

Laws & Regulations

BY-LAWS ON SUPPORTING IRANIAN COMPANIES AND GUARANTEE OF THEIR DEBTS

Official Gazette No.17962
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Decree No.H36039T/89136
dated 18.10.2006

To:

- The Ministry of Communications and Information Technology
- The Management and Planning Organization (MPO)
- The Central Bank of Islamic Republic of Iran (CBIRI)

The Council of Ministers, in a Session held on October 11, 2006, pursuant to a proposal that had been made jointly by

the Ministry of Communications and IT, the MPO and the CBIRI and by invoking Article 19 of the Law on Adding Certain Articles to the Law Regulating Some Fiscal Government Regulations, ratified 2005, approved the following by-laws on the manner of implementation of Article 19 of the above Law:

Article 1- The following expressions and words, used in these by-laws, shall have the meanings assigned to them as follows unless another meaning has been expressly intended:

a. The Law: The Law Annexing Certain New Articles to the Law Regulating Some of the Fiscal Regulations of the Government approved 1384.

b. Protecting on Protector Company: The government owned companies that enter into contracts with private companies and cooperatives for the implementation of joint projects in the field of development of Information Technology (IT) and communication.

c. The Companies Eligible for Protection: Registered Iranian companies of the private

and cooperatives sectors that become engaged in carrying out projects jointly with their foreign counterparts or through Iranian joint ventures or independently in accordance with the regulations of these by-laws.

d. Foreign Counterpart: A company registered in a foreign country as certified by IRI Commercial Attache in the country of registration that will be capable, in the opinion of the Protecting Company, and shall have sufficient capacity for transfer of technology and know-how into Iran in the field of IT and communications through setting up joint ventures with Iranian companies of the private or cooperatives sectors.

e. Joint Project: Implementation of a project in Iran, instructed by a government owned company aimed at development of IT and communications. The applications of a project shall be determined on the basis of policies set forth in the up-stream Information and Communications Technology (ICT) documents. The project shall be carried out by an Iranian company together with its counterparty being a foreigner or an Iranian company.

f. Fiscal Facilities: The sums of money that a protecting com-

pany pays to a company eligible for protection out of its own resources without charging interest and by collecting a commission of 20/0 (two per cent) for only one time on conclusion of contract for the purpose of repayment of the interest free loan granted to the company eligible for protection.

g. Guarantee: To guarantee the companies eligible for protection in respect of the contracts they conclude for the purpose of carrying out the joint projects being the subject of these by-laws. The guarantee shall be made out of the resources belonging to the protector deposited with the banks that act as bankers of the protector companies or through making a contractual guarantee.

h. Contractual Guarantee: A guarantee made pursuant to a contract where the protector (protecting) company shall guarantee, under contract, that in case the company being subject to protection shall fail to carry out and fulfill its obligations in respect of the projects being the subject of these by laws, the protecting company shall pay an agreed upon compensation to the third party(-ies) who are the beneficiaries and counterparts in the contracts concluded for carrying out the projects mentioned in these by-laws, III accordance

with the terms and conditions of the letters of guarantee.

1. Contracts of its own: A contract concluded by and between a protecting company and a company being subject to protection for the purpose of implementation of the projects being the subject of these by-laws.

Article 2- The Board of Directors of a (protector) company shall be in charge of examination and approval of the projects being subject to protection and to determine the manner of granting credit facilities or to provide guarantee~: foreseen in these by-laws and to decide on the amount of credit facilities, the period of repayment, and the type of guarantees to be made for repayment of the granted facilities.

Article 3- The Board of Directors of the (protector) company shall submit a report on the actions taken pursuant to these by-laws, separately, together with the pertinent fiscal statements, to the general assembly of shareholders of the Company.

Article 4- Protector Companies, shall protect the companies being subject to protection, in accordance with the terms and regulations of these by-laws in the following manners:

a. Payment of credit and loan facilities

b. Providing necessary guarantees for the companies entitled to protection in their execution of ICT development projects being the subject of these by-laws.

Note- Use of the credit and loan facilities hereunder shall be possible only one time and through one single protector company.

If it shall become evident that a company, by the use of false documents has, in fact, applied for the facilities hereunder or has applied for loan and credit from two protector companies, for one single project, the company shall become obligated to return the extra sums collected and to compensate the losses inflicted through false application.

In order to exert control on the activities of the companies being subject to protection, the protector companies shall draw up a report on each instance of protection with details on the whereabouts of the issue in question and the details regarding the company being subject to protection and shall submit the said report for registration to the Secretariat of the High Council of IT.

Article 5- The credit facilities being the subject of these by-laws shall be offered and paid through an agent bank designated by the Boards of Directors of the protector companies from among the government banks or non-government banks operating under license issued by CBIRI.

Note- It shall be allowed to pay interest-free loans to the companies being eligible to protection, out of the resources of the protector companies, for up to 50% of the value of the concluded contract.

Article 6- The government owned protector companies shall be at liberty to require and collect anyone of the letters of guarantee described in Article 3 of the By-Laws for Guarantees Pertaining to Government Transactions set forth in Decree No.H28493T/42956 approved on November 2, 2003 to make sure of the repayment of the granted facilities by taking into consideration the position and credit standing of the company eligible for protection.

Article 7- Protector companies shall be under the obligation to include in their annual budgets the funds required for payment of the facilities and putting in place the protection stated herein and have such budgets approved by the authorities

concerned in order that the said sums shall be spent within the framework of the provisions of these by-laws.

Note- Protector Companies shall draw up a report, at the end of every fiscal year, in respect of the operations hereunder and shall send such reports to the MPO.

Article 8- Protector Companies may, within the credit ceiling of contractual guarantees, proceed with issuing contractual guarantees in respect of their own contracts directly or through their bankers according to the applicable regulations.

Article 9- Protector companies shall be at liberty to pay the sums that may become payable as a result of the guarantee made by the protector company of the performance of a company eligible for protection or pursuant to encashment of letters of guarantee given by protector companies in the above instances of the claims, cash and assets of the company eligible for protection that may be in the hands of the protector companies. If no such collaterals exist, the protector company may sue the company eligible for protection through legal proceedings.

**First Vice-President -
Parviz Davoodi**