



LAW ON LICENSING

(Amended version as of 24 April 2020)

INTERNATIONAL COOPERATION DEPARTMENT

JULY 2020



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1 February, 2001.

Ulaanbaatar city.

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CHAPTER ONE. GENERAL PROVISIONS

Article 1. Objectives of this Law

- 1.1. Objective of this law is to regulate relations with respect to issuing, suspending and revoking a license to conduct certain business activities that may negatively affect the 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 Thereof and the Law of Mongolia on Minerals, Law on Nuclear Energy, and Law of Genetically Modified Organism

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, AND 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 the 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 of the licensed business;
 - 4.1.6. number of the license and date (year, month, day) 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 tax authority.
- 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 three days upon the license holder's application unless other stated by law and the circumstances described in Paragraph 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. Section 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 this 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 this 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 for a license (specifying the type and duration services);

11.1.2. if the applicant is a legal entity, a state registration certificate;

11.1.3. if the applicant is an individual, a copy of the ID card (the authorized person receiving the documents shall verify the copy with the original and make a note that the copy is true), notarized copy if delivered by mail;

11.1.4. receipt of payment of the state stamp fee;

11.1.5. other documents stated in this law depending on the specific type of manufacturing or services;

11.1.6. in order to insure the safety of the external environment of the building where the operation is to be carried out, video equipment and devices shall be installed and the opinion of the police shall be obtained.

11.1.7. Recommendation by the Governor of the capital city of Ulaanbaatar or aimag for the business activities described in Sections 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.

11.1.8. In case of conducting business activities specified in Section in 15.11.4 of this law at the national, regional and local levels, a conclusion of the aimag and capital city inspection service shall be obtained.

11.2. It shall be prohibited to demand documents or payment fees other than as provided in Paragraph 11.1 of this law.

11.3. In case the governors of the aimag and capital city did not deliver their proposals on issuing licenses for carrying out businesses (activities) stipulated in Sections 15.10.5 and 15.10.6 of this law to the state administrative authority

11.4. The National Council for Standardization shall approve the standards of video recording equipment specified in Section 11.1.6. of this law.

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 of the day of receiving the application, unless otherwise stated in this 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) examine the application papers submitted to it by the applicant.
- 12.4. In case of such examination, the review period of the application may be extended for 14 business days.
- 12.5. The license specified in Section 15.10.17 of this law shall be issued by a legal entity that is a member of the relevant professional association.

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 three 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.
 - 14.1.6. ~~deleted.~~

- 14.2. The licensing institution shall inform the license holder and relevant tax department of such revocation within three 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. deleted;~~

- 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.

- 15.3.3. conduct in the activities of an insurance intermediary

- 15.3.4. conduct saving and loan activities by person other than banks

- 15.3.5. conduct regulated activities in the securities market in the area of finance and economy

- 15.3.6. issuance of asset -backed securities

- 15.3.7. registration of portfolio of collateralized securities to conduct the supervisor's activity.

- 15.3.8. conduct asset activities related to management asset-backed securities

- 15.3.9. conduct credit information activities

- 15.4. In the field of finance and economics

- 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. —deleted;~~

- ~~15.4.6. —deleted~~

- 15.4.7. customs brokering;

- 15.4.8. operate in a customs bonded zone;

- 15.4.9. asset valuation;

- 15.4.10. conduct specialized tax advisory services.

- 15.5. In the field of law

- ~~15.5.1. —deleted;~~

- 15.5.2. import and sale of firearms and ammunition;

- 15.5.3. manufacture of firearms and firearm-like devices;
 - 15.5.4. manufacturing and refueling of firearms;
 - 15.5.5. import of firearm ammunition and sale to the public;
 - 15.5.6. conduct in sport and training activities using firearm and ammunition;
 - 15.5.7. legal entity to engage in security activities;
 - 15.5.8. engage paid puzzle business and gambling activities;
 - ~~15.5.9. —deleted;~~
 - 15.5.10. conduct archival document storage services
- 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. import, export, transboundary movement, use sale and destruction of toxic and hazardous chemical other than explosive.
 - ~~15.6.4. —deleted;~~
 - 15.6.5. release of pollutants into the air that are not specified in the standards;
 - 15.6.6. conduct a detailed environmental assessment;
 - 15.6.7. import, sell and provide services for toxic and hazardous chemicals that may cause significant harm to the environment;
- 15.7. In the area of education, culture and science:
- 15.7.1. establishing a university, college, vocational schools;
 - 15.7.2. offering master's or PhD degree academic programs;
 - 15.7.3. taking historical, cultural or other precious objects out of the country;
 - 15.7.4. starting a new professional academic curriculum at a higher education institution.
 - 15.7.5. engage in vocational education and training activities;
 - 15.7.6. provide vocational education and training in new professions;
 - 15.7.7. mediation service for education and training abroad;
 - 15.7.8. establish a general education school and general education laboratory school with international curriculum;
 - 15.7.9. establish kindergartens and schools with foreign investment;

- 15.7.10. to restore cultural heritage, paleontological and archeological exploration, excavation and research;
- 15.8. In the fuel and energy field
 - ~~15.8.1. —deleted;~~
 - 15.8.2. constructing of and building energy sources and set up lines;
 - 15.8.3. engage in energy generation, transmission, dispatching distribution, supply and sale
 - ~~15.8.4. —deleted;~~
 - 15.8.5. installation and maintenance of stoves, pressure vessels and pipelines;
- 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. deleted;~~
 - 15.10.2. manufacturing jewelry of precious metals and stones;
 - ~~15.10.3. deleted;~~
 - 15.10.4. exporting and selling of toxic and dangerous chemical substances, producing of explosive substances and engage in 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. deleted~~
 - 15.10.12. importing alcoholic beverages.
 - 15.10.13. carry out oil production and wholesale.
 - 15.10.14. import tobacco
 - 15.10.15. metallurgy and machine building
 - 15.10.16. operate an industrial and technology park
 - 15.10.17. import all types of fuel, engage in wholesale and retail trade
 - 15.10.18. oil exploration
 - 15.10.19. non-traditional oil exploration
 - 15.10.20. use of oil

- 15.10.21. use of non-traditional oil
- 15.10.22. use of derivative deposits
- 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. deleted;~~
 - 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 selections into production or services, importing or exporting new breeds of animals;
 - ~~15.11.8. deleted;~~
 - ~~15.11.9. deleted;~~
- 15.12. In the field of health;
 - ~~15.12.1. deleted;~~
 - 15.12.2. sale and import human drugs, medical devices, instruments, equipment and producing prostheses;
 - 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. deleted;~~
 - 15.12.6. producing, selecting, cultivating, reserving, storing, transporting, selling disease causing harmful microbes thereof;
 - ~~15.12.7. deleted;~~
 - 15.12.8. provide services for extermination and disinfection of household insects and rodents;
 - 15.12.9. provide services for import, production and supply of biologically active products;
 - ~~15.12.10. deleted;~~
 - 15.12.11. national and foreign-invested health care organizations to carry out professional activities;
- 15.13. In the field of copyright and patents:
 - 15.13.1. to act as an authorized representative of intellectual property;

- ~~15.13.2. deleted;~~
- 15.14. In the field of building construction:
 - ~~15.14.1. deleted;~~
 - ~~15.14.2. deleted;~~
 - 15.14.3. carrying out services of hitching of elevators and cranes;
 - ~~15.14.4. deleted;~~
 - 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. deleted;~~
- 15.15. In the field of road, transport and tourism:
 - 15.15.1. constructing of railway lines;
 - 15.15.2. holding civil aviation;
 - 15.15.3. carrying out railway transport services;
 - 15.15.4. provide consulting services for technical and economic feasibility study, design, construction, maintenance, repair and technical and technological supervision of roads and road facilities.
 - 15.15.5. supervising technical control of auto transport vehicles;
 - ~~15.15.6. deleted;~~
 - ~~15.15.7. deleted;~~
 - ~~15.15.8. deleted;~~
 - 15.15.9. carrying out water transport services;
 - ~~15.15.10. deleted;~~
 - 15.15.11. manufacture, assembly and maintenance of railway infrastructure and rolling stock.
 - 15.15.12. manufacture vehicle registration number
- 15.16. In the field of information, 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;
 - 15.16.3. engage in content services;
 - 15.16.4. issuance of digital signature certificate;
 - 15.16.5. radio and television land network service;
 - 15.16.6. radio and television services;
 - 15.16.6.a. public radio and television;

- 15.16.6.b. commercial radio and television;
- 15.16.6.c. broadcast radio and television;
- 15.16.6.d. paid radio and television;
- 15.16.7. multi-channel transmission service.

~~15.17 Deleted.~~

~~15.17.1. deleted.~~

15.18. In the field of radioactive minerals, and nuclear energy

- 15.18.1. construction, modification upgrading and decommissioning of nuclear equipment;
- 15.18.2. use of nuclear devices
- 15.18.3. possession and use of nuclear substances;
- 15.18.4. import, export, transportation and disposal of nuclear materials;
- 15.18.5. prospecting for radioactive minerals;
- 15.18.6. use of the radioactive mineral

- 15.18.7. import, export, transportation of radioactive minerals, landfill and post-mining recovery;
- 15.18.8. possession use sale, installation, placement, lease, production, decommissioning, disassembly, storage, transportation, import, export, burial, safety and other related activities of radiation generators;

15.19. In the field of defense.

- 15.19.1. export and import of military equipment and firearms.

15.20. In the field of disaster protection;

- 15.20.1. conduct disaster risk assessment.

15.21. In the field of non-financial business and professional activities.

- 15.21.1. activities of a trader of precious metals, precious stones or articles made of them;
- 15.21.2. activities of real estate brokerage organization.

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. deleted.~~

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 aimag, cities or in a city;
 - 16.2.2. professional activities of a health care institution;
 - ~~16.2.3. deleted;~~
 - 16.2.4. operating a secondary school and kindergarten;
 - 16.2.5. trading or serving alcoholic beverages.
 - 16.2.6. medical cosmetic services;
 - 16.2.7. prospecting and exploitation of common minerals.
- 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. deleted;~~
 - ~~16.3.3. deleted;~~
 - 16.3.4. selling tobacco.
- 16.4. The governor of a free zone shall issue a license specified in Sections 16.2.2, 16.2.5, 16.2.6, 16.3.4. of this law.

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 citizens shall be subject to the following administrative liability depending on the nature and size of the breach in question.
- 18.2. A person or legal entity that violates this law shall bear liability specified in the Criminal Code or the Law on Violations.

Article 19. Entry into force of the law

- 19.1. This law shall come into force on 1 January, 2002

L. Enebish

Chairman, State Great Khural

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