

In the name of the people,

The Council of Presidency

Based on the approval of the Council of Representatives (Parliament) and the ratification by the Council of Presidency and pursuant to the provisions of Paragraph (First) of Article 61, and Paragraph (Third) of Article 73 of the Constitution,

The following law has been enacted:

Law (...) of 2009

The First Amendment of Investment Law Number 13 of 2006

Article 1: This article shall not be amended (The article remains the same as in the original Law 13 of 2006)

Article 2: This article shall not be amended (The article remains the same as in the original Law 13 of 2006)

Article 3: The Text of Items (First) and (Second) of Article (5) of the law shall be canceled and replaced by the following:

First: Investment commissions with a corporate organizational structure shall be established in regions and provinces not organized into a provincial region and will be represented by its chairman or his designee and financed from the budget of the district or the province. Also, the investment commissions will have the authority to issue investment licenses, to perform investment planning, and to promote investment, and may open branches within its territories in coordination with the National Investment Commission to ensure the proper application of the law.

Second:

- a.** The commission for a province which is not organized into a provincial region shall be chaired by a qualified and experienced civil servant who is appointed as grade level general director for 5 (five) years upon a nomination from that province and upon the approval of the Prime Minister, and shall be designated as the Chairman of the Commission's Board of Directors.
- b.** The Chairman of the commission shall have a Deputy who is appointed for a 5-year term by the region or the province which is not organized into a provincial region and shall be designated as the Deputy Chairman of the Board of Directors.

- c. The Commission shall have a Board of Directors that consists of 7 (seven) members, including the Commission's Chairman and his Deputy.
- d. A region and a province which is not organized as a provincial region shall appoint 2 (two) employees with grade level no less than a director and who are employed in related departments in the region or province not organized into a provincial region, as part-time members of the board of directors of the commission for 3 (three) years.
- e. Based on a proposal from the Chairman of the Commission, a region and a province not organized into a provincial region shall appoint 3 (three) individuals from the private sector as members of the board for a period of three years. The appointees shall be a qualified individual and have the required expertise and a minimum of 4-year college degree and must not have any prior felony or misdemeanor convictions or have declared bankruptcy. Their compensation shall be determined according to the commission's bylaws.
- f. The Governor, his Deputy, his assistants, or the President and the members of the Provincial Council may not assume the position of Chairman, Deputy, or members of the investment commission board of the region or the province not organized into a provincial region.
- g. All members of the investment commission in a region or province not organized into a provincial region must have at least 7 (seven) years of specialized experience, a university degree in fields directly related to the commission area of expertise, and must not have any prior felony or misdemeanor convictions or have declared bankruptcy.
- h. The appointment and the dismissal of the Chairman, the Deputy, and members of the Board of Directors in a region or a province not organized into a provincial region shall be made in coordination with the National Investment Commission.

Article 4: Article (10) of the law shall be canceled and replaced by the following:

First: Iraqi and foreign investors shall enjoy all privileges, incentives, and guarantees and are subject to the provisions stipulated in this law.

Second:

- a. Iraqi and foreign investors have the right to own land and real estate properties owned by the state for a fee, at a value calculated by specialized system, as well as the right to own land and real estate properties owned by the mixed and the private sectors for the exclusive purpose of establishing housing projects.

- b. A block shall be placed on the ownership deed until the foreign investor has satisfied all his obligations and with the approval of the investment commission that granted the license.
- c. Iraqi and foreign investors must adhere to the purpose for which the land or the property had been granted and shall not use the land ownership for speculation.
- d. If an Iraqi or a foreign investor, who was granted land ownership of land or real estate property in accordance with this law, fails to carry out his obligations within the time frame specified in the agreement with the investment commission that granted the license, the Real Estate Registration Directorate, based on a request by said commission, shall cancel the registration and return the land or the property to its former owner in return for refunding the paid nominal sale price.
- e. Iraqi and foreign investors shall commit to building housing units within the period specified in the agreement and shall sell or lease them to Iraqi citizens in accordance with guidelines issued for that particular purpose. Iraqi and foreign investors may use their own discretion with the remaining share of the housing project for the duration of the license and in accordance with the terms of the agreement.

Third:

- a. Iraqi or foreign investors have the right to lease land or real estate from the state, or from the private or the mixed sector for the purpose of establishing investment projects for a period of time not exceeding the terms of the license, and not exceeding 50 (fifty) years, renewable subject to the economic benefit and nature of the project.
- b. The investment commission granting the license may agree with the Iraqi or the foreign investor on the return of the project back to a state or a region and a province which is not organized as a provincial region upon the expiration of the license and according to the conditions of the agreement with the investor.
- c. The Iraqi or foreign investor may transfer the ownership of the investment project in whole or in part during the term of the license to any other Iraqi or foreign investor provided that the new investor continues the project in the same field or in another field after the approval of the commission that granted the license and after the new investor assumes all the responsibilities, obligations, and commitments of the previous investor in accordance with this law and the provisions of the agreement. If the Iraqi or foreign investor transfers the ownership of the project while the granted privileges, incentives, and guarantees are still in effect, the new investor shall continue to benefit from the same until the end of that period.

- d. The investment commission granting the license may agree with the Iraqi or the foreign investor on maintaining the ownership of both the land and the building or the building of the investment project by the investor, depending on the project being a housing project or not, respectively upon the expiration of the license's term without enjoying the privileges, incentives, and guarantees set forth in this Law.

Fourth:

- a. Procedures of leasing state-owned real estate properties to Iraqi or foreign investors for the purpose of establishing investment projects in accordance with this law are exempt from the provisions of the State-owned Property Sale and Lease Law No. (32) of 1986 or any other law that may replace it. The basis for calculating the lease fees shall be determined according to a system established for this purpose.
- b. Procedures of selling State-owned real estate properties to Iraqi or foreign investors for the purpose of establishing housing projects in accordance with this article are exempt from the provisions of the State-owned Property Sale and Lease Law No. (32) of 1986 or any other law that may replace it.

Article 5:

First: Paragraph (First) of this article shall not be amended (The article remains the same as in the original Law 13 of 2006)

Second: Paragraph (a) of Item (Second) of Article (11) of the law shall be canceled and replaced by the following:

- a. Trading in stocks and bonds listed on the Iraqi Stock Exchange and acquiring membership in private and mixed corporations; and this shall not be prohibited because the list of assets of the aforementioned corporations include real estate properties.

Article 6: Item (Fourth) of Article (20) of the law shall be canceled and replaced by the following:

Fourth:

- a. If an investment application is denied, the applicant may request a reconsideration of the application from the Chairman of the Commission of the region or the province which is not organized into a provincial region within (15) days from the

date of the receipt of denial notice, and the chairman of the commission in question must make a decision within (7) days from the date such request was recorded by his office.

- b. The applicant may appeal with the National Investment Commission within (15) days from the date of issuance of denial notice, and the commission must decide on the appeal within (15) days from the date the appeal was recorded in the office of the Chairman of the National Investment Commission.
- c. If the National Investment Commission denies an investment application, the applicant may request a reconsideration of the decision within (15) days from the date of the receipt of denial notice, and the commission must make a decision about the request within (7) days from the date the request was recorded in the office of the Chairman of the Commission, the decision of which may be subject to appeal with the Council of Ministers within (15) days from the date of notification.

Article 7: Article (23) of the law shall be canceled and replaced by the following:

The Ministries of Finance, Municipalities and Public Works, Agriculture, and the Governorate of Baghdad, and municipalities in the provinces shall provide land and real estate properties suitable for the establishment of investment projects and shall provide the National Investment Commission with the number of the deed, square areas, ownership, classification, and uses of these properties. The National Commission shall allocate such land and properties to Iraqi or foreign investors in accordance with the law.

A new Article shall be added to Chapter 7 (General Provisions) of the original law as follows:

New Article: The Ministries of Finance, Municipalities and Public Works, and the Governorate of Baghdad, and municipalities in the provinces, as well as agencies and departments not affiliated with a specific ministry, shall provide land and real estate properties suitable for the establishment of investment projects and shall provide the National Investment Commission with the number of deed, square areas, ownership, classification, and uses of these properties. The National Commission shall allocate such land and properties to Iraqi or foreign investors in accordance with the law.

Article 8: Article (32) of the law shall be canceled and replaced by the following:

- a. The provisions of this law shall apply to existing and ongoing projects in the mixed and in the private sectors, and based on a request from the management of such projects and the approval of the commission, but not retroactively.
- b. Public Sector projects that have been contracted for rehabilitation or reactivation with the private or the mixed sector shall be covered by all the privileges, incentives, and guarantees set forth in this law. This shall apply to projects that have been contracted before this law was enacted, and provided that this shall not result in any exemptions from fees or taxes due prior to the enactment of this law.

Grounds of Justification

To expedite and organize the activities of the National Investment Commission and create a climate favorable to investment in Iraq, particularly in the housing sector, and the removal of legal obstacles impeding investment in the housing sector, which will reflect positively on accelerating economic development and reconstruction in Iraq, this law has been enacted.

The Council of Representatives voted on this law on its 10th session on 13 October 2009.