

[Translation from Icelandic]

(Text as of 1 January 2007)

The Industrial Act

No. 42/1978 with Subsequent Amendments

Article 1

The present Act applies to the operation of any kind of industry for professional purposes. Industry includes both manual trades and manufacturing industry whichever materials or energy, machinery or other equipment are used and whichever goods or materials are produced.

Domestic crafts shall be exempted from the provisions of the Act.

Article 2

Nobody may operate industry for professional purposes in Iceland or within Icelandic territorial waters without having obtained permission to do so in accordance with the present Act.

[The provisions of the present Act notwithstanding,

citizens or legal parties of Member States of the Agreement on the European Economic Area are entitled to work in industry on the basis of Iceland's undertakings concerning recognition of work and vocational training in industry in another EEA State [and also citizens or legal parties of Member States of the Convention of the European Free Trade Association or Faroese or legal parties in the Faroe Islands.] 1) 2) The Minister can stipulate this right further in Regulations.] 3)

[Chiefs of Police shall confirm the adequacy of documentation concerning work and vocational training after the Trade Union concerned, i.a. national federations of Masters and Journeymen, have been afforded an opportunity of expressing their opinion. Chiefs of Police supervise the implementation of the present provisions. A dispute concerning rights may be referred to the Minister and a decision by Courts of Law may furthermore be sought.] 4)

1) Act No. 76/2002, Article 30. 2) Act No. 108/2006, Article 28. 3) Reg. No. 495/2001. 4) Act. No. 40/1997,

Article 1.

Article 3

Anyone can obtain a licence to operate an industry, manual trade and manufacturing industry if he meets the following conditions:

1. [Is an Icelandic citizen. A foreign citizen having legal domicile in this Country and having had this uninterrupted for at least a year shall, however, be exempted from the condition respecting Icelandic citizenship. As of the entry into force of the Act respecting the European Economic Area citizens of other Member States of the European Economic Area shall be exempted from the conditions respecting Icelandic citizenship and residence in this Country according to further provisions to be laid down by the Minister by means of Regulations.] 1) [Citizens of Member States of the Convention of the European Free Trade Association and Faroese enjoy the same kind of right as specified in the third sentence.]2) 3) 4)
2. Is of legal age.
3. Has control over his estate.

4. Has not been convicted of a punishable act as defined in Article 68 of the Penal Code No. 19/1940.
5. Has business knowledge, such as knowledge of book-keeping, which is required upon leaving examination from a Technical School.
6. Meets in other respects the conditions laid down in the present Act.

[The Minister of Industry can grant exemptions from the condition of citizenship in sub-paragraph 1 and the provisions of sub-paragraphs 4 and 5.] 5)

1) Reg. 620/1995. 2) Act No. 108/2006, Article 29. 3) Act No. 76/2002, Article 31 4) Act No. 70/1993, Article 2. 5) Act No. 23/1991, Article 15.

Article 4

[When a Company or other legal persons wish to operate an industry, such a legal person may obtain permission to do so, provided the Managers and Directors of the legal person and, in the case of a Company where all or some members are fully responsible for the Company's liabilities, those who do so, meet the conditions of sub-

paragraphs 2 - 6 of Article 3. In the case of a foreign party or an Icelandic legal person in whom a foreign party holds a share the conditions of the Act respecting Foreign Parties' Investment in Business Operations shall furthermore be met.] 1)

1) Act No. 23/1991, Article 15.

Article 5

A licence is forfeited if the licensee no longer meets some of the conditions stated in Articles 3 and 4 or the conditions which are alternatively laid down or may be laid down in order to maintain the right. In case a Director or Manager of a Company forfeit such conditions, or if a Company or establishment loses Icelandic domicile, the party concerned shall have brought the matter into lawful order within 3 months as of the time the change occurred or else he has forfeited his licence. The Minister can, however, extend the respite by 3 months in case of special circumstances.

Article 6

A licence is restricted to a name. A spouse is entitled to