

LAW OF MONGOLIA ON LICENSING

February 1, 2001
Ulaanbaatar city

(Turiin medeel #6, 2001)

CHAPTER ONE GENERAL PROVISIONS

Article 1. Objectives of the Law

1.1. Objective of this Law is to regulate a relation with respect to issuing, suspending and revoking a license to conduct certain business activities that may negatively affect public interest, human health, environment and national security and that require specific conditions and expertise.

Article 2. Other relevant legislation on Licensing

2.1. Legislation on licensing shall consist of this Law, Civil Code and other legislative acts consistent with these laws.

2.2. If an international treaty to which Mongolia is a party is inconsistent with this law, then the provisions of the international treaty shall prevail.

2.3. Licenses required for use of land and natural resources shall be governed by the Land Law of Mongolia, Law on Subsoil, Law on Specially Protected Area, Law on Natural Plants, Hunting Law, Law on Animals, Forest Law and Water Law, Law on Foreign Trade of Rare Animals and Plants and Products derived from thereof and Law of Mongolia on Minerals.

Article 3. Definitions

3.1. In this law the following terms shall have the following meaning:

3.1.1. "License to conduct a business activity" (hereinafter referred to as "License") shall mean an official document issued by an authorized institution to an individual, for-profit or not-for-profit legal entity to conduct certain types of business for a fixed period of time and upon meeting specific terms and requirements;

3.1.2. "License holder" shall mean a person who has obtained a license from an authorized institution to conduct a particular type of business.

CHAPTER TWO

ISSUING, SUSPENDING, REVOKING LICENSE Article 4. Content of the License

4.1. The license shall contain the following:

4.1.1. name of the authorized institution that has issued a license;

4.1.2. name and address of the license holder;

- 4.1.3. type of the licensed business;
- 4.1.4. expiry date of the license;
- 4.1.5. terms and requirements to the licensed business;
- 4.1.6. number of the license and date (year, month, date) of issuance;
- 4.1.7. signature and stamp of the authorized official of the licensing institution.

Article 5. Scope of License

- 5.1. If explicitly stated, the licensed business shall be conducted within the particular territory.
- 5.2. Business activities other than those that require a license may be freely conducted in accordance with relevant laws, standards and regulations upon registration with the registering institution.
- 5.3. Unless otherwise stated in law, it shall be prohibited to sell, give free of charge and pledge the license to others.
- 5.4. The right to conduct a business activity that requires a license shall come into force upon obtaining such license in accordance with this law.

Article 6. Expiry date of license and its extension

- 6.1. Unless otherwise stated by law, a license shall be issued for three years.
- 6.2. Unless otherwise stated by law, a license may be extended for a period equal to the original duration.
- 6.3. A license shall be extended within 3 days upon the license holder's application unless other stated by law and the circumstances described in article 13.1 of this law have arisen.
- 6.4. A license shall not be extended if its terms and conditions have been violated.

Article 7. Procedure of issuing a license

- 7.1. Unless otherwise stated in law, a license described in article 15 of this law shall be issued by a relevant central administrative body.
- 7.2. All types of food industry and food services shall be conducted upon inspection and permission by appropriate inspection institutions of manufacturing processes, conditions, technology procedures and product samples.
- 7.3. Detailed procedures with regard to licensing of a particular type of a business activity shall be determined by respective individual laws.
- 7.4. If an authorized institution deems it necessary, a license may be issued through a competitive selection.

Article 8. Prohibited business activities

- 8.1. The following types of business activities shall be prohibited in Mongolia:

- 8.1.1. manufacturing, importing and selling drugs and narcotics unless otherwise stated by law;
 - 8.1.2. organizing, advertising and promoting any forms of pornography;
 - 8.1.3. casino;
 - 8.1.4. profit-seeking business through fraudulent multi-tiered marketing or financial pyramid.
- 8.2. The subparagraph 8.1.3 of this Law shall not be applicable to the legislation on Free Zones.

Article 9. Principles and requirements of licensing

- 9.1. The following principles shall be observed by an authorized institution in issuing a license:
- 9.1.1. ensuring national security and defense, protecting public and legal interests;
 - 9.1.2. creating a favorable environment for business;
 - 9.1.3. efficiency and transparency;
 - 9.1.4. issuing a license in the cases stated in the law only.

Article 10. Authority of a licensing institution

- 10.1. An authorized licensing institution shall have the following rights:
- 10.1.1. Issuing a license in accordance with terms and procedures stated in the law;
 - 10.1.2. Registering the license issued;
 - 10.1.3. Supervising compliance with terms and requirements of the license issued;
 - 10.1.4. Suspending or resuming the license validity;
 - 10.1.5. Extending or revoking the license.

Article 11. Required application documents for licensing

- 11.1. A license applicant shall submit the following documents:
- 11.1.1. application (containing description of expected manufacturing or service, intended length of such activity);
 - 11.1.2. if the applicant is a legal entity, the registration certificate;
 - 11.1.3. if the applicant is an individual, a notarized copy of the ID;
 - 11.1.4. receipt of payment of the state stamp fee;
 - 11.1.5. other documents stated in the law depending on the specific type of manufacturing or services;
 - 11.1.6. recommendation by the Governor of the capital city of Ulaanbaatar or aimag for the business activities described in Articles 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. It shall be prohibited to demand documents or payment fees other than those stipulated in paragraph 1 of this Article.
- 11.3 In case if the governors of aimag and capital city did not deliver their proposals on issuing licenses for carrying out businesses (activities) stipulated in articles 15.10.5 and 15.10.6 of this law to the state administrative authority responsible for the matters of geology and mining within 30 days, the license shall be deemed issued.

Article 12. Issuing a license

12.1. The authorized licensing institution shall receive and review an application and other relevant documents and shall make a decision whether to issue a license within 21 business days since the day of receiving the application, unless otherwise stated in the law.

12.2. If a license has been denied, the reasons of such rejection shall be explained to the applicant in writing.

12.3. If necessary, the licensing institution may have other relevant institution(s) to examine the application papers submitted to it by the applicant.

12.4. In case of such examination, review period of the application may be extended for 14 business days.

Article 13. Suspending a license

13.1. If the terms, timelines or requirements of a license have been breached, the licensing institution may suspend the license for up to three months upon the conclusion of a relevant inspection body.

13.2. The licensing institution shall inform in writing of such suspension the license holder and relevant tax department within 3 days.

13.3. The licensing institution shall stop the suspension of the license upon elimination of the circumstances, which have led to such suspension.

Article 14. Revoking a license

14.1. The licensing institution shall revoke a license in the following cases:

14.1.1. if a license holder has applied so;

14.1.2. if the legal entity [license holder] has been dissolved;

14.1.3. if it is proven that false application documents have been submitted to receive the license;

14.1.4. if the terms and requirements of the license have been breached several times or have been egregiously breached;

14.1.5. if the demand to rectify reasons of the license suspension has not been met within the suspension period.

14.2. The licensing institution shall inform the license holder and relevant tax department of such revocation within 3 days after issuing such decision.

Article 15. Types of business activities to be conducted under a license

15.1. The businesses described in this Article shall be conducted under license.

15.2. In the area of banking:

15.2.1. establishing a bank, conducting banking activities;

15.2.2. conducting non-banking financial activities.

15.3. In the area of securities:

15.3.1. underwriting, brokerage, dealer, securities trading, securities payment settlement and depository entity, investment fund, investment management or investment consultancy related activities on the stock market;

15.3.2. publicly trading of securities.

15.4. In the area of finance and economy:

15.4.1. social and commercial insurance business;

15.4.2. auditing;

15.4.3. printing securities;

15.4.4. issuing lottery;

15.4.5. operating a duty-free shop;

15.4.6. customs-appointed freight forwarding;

15.4.7. customs brokering;

15.4.8. operating a customs warehouse.

15.5. In the area of justice and home affairs:

15.5.1. asset valuation;

15.5.2. legal translation in court or investigation proceedings;

15.5.3. advocacy [legal assistance];

15.5.4. Deleted;

15.5.5. publishing laws of Mongolia (except Bulletin “State Information”);

15.5.6. producing car number plates;

15.5.7. bookmaking and gambling;

15.5.8. manufacturing or trading firearms;

15.5.9. Deleted;

15.5.10 Deleted;

15.5.11 production of seals and stamps.

15.6. In the area of environment:

15.6.1. importing, selling or using ozone-splitting substances or products containing such substance;

15.6.2. producing of toxic and dangerous chemical substances other than explosive ones;

15.6.3. importing and exploitation of toxic and dangerous chemical substances;

15.6.4. Deleted;

15.6.5. emitting [issuing] polluting chemical substances into the atmosphere whose tolerance degree is not determined by existing standards;

15.6.6. engaging in detailed environmental impact assessment.

15.7. In the area of education, culture and science:

15.7.1. establishing a university, college, vocational schools;

15.7.2. offering master or PhD degree academic programs;

15.7.3. taking historical, cultural or other precious objects out of country;

15.7.4. starting a new professional academic curriculum at a higher education institution.

15.8. In the fuel and energy field

- 15.8.1. Setting and operating of a source that will use atomic energy;
- 15.8.2. Construing of and building energy sources and set up *line*

15.8.3. Producing of and transmitting of energy carrying out operations on dispatcher coordination, distribution, providing and selling;

15.8.4. Carrying out fluid flammable gas providing services.

15.9. In the area of social protection and employment:

15.9.1. exporting or importing work force, recruitment business;

15.10. In the area of industry and trade:

15.10.1. producing medals;

15.10.2. manufacturing jewelries of precious metals and stones;

15.10.3. trading strong toxic substances other than drugs;

15.10.4. exporting and selling of toxic and dangerous chemical substances, producing of explosive substances and engage detonation works;

15.10.5. exploration of minerals;

15.10.6. mining of minerals;

15.10.7. Deleted;

15.10.8. Deleted;

15.10.9. Deleted;

15.10.10. Deleted;

15.10.11. transactions with regard to oil;

15.10.12. importing alcoholic beverages.

15.10.13. to carry out oil production and wholesale.

15.11. In the area of food and agriculture:

15.11.1. planting tobacco plants, manufacturing tobacco;

15.11.2. producing alcoholic beverages, except for vodka distilled from dairy products;

15.11.3. producing seed of plant crops;

15.11.4. manufacturing or importing livestock medicine or veterinary facilities;

15.11.5. raising or producing livestock disease microbes;

15.11.6. selling or importing substances used to protect plants;

15.11.7. adapting new and imported veterinary medicine or new breed of animal selects into production or services, importing or exporting new breed of animals;

15.11.8. private entrepreneurship in veterinary and selection service, manufacturing of a new medicine for veterinary and livestock selection.

15.12. In the area of health:

15.12.1. preparation of medicine using herbs or other plants containing drug substance;

15.12.2. producing or selling medicine, or medical facilities;

15.12.3. all types of medical services;

15.12.4. producing, trading or importing narcotic drugs or drug substances that may affect human brains;

15.12.5. operating a nation-wide medical institution with foreign investment;

15.12.6. producing, selecting, cultivating, reserving, storing, transporting, selling disease causing microbes or harms thereof;

15.12.7. Deleted

15.13. In the field of Copyright and Patent right:

- 15.13.1. working as entrusted representative of the creatures related to the copyright;
- 15.13.2. working as entrusted representative of the creatures related to the patent right;
- 15.14. In the field of building construction:
 - 15.14.1. Printing of location schemes and statistical data of secret importance;
 - 15.14.2. Doing cadastral mapping;
 - 15.14.3. Carrying out services of hitching of elevators and cranes;
 - 15.14.4. Carrying out services of hitching of stoves, thermo- containers and engineering lines;
 - 15.14.5. Carrying out services and production of common economy;
 - 15.14.6. Drafting projects of engineering constructions and constructing of buildings;
 - 15.14.7. Carrying out services and production of geodesic and cartographic drafts;
 - 15.14.8. Holding land cadastre researches;
- 15.15. In the field of road, transport and tourism:
 - 15.15.1. Construing of railway lines;
 - 15.15.2. Holding Civil aviation;
 - 15.15.3. Carrying out railway transport services;
 - 15.15.4. Construing and repairing of auto roads and road launches;
 - 15.15.5. Supervising technical control of auto transport vehicles;
 - 15.15.6. Carrying out services for public and post transportation the country and abroad;
 - 15.15.7. Construing and improving of planes for civil aviation;
 - 15.15.8. Carrying out / running hotels of high categories;
 - 15.15.9. Carrying out water transport services;
 - 15.15.10. Construing and repairing of water line signals and marks;
- 15.16. In the field of mass media, communication and technology:
 - 15.16.1. Using of radio frequency and radio frequency bandwidth;
 - 15.16.2. Establishing, utilizing and carrying out communication service network;
- 15.17. In the field of standardization and measurement:
 - 15.17.1. Production, setting, repairing and selling measurement devices.

Article 16. Types of business activities to be licensed by relevant aimag, capital city, soum or district Governors or by relevant inspection authorities

- 16.1. The following type of business activity shall require a license by an appropriate inspection authority
 - 16.1.1. engaging in radioactive minerals or other radioactive sources;
- 16.2. The following types of business shall require a license by an appropriate aimag or capital city Governor:

- 16.2.1. public transportation or postal services among aimags, cities or in a city;
 - 16.2.2. professional activities of a health care institution;
 - 16.2.3. producing, exterminating or importing toxic or minimally toxic chemical substances;
 - 16.2.4. operating a secondary school;
 - 16.2.5. trading or serving alcoholic beverages.
- 16.3. The following types of business shall require a license by an appropriate soum or district Governor:
- 16.3.1. engaging in a business that emits [issues] polluted chemicals into the atmosphere and that affects harmful physical impact, using local sources;
 - 16.3.2. providing a local public transportation service (this provision does not apply to a district Governor);
 - 16.3.3. establishing a kindergarten.

CHAPTER THREE

MISCELLANEOUS

Article 17. Settlement of a dispute over licensing

17.1. Any dispute over licensing shall be solved by the related higher instance institution of the licensing organization and, if the decision of such institution is not agreed to, the matter shall be submitted to court.

Article 18. Liability for breaching the legislation on licensing

18.1. If there does not exist a cause for criminal liability, an offender of this law foreign citizen shall be subject to the following administrative liability depending on the nature and size of the breach in question:

18.1.1. If the business activity described in articles 15 and 16 of this law are conducted without proper licensing, illegal income shall be confiscated and the individual offender shall be fined by 20.000-50.000 togrogs, and a legal entity – by 100.000-250.000 togrogs;

18.1.2. If article 7.2 of this law is breached, illegal income shall be confiscated and the individual offender shall be fined by 20.000-50.000 togrogs, the official - by 30.000-60.000 togrogs and the legal entity - by 10.0000-250.000 togrogs;

18.1.3. If article 5.3 of this law is breached, the individual offender shall be fined by 20.000-50.000 togrogs, the official - by 30.000-50.000 togrogs and the legal entity – by 100.000 - 250.000 togrogs and the license shall be revoked;

18.1.4. If the license has been obtained based on false documents, the illegal income shall be confiscated, the individual offender shall be fined by 20.000-50.000 togrogs, the legal entity – by 100.000-250.000 togrogs and a license shall be revoked;

18.1.5. Officials who have breached Articles 6.3; 11.2; 12.1; 12.4; 13.2; and 14.2 of this law shall be fined by 30.000-50.000 togrogs.

Article 19. Coming into force of the law

19.1. This Law shall come into force from the 1st of January, 2002.

Source: World Intellectual Property Organization http://www.wipo.int
