

Great Socialist People's Libyan Arab Jamahiriya Free Zone - Misurata

Bylaw of Establishing Companies and Setting up Branch Offices of Companies at Free Zone - Misurata

Chapter I Establishing and Setting up Branch Offices

Article No. 1

The following terms mean their equivalents opposite to them unless context mean unlike:

- State: Great Socialist People's Libyan Arab Jamahiriya.
- Administration: the administration of Free Zone – Misurata
- Zone: Free Zone – Misurata
- Branch: branch of any company licensed to practice its activities at the zone.
- Company: Free Zone Company (F.Z.C)
- Owner: share holder
- Registry: registry of companies at Free Zone – Misurata

Article No. 2

Companies of the free zone are to be of special nature and shares and bonds thereto are not introduced in public underwriting.

- Any legal or natural personality intends to establish a company or set up branch offices of a company must apply an application, on the Form No. 1 enclosed with this bylaw, to the administration and provide the administration with all necessary document demanded by the administration.
- Approval of the application of establishing a company or setting up a branch office of any company shall be under a decision of the administration and the latter has the right to approve or reject the application and a notice shall be given to the applicant either positive or negative within thirty days from submitting the application and rejection should be causative.
- In case of approval of setting up a branch office of a company at the zone replica copies of documents of establishing the mother company should be presented with the application of issuing license of setting up the branch office of the company according to the Form No. 3B attached to this bylaw.
- The administration issues the license of establishing a company or setting up a branch office of a company according to the Form No. 4 attached to this bylaw.

Article No. 3

- The company of the free zone shall hold a distinguished name carries the letters (F.Z.C), of which to be approved by the administration, the name may be changed by a decree of the board of directors of the company or its owner after an approval of change by the administration in condition that this change does not lead to violation of the current company's liabilities towards others.

- Company's name might be amended by a decree of the owner(s) and change shall not be effective unless approved by the administration, any amendment of the company's name must be registered in the registry and to be effective from date of registration.

Article No. 4

- The company or its branch shall have its premises in the zone where all its corresponding is addressed to in legal procedures.
- The company or the branch office undertakes to fix a sign board carries its commercial name visible to others in legible letters outside its premises and at the places where it performs its activities according to the conditions and specifications set by the administration.

Article No. 5

- The administration is the legal competent body which is concerned with registering companies or branch companies licensed to practice the business thereto in the zone. The administration shall keep the registry in a proper way and shall benefit from registration techniques and available information and the companies or branch companies shall notify the administration of any amendments in the constitution and the basic system of the company or Mother Company.
- The administration levies due fees of license and registration and fees of issuing statements and certificates of registration and date registration of the company is the date of its establishment.
- The company has the right to establish its own branches or offices or agencies both inside or outside the zone under an approval of the administration.

Chapter II Capital and Shares

Article No. 6

- Capital of the company has to be determined and not less than equivalent to USD 10000, 00 totally paid before issuing license.
- The capital the company is to be divided into shares of equivalent nominal value.
- Divisions of capital may be paid in cash or in- specie or both cash and in- specie.
- Capital of the company may be amended under a decision of owner(s) and such shall not be effective unless approved by the administration. Amendment of the capital of the company has to be registered in the registry and it shall be valid since the date of registration.
- The administration undertakes determining the value of the financial guarantee sated in the article No. 11 of the executive bylaw of the Act No. 9/2000 regarding organizing transit trade and free zones, issued under the decree of the people's committee general No. 137/2004.

Article No. 7

- No issue of share certificate by the administration of any company unless the capital is fully paid.
- All shares that are issued for any company shall be of equivalent nominal value.
- Company shall not own its capital shares but it may own shares of any other company inside or outside the zone under approval of the administration.
- The company undertakes to issue ownership certificate for its owner(s) of underwritten shares according to regulations stated herein and the company keeps a

record contains all information of its shares holders and no issuance of shares for holders thereto.

- The administration includes details of owner(s) percentage of ownership of each in a special record to be prepared for such purpose.

Article No. 8

- Ownership of shares may be partially or totally transferred or mortgaged under approval of the administration and according to conditions to be set by the administration.

- Company shares transfer shall not be valid unless original transfer certificate is issued and to be presented to the administration for recording details in the record prepared for this purpose.

Article No. 9

a- Capital might be re-exported in the following cases:

- Termination of the project period.

- Dissolution of the project.

- Selling of the project partially or totally.

- Passing of a period of at least ten years from the date of issuing investment license.

b- Capital might be re-transferred abroad in the same way that it is brought with after completion of a period of one year from the date of bringing it if difficulties or circumstances beyond the control of investor's intention prevent it.

C- It is annually allowed to transfer abroad the net of divided profits or interests that are achieved by the project.

Chapter III

Administration of the Company or Branch Company

Article No. 10

- each company or branch company shall put in clear and legible lettering the data of its name and location on all its corresponding concerned with its activities and any official documents or papers or parcels or goods or bonds that lead right(s) or obligations for or to the company or the branch company.

Article No. 11

- The company is to be run through administration board of at least three persons and in case the ownership of the capital is for more than three persons one among them is to be the general director of the company and if the company is owned by one person, a general director of the company either the owner or an assigned person is to be designated. In all cases, if the designated general manager of the company or the branch company is a foreigner, he has to have a valid residence visa.

- Any company shall keep a record at its premises includes personal details of each and any changes occurs in the future, the administration should be reported of such changes within one week from the said and new details are to be included in the registry.

- Persons in charges at the company are responsible for their acts towards the company in case of discovering contraventions or violations of appointing them later.

Article No. 12

Purposes of every company or branch company are determined of practicing all types of licensed business within the scope of the zone according to the provisions of regulations systems in-force at the zone.

Article No. 13

The company or branch company shall have a stamp carries its name in legible letters to be approved by the administration.

Chapter IV Final Accounts & Profit Distribution

Article No. 14

- The company or branch company undertakes to confirm all its financial deals and keeps data and financial information that allow displaying, when requested, assets and obligations on it and acts and business results according to known accounting norms.
- The company or branch company undertakes to confirm results of annual works and financial position at the end of every fiscal year according to known accounting norms. Fiscal year of the company or branch company begins as it is determined by its administration and this period is from the date of registration or business commencement till the beginning of the first fiscal year if it is less than six months. If this exceeds six months, independent accounts shall be prepared.
- The company or branch company undertakes to assign an independent auditor from the ones registered at the administration for auditing the final accounts and prepared budget at the end of every fiscal year.
- The company or branch company undertakes to deliver a copy of its budget, final accounts and the report of its independent auditor within a period not after six months from completion of the fiscal year.

Article No. 15

Articles of association of the company shall determine the methods of distributing profits and in all cases no monetary or in-specie profits shall be distributed unless such have been actually achieved and cash or assets being used for distribution become available and does not harm the company's / branch company's position.

Article No. 16

If the assets of the company decrease to a percentage of 50% of the capital, the company's administration, within 15 days from the date of commencing its business, shall inform the owner(s) who are obliged to take necessary actions for returning the company's assets to the legal state in a percentage of 50% of its capital or taking procedures for dissolving the company and covering its obligations.

Chapter V Inspection of the Company & Dissolving it

Article No. 17

- The administration may, from time to time, check and examine the company and the branch company's records for inspection according to the conditions set by the

administration.

- The administration has the right, if it has serious reasons or under request of concerned bodies, to assign one inspector or more of competence and experience to investigate the company or branch company's status and to prepare a report of the said within the period determined by the administration.
- If inspection results prove gross violations or breaches to the constitution, the basic system and laws, regulations and systems of the zone. The administration has the right to cancel the company or branch company and cancel its registration and taking necessary procedures for dissolving or clearing it then distributing dissolving yield according to conditions, systems and resolutions in force at the zone.
- In all cases, the company or the branch company bears requitals for the inspectors and expenses raised from canceling and dissolving the company and appointing liquidator for it.

Article No. 18

The company or the branch company may be dissolved or liquidized or called off by a request of the mother company's administration or its owner according to the form prepared by the administration.

Article No. 19

- The company or branch company is cancelled or to delete its registration if an operative judicial decision has been taken by the competent state courts.
- If the company or branch company is cancelled or its registration is deleted by a judicial decision, this leads appointing a liquidator by the competent court who shall be in charge of dissolving and liquidizing the company or branch company according to provisions of regulations and resolutions in force at the zone.

Chapter VI Final Provisions

Article No. 20

In case the company or the branch company violates or breaches the regulations of the free zone and transit trade or any conditions of the company establishment contract or its basic system or conditions of its license, the administration has the right to impose financial penalty on the company or branch company not less than equivalent to L.D 1,000.000 and not more than equivalent to L.D 5,000.000 daily along the period of breaching.

Article No. 21

The company or the branch company undertakes to practice its business according to its constitution, the basic system and conditions of license and regulations and systems of the zone in force.

Article No. 22

- The company or the branch company undertakes to register its own employees inside the zone at the administration and providing it with a copy of their signed working contracts with it.
- Work conditions and merits exist in the state regulations, in force, are the minimum of what the workers and employees with the company or the branch company have been granted at the zone.

- The company or the branch company undertakes to register its own employees in the social insurance system applied at the country according to the provisions of resolutions in force accordingly. This does not breach possibility of providing its personnel additional social insurance privileges if such are according to admitted international standards.
- The company or the branch company undertakes to observe the procedures of deducting portions of tax, insurance, stamp duty and other legal deductions from its employees and workers according to regulating regulations at the zone.
- The company or the branch company undertakes to deliver certificates that prove medical fitness of its employees and workers and being free from contagious diseases and it shall be responsible for all arising expenses for regular medical checkups and treatment costs.

Article No. 23

The administration may collect charges for data provided to the company or the branch company through the information centre affiliating to it.

Article No. 24

The administration may give a permission to transfer consignments coming for the companies or branch companies work at the zone to other places during transit or at existence thereof at the sea and before taking them inside the zone in condition due charges are to be paid as if they are actually placed inside the zone.

Article No. 25

Renting period for investors is extendable fifty years under approval of the administration.

Article No. 26

The provisions of regulations and agreements of commodities of Arab countries origin shall be applied on the commodities produced at the zone.

Article No. 27

- The company or the branch company work at the zone and the vessels enter to the port of the free zone undertake observing all agreements, international acts and regulations in force at the state regarding environment and territorial waters for protection and safety from pollution.
- The administration has the right to impose financial penalty appropriate to the volume of resulting detriments come due to violations of environment safety.

Article No. 28

The administration board is concerned with the procedures of setting the executive bylaw and tackling matters that no provisions occur thereunder.