

Council of Ministers

In compliance with the provisions of item (third) of article(80) of the constitution the following Regulation has been issued :-

No.(2) of 2017.

Regulation of Foreign Companies Branches.

Article 1- The following idioms have the under- mentioned meanings for the purpose of this Regulation:-

First- The Minister : Minister of Trade.

Second- The Registrar: The Registrar of Companies.

Third- The foreign company: A company incorporated outside Iraq according to a foreign law.

Fourth- Registration License : A document issued by the Registrar of Companies and announce the registration of a foreign company branch in Iraq accordingly.

Fifth- The branch : A legal entity represents the foreign company in Iraq.

Article 2 - Every foreign company wishes to exercise trading activity in Iraq when two years pass as from its incorporation, can open a branch after submitting the following documents to the Registrar duly translated into Arabic language and legalized from the competent authorities in the country of origin:-

First: The special form of the license application designated by the Registrar.

Second- The memorandum of incorporation and articles of association of the foreign company or an equivalent document.

Third- A valid certificate of registration (incorporation) of the foreign company or an equivalent document.

Fourth- A list of the names of the board of directors of the foreign company and nationality of each one and names of authorized signatories.

Fifth- Authorization document for the manager who is empowered to manage the branch in Iraq and actually residing therein.

Sixth- Authorization document for the person who is designated to submit the application to open the branch in Iraq.

Seventh- The final accounts of the last financial year of the foreign company.

Eighth- The undertaking formatted by the Registrar.

Ninth- Any other document which is ordered by the Registrar concerning the company business.

Article 3- first: The Registrar issues his decision to approve or refuse the foreign company request concerning providing the company with the registration license of a branch in Iraq within (30) thirty business days as from the application date which must respond to the requirement stated in article(2) of this Regulation otherwise the application is considered acceptable and in case of refused there must be a reason for the decision.

Second- The foreign company can object against the refusal decision according to law.

Third- The person who is authorized to register the branch in Iraq has to publish the decision of the branch registration in a local newspaper for one time within (15) fifteen days after paying the legally determined dues, otherwise the decision shall be considered invalid.

Fourth- The Registrar publish his approval decision in his internal bulletin.

Fifth- The Registrar issues the license of registration within (7) seven business days as from the last publication date.

Article 4- The registration license is not considered as a permit to exercise the activity.

Article 5- first: The branch must abide by submitting the following to the Registrar:

- A) A formal document stating the full address of the branch domicile in Iraq duly legalized from a competent authority.*
- B) A supporting letter from one of the licensed banks in Iraq confirms opening a current account.*
- C) A license of exercising the activity issued from the authority which is specialized in such activities.*

Second- The branch which obtains the registration license has no right to exercise the trading activity without submitting all the documents referred to in item(first) of this article.

Third- The branch must abide by the following:-

- A) Fix its full name as it is in the registration license and also its headquarters in Iraq in Arabic language on all its documents and papers clearly and its is possible to use the foreign language as an addition.*
- B) Book- keep a regular accounts in Arabic language for all its activities in Iraq in compliance with the Accounting Regulation and related laws.*

Article 6 - The branch shall exercise the trading activity in the following cases:-

First – Sign a contract with one of the Iraqi government authorities and public and mixed sectors.

Second- Obtain investment license in conformity with valid investment laws in Iraq.

Third- Obtain business license from any legally authorized Iraqi authorities.

Fourth- Transact with the private sector in Iraq provided that the contract amount or the project value must not be less (1.000.000) one million Dollars.

Article 7- First The branch shall be managed by a manager or who acts on his behalf in case of his absence according to an authorization from the foreign company provided that he must reside in Iraq.

Second- If the company change the branch manager or who acts on his behalf, the Registrar must be notified within (30) thirty business days as from the date of the Iraqi Embassy certification on the documents in the foreign company country.

Article 8 – First: The branch accounts and activities must be audited by a licensed chartered accountant in Iraq.

Second- The branch must submit annually his audited final accounts and a report about his activities in Iraq to the Registrar within the eight months following the end of that year.

Article 9- The Registrar can demand any information or documents if he finds the necessity of submitting such information to facilitate applying the provisions of the law.

Article 10- The Registrar can select one or more inspectors who is qualified and experienced to inspect the branch business in case of necessity and the branch must provide all required facilities for the inspector to finish his work.

Article 11- First: The Registrar can cancel the registration license of the branch and write off its name from its records by a reasonable decision upon the following cases:

- a) If the branch does not exercise any trading activity in conformity with article (9) of this regulation after (4) four years as from the date of his carrying out the last trading activity.*
- b) In case of not approaching the Registrar to submit the final accounts and the required documents for(2) two consecutive years after issuing the registration license without reasonable excuse.*
- c) If it is proved that the branch submitted false documents or inaccurate information.*
- d) If it is proved that the branch is exercising an activity in contradiction to the Iraqi legislations or a business that affects the country security.*

Second: The foreign company can object against the Registrar decision concerning the cancellation and termination of the branch at the competent court according to law.

Third- The Registrar has to publish the deletion decision in its internal bulletin and one daily newspaper for one time after acquiring the decisive grade or the expiry of litigation period.

Article 12- First: The foreign company has to submit an application to liquidate its branch in Iraq within (60) sixty business days as from the date of certification of the Iraqi Consulate in the country of origin on the documents which confirm the following cases:-

- A) Announcement of its bankruptcy.*
- B) Losing its body corporate as a result of merging with other company or companies .*
- C) It's wish to liquidate the branch and end its business in Iraq.*

Second- The foreign company has to appoint one or more liquidators to follow up the liquidation procedures.

Third- The Registrar issues the decision of liquidation within (15) fifteen business days as from the date of submitting the application of liquidation.

Fourth- The Registrar publishes the liquidation decision in two local newspapers for one time and inform the Iraqi competent authorities within(7) seven business as from the date of issuing the liquidation decision.

Fifth – The branch accomplishes the liquidation procedures and submit the final liquidation accounts with (2) two years as from the date of issuing the liquidation decision.

Sixth – The Registrar issues the decision of striking off the branch from its records within (7) seven business days as from the expiry of the liquidation procedures.

Seventh - If the liquidation procedures are not finished within the determined period in item (fifth) of this article the Registrar shall cancel the registration license and terminate the branch.

Eight- If the registration license is cancelled and the company branch is terminated, the foreign company shall bear the legal and financial obligations incurred on the branch during his existence in Iraq.

Ninth- The Registrar publishes the termination decision in his bulletin and informs the competent authorities about that.

Article 13- First : The foreign company abides by providing the Registrar with a report if it starts any trading business in Iraq according to the special form which is prepared for this purpose.

Second- The government authorities and the public and mixed sectors must abide by providing the Registrar with a report about any trading business the branches of foreign companies are

exercising according to the special form which is prepared for this purpose.

Article 14- first : The foreign company is forbidden to exercise any trading activity or open a domicile in Iraq without having the registration license in compliance with the provisions of this regulation.

Second: The branches and offices of foreign companies existing for the time being in Iraq whether registered or not must adapt its legal affairs in conformity with provisions of this regulation within one year as from its effectiveness.

Article 15- The penalties and provisions stated in companies law No.(21) of 1997 shall apply on the branches .

Article 16- Abolish Regulation No.(5) of 1989 of branches and representation offices of foreign companies and economic corporations.

Article 17- This regulation shall be effective as from its publication in the formal gazette.

*Dr. Haider Al- Ebadi
Chief of Council of Ministers*