitals furniture that are to be imported for the purpose of replacement, pursuant to rules of the law, according to the following terms, bases and criteria:-

- 1- The previously mentioned exempted furniture and requirements should have been used by the enterprise, according rules of the law, for at least five years from the date the activity commenced.
- 2- The enterprise should present detailed lists, with quantities and specifications of the used furniture and requirements. The competent sector with the collaboration of the competent offices at the Authority will pay a field visit to the enterprise's site for the verification of what has been mentioned in the detailed lists provided by the enterpriser.
- 3- If the Authority becomes certain that the exempted furniture and equipment have been disposed, without the Authority being informed, pursuant to rules of Article (19), Item(B), of the law, the enterprise shall be obliged to pay the customs dues and other taxes for these furniture and requirements and the fines specified by the law's rules.

Second: Customs Exemptions for Production Requirements

Article (35):

- 1- Livestock, agriculture and fishery production requirements are exempted from customs and tax dues through out the entire period that the enterprise is practicing this activity.
- 2- Other enterprise's production requirements are exempted at the rate of (50%) of all customs dues through out the entire period that the enterprises are practicing such activities, including the existing, licensed and registered enterprises in accordance with what is defined in the following articles:-

Article (36):

Quantities of the enterprise's production requirements shall be determined, on annual bases, upon a request submitted to the Authority, which shall be approved by the Chairman, after reviewing it and determination of the actual production capacity of the enterprise by the competent sector to give its approval.

Article (37):

Approval of quantities of the enterprise requirements shall not be given prior to their matching with the quantities that had been approved for the enterprise in the previous years' budget, whereas, they will not be permitted to increase them unless the enterprise production capacity has been increased and that adequate evidences of the enterprise need of them has been presented.

Article (38):

The Authority must verify that these requirements are used in the enterprise's production pursuant to what has been defined in the budget referred to in the previous Article, through the final settlement of taxes. No new requirements shall be approved unless this provision has been met.

Article (39):

The production of the enterprises benefiting from the exemption of production requirement shall be in conformity with the Yemen's specifications and standards. The Authority with the coordination of the Specifications, Standards Quality Adjustment Authority will issue periodicals, every six month, to the enterprises that do not commit to specifications and standards' criteria in their production. Any quantities of production requirements for these enterprises shall not be approved, unless their commitment to the specifications and standards' criteria has been verified.

Article (40):

If it comes to the Authority's notice, through obvious evidences, at any time, that the enterprise had used the exempted production requirements for purposes other than the purposes for which it was permitted to import them for, it shall completely be prohibited from the exemptions for such imported materials, pursuant to a decision to be issued by the Chairman, together with the payment of customs dues, taxes and the legal fines for the uses carried out in breach of rules of the law.

Article (41):

The raw materials that the enterprise has not carried out any additions to them will not benefit from the exemption referred to in the previous articles. Exemptions will be confined to the materials used in their packing.

Third: Customs Exemptions for Spare Parts:

Article (42):

Value of spare parts and maintenance requirement that are exempted from customs tax may not exceed (10%) of the total value of the imported fixed assets that have been decided to be exempted from customs taxes, and that is during the allowed period of exemption. Spare parts shall not be cleared before the import of the enterprise's required equipment.

Article (43):

Customs clearance for spare parts shall according to the executed proportion of the machinery and instruments defined in lists to which the spare parts are specified.

Article (44):

Request for clearance of spare parts shall be submitted to the competent sector, which, in its turn will propose the quantities to be cleared and then forward the proposal to the Authority's top responsible persons to decide on it according to the above-mentioned rules.

Fourth: Other Customs Exemptions

Article (45):

Coordination between the Authority, Ministry of Finance, Customs and Taxation Departments shall be arranged, within three months from issuance of this By-law, for the formation of a committee for the preparation of the executive mechanism capable of defining the necessary procedures and regulations for the issue of:-

- 1- Reduction certificate for the fees and taxes levied on the enterprise in addition to fees and taxes levied on the imported ready made products, which are similar to its products.
- 2- Debenture certificate for the fees and taxes paid against the imported requirements that constitute a component of the exported part of the enterprise's production that referred to in the rules of Article (26), of the Law. At the preparation of this mechanism, the committee may seek help of any relative authority it may choose.

Section Two TAX EXEMPTION

Article (46):

The Authority will issue the enterprises registered with it tax exemption certificate, which the Law granted to these enterprises, according to the procedures defined in this Section.

First: Defining Date of Commencing Production or Enterprise Practicing Activities

Article (47):

Enterprises registered at the Authority shall be obliged to inform the Authority, upon completion of fixed assets' installation at the enterprise, of the date of commencing production or practicing activities on it, and that is before introduction of any of its into markets or provision of its services to the public, as the case may be.

Article (48):

Application for defining date of commencing production or practicing activities and the request to obtain tax exemption shall be submitted by the enterpriser to the competent sector within one month from the date of completion of machinery and equipment's installation, the enterprise facilitation or any of the stages of production or practicing activities.

Article (49):

A charge will be issued by the competent sector for the formation of a commission composed of the Enterprise's Officer, Taxation Office Director, and Director of the governmental competent authority or the Authority's officials at governorates to pay a field visit to the enterprises site so as to define date of commencing production. The Commission shall define the date guided by the following:-

- 1- Viewing enterprise's stages of implementation (beginning of implementation/ completion of implementation/ commence of production or activities), also, causes of delay, if any, and amendment decisions.
- 2- Reading electrical power card to make use of the meter reading so as to define the beginning of activities.
- 3- Customs statements or clearings, or machinery and equipment purchasing invoices to determine the date of their entering or purchasing.
- 4- Certificate of completion of machinery installation issued by the company responsible of installation and test of this machinery, or certificate of delivery and receiving, if any.
- 5- The first sale bill or receipt.

Article (50):

In the event the enterprise delayed in submitting its application to the Authority for defining the date of commencing production, pursuant to Article (48) of this By-law, or

amending the date, pursuant to Article (21), of this By-law, the date mentioned in the registration decision for the commence of production will be approved, if this date is former to the date alleged by the enterpriser; and if the enterprise's activities commencing date was defined to begin before the dated mentioned in the registration decision, the date shall be defined according to legal documents that or referred to.

Article (51):

The commission will account to the competent sector pursuant to the Form approved by the Executive Committee, inclusive of number of laborers (national/foreign), environmental condition and recommendations of persons paid the visit whether to grant the enterprise exemptions or not, in accordance with rules of Articles (66, 67) of the law, together with the defining the legal evidences thereof.

Second: The Annual Tax Exemption Certificate:

Article (52):

Applications to obtain the Annual Tax Exemption Certificate, which the enterpriser is entitled to , according to law, shall be submitted to the competent sector, whether at the beginning or the end of the year of entitlement, provided that enterprises may not delay more than three months from the end of the year of entitlement application for the certificate, with the exception of the first year, where the application to obtain it should be submitted to the Authority, within ninety days from commencing the activities. In the event of delay, the penal refers to in the rules of Item (B/2), of Article (67) of the Law shall be applied.

Article (53):

Applications to obtain the Exemption Certificate should be accompanied by the following documents:

Form of defining the date commencing production or activities, issued by the Authority in accordance with Form No. (3), annexed to this By-law, in respect of the first year or the last exemption certificate obtained by the enterpriser, in respect of the rest years of entitlement.

- 1- The original decision issued by the Authority regarding definition of years of exemptions legally defined for the enterprise and any amendment therein.
- 2- The enterprise's commercial register (valid).
- 3- The last receipt regarding administrative services fees paid by the enterprise.
- 4- Any receipt concerning payment of both gaining work tax and production and consuming tax and the payable services fees in the name of the enterprise.

Article (54):

Application to obtain the exemption certificate, together with the attached documents, shall be referred to the Tax Office at the Authority within three days of its receipt. The office will examine the application and the attached documents, and decide on it within three days from the date of receiving it, by issuing the certificate, number it and stamp it by the Chairman office or give their legal objections on the application.

Article (55):

If the decision on the application delayed beyond the period defined in the previous Article, on legal ground, the concerned person shall have the right to appeal to the Authority's Chairman. Then, the Authority will decide on the appeal after the competent sector verify completion of the required documents, and the enterprise's entitlement to be exempted, issue the exemption certificate within two days and inform the Tax Office, with a copy of it accompanied by a copy of the appeal, the documents and arguments that prove the enterprise's entitlement to get the certificate.

Article (56):

Tax exemption certificate may be issued separately for each of the enterprise's stages, according to Item (a) of Article (40) of the Law, if the Authority had defined a number of stages for the enterprise implementation, or the enterprise has been extended by different decisions, or the enterprise has been incorporated with other similar enterprises, which the dates of their entitlement to enjoy the exemptions according to the decisions pursuant to which these exemptions had been granted.

Article (57):

The annual tax exemption certificate will be issued for the enterprise in accordance with Form No. (4), approved by the Authority and annexed to this By-law.

Chapter Four

INVESTMENT COMPANIES

Article (58):

Subject to provisions of Articles (42/b, 43) of the Law, investment companies shall be established and their articles of association shall be amended by a decision from the Authority's Chairman.

Article (59):

Applications for the establishment of investment companies, for the execution of the licensed enterprises, shall be submitted to the competent sector at the Authority, in accordance with Form No. (5), regarding establishment of investment companies, annexed to this By-law. The sector will refer them to the competent authority at the Authority.

Article (60):

Investors who have investment's decisions issued to them to construct the enterprise under the name (on the stocks company) shall submit their application for establishment of the company within maximum period of (60) days from the date the enterprise's registration decision is issued. Any overcoming to this date, on no reasonable grounds, shall be subject to rules of Article (62) of this By-law.

Article (61):

Without prejudice to the rules mentioned in the Law and this By-law. Application for establishing companies should be accompanied by:-

- 1- The draft contract of the establishment and the company's articles of association pursuant to the Form issued by the Authority.
- 2- A copy of the Authority's decision for the enterprise registration.
- 3- A certificate from a local bank states that the cash part deposit of the on the stocks company's capital.
- 4- Itemized statement the in kind shares, their values, if any, and the partners sanctions.
- 5- A copy of the ID / Family Card for the Yemeni investor, a copy of the passport for the foreign investor.

Article (62):

The Authority shall not issue any approval for importation of raw materials, grant the enterprise tax exemption, renewal the enterprise implementation stages or grant any rights in the name of on the stocks company unless procedures of establishing and announcing the company have completed in accordance with the Law and this By-law within the period defined in Article (60) of this By-law.

Article (63):

Establishment of a stock company that present its share for public take in, or amendment of its articles of association shall be by a decision from the Board of Directors, upon presentation by the Authority Chairman, according to the following procedures:-

- 1- Application for establishment shall be submitted to the Authority Chairman, signed by at least two of the founders. The Authority Chairman assumes issuing

the instructions to include the application in the agenda of the first meeting of Board of Directors.

- 2- The Authority presents the application to the Board of Directors (BD) accompanied by the required documents and the company's draft articles of association after being reviewed by the Legal Affairs Department, Ministry of Commerce & Industry Office at the Authority. The Board will issue its decision, by approval or rejection, on the application. Date of presentation of application to the (BD) shall be considered the legally approved date for submission of the application to the Authority; and if the (BD) has issued its decision in regard of the application by means of passing, then, the date of the last presentation, in the (BD) minutes, to the last member in it, shall be considered the legally approved date for submission of the application.
- 3- The decision issued by the (BD) to accept application for establishment will define the period during which the company's stocks take in shall be carried out, provided that it should be less than fifteen days and not more than thirty days from the date of issue of the (BD) decision. The (BD) decision, also, defines any provisions or obligations that it consider necessary to be executed by the founders or to be included in the company's articles of association. The decision issued by the (BD) in regard of the acceptance of the application may, also, make reference to authorization to the Chairman to finish procedures of issuing the company's establishment decision, according to the rules defined by the decision if the (BD) sees that it may not be able to hold a meeting during the period of the next 45 days to issue the decision by accepting the application.

Article (64):

Procedures for registration and declaration of solidary companies and partnership companies shall be completed during a maximum period of (10) days from the date of submitting the application form with all the required information and attachments, according to rules of Article (61) of this By-law, to the competent sector. Expiration of this period without registration and declaration will be considered as an approval.

Article (65):

The Chairman shall issue the decision by approval for the establishment of private companies that do not present their shares for public take in stocks, and the limited liability companies, or amendment of their articles of associations during a maximum period of (15) days from the date of submitting the application form with all the required information and attachments. Expiration of this period without issuing the decision will be considered as an approval.

Article (66):

Subject to the rules of the Commercial Companies and Commercial Register's Laws, all investment companies should clearly put on their entire documents, correspondences and publications that they distribute to the public, the following information:-

- 1- Name of Company
- 2- Its legal status
- 3- Company's address.
- 4- Number of Commercial Register.

Article (67):

All affairs, which are not organized by a direct statement in the Law or this By-law, shall be subject to Commercial Companies Law> The Authority shall replace Ministry of Industry & Commerce in reference to applying rules of the mentioned law on the investment companies.

Article (68):

Rules, procedures and periods of time stated in this Chapter shall similarly be applied on applications for the amendment of establishment documents of the investment companies licensed by the Authority.

Article (69):

The decision of the company's establishment, its article of association and any amendments on it shall be published in the Gazette on the company's expense.

Chapter Five

INVESTMENT LANDS

Article (70):

The enterprises, investment companies, Arab and foreign investors enjoys the right to buy or rent the lands or premises owned by private sector or the State to be utilized for the purposes that the enterprise has been registered for according to the Law and this By-law. The entire rights and uses that are attached to the lands or premises shall be registered in accordance with the rules defined in the articles below :-

Article (71):

At the competent sectors and the Authority's branches in the governorates, a special register shall be established, in which, the entire uses and rights that come to these lands or premises shall be entered. The type, term and value of the right or uses should be stated, after its approval from Head of the sector, according to the documents evidencing it.

Article (72):

The uses or the right mentioned on the lands or premises may not be entered in the Real Estate Register prior to the approval of the Authority on that pursuant to an official message.

Article (73):

If the uses of the land or the real estate were by selling, that shall not be approved unless this use will be carried out for another investment enterprise and shall be used for the same purpose that this enterprise had been licensed for.

Article (74):

If the lands and premises are property of the State, the right on it or the uses shall not be registered prior to the approval of the authority concerned with the State's properties, on that use.

Article (75):

The Authority will be entitled to buy or rent the lands for the purpose of constructing industrial areas or complexes, or investment zones that will be established pursuant to the rules of the Law. It shall also have the right, after approval of Council of Ministers, upon presentation of the Authority's Chairman, to seize and possess the lands that it sees necessary to accomplish this aim, in accordance with Law of Possession for the Public Interest, pursuant to the following:-

- A. The Authority will forward to the Council of Ministers a proposal with the lands that it intends to take into possession for approval, defining the area, the location and the payable dues to their owners.

B. The (BD) will define the provisions and criteria by which these lands would be repossessed or rented to the investment enterprises to those who are desirous.

Chapter Six

INSPECTION OF ENTERPRISES AND THE FOLLOW-UP OF ITS ACTIVITIES

Article (76):

The Authority employees will undertake the inspection of the investment enterprises aiming at the verification that the enterprises are keeping their obligations referred to in the Law and this By-law, and the decisions issued by the Authority by the implementation, development or expansion of these enterprises. Subject to rules of Article (65), Item(e), of the Law, investors and enterprises shall allow any authorized employee from the Authority, by a written note, to have access to the enterprise to view its records, books, fixed assets, stock of production requirements and else. The enterprise shall also provide any clarifications requested by the Authority's employees charged for the inspection works.

Article (77):

The Authority's employees who are charged to carry out inspection, whose nature of their duty implies the status of juridical officers and whose appointment shall be issued by a decision from Minister of Justice, upon a presentation from the Authority Chairman, shall have the right to access to all offices, places, premises, warehouses, factories, divisions and the entire facilities attributed to enterprises as soon as they present ID cards that show their status or the charge issued by the Chairman or General Director for inspection.

Article (78):

Investors and enterprisers shall be obliged to:-

- A- Keep regular accounts pursuant to the enterprise's requirements, kind of production or services that they render.
- B- Arrange separate accounts at expanding the enterprises or incorporating them with other enterprises if any of the enjoys the rights and exemptions granted to them according to the rules of the Law
- C- Provide any lists, information or documents requested by the Authority that pertinent to the enterprise, its implementation or operation, and that is within the period defined in the request.

Article (79)

The Authority and employees charged by it to carry reviewing and inspection shall take all the necessary precautions and measures to maintain the confidentiality of the enterprise's information and documents that are made available to them pursuant to their job; and not to use them except within the limits of applying rules of the Law and this By-law.

Article (80):

The employees charged to carry out the inspection on enterprises shall prepare itemized documents about the inspection works that they have performed, inclusive their remarks and recommendations, and that is within a maximum period of seven days from the date of their charging expiration, and that is with the coordination with the relative sectors and circuits at the Authority, and then forward them to the Chairman or General Manager. The Authority will finish the legal procedures in view of those reports within a period that does not exceed five days.

Article (81):

The investor or the enterprise shall have the right to appeal against the report or the remarks mentioned in it to the Chairman, within (30) days from the date of his receipt of the notification about the results of inspection. In this case, the Chairman will charge one or more representatives to visit the enterprise's site to verify the correctness of the report or the appeal raised against it. Report of the charged person or persons to verify the inspector's report and the enterprise's appeal shall be considered final and the results will be forwarded to decide on them in view of the rules of the Law and this By-law.

Chapter Seven

SETTLEMENT OF DISPUTES

Section One SETTLEMENT OF PROBLEMS & CONSTRAINTS THAT FACE THE INVESTOR

Article (82):

The Authority and all the competent bodies will settle any problems or constraints that face the investors or the investment enterprises, and will stand to resolve them by all speedy means in accordance with the procedures defined in the articles below:

Article (83):

The investor or the enterprise presents the problem or the constraint that faced him to the General Manager so that he may decide the suitable way to solve the problem, according to its nature. The Authority shall address the authority in connection with the subject to come with it to amicable resolution that satisfies all parties; or refer the subject to the Chairman so as to coordinate with chairman of the competent authority to form a joint commission, from the Authority, the enterprise and that authority in order to resolve the problem.

Article (84):

If a proposal has been raised to the Authority's Chairman by the formation of a joint commission to resolve the controversy, the Chairman shall address the chairman of the relative authority to name their representatives in the problem resolution's commission within five days from the date of the address.

Article (85):

The Authority's Chairman shall issue a decision for the formation of a commission, to resolve the problem raised to the Authority, composed of five members. The Authority will be represented by two members, nominated by the General Manager, two members from the relative authority, nominated by its chairman and one member from the enterprise. The decision will name head of the commission from the Authority's representatives.

Article (86):

The commission shall meet within three days from the date of its formation to discuss the controversy and then raise its decisions for resolving the controversy to the Chairman, by majority of votes, for his approval.

Article (87):

If he sees its importance, or upon an official reasonable request from the chairman of the relative authority, the Authority's Chairman will charge the commission to reconsider its

decisions, which it has arrived at for the controversy resolution. In this case, its decisions shall be final and obligatory.

Section Two **SETTLEMENT OF DISPUTES**

Article (88):

In the execution of rules of Articles (62,63) of the Law, disputes that arise between investors, within the enterprise, or between the enterprise and any other enterprises may be settled through Yemen jurisdiction or arbitration in the Republic, upon a written agreement between the disputing parties, which has been agreed upon in advance or at any other time. It may also be part of any other written agreement, including the company's establishment documents. Investors or enterprises may choose one arbitrator or arbitration tribunal to decide on any disputes arising between them.

Article (89):

The arbitration tribunal shall be formed of a member from each party of the controversy. The two chosen shall choose another member to be the head of the arbitration tribunal.

Article (90):

If members of the arbitration tribunal fail to choose the head of tribunal; or they have not authorized a person, authority or organization to choose him within the thirty days post their appointment to the tribunal, the Authority's Chairman shall assume his assignment.

Article (91):

The arbitration tribunal shall hold its first meeting to view the dispute within seven days from the date of choosing its head. The commission may ask the controversy parties to provide the necessary guarantees for the run on of proceedings and execution of the arbitration award upon its issuance.

Article (92):

The arbitration tribunal shall hold its hearing sessions for the verbal or written pleadings, and to enable parties to present their arguments and evidences, not less than one session each ten days; and it shall inform the disputing parties the appointed time of its sessions, before adequate time. The tribunal's sessions shall be secret, and they may not be attended except by those who are in concerned with dispute or whom the arbitration tribunal may have called.

Article (93):

The arbitration tribunal may seek help of an expert or more present to a written or verbal report in respect of issues in connection with the dispute.

Article (94):

Arbitration commissions shall promptly decide on dispute issues presented before them, in accordance with the applicable laws and this By-law.

Article (95):

Arbitration procedures shall end by the issue of arbitration Award or the commission's apology to issue the decision due to its failure to perform its duty, for any reason, such as that the continuation of the arbitration proceedings is meaningless, or its impossibility or any other circumstance that the applicable laws may define.

Article (96):

Parties of the controversy shall bear the entire expenses in connection with the arbitration, including r arbitration commission arbitrator's fees, pursuant to the decision of the arbitration tribunal.

Chapter Eight

CANCELLATION OF INVESTMENT ENTERPRISES REGISTRATION

Article (97):

Cancellation of investment enterprise's registration shall be by a decision issued by the Authority's Chairman, in one of the two following conditions:

- 1- Upon the request of the enterpriser.
- 2- As a result of verification of a legal reason, in accordance with the specified procedures for each of the two cases as follows:

Article (98):

First Case: Cancellation of the enterprise's registration as a result of the existence of one of the legal reasons for its cancellation:-

Legal reasons that enforce cancellation of the enterprise registration are defined as follows:-

- 1- Existence of provisions and conditions defined in provisions of Article (66) of the Law.
- 2- Issuance of a juridical award pursuant to provisions of Item (d), Article (13) of the Law or a decision from the (BD) to cancel registration of any of the enterprises that in regard of which the award or the decision has been issued.

Article (99):

Second Case: Cancellation of the enterprise upon a request from the enterpriser, in accordance with Articles (100, 101, 102, 103, 104, 105, and 106):

Article (100):

Cancellation Application shall be submitted, stating the reasonable arguments of it, to head of the competent sector, accompanied by the original decision of the enterprise registration, original lists of its requirement, together with the originals of any decision of the amendment decisions issued by the Authority to the enterprise.

Article (101):

The competent sector shall examine the application and the attached document pursuant to the rules of previous article, enters its approval in the cancellation form, as per Form No. (6) issued by the Authority for this purpose and annexed to this By-law.

Article (102):

The enterprise that had imported all its fixed assets shall pay the payable customs dues before the approval of the enterprise's cancellation. The enterprise should have also clear itself of any due fees against it towards the Authority or Tax Authority; and that it should

have deported foreign labor, which had been brought for the work and that, is defined by the decision of registration in connection with this enterprise at the Passports and Labor Offices at the Authority.

Article (103):

It is provided that, to have the approval to the request of canceling the enterprise's registration, the enterprise should have done the following:

- 1- Paid the customs dues for the machinery and fixed assets which it had imported or to bring to the Authority evidence that it re-exported them, or the Authority gives its consent by a decision from it to exempt it from the part that it sees of these dues according to the rules of Article (19) of the Law.
- 2- Paid the administrative payable fees to the Authority and all the payable taxes due from the enterprise according to the Investment Law.
- 3- Cancelled work permits, resident and entry permits for foreign labor that it had brought in accordance to what had been defined in its decision of licensing it.

Article (104):

Directors of competent governmental offices at the Authority shall advise that the enterprise had executed the previous provisions in the form specified for enterprises cancellation, which is issued by the authority for this purpose, pursuant to Form No. (6) annexed to this By-law.

Article (105):

The competent sector shall write its opinion on the cancellation request on the form prepared by the Authority for such reason after the competent authorities have written their opinions pursuant to the rules of the previous article, then refer it to the legal affairs circuit to issue the decision of cancellation or to give a contradictory opinion.

Article (106):

The original initials of the enterprise's cancellation specified in Article (100) of this By-law shall be kept at the Legal Affairs Department in addition to the cancellation form after it had been signed according to rules if Articles (101, 104) of this By-law, then, the original decision of cancellation with a copy of the entire initials will be sent to the Chairman's office to finish signature procedures, giving it a number in the specified record and marking it at the enterprise's record to show cancellation of the enterprise.

Chapter Nine

FINAL RULES

Article (107):

Procedures, rules and provisions specified in this By-law shall apply on the enterprise's registration, amendment of registration and cancellation at the Authority's branches in the directorates, within the financial ceilings defined to them, in the (BD) decisions to practices these powers. Managers of these branches shall have the same power of the General Manager and the Chairman in signing decisions for executing these procedures. A record for the registration of enterprises will be open at each branch, separately.

Article (108):

The period of time defined in the rules of this By-law for execution of the mentioned procedures, shall not be decisive if the matter requires the issuance of legal opinion in respect of any of them. Computing the period of time shall be stopped from the date of requesting the legal opinion till its issuance.

Article (109):

Any transaction may not be delayed at the competent sectors and offices at the Authority beyond the period defined to it in this By-law. Similarly, the Authority leadership may not delay its decision on any transaction forwarded to it for more than two days. In case of delay, the concerned person may complain on delaying his transaction to the Authority's Chairman or the Chairman of the (BD).

Article (110):

The competent sectors shall bear the entire responsibility of advising the competent departments and offices at the Authority with a copy of the necessary decisions they issue in respect of any of the registered enterprises, within three days from the date of issuing the decision.

Article (111):

Any dispute in respect of construing a text of this By-law that arises between the Authority and any of the competent authorities shall be settled by direct discussion between the Authority's Chairman and head of the competent authority.

Article (112):

All notes and correspondences refers to in the Law and this By-law shall in writing, by registered mail, to the addresses recorded at the Authority in the applications for registration submitted by the enterprise or any official amendment of it. The legal period of any of them shall be calculated from the date of its sending.

Article (113):

The competent authorities may not cancel an approval issued by it for any enterprise, or cancel any contract it entered with any of them, prior to notifying the Authority. The

Authority shall have the right to object the legality of the procedure within ten days from the date of receiving the competent authority's notification.

Article (114):

Any governmental authority may not carry out any procedure that would harm the investment enterprises, seize their work or cancel any of their rights without having the Authority's consent, after stating the legal reasons for that procedure. Similarly, these authorities may not raise a law suit against enterprises before notifying the Authority.

Article (115):

The Forms annexed to this By-law shall be considered inseparable part of it. The Board of Directors may add any amendments according to necessity.

Article (116):

The Authority's Chairman shall issue the entire instructions, orders and directions for the execution of the rules of this By-law, and that defining any provisions or procedures imposed by practical necessity, in addition to what has been defined in the rules of this By-law, in coordination with the authorities concerned, that will not contradict with the rules of the Law and this By-law.

Article (117):

This By-law shall be effective from the date of its issuance and shall be published in the Gazette.

Issued at the Council of Ministers – in Sana'a

On 20/ Rajeb/ 1424 H

Corresponding to 17/ September/ 2003

Abdulgader Ba-Jamal

Prime Minister