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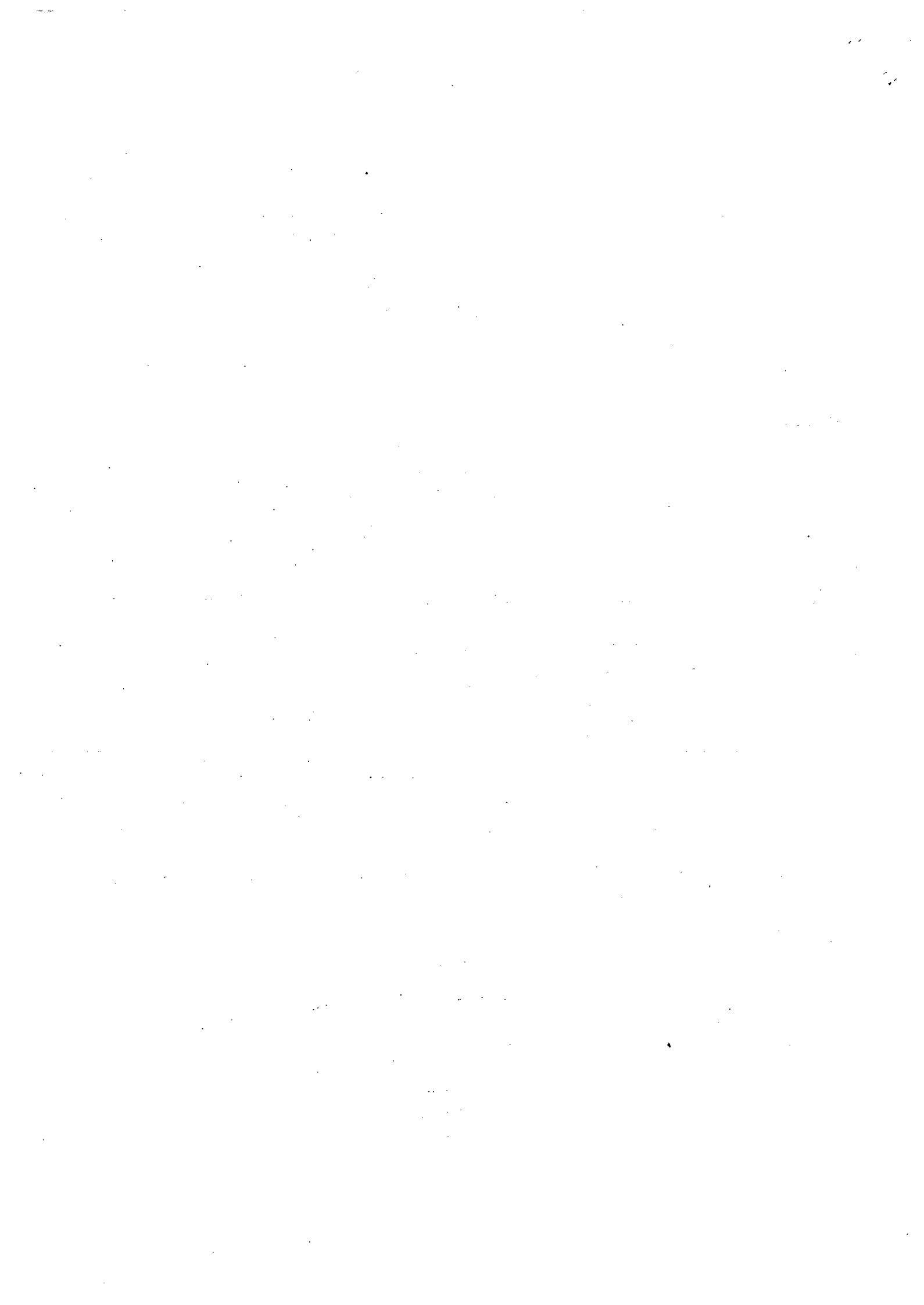
No. of 2018.

Finschaffen Special Economic Zone Bill 2018.

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No. of 2018

A BILL

for

AN ACT

entitled

Finschhafen Special Economic Zone Act 2018.

Preamble

WHEREAS CONSIDERING the importance of public-private cooperation to sustain growth and promote economic and social development of Papua New Guinea through the promotion of foreign direct investment, job creation and financial growth while embracing innovation and global partnerships and investors;

AND WHEREAS ACKNOWLEDGING the importance of public-private cooperation to sustain growth and promote economic and social development of Papua New Guinea through the promotion of foreign direct investment, job creation and financial growth while embracing innovation and global partnerships and investors;

AND WHEREAS REALIZING that the considerable long-term need for financing infrastructure and economic growth and supporting foreign investment development in Papua New Guinea will be met more adequately by a partnership with a specialised company who will commit to fully financing a new special economic zone specifically to foster a new and innovative international financial and commercial center and who will share benefits with the Government of Papua New Guinea and the people of Papua New Guinea;

AND WHEREAS CONVINCED that the establishment of the Finschhafen Special Economic Zone Authority as an independent authority and institution focused on attracting foreign investment capital, talent and infrastructure development will help to mobilize much needed additional resources from inside and outside Papua New Guinea and to remove the financing bottlenecks faced by the economy, and will assist the Government to ensure economic growth and positioning for the future.

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THEREFORE it is enacted as follows:-

Being an Act –

- (a) to enable the establishment, development, operation and regulation of the Finschhafen Special Economic Zone in Papua New Guinea with an independent stand-alone administrative entity specifically constituted for the purpose of regulating and administering the economic zone under the stewardship of Ledger Atlas Inc. as the operator; and
 - (b) to encourage the development of blockchain, innovation, virtual and digital assets, global finance and venture capital and new and additional digital business activity, foreign direct investment, capital and talent in the Finschhafen Special Economic Zone under an independent and separate regulatory framework; and
 - (c) to grant the Finschhafen Special Economic Zone extraterritoriality status to administer and regulate the zone independently but attached to the existing Governmental framework,
- and for related purposes.

MADE by the National Parliament.

PART I – PRELIMINARY.

1. COMPLIANCE WITH CONSTITUTIONAL REQUIREMENTS.

(1) This Act, to the extent that it regulates or restricts the exercise of a right or freedom referred to in Subdivision III.3.C (**qualified rights**) of the *Constitution*, namely -

- (a) the right to freedom from arbitrary search and entry conferred by Section 44;
- (b) the right of freedom of conscience, thought and religion conferred by Section 45;
- (c) the right to freedom of expression and publication conferred by Section 46;
- (d) the right freedom of assembly and association conferred by Section 47;
- (e) the right to freedom of choice of employment in any calling for which a person has the qualifications (if any) lawfully required conferred by Section 48;
- (f) the right to reasonable privacy conferred by Section 49;
- (g) the right to vote and stand for public office conferred by Section 50;
- (h) the right to reasonable access to official documents conferred by section 51;
- (i) the right of freedom of movement conferred by Section 52,
- (j) the right of protection from unjust deprivation of property conferred by Section 53;

of the *Constitution*, is a law made (pursuant to Section 38 of the *Constitution*), taking account of the National Goals and Directive Principles and the Basic Social Obligations, in particular the National Goals and directive principles entitled –

- (k) national sovereignty and self-reliance; and

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(1) national resources and environment,
for the purpose of giving effect to the public interest, public order and public welfare.

(2) For the avoidance of doubt, and for the purposes of Section 41(2) of the *Organic Law on Provincial Governments and Local-level Government*, it is declared that this Act relates to matters of national interest.

2. INTERPRETATION.

In this Act, unless the context otherwise requires –

“advisory committee” means an Advisory Committee established under Section 23;

“applicant” means any enterprise that applies for a licence to establish, develop, operate, maintain, or promote a business in the FSEZ;

“asset” means all public and private property rights and interests relating to the FSEZ in Papua New Guinea, whether movable or immovable, tangible or intangible, including, but not limited to, zone lands, buildings, structures, easements, plant and equipment, machinery, furniture, vehicles, infrastructure, improvements, intellectual property rights, digital and virtual assets, software, code and decentralised or centralised digital representation of value, ownership, security or any other such innovative tool, other installations, contracts, and any other asset prescribed in this Act;

“authorised economic activity” means any lawful economic activity that a special economic zone enterprise is authorised to carry out in the FSEZ that –

(a) does not contravene any law concerning public morality or order, public safety or security, or public hygiene or health; and

(b) does not endanger human or animal health or life; and

(c) does not violate any vested intellectual property rights;

“Authority” means the Finschhafen Special Economic Zone Authority established under Section 6;

“Authority authorisation” shall encompass all types of recognition and authorisations, whether for services or for contracts;

“Authority authorisation rules” shall encompass all sets of rules and each shall be interpreted as the context shall require.

“authorized officer” means a person employed by or authorized to do a certain act by the Authority and includes a member of the Board, Committee, agent or representative;

“blockchain” means a distributed digital ledger that maintains a continuously-growing list of data blocks, each containing batches of transactions used for financial transactions in cryptocurrencies;

“Blockchain Special Economic Zone Joint Regulatory Efficiency Committee” means and advisory committee of the Board established by Section 22(1);

“Board” means the Board of Directors of the Authority;

“Chairman” means Chairman of the Board of the Authority;

“Chief Executive Officer” means the Chief Executive Officer of the Authority appointed under Section 26;

“citizen” refers to a national from Papua New Guinea and otherwise has the same meaning as in the *Investment Promotion Authority Act, 1992*;

“claimant” means a person, including a FSEZ investor, who has a dispute before any competent administrative, judicial, or arbitration tribunal;

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- “competent agency” means a government or statutory body having regulatory jurisdiction over a particular activity outside of the FSEZ who is invited to advise the Authority, applicants and participants within the FSEZ with respect to the special regulatory exemptions applicable within the zone and regulations established by the Authority;
- “cryptocurrency” means a distributed decentralized digital currency based on cryptographic principles;
- “customs laws” means and includes the *Customs Tariff Act 1990*, and any other Act and Regulation concerning customs administration that may be enforceable from time to time;
- “developer” means an enterprise that designs, constructs, and develops a special economic zone pursuant to a development agreement;
- “development agreement” means an agreement executed by the Authority and a developer pursuant to which the developer designs, constructs, and develops a Special Economic Zone, including the development and servicing of special economic zone lands, the construction of infrastructure, and the provision of other services related to the special economic zone;
- “development and operator agreement” means an agreement that combines the legal rights and obligations of both a development agreement and an operator agreement in one contract;
- “dispute” means an administrative, civil, or commercial challenge, claim, legal claim, tort claim, or contract claim that directly or indirectly arises under, out of, in relation to, in connection with, or regarding this Act, the Regulations or a special economic zone investment, including the interpretation and the application of the provisions of this Act, as well as to any breach, violation, or termination of any agreement executed pursuant to this Act;
- “domestic customs territory” means the geographical area of the Papua New Guinea situated outside of the FSEZ;
- “enterprise” has the same meaning as in the *Investment Promotion Authority Act 1992* and any other definition that may be deemed reasonable by the Authority given the dynamic nature of the industry the zone is focused on;
- “export charge” means any customs duty, levy, or other charge not constituting a direct or indirect tax that is assessed and collected on exports;
- “expropriation” means the taking, nationalisation, condemnation, expropriation, or any action taken by the State having a confiscatory effect of private property rights or interests carried out for any public purpose, including establishing a special economic zone, by any competent authority in accordance with the *Constitution*, this Act, or any law authorising expropriation;
- “final determination” means a final administrative determination issued by the Authority under Section 33 or 44;
- “fintech” means the industry applying technology to financial services;
- “foreign enterprise” means an enterprise that is not registered in Papua New Guinea;
- “foreign national” means a natural person who is a national of a foreign country;
- “FSEZ” means the Finschaffen Special Economic Zone;

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"FSEZ Authorisation" shall encompass all types of recognition and authorisations, whether for services or for constructs, and references hereafter to the term "FSEZ authorisation rules" shall encompass all sets of rules relating to such authorizations and each shall be interpreted as the context shall require;

"Government" means –

- (a) the executive branch of the National Government (including any ministry, department, agency, institution, department, organization, or authority, including the authority, that exercises executive powers under the *Constitution* or under an Act; and
- (b) a Provincial Government; and
- (c) a Local-level Government;

"import charge" means any tariff, customs duty, levy, or other charge not constituting a direct or indirect tax that is assessed and collected on imports;

"innovative (and new digital) technology constructs" refers to but is not limited to any innovative or blockchain technology related arrangement and or service;

"infrastructure" means the basic physical facilities, installations, and utilities and related services, and services, needed to facilitate a special economic zone development and activity and includes, but is not limited to, roads, dams, reservoirs, bridges, drainage facilities, sewers, fences, electricity generation equipment, wastewater and refuse treatment facilities, solid-waste disposal systems, transportation networks, and other land improvements prescribed in the Regulations, water distribution and telecommunications;

"international selection process" means the process whereby the Authority will procure the appointment of a developer or operator (or developer and operator as the case may be) of any activity or purpose in the FSEZ through public tender which may include advertisement in the international media;

"Joint Regulatory Efficiency Committee" means a committee established under Section 23(2);

"Ledger Atlas Inc." means the operator of the FSEZ, a company duly incorporated under the laws of the State of Delaware in the United States of America;

"memorandum of understanding" means an administrative legal instrument executed by the Authority and any competent agency that sets out the rules, procedures, formalities, technical operating standards, performance requirements, and scope of authority pursuant to which the Authority and each competent agency coordinates its respective powers, duties, and functions with regard to a special economic zone;

"migration laws" means the *Migration Act 1978* and any other Act and Regulation concerning migration matters that may be enforceable from time to time;

"Minister" means the Minister responsible for commerce and industry matters;

"national register" means the national register kept under Section 35;

"off-site infrastructure" means Infrastructure provided outside the perimeter of any special economic zone and includes public-utility, transport, and other infrastructure connections to a special economic zone;

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- “one-stop-shop” means an administrative coordination facility established and implemented by the Authority in the FSEZ site and which is designed to advise the Authority and facilitate the development, operation, and regulation of the FSEZ for the benefit of licensees, developers, operators, and special economic zone users;
- “on-site infrastructure” means infrastructure provided inside the perimeter of a special economic zone;
- “operator”, in respect of FSEZ, means Ledger Atlas Inc. and the Authority;
- “Operator Agreement” means the agreement executed in accordance with the National Executive Council Decision 44//2018 and Ledger Atlas Inc. pursuant to which an Ledger Atlas is to operate, maintain, develop, administer, regulate and promote the FSEZ;
- “national enterprise” has the same meaning as in the *Investment Promotion Act 1992*;
- “person” means a private natural person or an enterprise;
- “special economic zone” means any delimited, physically-secured, and fenced-in geographic area in Finschhafen comprising serviced lands that is designated as a special economic zone under this Act, that has on-site single administrative regulation, management, infrastructure, and related services and is dedicated to any multi-use authorized economic activity and includes a free trade zone (commercial free zone), export processing zone, free port zone, enterprise zone, empowerment zone, urban free zone, single factory zone; marine industrial zone, specialised zone and includes science or technology parks, petrochemical zones, logistics parks, airport based zone, and such other variant of a special economic zone;
- “special economic zone citizen” means any person that applies for citizenship to the zone and holds a special economic zone passport or laissez passer granted by the Authority;
- “special economic zone enterprise” means the holder of a special economic zone licensed under Section 37;
- “special economic zone investment” means the acquisition or creation by a special economic zone investor of a new asset (including the expansion, restructuring, or rehabilitation of an existing enterprise to operate as a special economic zone enterprise in accordance with the requirements prescribed in this Act) that a special economic zone investor owns, possesses, or controls, whether directly or indirectly, and that has the characteristics of a new investment, including such features as the commitment of new capital or other resources, the expectation of gain or profit, or the assumption of risk and includes –
- (a) a special economic zone enterprise;
 - (b) shares, stock, and other forms of equity or ownership participation in a special economic zone enterprise; and
 - (c) bonds, debentures, loans, and other debt instruments (excluding debt instruments executed with a public entity), and other credit instruments;
 - (d) futures, options, and other derivatives; and
 - (e) legal rights under a contract or agreement relating to any asset of a special economic zone investor, including turnkey, construction, development, management, operation, production, or revenue-sharing contracts and, in particular, a development or operator agreement; and

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- (f) intellectual property rights, including patents, copyrights, trademarks, and service marks; and
- (g) any rights conferred under law, such as authorizations, permits, and licences, including a special economic zone licence; and
- (h) other related private property rights, such as leases, mortgages, liens, pledges, and any other real property rights; and
- (i) any other forms of investment prescribed by this Act specifically related to fintech, blockchain, cryptocurrency initial coin or token offerings and any other virtual financial assets;

“special economic zone investor” means a person, whether a citizen or foreign nationality, including a special economic zone user or enterprise, that attempts to make, is making, or has made a special economic zone investment;

“special economic zone lands” means land acquired by the Authority or approved by the Authority for the purposes of establishment, development and promotion of a special economic zone;

“special economic zone licence” means a licence issued by the Authority to any company, resident, person or entity to carry on business in or from within the FSEZ;

“special economic zone licensee” means an enterprise, person or entity that is the holder of a special economic zone licence;

“special economic zone passport” means a special passport specifically issued by the Authority to foreign nationals who wish to apply for the zone passport;

“special economic zone resident” means any person that applies to become a resident of the special economic zone, including e-residency, granted by the Authority;

“special economic zone user” means a private enterprise that is the holder of a special economic one user licence;

“special economic zone user licence” means a licence issued under Section 47;

“State” means the Independent State of Papua New Guinea;

“subcontractor” means a third party developer or operator or any person engaged under a contract or agreement to perform subcontracting services;

“Technology Ethics Committee” means a committee established under Section 23(3);

“the economic zone” or “the zone” means, where the context requires, the FSEZ;

“this Act” includes the Regulations.

3. PURPOSES OF THIS ACT.

The purposes of this Act are –

- (a) to establish a single and independent framework for the coordinated establishment, development, regulation and operation of the FSEZ in the Finschaffen District of Papua New Guinea in accordance with the Memorandum of Agreement specified in Section 4; and
- (b) to exempt the FSEZ from the existing government framework to enable the creation of the most suitable regulations and policy to ensure the success of the zone in relation to the ever developing nature of innovation and the specific dynamic industry the zone targets under the administration of the Authority; and
- (c) to endow the FSEZ with special financial and administrative independence and status under the administration of the Authority; and
- (d) to establish the Authority as the single regulator for the FSEZ with special administrative rights, powers, status, exclusions and immunities necessary to

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- (d) to establish the Authority as the single regulator for the FSEZ with special administrative rights, powers, status, exclusions and immunities necessary to regulate and to administer the zone in order to create a purpose built independent special economic zone as a new innovative regulatory jurisdiction for the future of innovation and global finance and to maximise returns for both the State and Ledger Atlas Inc. as joint venture partners of the FSEZ; and
- (e) to provide for the Authority to be the facilitator for the creation, establishment, development, operation, maintenance, administration, regulation and promotion of the FSEZ; and
- (f) to enable the provision streamlined, effective, efficient and timely delivery of government services to businesses in the FSEZ; and
- (g) to strengthen the economy by creating a business environment that will encourage foreign investment in the FSEZ the benefits of which are to be accordingly shared with the Government of Papua New Guinea including linkages between businesses inside and outside of the FSEZ whilst protecting the environment, water supply, natural resources, biological diversity, labour resources, and public health, safety, and welfare consistent with national laws and commitments under international conventions; and
- (h) to promote employment growth and the development of skills and expertise in the citizen labour force in the FSEZ; and
- (i) to promote the development and improvement of infrastructure in the FSEZ; and
- (j) to encourage private sector and sustainable development in the FSEZ.

4. MEMORANDUM OF AGREEMENT TO HAVE THE FORCE OF LAW.

- (1) For the purposes of this section, "Memorandum of Agreement" means the agreement referred to in Schedule 1.
- (2) Subject to this Act –
 - (a) the provisions of the Memorandum of Agreement shall have the force of law; and
 - (b) to the extent that any rights, powers, functions, jurisdiction or exemptions that the Memorandum of Agreement confers, or any duties or responsibilities that the Memorandum of Understanding imposes, are inconsistent with an Act of the Parliament –
 - (i) that Act is deemed to have been amended to the extent necessary to permit the conferral or imposition; and
 - (ii) the rights, powers, functions, jurisdiction or exemptions are deemed to have been conferred; and
 - (iii) the duties or responsibilities are deemed to have been imposed.
- (3) The –
 - (a) National Government; and
 - (b) affected Provincial Governments; and
 - (c) affected Local-level Governments; and
 - (d) affected arms, Departments, agencies and instrumentalities of the National Government, Provincial Governments and Local-level Governments; and

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shall, so far as it is within their respective powers, take all steps to ensure compliance with the Memorandum of Agreement and with this Act.

5. ACT BINDS THE STATE.

(1) This Act binds the State.

(2) This Act is not to be affected by other Acts and shall enjoy special status to ensure its purposes are fulfilled.

6. APPLICATION.

This Act applies only to the FSEZ in Papua New Guinea.

PART II – INSTITUTIONAL ARRANGEMENTS.

Division 1 – The FSEZ Authority.

7. ESTABLISHMENT OF THE FINSCHAFFEN SPECIAL ECONOMIC ZONE AUTHORITY.

(1) The Finschaffen Special Economic Zone Authority is hereby established.

(2) The Authority –

(a) is an independent body corporate with perpetual succession; and

(b) is independent of the existing governmental framework; and

(c) capable of making its own regulations and fees for the purpose of ensuring the successful operation and management of zones created under the Act; and

(d) shall have a common seal; and

(e) may acquire, hold and dispose of property; and

(f) may sue and be sued in its corporate name and style.

(3) The common seal of the Authority may not be affixed to any document or instrument except pursuant to a resolution of the Board.

(4) The affixation of the common seal of the Authority is to be attested by any two members of the Board.

(5) All courts, judges and persons acting judicially shall take judicial notice of the common seal of the Authority affixed to a document and shall presume, unless the contrary is proved, that the seal was properly affixed.

8. PURPOSE AND FUNCTIONS OF THE AUTHORITY.

(1) It shall be the purpose of the Authority to address the development in the FSEZ all innovative and new digital technology constructs and innovative technology services in order to achieve the principles and objectives of the FSEZ.

(2) It shall be the duty of the Authority to exercise such supervisory and regulatory functions in the field of innovative and new digital technology constructs and innovative technology services as may from time to time be assigned to the Authority by law.

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(2) The Authority shall, without prejudice to any other power or function conferred to it by this Act or any other law, and in accordance with any laws which may be applicable to it –

- (a) administer, manage and regulate the FSEZ; and
- (b) increase the supply of serviced lands for the establishment of the FSEZ either by acquiring land or approving such lands; and
- (c) promote the uniform and efficient development of the FSEZ; and
- (d) encourage the global investor participation in the development, operation, and maintenance of the FSEZ including the provision of infrastructure; and
- (e) coordinate with global private sector to train and improve the capacity of the citizen workforce, while ensuring the protection of workers' rights; and
- (f) develop a high-quality business climate in the FSEZ that protects the environment, water supply, natural resources, biological diversity, labour resources, and public health, safety and welfare, consistent with international conventions; and
- (g) coordinate with relevant agencies to provide incentives to attract foreign direct investment and other foreign enterprise to invest in the FSEZ; and
- (h) create new job opportunities for citizens in the FSEZ; and
- (i) regulate, monitor and supervise the provision of such innovative technology constructs and innovative technology services operating in or from within the FSEZ; and
- (j) keep under review all practices, operations and activities relating to any matter regulated by or under this Act or any other special law which the Authority is entitled to administer or enforce; and
- (k) promote the general interest and legitimate expectations of users of innovative and new digital technology constructs and innovative technology services and promote fair competition, practices and consumer choice in the sector; and
- (l) provide facilities for the recognition, certification, registration, or otherwise grant or issue of any authorisation for the carrying out of any lawful operation or activity relating to any matter regulated by any special law which the Authority is entitled to administer or enforce; and
- (m) regulate the innovative technology products, operations or activities relating to any matter regulated by any special law which the Authority is entitled to administer or enforce, and ensure high standards of conduct and governance throughout the innovative and new digital technology constructs industry; and
- (n) establish minimum quality, compliance and security standards for any innovative and new digital technology constructs and innovative technology services and regulate such sectors as may be necessary to protect the general public; and
- (o) monitor the working and enforcement of laws that directly or indirectly affect the use and operation of innovative and new digital technology constructs and innovative technology services and undertake or commission such study, research or investigation which it may deem necessary in this regard; and

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- (p) provide information and issue guidelines relating to any matter regulated by or under this Act, or any other special law which the Authority is entitled to administer or enforce; and
- (q) establish the minimum qualifications, if any, to be possessed by any person who is engaged or employed in any activity regulated by this Act or by any special law which the Authority is entitled to administer or enforce; and
- (r) ensure that international obligations it entered into relative to matters regulated by or under this Act, or any other special law which the Authority is entitled to administer or enforce, are complied with; and
- (s) advise the Minister on the formulation of policy in relation to matters regulated by or under this Act, or any other special law which the Authority is entitled to administer or enforce, and in particular in relation to its international obligations; and
- (t) advise the Minister on any matter connected with its functions under this or any other law; and
- (u) formulate and implement the policies and strategies with short-term and long-term objectives in relation to the matters connected with its functions under this or any other law; and
- (v) advise the Minister on the planning and development of the innovative and new digital technology constructs industry; and
- (w) support innovation in the development and use of innovative and new digital technology constructs and innovative technology services; and
- (x) support and liaise with non-profit organisations and educational institutions in Papua New Guinea which are established for the promotion of the use and development of innovative and new digital technology constructs and innovative technology services; and
- (y) keep under review developments on relevant subjects relating to innovative and new digital technology constructs and innovative technology services including, but not limited to, digital assets and their issuance, cryptography in the context of innovative and new digital technology constructs as well as the uses thereof, the development of standards within the industry and all related matters, so as to ensure that activity in the FSEZ is generally consistent with internationally recognised standards and norms of good practice; and
- (z) investigate allegations of practices and activities detrimental to consumers of innovative and new digital technology constructs and innovative technology services, and generally keep under review trading practices relating to the provision of innovative technology services and identify, and take measures to suppress and prevent, any practices which may be unfair, harmful or otherwise detrimental to consumers and users of innovative and new digital technology constructs and innovative technology services; and
- (aa) perform such other functions, including functions aimed at promoting innovative and new digital technology constructs and innovative technology services, as may from time to time be assigned to it by the Minister.

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(3) For the purposes of the exercise of its functions under this Act, the Authority shall have the power, –

(a) in relation to any innovative technology construct which it recognises under this Act or any special law it is entitled to administer or enforce; and

(b) in a manner satisfactory to the Authority and without in any way implying liability on the Authority's part,

to receive and access information on the innovative technology construct and its activities strictly in pursuance of its regulatory mandate and to enforce compliance when such arrangement has been adopted, subscribed or undertaken by applying regulatory rules and guidelines.

(4) Nothing in this section shall imply a right of the Authority to obtain information on source codes of any software used in the innovative technology construct which is confidential and commercially sensitive and where the Authority requires such information for regulatory purposes –

(a) it shall seek such information under conditions acceptable to the holder of the authorisation to protect his commercial interests; and

(b) in relation to the innovative technology construct, to be a user and hold any wallet, account or other facility in relation to any form of digital assets in order to be able to carry out regulatory compliance functions including, the access of information within the particular construct which is recognised under this Act or any other law which the Authority is entitled to administer or enforce; and

(c) it shall engage with such facilities or persons administering or representing the innovative technology construct and to carry out transactions which it may consider necessary for the carrying out of its functions.

(5) The Authority shall carry out its functions as established by or under this Act or any other law in an impartial, transparent and timely manner –

(a) in order to maximise the potential and purpose of the FSEZ and to ensure compliance therewith; and

(b) without prejudice to the generality of the foregoing, to ensure that, to the extent they are so bound, persons providing any services, products, operations and activities in or from the FSEZ relating to any matter regulated by the Authority, comply with this Act and with any other special law which the Authority is entitled to administer or enforce, and with any decisions issued by or under this Act or any such other law.

(6) The Authority shall have such other functions, responsibilities and powers as are set out by or under this Act or as may be assigned to it by or under any other law including all such powers as are necessary for or incidental to the performance of its functions by or under this Act or any other law.

9. POWERS OF THE AUTHORITY.

(1) The Authority has in addition to the powers otherwise conferred on it by this Act and any other law, power to do all things necessary or convenient to be done for or in connection with the performance of its functions.

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- (2) Without limiting its general power, the Authority has the power to –
- (a) formulate the national strategic policy for the FSEZ, including proposing sites for special economic zone development; and
 - (b) authorise and regulate the establishment, development, operation, and maintenance of the FSEZ in accordance with this Act; and
 - (c) delegate special economic zone development, operation, and maintenance powers in accordance with this Act; and
 - (d) grant special economic zone licences, including to special economic zone users under this Act, as well as any other certificates, approvals, permits, and related authorisations; and
 - (e) enter into and execute development and operator agreements, in addition to any other agreements, contracts, or constructs considered necessary under this Act, including revenue-sharing constructs with any public authority; and
 - (f) acquire land for the purpose of establishment of special economic zones; and
 - (g) enter into and conclude any memorandum of understanding with any competent agency; and
 - (h) approve the master development plan designed for a licensed special economic zone; and
 - (i) issue the standard operating rules and procedures governing special economic zones;
 - (j) revoke, cancel, rescind, suspend, withdraw, or modify any special economic zone licence or development or operator agreement, as well as any other certificate, permit, authorization, approval, lease, or contract or agreement previously granted or executed by the Authority, in accordance with the criteria set out under this Act; and
 - (k) collect fees or payments for applications, licences, permits, authorisations, certificates, approvals, services, leases, or other contracts or agreements granted, provided, or entered into by the Authority under this Act; and
 - (l) prohibit or restrict in the special economic zones any activities that contravene public morality, threaten public safety, order, security, hygiene, or health, endanger human, animal, or plant health or life, or violate any intellectual property rights; and
 - (m) regulate all authorised economic activities including utilities and related services provided in the FSEZ in accordance with this Act and any other laws; and
 - (n) operate, administer, manage, regulate and develop the FSEZ.

10. CONDUCT OF THE AFFAIRS OF THE AUTHORITY.

(1) The affairs and business of the Authority shall be the responsibility of the Board which responsibility shall be exercised through the Chairman.

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(2) The Authority may exercise any one or more of its functions either directly or through any of its officers or employees or through an agency authorised for that purpose, or through a contractor or other person with whom an agreement for the performance of any one or more of such functions has been entered into provided that nothing in this subsection shall authorise the Authority to contract out or delegate any of –

(a) its regulatory functions; or

(b) its recognition or authorisation functions,

unless such functions are expressly delegated to another public authority established by law, in particular another national competent authority as defined in this Act.

11. AUTONOMY OF THE AUTHORITY AND RELATIONS BETWEEN THE MINISTER AND THE AUTHORITY.

(1) The Authority shall manage and administer the FSEZ independently and without any direction or control from any person or body except as provided in this section.

(2) The Minister may, in relation to matters that appear to him to affect the public interest, from time to time give to the Authority policy directions in writing of a general character, not inconsistent with the provisions of this Act, on the policies to be followed in the carrying out of the functions vested in the Authority by or under this Act.

(3) In determining policies which are the subject of a Ministerial direction, the Board shall respect the principles reflected by the policy direction given to it by the Minister.

(4) The Authority shall afford to the Minister facilities for obtaining information with respect to its property and activities, other than matters which are confidential to any applicant or regulated person, and furnish the Minister with returns, accounts and other statistical information with respect thereto, and afford to him facilities for the verification of information furnished, in such manner and at such times as he may reasonably require.

12. LEGAL PERSONALITY AND REPRESENTATION OF THE AUTHORITY.

(1) The Authority is a body corporate having a distinct legal personality and shall be capable, subject to the provisions of this Act, of entering into contracts, of acquiring, holding and disposing of any kind of property for the purposes of its functions, of suing and being sued, and of doing all such things and entering into all such transactions as are incidental or conducive to the exercise or performance of its functions under this Act, including the lending or borrowing of money.

(2) The legal and judicial representation of the Authority shall vest in the Chairman provided that the Authority may appoint one or more members of the Board or the Chief Executive Officer or one or more officers of the Authority to appear in the name or on behalf of the Authority in any judicial proceedings and in any act, contract, instrument or other document whatsoever.

(3) Any document purporting to be an instrument made or issued by the Authority and signed by the Chairman, or such other member of the Board, the Chief Executive Officer or officer of the Authority as may, in accordance with Subsection (2), be vested by the Board with the legal and judicial representation of the Authority, shall be received in evidence and shall, until the contrary is proved, be deemed to be an instrument made or issued by the Authority.

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13. GUIDING PRINCIPLES FOR THE PROMOTION AND DEVELOPMENT OF THE AUTHORITY'S INTERESTS.

(1) By the establishment of the Authority, the State is obligated to seek to promote and develop the blockchain and innovative technology and international financial sector in the FSEZ by means of proper recognition and regulation of relevant innovative technology constructs, venture capital and blockchain developments and related services.

- (2) The obligation of the State under Subsection (1) shall be extended –
- (a) in full respect of the importance of not hindering innovation and the efforts and potential of the start-up sector in this area of activity; and
 - (b) considering that the approach to recognition and regulation will be moderated by the pace of change and development taking place in the industry; and
 - (c) in a manner ensuring that there are standards in place for the protection of consumers and investors, the integrity of the market and the public interest in general to be protected against abuse and non-compliance with mandatory laws intended for such purposes.

(3) The Authority shall determine the FSEZ's policies and objectives with regard to blockchain, foreign direct investment, innovative technology constructs and services to support the development of Finschhafen District as a centre of excellence for global financial services and innovative technology constructs and shall appropriate such funds and provide such resources as it considers necessary to achieve this aim.

(4) The Authority shall endeavour to achieve the following main objectives and policies:-

- (a) to assist and promote policies that favour the deployment, within the public administration, of innovative and new digital technology constructs, by the Government where necessary or appropriate;
- (b) to foster, regulate, promote and facilitate the advancement and utilisation of innovative and new digital technology constructs and foreign direct investment policies and their design and uses;
- (c) to promote education on ethical standards and legitimate exploitation of innovative and new digital technology constructs;
- (d) to safeguard, maintain and protect the reputation of the FSEZ in the use of innovative and new digital technology constructs;
- (e) to protect users of innovative and new digital technology constructs, including consumers and the public in general and to ensure standards to meet their legitimate expectations and protect against misuse;
- (f) to provide a sound financial basis for the Authority to be able to achieve its purposes;
- (g) to harmonise practices, and, where applicable, to facilitate the adoption of standards, on innovative technology constructs in Finschhafen District in line with international norms, standards, rules and, or laws;

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- (h) to assist the competent data protection authorities in safeguarding the data protection rights of data subjects and assist other competent authorities in the protection of vulnerable persons and the promotion of fair competition and consumer choice;
- (i) to promote, and if required enforce, ethical and legitimate criteria in the design and use of innovative technology constructs and any application, software or derivative product from it or intrinsically part of or connected to it as well as to ensure quality of services and security therein;
- (j) through collaboration with other regulatory bodies and competent authorities with responsibility for the prevention of money laundering and the financing of terrorism and crime in general, to support the prevention of money laundering, terrorist financing and the commission of any other crime in or through the use of innovative technology constructs;
- (k) to promote transparency and auditability in the use of innovative technology constructs, and any application, software, or derivative product from it or intrinsically part of or connected to it;
- (l) to promote ease of accessibility to the facilities provided by publicly available innovative technology constructs and the recognition and implementation of the right of exit, withdrawal or termination of participation from any arrangement in the use of innovative technology constructs; and
- (m) to promote legal certainty in the application of laws, in a national and cross-border context, and the development of appropriate legal principles for the effective application of law to innovative technology constructs.

(5) The Authority shall endeavour to promote the development of innovative technology in as wide a manner and for as many uses as possible so as to achieve its benefits in as many economic and social sectors as possible, including, but not limited to, in financial services, health and education, voluntary organisations, public administration and transport.

(6) The Authority shall encourage the development of regulatory processes in relation to innovative technology constructs to support all national competent authorities regulating different sectors to better administer the laws entrusted to their administration for the public benefit.

(7) In carrying out its functions under this Act and any special law the Authority is entitled to administer or enforce, the Authority shall pay regard to the nature, features and facilities of the innovative technologies which fall within its competence and shall seek to reflect such elements in its policies and administration.

Division 2 – The Board Chief Executive Officer and Staff of the Authority.

14. BOARD OF THE AUTHORITY

- (1) There is established a Board for the Authority.
- (2) The Board shall perform the functions, exercise the powers and manage and direct the affairs of the Authority.

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15. MEMBERSHIP OF THE BOARD.

- (1) The Board shall consist of --
 - (a) the Chairman who assumes office in accordance with Section 16(1); and
 - (b) not less than five and more than seven members consisting of --
 - (i) executives from Ledger Atlas Inc., *ex officio*; and
 - (ii) and such other fit and proper persons who shall be persons having senior or executive authority with decision-making powers in the relevant competent authorities, appointed by the Chairman.
- (2) The members referred to in Subsection (1)(b) --
 - (a) shall hold office on such terms and conditions as are determined by the Authority; and
 - (b) hold office at the pleasure of the Chairman.

(3) The affairs and business of the Authority shall be the responsibility of the Board which responsibility shall be exercised through the Chairman.

(4) In addition to his function under this Act, the Board shall have the special function of facilitating co-operation between the relevant authorities in matters impacting on the use of technology, innovation and the development of the FSEZ as a global financial centre and innovation hub as well as the implementation of other guiding principles underlying this Act.

16. INELIGIBILITY TO BE A MEMBER OF THE BOARD.

A person may not be appointed as a member of the Board, or to assume membership of the Board, if he --

- (a) is elected, or is a candidate for election or appointment, to the National Parliament, Provincial Government or Local-level Government; or
- (b) is or has been insolvent, or has applied to take the benefit of any law where he is a bankrupt or insolvent debtor, or has compounded with his creditors or made an assignment of his remuneration for their benefit; or
- (c) is seventy (70) years of age or over; or
- (d) is standing, or is to stand, trial for, or has been convicted during the ten years prior to his appointment of, any offence punishable by imprisonment; or
- (e) is prohibited from being a director, member or promoter of, or from taking part, in any way directly or indirectly, in the management of, a company under any law.

17. CHAIRMAN.

- (1) The Director and Regional President Pacific of Ledger Atlas Inc. is the Chairman of the Board.
- (2) The Chairman --
 - (a) shall be responsible for the affairs and business of the Authority; and
 - (b) shall legally represent the Authority and be responsible for the day-to-day operation, administration and management of the FSEZ; and

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(c) is the head of the staff of the Authority and responsible for the efficient carrying out of the functions of the Authority.

(3) The Chairman shall also serve as the Chief Executive Officer of the Authority.

(4) The Chairman may delegate or devolve part of, but not all, of the executive conduct of the Authority, its administration and organisation and the administrative control of its officers and employees, to a deputy Chief Executive Officer or any other officer or officers of the Authority, who shall also have such other powers as may from time to time be delegated or devolved to him or to them by the Board.

18. TERMINATION OF MEMBERSHIP OF THE BOARD.

(1) An *ex officio* member is deemed to have resigned from the Board upon ceasing to hold the *ex officio* post.

(2) A member, other than an *ex officio* member, may resign his membership of the Board by written notice delivered to the Authority.

(3) A member is deemed to have resigned if any of the circumstances in Section 15 occurs.

19. VACANCY NOT TO AFFECT POWERS OR FUNCTIONS.

The exercise of a power of the performance of a function of the Board is not invalidated by reason only of a vacancy in the membership of the Board.

20. MEETINGS OF THE BOARD.

(1) The Board shall meet as often as the business of the Board requires and at such times and places as the Chairman shall direct, but in any event not less frequently than once every three months.

(2) The Chairman must give not less than seven days' written notice of a proposed meeting, together with notice of the matters to be discussed at the meeting.

(3) The quorum for a meeting of the Board is five members, including the Chairman and decision would be taken pursuant to the majority votes of the present members.

(4) In the event of a tied vote, the Chairman has an additional casting vote.

(5) The Board may invite any person to attend and participate in a meeting, or part of a meeting, of the Board but such person shall not vote or participate in any decision making.

(6) All meetings of the Board must be recorded in accordance with the procedure determined by the Board.

21. BOARD PROCEDURE.

The Board shall adopt its own procedures for voting and quorums, voting rights, and powers, as well as the duties, functions, responsibilities, grounds for resignation and removal, and other rules and procedures governing Board members.

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22. DISCLOSURE OF INTERESTS BY MEMBERS OF THE BOARD.

(1) A member of the Board who has a direct or indirect interests in a matter being considered or about to be considered by the Board shall, as soon as possible after the relevant facts have come to his knowledge, disclose the nature of his interests at a meeting of the Board.

(2) A disclosure under Subsection (1) shall be recorded in the minutes of the Board, and the member shall not take part, after the disclosure, in any deliberations or decision of the Board in relation to the matter.

23. COMMITTEES OF THE BOARD.

(1) There shall be an advisory committee of the Board to be known as the Blockchain Special Economic Zone Joint Regulatory Efficiency Committee –

- (a) made up of the following representatives from the Government of Papua New Guinea:-
 - (i) the Governor of the Bank of Papua New Guinea; and the Departmental Head of the Department responsible for Commerce and Industry matters, or his nominee *ex officio*;
 - (ii) the Departmental Head of the Department responsible for Treasury matters, or his nominee *ex officio*; and
 - (iii) the Head of the Papua New Guinea Customs Service or his nominee, *ex officio*
- (b) to be co-chaired by the Chairman of the Authority and the Governor of the Bank of Papua New Guinea; and
- (c) has the function of facilitating co-operation between the relevant authorities in matters impacting on the use of technology, innovation and the development of the FSEZ as a global financial centre and innovation hub as well as the implementation of other guiding principles underlying this Act.

(2) There shall be a Joint Regulatory Efficiency Committee comprising such members as determined by the Board which shall be a body established for the purpose of ensuring effective cooperation between the Authority and the other competent authorities in the area of innovative technology uses and policy issues that may arise from the FSEZ.

(3) There shall be a Technology Ethics Committee –

- (a) established for the purpose of ensuring that the proper standards of ethics are reflected in the area of innovative technology construct uses which are recognised by the Authority and to guide other authorities in Papua New Guinea when such matters are referred to it by such other authorities which note that innovative and new digital technology constructs are being used in areas of their competence; and
- (b) shall have the functions and shall be composed of the persons as may be determined by the Board in consultation with the Minister, other national competent authorities, voluntary organisations with purposes related to the sector and persons operating within the sector.

(4) The Board may, from time, establish other committees of the Board to advise the Board on such matters as the Board considers necessary.

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(5) In establishing a committee under Subsection (4), the Board may –

- (a) appoint such persons as it considers necessary; and
- (b) specify the functions and procedures of the committee.

(6) A member of a committee, other than an *ex officio* member, who is not a member of the Board may receive such fees and allowances as are determined by the Board.

24. FEES AND EXPENSES.

(1) The Authority shall decide appropriate fees to be paid to each member of the Board, other than *ex officio* member, having regard to the functions, duties and responsibilities of the members of the Board under this Act.

(2) Each member of the Board, other than an *ex officio* member, shall be paid a fee as the Authority determines.

(3) The Authority shall pay to each member of the Board reasonable travelling and incidental expenses incurred while carrying out their duties under this Act.

25. REPORTS.

(1) The Board shall furnish to the Minister on or before 15th March in every year, a report on the progress and performance of the Authority for the previous year.

(2) As soon as practicable after he has received the report referred to in Subsection (1) (a) the Minister shall forward the report to the Speaker for presentation to Parliament.

26. CHIEF EXECUTIVE OFFICER.

(1) The Chairman of the Board is the Chief Executive Officer of the Authority.

(2) The Chief Executive Officer is –

- (a) the chief executive officer of the Authority; and
- (b) the head of the staff of the Authority; and
- (c) responsible to the Board for the efficient carrying out of the functions of the Authority.

(2) The functions, powers and duties of the Chief Executive Officer are –

- (a) to manage the Authority in accordance with the policies and directions of the Board; and
- (b) to advise the Board on any matter concerning the Authority referred to him by the Board; and
- (c) otherwise as specified in this Act.

(3) The Chief Executive Officer may, by instrument in writing, delegate all or any of his functions, powers (other than this power of delegation) or duties to any person and shall forthwith report any such delegation to the Board in writing.

27. OTHER STAFF AND EMPLOYEES OF THE AUTHORITY.

(1) The Chief Executive Officer may appoint persons to be employees of the Authority, in accordance with procedures established and approved by the Board, for the purpose of giving effect to this Act and carrying out the functions of the Authority.

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(2) Subject to this Act, employees appointed under Subsection (1) shall be appointed on such terms and conditions as the Board shall determine.

(3) The Chief Executive Officer may dismiss any employee of the Authority in accordance with procedures established and approved by the Board.

(4) The Chief Executive Officer and the employees appointed under Subsection (1) constitute the staff of the Authority.

(5) The Chief Executive Officer is to direct and control the employees of the Authority.

PART III. – PROTECTION OF AUTHORITY’S INTEGRITY.

28. CONDUCT OF THE AFFAIRS OF THE AUTHORITY.

(1) The affairs and business of the Authority shall be the responsibility of the Board which responsibility shall be exercised through the Chairman.

(2) An authorized officer of the Authority shall not accept any kind of compensation for personal benefit from any special economic zone investor or a related person, including any, or arrange for any compensation for the benefit of a related person in connection with the performance by the Authority of its duties and functions, or exercise of its powers, under this Act.

(3) For the purposes of this section “related person” means an owner, director, subsidiary, officer, executive, administrator, employee, agent, representative, associate or affiliate of a special economic zone investor.

29. CONFLICT OF INTEREST.

(1) An authorized officer or related person shall not accept any gift or credit for himself, or on behalf of any person with whom the authorized officer has a family, business, or financial relationship, if the acceptance would result, or would give the appearance of resulting, in a conflict of interest with respect to the duties and functions of the authorized officer.

(2) If an authorized officer, or related person, has a direct or indirect personal, financial, or business interest in any matter brought for deliberation before the Authority, the authorized officer shall disclose in writing the apparent conflict of interest to the Board.

(3) An authorized officer who makes a disclosure under Subsection (2) shall be disqualified from participating in any Board, management, or administrative deliberations and vote with regard to such matter.

(4) An authorized officer, other than an authorized officer who is a member of the Board or a related person shall not be an owner, director, officer, executive, employee, administrator, agent, or representative of any special economic zone investor.

30. CONFIDENTIAL INFORMATION.

(1) All confidential information acquired by the Authority, or an any authorized officer during the course of performing duties, functions, or responsibilities under this Act shall be confidential and shall not be disclosed, other than in accordance with this section.

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(2) An authorized officer or related person shall not use confidential information or allow such information to be used for personal gain.

(3) Except as prescribed by this Act, no confidential information shall be disclosed by the Authority, or an authorized officer, without the express written consent of the person that provided such information, or except when disclosure of such information is --

- (a) required by a court of competent jurisdiction (including a tribunal); or
- (b) necessary for the fulfilment of any duty imposed by this Act, or any other law.

PART IV. – ONE-STOP-SHOPS.

31. ONE-STOP SHOPS.

(1) The FSEZ site shall have a One-Stop-Shop established by the Authority.

(2) A One-Stop-Shop established under Subsection (1) is for the purpose of providing an administrative coordination facility housing representatives of competent authorities and designed to advise the Authority and facilitate the development, operation, and regulation of the FSEZ for the benefit of licensees, developers, operators, and special economic zone users;

(2) All competent agencies shall be represented at each One-Stop-Shop through competent staff members appointed by their respective agencies.

(3) The Authority in regard to an innovative technology construct or service provider; and, upon consultation of the Joint Regulatory Efficiency Committee and One-Stop-Shop may --

- (a) make regulations to exempt from the provisions of any law requiring authorisation to carry on relevant activities which may be applicable to it; and
- (b) to introduce rules which postpone the application of rules for a period of time or to introduce thresholds based on the volume of activities based on transactions, values or otherwise; and
- (c) to waive particular regulatory requirements.

32. COORDINATION WITH AND COOPERATION BY COMPETENT AGENCIES.

(1) A competent agency shall delegate to the Authority all or any of its statutory powers, duties and functions for the purposes of the administration of the One-Stop-Shop facility.

(2) A delegation under Subsection (1) shall be set out in a Memorandum of Understanding executed by the Authority and the competent agency.

(3) The functions, duties and powers that may be delegated under Subsection (2) include, but are not limited to, the issuance of permits, certificates, authorizations, approvals, licences and registrations relating to labour, immigration, environment, health, safety, building code, business registration, urban-planning, tax and customs matters.

(4) Subject to Subsection (5), the Authority may delegate to a developer or operator any of its powers, duties, functions, and responsibilities under this Act, including the power to issue licences, and to inspect the premises of special economic one users.

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(5) The Authority shall not delegate any of the powers, duties functions, and responsibilities of a competent agency unless with the express authorisation of the respective competent agency.

(6) A competent agency shall cooperate fully with the Authority in respect to all or any matters concerning the administration of a One-Stop-Shop facility in a special economic zone including providing all or any records, documents, and information requested by the Authority.

(7) Where a competent agency refuses or fails to comply with a written request by the Authority, the Minister may, on the recommendation of the Authority, direct the competent agency to cooperate with the Authority, and, on that direction by the Minister, the competent agency shall cooperate and provide the Authority with any assistance including providing records, documents, and information as requested by the Authority.

PART V. – ESTABLISHMENT OF SPECIAL ECONOMIC ZONES.

33. ESTABLISHMENT OF SPECIAL ECONOMIC ZONES.

(1) Except as otherwise provided in this Act, a special economic zone within the FSEZ shall be established pursuant to a final Determination of the Authority made in accordance with this section.

(2) A Final Determination may be made –
(a) on the Authority's own initiative; or
(b) pursuant to a written application submitted by an Applicant in accordance with the prescribed procedures and requirements.

(3) A Final Determination shall not be made unless –
(a) the land upon which the proposed special economic zone is to be established has been acquired, or authorized for use, by the Authority; and
(b) notice of the proposed establishment has been given under Subsection (5); and
(c) comments received pursuant to a notice under Subsection (5) have been considered; and
(d) the evaluation criteria having been satisfied; and
(e) the Minister has been consulted.

(4) A Final Determination must not be made more than two months after the date specified in Subsection (5).

(5) Before making a final determination, the Authority shall publish a notice in the National Gazette that requests any person likely to be affected by the proposed special economic zone to submit written comments to the Authority within two months of the date of publication of the notice.

(6) A notice under Subsection (5) shall include –
(a) the sufficient information to fully identify the site (including geographical location, boundary, map coordinates, property registration designations); and

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- (b) the proposed economic activities of the proposed special economic zone; and
 - (c) the date (being not more than two months from the date of publication of the notice) by which comments shall be submitted.
- (7) A Final Determination shall be published in the National Gazette, and shall set out
- (a) a detailed statement of the reasons and the basis for the final determination; and
 - (b) the geographical location, boundary, map coordinates, and property registrations of the special economic zone; and
 - (c) all authorised economic activities to be undertaken in the zone.

34. EVALUATION CRITERIA FOR THE ESTABLISHMENT OF SPECIAL ECONOMIC ZONES.

The Authority shall, in its evaluation of a special economic zone proposal, consider, but is not limited to any of the following factors –

- (a) the international trade effect of the planned special economic zone, including the projected value of exports and re-exports, value-added processing potential, and investment and transfer-of-technology impact;
- (b) the effect of the proposed special economic zone on the establishment or retention of domestic manufacturing and processing activities;
- (c) the national job creation and technical training potential of the planned special economic zone;
- (d) the degree to which the special economic zone will utilise existing national capacity to promote integration and linkages with the domestic economy;
- (e) the extent to which the planned special economic zone is in proximity to enterprise clusters;
- (f) the degree to which the business plan and feasibility study detailing the development, operation, and maintenance of the planned special economic zone show a positive financial and economic rate of return that satisfies the minimum requirements specified in the Regulations;
- (g) the extent to which the proposed business plan satisfies the requirements of an special economic zone investment;
- (h) the fitness of the site and existing infrastructure in light of the business, development, and operation plans;
- (i) the degree to which the proposed land area has access to actual or planned off-site infrastructure;
- (j) the extent of any population displacement or relocation resulting from special economic zone construction and development;
- (k) the physical expansion potential of the special economic zone;
- (l) the physical security measures and construction means to be employed to separate the tourism, agribusiness, electricity-generation, petrochemical, education, industrial, commerce, manufacturing, logistics, high-technology, scientific-research, and residential development areas of the special economic zone from one another, as well as from the domestic customs territory, to prevent the evasion of the payment of any applicable import charges or taxes;

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- (m) the degree of compliance with a law or any law relating to the environment;
- (n) the consultation with local communities and the provincial government;
- (o) the consistency of the planned special economic zone with national, provincial and local-level government development and poverty reduction goals;
- (p) the extent to which land has been acquired for the special economic zone and security of tenure including that the proposed special economic zone has undisputed land titles that are not subject to any actual or impending legal liability, expropriation proceedings, disputes, or other contingencies that may give rise to a legal claim;
- (q) the extent to which the proposed special economic zone can be designed and constructed for multiple special economic zone users;
- (r) the extent to which the proposed land area complies with any law in respect of land, planning, construction, and public works;
- (s) the degree to which competent agency supports the establishment of the proposed special economic zone; and
- (t) any other factor that the Authority deems appropriate to protect the public interest, health, safety, and welfare of the State.

PART VI – DEVELOPMENT AND OPERATION OF THE FSEZ.

35. SPECIAL ECONOMIC ZONE REGISTER.

(3) The Authority shall maintain at its principal office and on its official web site a special economic zone national register.

(4) The national register shall contain information on special economic zone licensees, developers, operators and special economic zone users.

36. REGISTRATION OF COMPANIES INTENDING TO OPERATE IN THE FSEZ.

(1) A company intending to operate in the FSEZ shall apply to the Authority in the prescribed manner for approval to operate in the zone.

(2) On the approval of the application under Subsection (1), the company is in the same manner as the Authority exempt from the existing national regulatory guidelines to the extent that, and with regards to the principles that –

- (a) in circumstances where under provisions of any special law applicable at any time, it is prohibited to carry on any specified activities or it is so prohibited except when authorised permitted to do so, not being a law of general application to achieve public order the application of which cannot be waived; and
- (b) with reference to innovative technology services or innovative technology arrangements of a designated type and not generally, and in particular where the innovative technology arrangement has embedded within it certain software features which may substitute for existing regulatory requirements, which may, due to its area of operation or its effects, fall within the prohibitions referred to in this section.

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- (3) A company approved to operate in the FSEZ under this section –
- (a) may not participate in the local Papua New Guinean market or economy or take deposits or deal in the currency PNG Kina unless otherwise allowed by the appropriate national competent authority after consultation with the Joint Regulatory Efficiency Committee and One Stop Shop; and
 - (b) may only conduct business outside of PNG, from in or within the FSEZ as international business company and may only operate international bank accounts.

37. ISSUANCE OF SPECIAL ECONOMIC ZONE LICENCE.

(1) An Applicant who proposes to develop, operate, maintain, and promote a part of the FSEZ may submit an application to the Authority for consideration and granting of a special economic one licence in accordance with this Act.

(2) An application shall only be granted after due compliance with the conditions and criteria set out in this Part.

(3) Subject to subsection (4), the Authority shall select a developer or an operator (or a developer and operator as the case may be) of a special economic zone pursuant to accepted international selection process.

- (4) Subsection (3) does not apply to a person who –
- (a) owns the land proposed for the special economic zone site; or
 - (b) has submitted a written request to the Authority for the establishment of a special economic zone.

(5) For the purposes of this section, a person to whom Subsection (4) applies is not exempted from the application requirement, the special economic zone licence or, if required, the execution of a development and operator agreement.

(6) After the conclusion of the international selection process and within two months after the submission of the application, the Authority shall make a final determination that either grants a special economic zone licence to the Applicant or refuses the application.

(7) The final determination that sets out the special economic zone licence shall be published on the Authority website and in the National Gazette and shall include –

- (a) a detailed statement of the reasons, together with the legal basis, for the final determination; and
- (b) the specific terms and conditions governing the establishment, development, operation, and maintenance of the special economic zone; and
- (c) a statement whether the special economic zone licensee shall act as a developer or operator, or both; and
- (d) a statement whether the special economic zone licensee is delegating any of its development, operation, and maintenance rights and obligations to a subcontractor and the name and details of the subcontractor ; and
- (e) the name of the special economic zone licensee; and
- (f) the licence duration; and
- (g) licence renewal conditions; and
- (h) geographical location (including boundary, map co-ordinates, and property registrations of the special economic zone); and

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(i) the authorized economic activities to be carried on under the licence.

(8) Upon the issue of a special economic zone licence, the Authority and the developer or operator (or developer and operator as the case may be) shall execute a development agreement, operator agreement or development and operator agreement as the case may be.

(9) The Authority may choose to perform the functions of developer and operator where necessary to fulfil the purpose of the zone.

38. SPECIAL ECONOMIC ZONE LICENCE APPLICATION REQUIREMENTS AND ELIGIBLE APPLICANTS.

(1) An applicant for a licence may consist of a sole enterprise or a consortium of two or more enterprises.

(2) If an applicant is a consortium --

(a) the lead enterprise organising the consortium shall be specified in the application; and

(b) if a special economic zone licence is issued, the Authority shall issue it to the lead Enterprise.

(3) An Applicant shall include the following information, together with supporting documentation, in its application --

(a) a valid business registration certificate;

(b) verified financial resources and funding plans and audited financial statements for the last five(5) years preceding the application date;

(c) technical capacity and previous experience of the applicant with special economic zone s or other large scale real estate projects;

(d) a business plan and preliminary feasibility study detailing the development, operation, and maintenance of the planned special economic zone, including the design, construction, and provision of infrastructure and other Assets;

(e) a concept master development plan for the proposed special economic zone, including land use, zoning, and any urban plans;

(f) the quality and size of the infrastructure facilities that the applicant intends to have constructed, including all on-site and any off-site infrastructure, together with cost estimates;

(g) the proposed timeframe to commence and complete the design and construction of the planned special economic zone and infrastructure, including phased development schedules and minimum development obligations during such phases;

(h) a statement of compatibility of the proposed special economic zone with the approved master development plan of the local community;

(i) a schedule of fees to be charged for any goods, services, or infrastructure provided directly or indirectly by the Applicant in the proposed special economic zone;

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- (j) a statement that the subject land area and special economic zone planning and construction comply with all applicable land, planning, construction, and public works laws that are not otherwise inconsistent with this Act and the Regulations;
- (k) physical security measures and construction means to be employed to separate the tourism, agribusiness, electricity-generation, petrochemical, education, industrial, commerce, manufacturing, logistics, high-technology, scientific-research, and residential development areas of the special economic zone from one another, as well as from the Domestic Customs Territory;
- (l) payment of a non-refundable application fee; and
- (m) any other relevant information.

38. ASSIGNMENT OF RIGHTS.

- (1) The joint venture partner company Ledger Atlas Inc. is assigned to develop, operate and regulate the FSEZ.
- (2) For the purposes of Subsection (1), Ledger Atlas Inc. is authorised to --
 - (a) act as the zone authority and regulator; and
 - (b) act as the exclusive developer and operator of the FSEZ for the duration of the FSEZ existence; and
 - (c) where necessary, it can assign any of its rights and obligations under this Act as a developer and operator to a person including subcontractors consistent with the purpose of the zone.
- (3) Notwithstanding Subsection (1)(b), the Ledger Atlas Inc. shall retain all obligations and responsibilities for the development, operation, and maintenance of the FSEZ.
- (4) The Authority established by this Act shall be assigned the rights, status, exemptions and immunities as outlined in the Special Administrative Charter contained in Schedule 2.

39. DEVELOPER RIGHTS.

- (1) A developer may conduct all or any authorised economic activities in a special economic zone, including --
 - (a) to deal with any part of the special economic zone lands or other assets within its control as allowed under this Act and any other law, including dealing in subleases, and to receive payment or collect rental fees for such transactions; and
 - (b) to develop, exploit, and service special economic zone lands and other assets, in accordance with the special economic zone licence and development agreement; and
 - (c) to provide utilities and other services in the special economic zone, in accordance with the applicable development agreement, this Act and any other law, and to charge fees for such services; and
 - (d) to provide utilities and other services in Papua New Guinea in accordance with this Act and any other law, and

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- (e) to employ both citizens and foreign nationals, without any discrimination; and
- (f) to enter into contracts with any person authorised under this Act for the development, exploitation, and servicing of the special economic zone, special economic zone lands, and other assets, including on-site and any off-site infrastructure; and
- (g) to enter and freely participate in international financial markets, without any legal impediments or restrictions, to obtain funds, credits, guarantees, and other financial resources; and
- (h) to exercise any other rights under this Act and the development agreement.

(2) A subcontractor engaged by a developer shall employ both citizens and foreign nationals under the same conditions as the developer.

40. DEVELOPER OBLIGATIONS.

A developer or a subcontractor referred to in Section 39 shall –

- (a) comply with this Act, and any other law relating to the administration of the special economic zone including the respective special economic zone licence and the development agreement; and
- (b) prepare, either individually or in cooperation with other developers, the detailed feasibility study and master development plan for the designated special economic zone, including the land use and zoning plans, to be approved by the Authority for all special economic zone established after the commencement date in coordination with the competent agencies; and
- (c) construct assets on special economic zone lands, including on-site infrastructure, transportation connections, employee quarters, and office space and other facilities for use by the respective competent agencies, in accordance with the memorandum of understanding and the development agreement; and
- (d) subject to this Act or any other law and in consultation with the Authority set fees for any utilities or other services provided in the special economic zone by the developer; and
- (e) submit to the Authority an annual report that provides the following information with regard to the special economic zone –
 - (i) special economic zone investments undertaken during the preceding calendar year and the investments projected for the forthcoming calendar year; and
 - (ii) area of special economic zone lands under development and the assets constructed thereon; and
 - (iii) other information deemed relevant by the Authority relating to the development of the special economic zone; and
- (f) develop the special economic zone on a commercial basis in accordance with the special economic zone licence and the governing development agreement; and
- (g) maintain all company books, records, accounts, and financial statements in accordance with international financial reporting standards, including the use of full accrual accounting on a daily basis, as subject to internal and external audits as required by this Act or any other law; and
- (h) any directive issued by the Authority from time to time consistent with this Act.

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41. OPERATOR RIGHTS.

- (1) An operator may conduct all or any authorised economic activities in a special economic zone, including –
- (a) to manage and deal with any part of the Special Economic Zone Lands or other Assets within its control as allowed under this Act and any other law, including dealing in subleases, and to receive payment or collect rental fees for such transactions; and
 - (b) operate or manage the Special Economic Zone in accordance with the applicable Special Economic Zone License, the Operator Agreement, this Act and any other law; and
 - (c) provide utilities and other services in the special economic zone in accordance with the applicable operator agreement, this Act and any other law, and to charge fees for such services; and
 - (d) employ both citizen and foreign nationals without any discrimination; and
 - (e) enter into contracts with a person authorised under this Act for the operation, maintenance and promotion of the special economic zone and all assets; and
 - (f) adopt the operational rules and procedures to govern the day-to-day activities of the special economic zone; and
 - (g) enter and freely participate in international financial markets, without any legal impediments or restrictions, to obtain funds, credits, guarantees, and other financial resources; and
 - (h) exercise any other rights under this Act and the applicable operator agreement.

(2) A subcontractor referred to in Subsection (1)(e) shall employ both citizen and foreign nationals under the same conditions as the operator.

42. OPERATOR OBLIGATIONS.

An operator or a subcontractor referred to in Section 41 shall –

- (a) comply with the respective special economic zone license and operator agreement under this Act, and any other law relating to the administration of the Special Economic Zone; and
- (b) monitor and supervise the activities of all Special Economic Zone Users in compliance with this Act and any other law; and
- (c) provide equal treatment to, and avoid discriminating against, any special economic zone users; and
- (d) subject to this Act and any other law and in consultation with the Authority set fees for any utilities and any other services provided in the special economic zone by the operator; and
- (e) promote the special economic zone both domestically and internationally; and
- (f) provide office space and other facilities for use by the respective competent agency including Papua New Guinea Customs Service in the customs controlled area of the special economic zone; and
- (g) submit to the Authority an annual report that provides the following information with regard to the Licensed Special Economic Zone –

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- (i) special economic zone investments undertaken during the preceding calendar year and the investments projected for the forthcoming calendar year; and
 - (ii) number, size, employment, investment, and business activities of all special economic zone enterprises; and
 - (iii) area of special economic zone lands developed and the assets constructed thereon; and
 - (iv) other information considered relevant by the Authority that relates to the operation and maintenance of the special economic zone; and
- (h) operate, maintain and promote the special economic zone on a commercial basis in accordance with this Act and any other law, including the special economic zone licence and the governing operator agreement; and
- (i) keep all company books, records, accounts, and financial statements in accordance with international financial reporting standards, including the use of full accrual accounting on a daily basis, as subject to internal and external audits as required by this Act and any other law; and
- (j) any directive issued by the Authority from time to time consistent with this Act.

43. ADDITIONAL PERFORMANCE REQUIREMENTS FOR DEVELOPERS AND OPERATORS.

(1) In addition to the obligations set out in Sections 41 and 42, the development and operator agreement, developer agreement or operator agreement as the case may be, shall include performance requirements that an enterprise must satisfy to maintain its status as a developer or operator.

(2) The requirements under Subsection (1) shall include but not limited to the following -

- (a) compliance with the financial obligations and guarantees required by the Authority, including the amount of capital and debt financing and the relevant time periods to provide such financing, to develop and operate the special economic zone; and
- (b) the requirement to provide a minimum level of vocational and technical training to citizens; and
- (c) the requirement to comply with all employment and environment obligations specified in this Act and any other law; and
- (d) performance requirements concerning the completion of the phased development and operation schedule of the Special Economic Zone.

44. REVOCATION OF SPECIAL ECONOMIC ZONE LICENCE.

(1) Subject to Subsection (2), if a special economic zone licensee that is licensed by the Authority to participate and carry on business in the FSEZ contravenes this Act or any subsequent Act or Regulations of the Authority, its special economic zone licence, the Authority may revoke, in whole or in part, the special economic zone licence by issuing a final determination.

- (2) A final determination shall not be issued unless the Authority –
- (a) gives written notice of the contravention and the intention to revoke the special economic zone licence; and

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(b) provides an opportunity for the special economic zone licensee to make written and oral representations to the Authority not less than two months after the giving of the written notice.

(3) For the purposes of this Act, a final determination is valid when the Authority publishes it on the official website.

PART VII. – FSEZ LANDS.

45. ACQUISITION OF LANDS BY THE AUTHORITY.

(1) The Authority shall acquire lands required for the FSEZ in accordance with the *Land Act, 1996*.

(2) Prior to acquisition of lands in accordance with Subsection (1), the Authority shall coordinate with the relevant competent agencies and be satisfied as to the following matters:-

- (a) that the owner or in respect to customary land the owners have been informed of the acquisition and agree to the nature of the acquisition; and
- (b) that a compensation package has been agreed to by the owner; and
- (c) that the owner has executed an agreement with the Authority agreeing not to interfere, disturb, dispute, claim, file proceedings in a court or tribunal in respect to ownership of such land and to all times maintain peace and good order.

(3) Notwithstanding any Act or law to the contrary, no interest in any land located in the FSEZ may be acquired, disposed of or otherwise dealt with unless --

(a) the Authority is a party to the dealing; or

(b) the dealing is approved by the Authority,
and any dealing in land or interest in land located in the zone otherwise than in accordance with this section is void and of no effect.

46. APPROVAL BY THE AUTHORITY OF OTHER LANDS.

(1) The Authority may approve land other than land acquired by the Authority under Section 45 as a special economic zone land.

(2) Prior to giving its approval, the Authority shall be satisfied that the land is freed and discharged from all interests, trusts, restrictions, reservations, obligations, contracts, licenses, charges, liens, caveats, or otherwise all encumbrances either present or future except where they may be allowed under this Act or by express approval by the Authority.

PART VIII. – SPECIAL ECONOMIC ZONE USERS.

47. USER LICENCE.

(1) No person shall conduct an economic activity in a special economic zone without a valid special economic zone user licence issued by the Authority or an operator that is authorised under this Act.

(2) For the purposes of Subsection (1), any person may submit an application for a special economic zone user licence to the Authority or the operator as the case may be, for the issuance of such licence.

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(3) A licence issued under this Part is conditional upon the holder of the special economic zone user licence commencing a lawful economic activity (including the acquisition or leasing of land in the special economic zone) within two months of the issue of the special economic zone user licence.

48. SPECIAL ECONOMIC ZONE USER RIGHTS.

A special economic zone user may, during the validity of its special economic zone user licence conduct all or any authorised economic activity, including the following –

- (k) subject to this Act including the applicable special economic zone user licence or any other law, may acquire and transfer all or any asset;
- (l) admit into any special economic zone, export outside the national territory, and sell in the domestic customs territory all classes or kinds of goods and services in accordance with this Act;
- (m) subject to this Act or any other law, determine the prices of any of its goods or services sold inside or outside the special economic zone;
- (n) employ citizen and foreign nationals without any discrimination;
- (o) sell at any time any of its assets, including the enterprise as a whole;
- (p) exercise any other legal rights set out in the special economic zone user licence; and
- (q) manage its Enterprise in any manner consistent with this Act.

49. SPECIAL ECONOMIC ZONE USER OBLIGATIONS.

(1) A special economic zone user shall comply with all obligations, restrictions, and prohibitions arising under this Act or any other law, the special economic zone user licence, and the applicable special economic zone operating rules and procedures.

- (2) A special economic zone user shall –
- (a) cooperate with the Authority and all competent agencies by submitting all documents, books, or accounts requested by such agencies; and
 - (b) answer any question asked by the Authority or a competent agency on any matter arising under this Act or the Regulations; and
 - (c) permit the Authority, an authorised officer or a competent agency access to its premises of to conduct inspection as authorised under this Act or any other law; and
 - (d) comply with any directive issued by the Authority consistent with this Act.

50. REVOCATION, SUSPENSION OR CANCELLATION OF SPECIAL ECONOMIC ZONE USER LICENCES.

(1) The Authority may revoke, suspend, or cancel a special economic zone user licence if –

- (a) the special economic zone user contravenes a provision of this Act, the operating rules and procedures, the special economic zone user licence, or any other law; or
- (b) the special economic zone user seeks bankruptcy or insolvency protection under the laws of Papua New Guinea or any foreign jurisdiction; or

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- (c) a petition for bankruptcy, the appointment of a trustee, receiver, or other custodian, or any other similar action is filed against the special economic zone user, whether voluntary or involuntary, and is not dismissed within one month of such filing; or
- (d) the special economic zone user provided false information, declarations, or representation in its application upon which the Authority relied when granting the special economic zone user licence; or
- (e) the special economic zone user has committed an illegal act or engage in a prohibited activity; or
- (f) has failed to comply with a lawful directive issued by the Authority consistent with this Act.

(2) A special economic zone user shall not have any rights or privileges under this Act upon the revocation, suspension, or cancellation of a special economic zone user licence.

51. VOLUNTARY SUSPENSION OF SPECIAL ECONOMIC ZONE USER ACTIVITIES.

(1) If a special economic zone user intends to suspend, discontinue, or cease any of its authorized economic activities, the special economic zone user shall provide the Authority with two month's prior written notice before undertaking such action.

(2) If a special economic zone fails to give the notice required under Subsection (1), it shall pay an administrative penalty as prescribed in the Regulations.

(3) Subject to subsections (4) and (6), if a special economic zone user ceases operations for a period of sixty (60) continuous days, its special economic zone user licence is deemed to be revoked.

(4) A special economic zone user may apply in writing, before the end of the period in Subsection (3), to the Authority for permission to cease its operations for a longer period.

(5) The Authority shall determine an application under subsection (4) and shall notify the special economic zone user in writing of its determination.

(6) All rights conferred on a special economic zone user by reason of its special economic zone user licence cease on and from the date of its revocation under this section.

PART IX. – FSEZ AUTHORIZATIONS.

52. CONDITION FOR THE ISSUE OF FSEZ AUTHORISATION FOR INNOVATIVE TECHNOLOGY CONSTRUCTS.

(1) The Authority may require from any applicant for any FSEZ authorisation any information, documentation and assurances as may be necessary or relevant for the Authority to carry out its functions and to grant recognition or otherwise authorise any innovative technology construct or any innovative technology service provider under this Act or under any other special law which the Authority is entitled to administer or enforce.

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(2) The Authority shall from time to time state by notice what information, documentation and assurances will generally be required from any applicant so that applicants will be able to establish such requirements in advance of any application they may wish to submit.

- (3) Rules shall be prescribed by the Authority –
- (a) in relation to all forms of recognition it may be empowered to grant or issue under any other special law which the Authority is entitled to administer or enforce; and
 - (b) to determine the qualifications and requirements for the issue of any FSEZ authorisations, the conditions under which FSEZ authorisations are issued, the types of FSEZ authorisations relative to innovative technology constructs or innovative technology services and all related matters; and
 - (c) to determine when innovative technology constructs and innovative technology services which may be the subject of requirements under any other special law which the Authority is entitled to administer or enforce are exempt from such requirements.

53. POWER OF AUTHORITY TO GRANT OR REFUSE FSEZ AUTHORISATIONS.

(1) The Authority may grant or refuse to grant an FSEZ authorisation applied for under this Act or under any special law which the Authority is entitled to administer and enforce, as follows:-

- (a) it may grant a FSEZ services authorisation when it satisfied that the applicant is a fit and proper person to provide the innovative technology services concerned and that the applicant will comply with and observe any FSEZ authorisation rules and regulations made under this Act or any other special law which the Authority is entitled to administer or enforce and applicable to him, or the provisions of any other law which has mandatory application to the applicant or his activities in the specific context, as well as any conditions established by the Authority in the particular case; or
- (b) it may grant a FSEZ authorisation when it is satisfied that the innovative technology construct is fit and proper and will comply with and observe any FSEZ authorisation rules and regulations made under this Act or any other special law which the Authority is entitled to administer or enforce and applicable to it, as well as any conditions established by the Authority in the particular case, and reference hereafter to the term " FSEZ Authorisation" shall encompass all types of recognition and authorisations, whether for services or for constructs, and reference hereafter to the term " FSEZ authorisation rules" shall encompass all sets of rules and each shall be interpreted as the context shall require.

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(2) A recognition and authorisation under Subsection (1) may be issued on the voluntary application of innovative technology service providers or the technical administrators or other persons involved in any innovative technology construct.

- (3) In granting an FSEZ authorisation under this section, the Authority –
- (a) impose such conditions as it may deem appropriate having regard to general market impacts, and having granted an FSEZ authorisation it may, from time to time, vary or revoke any condition so imposed or impose new conditions; and
 - (b) for the better carrying out of the provisions of this Act, may impose a condition binding FSEZ authorisation holders and others as may be specified therein, to abide by such authorization rules as may from time to time be issued and published by the Authority; and
 - (c) in the interest of transparency and market awareness, such FSEZ authorisation rules may lay down additional requirements and conditions in relation to activities of FSEZ authorisation holders, the conduct of their business, their relations with customers, the public and other parties, their responsibilities to the Authority, reporting requirements, financial resources and related requirements, if any, and any other matters as the Authority may consider appropriate.

(4) When considering whether to grant or refuse to grant a FSEZ authorisation, the Authority shall, in particular have regard to –

- (a) the protection of the general public and organisations; and
- (b) the protection of the reputation of the FSEZ taking into account the zone and Papua New Guinea's international commitments; and
- (c) the promotion of innovation, competition and choice; and
- (d) the reputation and suitability of the applicant and all other parties connected with innovative technology constructs.

(5) Every innovative technology service authorisation shall specify the innovative technology service which the holder thereof has been recognised as being able to provide and any innovative technology construct authorisation shall specify the innovative technology construct which has been recognised or authorised.

(6) The Authority shall establish a register containing a list of all holders of FSEZ authorisations. This register, which shall be publicly available, shall also indicate –

- (a) the services in relation to which each innovative technology services authorisation and each innovative technology construct in relation to which an FSEZ authorisation was issued; and
- (b) information on all matters which are required to be entered into the register for public information under the other provisions of this Act or any other applicable law, and shall be updated on a regular basis.

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54. REFUSAL TO GRANT FSEZ AUTHORISATIONS.

(1) The Authority, acting in line with the governing principles and in furtherance of the regulatory objectives established by this Act, or any other special law which the Authority is entitled to administer or enforce, shall refuse to grant an LAFZA authorisation in any of the following instances:-

- (a) if the application is not submitted in accordance with the established form or in accordance with applicable procedure; or
- (b) if the applicable fees have not been paid; or
- (c) if the Authority, in its reasonable discretion, is not satisfied that the applicant and all relevant persons, including any innovative technology service providers who are rendering services, are fit and proper; or
- (d) if, where applicable and in the reasonable opinion of the Authority, it appears on the basis of the assessment carried out, as may be prescribed by the Authority, the innovative technology services or innovative technology constructs that the applicant intends to offer do not satisfy the minimum requirements of quality or security for their respective types; or
- (e) if it transpires that any information or submission made to the Authority is false, misleading, inaccurate or incomplete in a material respect; or
- (f) if the Authority, in its reasonable discretion, is not satisfied, as the circumstances of the context require, that:-
 - (i) the applicant is capable of sustainably financing the service or technology; or
 - (ii) the applicant has the necessary competence, technical know-how and resources to carry out the service; or
 - (iii) the applicant has a business model to carry the service in a viable way and in a way that is compliant with the applicable regulatory instruments in force; or
 - (iv) the applicant will comply with all regulatory requirements applicable to authorised persons of the relevant category and with any additional requirements that the Authority considers, on the basis of a risk-based approach, necessary to impose on the applicant, which requirements may include but are not limited to financial safeguards, protection of users and, or the implementation of any policies and procedures.

(2) For the avoidance of doubt, reference in this article to carrying out functions to the satisfaction of the Authority shall refer to both services rendered personally by the applicant as well as services rendered through engagement of delegates and through automated technology systems approved by the Authority.

(3) When the Authority refuses to grant recognition under this Act or any other special law which the Authority is entitled to administer or enforce, it shall state on its website the fact that it has refused the application and the principal reasons for so doing and shall maintain such information on its website for three months.

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55. WHERE AUTHORITY MAY REFUSE TO GRANT AN AUTHORISATION.

The Authority, acting in line with the governing principles and in furtherance of the regulatory objectives established by this Act, or any other special law which the Authority is entitled to administer or enforce, may additionally refuse to grant an authorisation in any of the following instances:-

- (a) if the Authority believes that the innovative technology service or innovative technology construct being proposed is not compliant with the regulatory instruments in force; or
- (b) if the Authority believes that granting an authorisation to the applicant may pose a risk to the reputation of FSEZ or be otherwise not in the public interest or contrary to regulatory objectives established by the Act.

56. FURTHER REQUIREMENTS ON AUTHORIZATIONS.

(3) The Authority may, in furtherance of the regulatory objectives under this Act or any other special law which the Authority is entitled to administer or enforce and in applying a risk-based approach in line with the governing principles:-

- (a) establish, where appropriate or necessary, by means of binding instruments, more extensive, reduced or amended requirements for an applicant to qualify for recognition or an authorisation in certain pre-defined circumstances; and, or
- (b) impose on an applicant, where appropriate or necessary, specific additional requirements by means of a binding instrument.

(2) Where the Authority has imposed specific requirements on an authorised person or several authorised persons, or where the Authority deems necessary or appropriate to impose new specific requirements on an authorised person or several authorised persons, by whichever binding instrument such imposition is made, the Authority shall have the power to make or vary such imposition during the term of the authorisation.

(3) Where a variation or a new imposition consists of making requirements more onerous on an authorised person, unless such variation or imposition has been requested by the authorised person itself, the Authority shall by notice in writing inform the authorised person of the Authority's intention to vary the said requirements or to impose new requirements, calling upon the said authorised person to show cause, within such period being not less than twenty days after the issue of the notice as may be specified in the same notice, why such requirement should not be varied or such new condition should not be imposed.

(4) The Authority shall consider any representations made by the authorised person under Subsection (3) within the period specified in the notice, before varying the requirement or before imposing a new requirement.

(5) Where, in the Authority's reasonable opinion, there is serious prejudice or an imminent threat of serious prejudice to public security, public health, users' financial security, the FSEZ's reputation, or other overriding reasons of public interest, the Authority shall be authorised to impose immediate compliance with the variation or a new requirement.

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57. BURDEN OF PROOF.

The burden of proving the applicant's qualification to receive recognition or be granted an authorisation or to continue being so recognised or to continue holding a FSEZ authorisation shall be solely on the applicant or the authorised person, as the case may be.

58. VARIATIONS OF PURPOSES AND OTHER FEATURES.

(1) The general purposes of an innovative technology construct recognised by the Authority and the specific matters on which it has received assurances through the systems audit or specific undertakings by any person in connection with any recognition under this Act, or any special law which the Authority is entitled to administer or enforce, shall not be amended or substituted unless the authorised person has obtained a prior written approval by the Authority of any such amendment or substitution.

(2) Any substitutions or amendments which refer to upgrades, maintenance, innovative evolution or mere replacement of any supporting software which does not change the functionality shall not require prior approval by the Authority but shall be notified to the Authority if, in the opinion of the recognised innovative technology services provider, they may have material impact on the users of the innovative technology construct or in any manner are not in accordance with the regulatory principles of this Act.

(3) The Authority may, following a risk-based evaluation, prescribe mandatory notification in general or give directions in particular cases.

59. TRANSFERABILITY.

(1) A FSEZ authorisation granted by the Authority cannot be assigned or transferred.

(2) The Authority shall be notified where any transaction which have the effect of the assignment or transfer of power of control in relation to an innovative technology service provider is taking place when the transferor enjoys ownership rights of twenty-five per cent or more of the organisation's shares or otherwise controls the organisation, directly or indirectly.

(3) The Authority shall designate from time to time the holders of office or other functionaries within the applicant who shall have the duties of notification to the Authority under this Act.

(6) The Authority may implement such procedures under this Act applicable to transferees and transferors.

(7) Any requirement in this Act that a person be a fit and proper person to carry out innovative technology services shall be interpreted as a requirement not only that such person be a fit and proper person to carry out such activities or functions, but also that any qualifying shareholder or member, director or officer of such person, when a legal organisation, be a fit and proper person to carry out such activities or functions or the role such person has assumed with regard to the legal organisation.

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(8) For the purposes of this Act "qualifying shareholder" means a person who holds more than 25% of the shares or ownership interests in the legal organisation or who, through provisions of the statute, has special voting or other rights permitting him to exercise control over the activities of the organisation.

(7) Any person being a lender, financier or other funding supporter of an applicant who is not involved in the day to day administration of the service or innovative technology construct shall not be considered to be a "qualifying shareholder" if the relationship is one of holding security or otherwise of a temporary nature and this until such time as it becomes permanent or he becomes involved in the day to day administration of the operation, including through the appointment of directors with executive functions on the board of directors.

(8) The transfer to a wholly owned subsidiary of an applicant or to another legal organisation which is owned and controlled by the same persons shall not be considered to be a transfer.

(9) The Authority shall issue guidelines on requirements applicable to changes in control in relation to any innovative technology construct.

60. REGULATORY POWERS OF THE AUTHORITY TO REVOKE, CANCEL OR SUSPEND INNOVATIVE TECHNOLOGY CONSTRUCTS AND INNOVATIVE TECHNOLOGY SERVICES AUTHORISATIONS.

(1) The Authority may at any time revoke, cancel or suspend an LAFZA authorisation or an innovative technology services authorisation in accordance with the provisions of this Act or any other special law which the Authority is entitled to administer or enforce.

(2) The Authority may revoke, cancel or suspend an innovative technology services authorisation –

- (a) if it considers that the holder thereof is not a fit and proper person to provide the innovative technology service he is authorised to provide; or
- (b) if it considers that the holder thereof –
 - (i) does not fulfil the requirements of, or has contravened, any of the provisions of this Act or any other special law which the Authority is entitled to administer or enforce or of any innovative technology services rules or regulations made thereunder; or
 - (ii) has failed to satisfy or comply with any obligation or condition to which he or the innovative technology construct is subject by virtue of or under this Act or any other special law which the Authority is entitled to administer or enforce, or any conditions established by the Authority in the particular case; or
- (c) if the Authority has been furnished by or on behalf of the innovative technology services authorisation holder with information which is false, inaccurate or misleading, or if the innovative technology services authorisation holder has obtained the innovative technology services authorisation by making false statements or by any other irregular means; or

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- (d) if the innovative technology services authorisation holder has not commenced to provide the service he has been authorised to provide within the time provided for in the innovative technology services authorisation, if any, or has ceased to provide such service; or
- (e) if it considers it desirable to revoke, cancel or suspend the innovative technology services authorisation for the protection of the general public, and the reputation of the FSEZ and Papua New Guinea taking into account the zone and Papua New Guinea's international commitments; or
- (f) at the request of the innovative technology services authorisation holder; or
- (g) in any of the circumstances under which the Authority would have been precluded from issuing the innovative technology services authorisation under this Act or any other special law which the Authority is entitled to administer or enforce or where under such Act or any other special law which the Authority is entitled to administer or enforce it would have been entitled to refuse the grant of such FSEZ authorisation; or
- (h) after proper communication and investigation, at the written request of another national competent authority which is carrying out regulatory functions in relation to the relevant innovative technology services authorisation holder simultaneously with the Authority.

(3) Revocations, cancellations and suspensions shall be reflected in the register of authorisations appearing on the website of the Authority and the Authority shall have the power to publicise more widely the revocation, cancellation or suspension of its authorisations should it consider that this would be necessary for the protection of the general public.

(4) No action shall lie against the Authority in terms of any law relating to defamation or slander, for the issuing of bona fide public statements in terms of this article.

(5) The Authority may issue guide lines on how this article will apply with regard to innovative technology constructs, the whole or parts of which are automated or in relation to a decentralised autonomous organisation or similar contexts.

61. PROCEDURE WHEN TAKING A MEASURE UNDER SECTION 60.

(1) The Authority shall, before proceeding to take any of the measures under Section 60, write to the person concerned, warning him of the measure that may be taken and the specific reason why it may be taken, requiring him to cease or rectify his acts or omissions and, or to make his submissions thereto within such period not being less than twenty-five days which period, without prejudice to the provisions of Subsection (4), may be abridged if the Authority considers that the continuance of the infringement impacts negatively the effective exercise by the Authority of its regulatory functions and, or warrants the immediate intervention of the Authority, provided that –

- (a) where the measure is an administrative fine the person concerned shall also be informed of the amount of the fine; and
- (b) when issuing a warning under this Paragraph, the Authority may impose such conditions as it may consider reasonable in the circumstances.

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(2) If the person concerned remedies the infringement within the period established by the Authority in accordance with Subsection (1), and agrees in writing to abide with any condition that the Authority may impose, the Authority may at its discretion desist from proceeding any further, this without prejudice to any regulatory measures that may have already been imposed.

(3) If, after the lapse of the period mentioned in sub-article (1), the Authority considers that the person concerned has not given any valid reasons to demonstrate why no measure should be taken against him, the Authority shall notify the person concerned in writing, specifying the nature of the infringement, stating the measure being taken, and if the measure is an administrative fine, stating the amount of the fine being imposed.

(4) Notwithstanding the provisions of sub-article (1), where the Authority has prima facie evidence that the infringement –

- (a) represents an immediate and serious threat to public security; or
- (b) creates or may create serious economic or operational problems for other providers or users of innovative technology arrangements; or
- (c) would result in significant harm to competition in the innovative technology arrangements sector, the Authority may take urgent interim measures to remedy the situation in advance of reaching a final decision, including ordering the immediate cessation of the act or omission giving cause to the infringement and the imposition of administrative fines, provided that –
 - (i) the person against whom such measures are contemplated shall, thereafter, be given a reasonable opportunity to state his view and propose any remedies; and
 - (ii) the interim measures shall be valid for a maximum of three (3) months, subject to extension for a further period of three months, in circumstances where enforcement procedures have not been completed.

(5) The notification referred to in Subsection (3) shall, upon the expiry of the time limit for appeal therefrom, upon the service of a copy thereof by means of a “judicial act” on the person indicated in the notice, constitute an official notice from the Authority of the banishment of the bad actor from the Zone; and the Authority may institute legal proceedings against them in a court of international arbitration or; in cases where agreements are blockchain smart contract based; this action shall serve as the notification to the blockchain community that is party to the enforcement of the smart contract that they may follow through with the code based enforcement measures pre-programmed into the agreement or any other such variance of this principle of automated dispute settlement.

(6) If the person against whom the notice has been issued files an appeal before the Authority within the twenty-day period, and concurrently with or before the filing of his appeal requests the Authority to suspend the effects of the notice, then the Authority shall desist from issuing a judicial act as referred to in Subsection (5) until such time as the request for suspension has been determined, withdrawn or otherwise dealt with.

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(7) The Authority shall determine any requests for suspension referred to in this subsection and under Subsection (5) expeditiously and the Authority shall give the party a reasonable opportunity to reply and make its submissions.

(8) Interest at the rate of five percentage points or such other rates as may be established by the Board from time to time shall run as from the date set by the Authority for the payment of any administrative fine imposed by it in terms of this Act or any special law which the Authority is entitled to enforce.

(9) The Authority shall give its reasons for any decision taken under this section.

(10) Notwithstanding the provisions of any law, no precautionary warrant or order shall be issued by any court restraining the Authority from taking any urgent prevention or management measure, under this Act or any other law.

62. NOTIFICATION OF PROPOSED REFUSAL, VARIATION, REVOCATION, CANCELLATION, OR SUSPENSION, OF AN INNOVATIVE TECHNOLOGY AUTHORISATION.

(1) Where the Authority proposes –

(a) to vary any condition to which the innovative technology authorisation is subject or to impose a condition thereon; or

(b) to refuse an application for an innovative technology authorisation or to cancel or suspend an innovative technology authorisation,

it shall give the applicant or, as the case may be, the innovative technology authorisation holder, notice in writing of its intention to do so, setting out the reasons for the decision it proposes to take.

(2) Every notice given under Subsection (1) shall state that the recipient of the notice may, within such reasonable period after the service thereof as may be stated in the notice (being a period of not less than forty-eight hours), make representations in writing to the Authority giving reasons why the proposed decision should not be taken, and the Authority shall consider any representation so made before arriving at a final decision.

(3) The Authority shall as soon as practicable notify its final decision in writing to any of the persons to whom notice is to be given under Subsection (1).

63. PUBLICATION OF REFUSAL, VARIATION, REVOCATION, CANCELLATION, OR SUSPENSION, OF AN INNOVATIVE TECHNOLOGY AUTHORISATION.

(1) Without in any way disclosing information on specific applicants or matters of commercial sensitivity, the Authority shall seek to regularly publish information relating to its rulings, determinations and policy positions when they affect applications, interpretation of the provisions of this Act, or any special law which it is entitled to administer or enforce, so as to ensure that applicants and the public in general are aware of the position taken by the Authority on matters of general interest relating to innovative technology arrangements.

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(2) The publication of such information shall not in any way limit the freedom of the Authority to vary its policies or approach on any issue based on further review and experience or development of technology or law generally. When such variations take place the Authority shall notify in later publications the connection and review to previous publications.

(3) Such publications are intended for the benefit of the sector and predictability of the recognition, review and enforcement processes envisaged by this Act.

PART X. – TAXATION OF SPECIAL ECONOMIC ZONE ENTERPRISES.

64. TAXATION OF SPECIAL ECONOMIC ZONE ENTERPRISES.

(1) The FSEZ shall be a free trade zone with no taxes on companies unless the Authority believes it is reasonable to impose a tax, fee, fine or penalty.

(2) The Authority shall establish, enforce and collect all or any tax and incentive regimes provided in and applicable in the FSEZ.

(3) Taxes, fees, penalties and incentives shall be imposed and collected by the Authority in the FSEZ and then used for zone and Authority operations with the net profits being shared in accordance with the Special Administrative Charter specified in Schedule 2.

PART X. – APPLICATION OF CUSTOMS LAWS.

65. DUTY FREE EXPORT AND IMPORT.

Subject to this Act and the customs laws, a special economic zone enterprise shall not be liable to pay import or export tax on goods entering and exiting a special economic zone.

66. CUSTOMS CONTROLLED AREAS.

(1) Any part of any special economic zone, including the FSEZ, shall be a duty free customs controlled area that is subject to the customs rules, procedures, and formalities, including the treatment of any abandoned or seized merchandise.

(2) Subject to this Act, a FSEZ enterprise in a customs duty free area may admit into any customs controlled area of any special economic zone and export outside the national territory all classes of goods, merchandise, products, raw materials, construction materials, components, inputs, parts, supplies, tools, machinery, equipment, vehicles, and other goods and services of foreign or Papua New Guinea origin (that are not otherwise restricted or prohibited by the Regulations), without the payment of any import charges, other customs duties, or the imposition of any trade-related restrictions, including quantitative restrictions.

(3) Subsection (2) shall apply regardless of whether such admission is for storage, exhibition, assembly, manufacture, further processing, or re-exporting operations.

67. CUSTOMS REQUIREMENTS GOVERNING GOODS ENTERING AND EXITING SPECIAL ECONOMIC ZONES.

(1) All or any –

(a) movement or transit of goods entering into, and exiting from, any customs controlled area of a special economic zone; or

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- (b) transfer of goods between special economic zone enterprises situated in a customs controlled area; or
- (c) loss or destruction of merchandise sustained by a special economic zone enterprise;

shall be subject to the completion of a customs form or declaration.

(2) All or any special economic zone enterprise shall be subject to the customs monitoring, compliance, inspection, and audit procedures.

(3) The Authority or the Papua New Guinea Customs Service may require any special economic zone enterprise to furnish additional information, including documents, books, or accounts, regarding its entries, admissions, importations, shipments, exportations, and other related transactions and movements of goods as necessary to exercise regulatory control over such activities.

(4) A special economic zone shall maintain an automated inventory control system and registry that records the entry, admission, storage, further – processing, substantial transformation, transit, exit, shipment, exportation, and customs duty free and tax status of all goods acquired, transferred, or sold by such enterprise.

(5) A special economic zone enterprise shall undertake on an annual basis a physical inventory and audit, as well as an inventory reconciliation of all special economic zone goods and financial accounts.

(6) Goods that move from one customs-duty-free customs controlled area of a special economic zone to –

- (a) another customs-duty-free customs controlled area of the same or of a different special economic zone; or
- (b) a bonded warehouse under special economic zone customs-duty-free control;

shall be exempt from the payment of any import charges.

(7) Notwithstanding Subsection (6), any special economic zone goods the sale, destruction, or loss of which is not documented by a valid customs form or declaration evidencing its exportation outside the national territory, its shipment to the domestic customs territory, or its destruction or loss, shall be subject to the customs laws.

(8) If a special economic zone enterprise sells its goods in the domestic customs territory, those goods, together with any undocumented merchandise referred to in Subsection (7), shall be subject to the customs laws.

(9) Subject to Subsection (10), import charges payable under Subsection (8) shall be based on the original value of any foreign materials, including raw materials, constituent parts, or inputs, incorporated into such product in its condition as initially admitted into the special economic zone.

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(10) No import charges are payable if any previously paid customs charges in respect of the sold goods have not been refunded.

(11) For purposes of calculating the import charges under this section, goods originating from any duty free customs controlled area of a special economic zone and entered into the domestic customs territory shall be deemed imported into the territory on the date of exit from the special economic zone.

(12) Goods of foreign origin shipped from any customs controlled area of a special economic zone to the domestic customs territory shall receive most-favoured-nation treatment upon their entry into the domestic customs territory.

(13) All merchandise substantially transformed into a finished export product in any special economic zone from admitted raw materials, components, parts, inputs, semi-finished merchandise, or other materials of foreign origin shall be deemed as originating in Papua New Guinea.

(14) The Regulations shall prescribe the issue of certificates of origin, including the criteria for origin of goods.

(15) Any goods of Papua New Guinea origin shipped from the domestic customs territory to any customs duty free customs controlled area of a special economic zone shall be deemed to be export shipments.

(16) This section applies to services and all references to "goods" are deemed to include a reference to services.

PART XI. - ENVIRONMENT, EMPLOYMENT AND IMMIGRATION.

68. SPECIAL ECONOMIC ZONE ENVIRONMENTAL RESPONSIBILITY.

(1) The Authority shall be responsible, in coordination with the relevant competent agency responsible for environment matters for the protection and maintenance of the environment, water supply, natural resources and biological diversity, in each special economic zone.

(2) The Authority may by Regulations prescribe hazardous wastes, materials, substances, chemicals and manufacturing and processing operations that are prohibited in special economic zone.

(3) The Authority and the relevant competent agency responsible for the environment matters shall agree and execute a memorandum of understanding to establish, consistent with this Act and any other law with regard to –

- (a) environmental impact assessments;
- (b) environmental permits, approvals, and certificates;
- (c) air and water quality, emission, and effluent limits;
- (d) enforcement and monitoring, including inspection and auditing procedures;
- (e) contingency and emergency planning; and
- (f) penalties, fines, sanctions, and remedial actions.

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69. SPECIAL ECONOMIC ZONE EMPLOYMENT RESPONSIBILITY.

- (1) The Authority shall be responsible, in coordination with the relevant competent agency responsible for employment matters, for constructs in special economic zones that--
- (a) protect rights of employees in special economic zones; and
 - (b) ensure safe and reasonable working conditions in special economic zones; and
 - (c) provide for vocational and technical training for citizens in each special economic zone, in accordance with this Act and any other law.
- (2) The constructs under Subsection (1) shall provide treatment in special economic zones no less favourable than the treatment applying outside special economic zones.
- (3) The following employment practices shall be strictly prohibited in a special economic zone --
- (a) working hours exceeding the maximum limits prescribed in the this Act or any other law;
 - (b) wage rates and benefits falling below the minimum levels outside the special economic zones;
 - (c) labour quotas imposed on foreign nationals that exceed the maximum limits;
 - (d) sponsorship-guarantee requirements imposed on foreign nationals; and
 - (e) restrictions on collective-bargaining agreements.
- (4) The Authority and the relevant competent agency responsible for employment matters shall agree and execute a memorandum of understanding to establish, consistent with this Act and any other regarding --
- (a) employment permits, approvals, and certificates;
 - (b) work, hygiene, and safety conditions;
 - (c) enforcement and monitoring, including inspection and auditing procedures; and
 - (d) penalties, fines, and sanctions.

70. SPECIAL ECONOMIC ZONE IMMIGRATION RESPONSIBILITY.

- (1) The Authority shall be responsible, in coordination with the competent agency responsible for the migration matters, for facilitating the establishment of a special immigration regime in the special economic zones to expedite the issue of residency, e-residency, citizenship, passports and entry permits for foreign nationals to be employed by special economic zone enterprises or become residents and citizens of the special economic zone.
- (2) For the purposes of Subsection (1), the Authority shall issue special purpose FSEZ passports or laissez passers.
- (3) The immigration regime under Subsection (1) shall --
- (a) be prescribed in the Regulations; and
 - (b) not be inconsistent with the minimum requirements set out in the migration laws for foreign nationals into Papua New Guinea with due respect to the purpose of the zone; and

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(c) the Authority may make specific migration regulations for the zone.

(4) The applicable memorandum of understanding executed by the Authority and the Departmental Head responsible for the migration matters shall establish, consistent with this Act and any other law concerning –

- (a) special economic zone security screening; and
- (b) entry and work-visa forms, requirements, restrictions, and time limits; and
- (c) temporary and permanent residency certificates; and
- (d) enforcement and monitoring, including inspection and auditing procedures; and
- (e) penalties, fines, and sanctions.

PART XII. – INVESTOR RIGHTS AND GUARANTEES.

71. SPECIAL ECONOMIC ZONE INVESTOR RIGHTS AND GUARANTEES.

The guarantees, concessions and incentives under the *Investment Promotion Act 1992*, *Income Tax Act 1959* or any other law that apply to a foreign investor also apply under this Act.

72. FURTHER INCENTIVES.

(1) The Authority after coordination with relevant competent agency and, if applicable, the National Executive Council, shall provide from time to time further incentives to citizen and foreign investors in the special economic zone.

(2) For the purposes of Subsection (1), the Authority may provide such incentives either at its own initiative or upon receiving an application from a special economic zone licensee, user or participant.

73. RECORD OF INCENTIVES.

(1) The Authority shall maintain proper records of all and any incentives provided by the Authority in respect to the special economic zones.

(2) The listing of all or any incentives provided by the Authority in a special economic zone shall be published on the Authority website and in a reputable local and foreign newspaper once a month.

PART XIII. – SETTLEMENT OF DISPUTES.

74. ADMINISTRATIVE DISPUTE, ETC.

(1) This Part applies to administrative, civil or commercial disputes between the Government and Ledger Atlas Inc. as the FSEZ investor.

(2) This Part does not apply to any criminal offence under the *Criminal Code Act 1974* or any other law whereby citizen or foreign nationals shall be subject to the same laws as applicable outside of the FSEZ.

(3) Any and all disputes arising from the zone agreement shall be settled in international courts of arbitration..

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75. DISPUTE BY SPECIAL ECONOMIC ZONE INVESTOR.

- (1) A special economic zone investor may dispute any final determination in accordance with the procedures prescribed in the Regulations.
- (2) A dispute shall be filed within one month after the date –
 - (a) of publication in the National Gazette of the disputed final determination; or
 - (b) when the dispute has occurred under this Act.
- (3) Upon the filing of any administrative challenge, the Authority shall certify an authentic copy of the administrative records in accordance with the procedures.
- (4) The Claimant in the administrative challenge proceeding shall be entitled to a hearing before the Authority.
- (5) If there is a dispute between Ledger Atlas Inc. and the Government of Papua New Guinea resulting in a material change in the nature of the purpose and understanding of the zone and the designated functions and rights and powers of each party as joint venture partners, Ledger Atlas Inc. reserves the right to terminate the agreement and withdraw from managing the special economic zone and renounce its duties and obligations.

76. SETTLEMENT OF DISPUTES.

- (1) If a dispute arises, the parties shall make every effort to reach an amicable settlement within six months.
- (2) If a settlement is not reached within six months, the dispute may be resolved according to the Claimant's choice, or otherwise as agreed between the parties in writing --
 - (a) through arbitration according to the rules of their choice, unless otherwise agreed to in writing between the parties; or
 - (b) the rules of arbitration of any approved local, international or regional centre of arbitration; or
 - (c) if available, the Convention on the Settlement of Investment Disputes between States and Nationals of other States (the "ICSID Convention"); or
 - (d) the Rules of Arbitration of the International Chamber of Commerce ("ICC"); or
 - (e) the framework of any bilateral or multilateral agreement on investment protection to which the Government and the country of which the investor is a national are parties;
 - (f) to submit to, dispute settlement on blockchain smart contract based innovative technological constructs similar to be not limited to decentralised autonomous organisations of blockchain based voting and governance platforms.

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PART XIV. -- ENFORCEMENT.

77. OFFENCES.

(1) This Part applies to enforcement of FSEZ laws by the Authority in the use of the zone by zone participants, users or special economic zone licensee, and any person acting in the capacity of an employee, servant or agent of a special economic zone licensee, who engages in economic activities except under and in accordance with a license, held by the special economic zone licensee.

- (2) A person who--
- (a) without lawful authority, erects, set up, participate, established, operate, or promote in, on or from the ESEZ without due authority --
 - (i) makes or causes to be made; or
 - (ii) uses or causes to be used; or
 - (iii) has in his possession, a brand or stamp usually used by Authorized Officers; or
 - (b) unlawfully alters, obliterated, defaces, pulls up, removes or destroys a boundary mark or any stamp, mark, sign, license, permit, certificate, licence or order, used or issued by the Authority, Minister, or any other authorized officer; or
 - (c) unlawfully--
 - (i) cuts, breaks, throws down or otherwise destroys or damages any building, fence or gate in or enclosing the special economic zone; or
 - (ii) cuts through, breaks down or otherwise destroys a building, fence, wall or structure of any kind which form a part of the boundary of the special economic zone; or
 - (d) for the purpose of obtaining--
 - (i) a favourable report, recommendation, certificate, valuation or assessment, whether in respect of any place, employment, sale, auction, permit, authority, licence, lease or any other benefit; or
 - (ii) any abstention on the part of an authorized officer from any act which forms part of his duties,exercises compulsion on an authorized officer by violence or threats, or corrupts or attempts to corrupt him by promises, offers, gifts or presents; or
 - (e) refuses or fails to comply with a lawful direction of an authorized officer; or
 - (f) knowingly furnishes an authorized officer with a false or incorrect statement of any goods, and services including products for export or import or by an agent or employee of the person and on which fees, charges, duties and charges are payable to the State or to the Authority; or
 - (g) knowingly makes or causes to be made any entry or writing that is false in any material particular, in any book, return, declaration or statement required by this Act to be kept or made; or
 - (h) unlawfully occupies land for the purpose of carrying out a special economic zone activity; or

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PART XIV. – ENFORCEMENT.

77. OFFENCES.

(1) This Part applies to enforcement of FSEZ laws by the Authority in the use of the zone by zone participants, users or special economic zone licensee, and any person acting in the capacity of an employee, servant or agent of a special economic zone licensee, who engages in economic activities except under and in accordance with a license, held by the special economic zone licensee.

(2) A person who—

(a) without lawful authority, erects, set up, participate, established, operate, or promote in, on or from the FSEZ without due authority –

(i) makes or causes to be made; or

(ii) uses or causes to be used; or

(iii) has in his possession, a brand or stamp usually used by Authorized Officers; or

(b) unlawfully alters, obliterates, defaces, pulls up, removes or destroys a boundary mark or any stamp, mark, sign, license, permit, certificate, licence or order, used or issued by the Authority, Minister, or any other authorized officer; or

(c) unlawfully—

(i) cuts, breaks, throws down or otherwise destroys or damages any building, fence or gate in or enclosing the special economic zone; or

(ii) cuts through, breaks down or otherwise destroys a building, fence, wall or structure of any kind which form a part of the boundary of the special economic zone; or

(d) for the purpose of obtaining—

(i) a favourable report, recommendation, certificate, valuation or assessment, whether in respect of any place, employment, sale, auction, permit, authority, licence, lease or any other benefit; or

(ii) any abstention on the part of an authorized officer from any act which forms part of his duties,

exercises compulsion on an authorized officer by violence or threats, or corrupts or attempts to corrupt him by promises, offers, gifts or presents; or

(e) refuses or fails to comply with a lawful direction of an authorized officer; or

(f) knowingly furnishes an authorized officer with a false or incorrect statement of any goods, and services including products for export or import or by an agent or employee of the person and on which fees, charges, duties and charges are payable to the State or to the Authority; or

(g) knowingly makes or causes to be made any entry or writing that is false in any material particular, in any book, return, declaration or statement required by this Act to be kept or made; or

(h) unlawfully occupies land for the purpose of carrying out a special economic zone activity; or

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78. GENERAL PENALTY.

For the purposes of this Part, where there is no penalty specified for an offence, the penalty shall be a fine not exceeding USD\$100, 000.00 or imprisonment for a term not exceeding five years, or both, and a default penalty being fine not exceeding USD\$5, 000.00.

79. POWER OF SEIZURE, ETC.,

(1) Subject to subsection (2), an authorized officer of the Authority may shut down an enterprise where he believes on reasonable grounds that any of the following exists:-

- (d) non compliance with licensing terms and conditions; or
- (e) non compliance with an administrative directive issued by the Authority or an authorized Officer; or
- (f) the enterprise is conducting an illegal act or a prohibited activity under this Act or any other law.

(2) A shut down of an enterprise may only be effected following approval being given by the Chief Executive Officer of the Authority.

(3) In the case where a shutdown occurs, the authorized officer may seize any property which he believes is a prohibited item, or has been used in connection with an illegal activity.

(4) Immediately after a shutdown occurs or a property is seized this would automatically be treated as a dispute and be subject to the dispute resolution machinery under this Act.

80. ENTRY AND INSPECTION ON LAND.

(1) The Minister, or an authorized officer may enter the special economic zone for the purpose of-

- (a) making inspections; or
- (b) preventing or suppressing an illegal act, a prohibited activity or fires.

(2) A person, who obstructs or hinders the Minister, or an authorized officer in the exercise of his powers under Subsection (1), is guilty of an offence.

Penalty: A fine not exceeding USD\$1, 000.00 or imprisonment for a term not exceeding one year.

81. AWARD OF DAMAGES.

A person who commits an offence against this Act is, on conviction, in addition to the penalty for the offence, liable for any loss or damage caused by the offence, and the amount of such loss or damage may be-

- (a) awarded by the court in fixing the penalty; and
- (b) recovered in the same manner as a pecuniary penalty.

82. PRESUMPTION AS TO PROPERTY IN SPECIAL ECONOMIC ZONE.

Where, in any proceeding under this Act, a question arises as to whether any special economic zone is the property of the Authority, the special economic zone shall be presumed to be the property of the Authority until the contrary is proved.

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83. CONDUCT OF PROCEEDINGS.

(1) An authorized officer may lay information and conduct prosecutions for offences under this Act, and the Authority may sue for and recover fees, levies and charges due and payable under this Act.

- (2) In any prosecution or proceedings under this Act, proof is not required of--
- (a) the appointment of the Chief Executive Officer or an Authorized Officer; or
 - (b) any authority, general or special, of any such officer to prosecute or to take any proceeding or to sue.

(3) Any fine or penalty or any default fine or penalty to be paid by a person as a result of an action brought by the Authority is to be paid to the Authority and, in addition to any other remedy, may be recovered by the Authority as a debt due to the Authority.

PART XV. – MISCELLANEOUS.

84. PROTECTION OF OFFICERS.

The Minister, the Chairman, the Chief Executive Office or any authorized officer is not personally liable for any for any matter or thing done by him in good faith in the exercise of his powers or the performance of his duties under this Act.

85. INDEMNITY OF MEMBER OF THE BOARD, ETC.

A member of the Board or any committee established under this Act is not personally liable for any act done, in good faith in the course of carrying out duties of the Board or the committee.

86. PREVENTION OF MONEY LAUNDERING AND FUNDING OF TERRORISM.

(1) Any actor authorised to do business or transact in the zone; or persons acting on his behalf or under an arrangement with him shall fulfil any prevention of money laundering and the combating of funding of terrorism obligations as may be imposed on them as prescribed by regulation.

(2) Where the Authority discovers facts or obtains information that is related to transactions which are known or suspected to be related to proceeds of criminal activity or the funding of terrorism, or to a person who may have been, is or may be connected with money laundering or the funding of terrorism, the Authority shall disclose those facts or that information, supported by the relevant documentation that may be available, to the competent authority.

(3) Where through its monitoring, or through any other means, the Authority notices that there are areas of innovation technology constructs and innovation technology services which are vulnerable to money laundering or the funding of terrorism, the Authority shall inform the competent authority of its concerns and provide it with any analysis, statistics, studies, or any other information relative thereto.

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87. ENFORCEMENT AND SANCTIONS PROVISION OF INFORMATION.

(1) Subject to Subsection (2), and without prejudice to the enforcement powers that it has at law, the Authority may require any person to provide it with any information, including information on codes, software protocols, and financial information, that the Authority considers necessary for the purpose of ensuring the quality and integrity standards required by this Act for purposes of recognition or compliance with the provisions of this Act or any other special law which the Authority is entitled to administer or enforce, or decisions or directives made in accordance with this Act or such other special law:

(2) Nothing in this Subsection (1) shall imply the power of the Authority to request information relating to confidential source codes for software which is commercially sensitive or to cryptographic keys owned personally by such person, but this shall not interfere with the powers of any other national competent authority under applicable law in relation to the enforcement of such applicable law.

(3) Any information required by the Authority under sub-article (1) shall be proportionate to the performance of its functions and obligations under this Act or any other special law which the Authority is entitled to administer or enforce and, in requiring any information as aforesaid, the Authority shall state why it requires the information requested.

(4) Except in cases where the recipient of a request may refuse to provide such information, which refusal shall be in writing and shall state the basis for such refusal, a person who is notified with a requirement under sub-article (2) shall comply promptly with the requirement within the time-scales and according to any level of detail as may be required by the Authority.

(5) In complying with the provisions of this sub-article, a person shall state clearly to the Authority if any information provided by him is to be considered as confidential for commercial reasons and the Authority shall respect the confidentiality requested.

(6) The same rules specified in this section shall apply to the innovative technology authorisation holder who, in carrying out the authorised services, may review or receive information as described in Subsection (1) but the innovative technology authorisation holder shall not be required to provide information to the Authority if such information was obtained under confidence or under non-disclosure obligations whilst carrying out his functions for the benefit of any applicant.

88. ENFORCEMENT POWERS OF THE AUTHORITY.

(1) For the purposes of the exercise by the Authority of any of its functions under this Act or under any other special law which the Authority is entitled to administer or enforce, the Authority may, as may be applicable in the context and subject to the limitations in the applicable laws on professional secrecy --:

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- (a) enter, at any reasonable time, any premises other than a place of residence, or any other place or any vehicle or vessel where any activity regulated by or under this Act or any other special law which the Authority is entitled to administer or enforce, takes place, or in the opinion of the Authority takes place, and search and inspect the premises, place, vehicle or vessel and any books, documents or records found therein; and
- (b) require any person to produce for inspection and take extracts or copies from any books, documents or records relating to any activities regulated by or under this Act or any other special law which the Authority is entitled to administer or enforce, which are under the control of that person and, in the case of information in a non-legible form to reproduce it in a legible form, and to give to the Authority such information as the Authority may reasonably require in relation to any entries in such books, documents or records; and
- (c) remove and retain such books, documents or records for such period as may be reasonable for further examination; and
- (d) require any person to maintain such books, documents or records for such period as may be reasonable as the Authority directs; and
- (e) require any person to give to the Authority any information that may be required with regard to any innovative technology arrangement regulated by or under this Act or any other special law the Authority is entitled to administer or enforce; and
- (f) make such inspections, including site inspections, to enable the Authority to carry out its functions at law and in doing so the Authority may also undertake tests and measurements of any machinery, apparatus, appliances and other equipment at any place as the Authority may consider necessary.

(2) Where the person concerned fails to abide with any requirements made by the Authority under this sub-article, the Authority may then take any such measures as it may consider appropriate in the circumstances including the switching off or modification of the use of any such apparatus.

(3) Any officer of the Authority or any other person duly authorised by the Authority to act on its behalf, when exercising a power conferred by this Act or by any other special law which the Authority is entitled to administer or enforce, shall, if requested by any person thereby affected, produce to that person for inspection a certificate issued by the Authority stating that he is duly authorised to act for and on behalf of the Authority.

(4) In the course of the exercise of any of the powers conferred by this Act or by any other special law which the Authority is entitled to administer or enforce, the Authority may request the assistance of the police force.

(5) Any persons who are or have been in charge of the innovative technology arrangement falling under the supervisory or regulatory functions of the Authority shall assist and shall collaborate with the Authority in order to enable it to discharge its functions, and shall collate and transmit without any undue delay such information and documentation as the Authority may reasonably request from time to time.

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- (6) A person who –
- (a) obstructs, impedes or assaults an officer of the Authority or any other person duly authorised by the Authority to act on its behalf in the exercise of any of the powers conferred by this Act or by any other special law which the Authority is entitled to administer or enforce; or
 - (b) fails or refuses to comply with a requirement under this section; or
 - (c) alters, suppresses or destroys any books, documents or records which the person concerned has been required to produce, or may reasonably expect to be required to produce; or
 - (d) falsely represents himself to be an officer of the Authority or a person authorised by the Authority to act on its behalf; or
 - (e) furnishes any information to the Authority which it may require in the exercise of its functions under any special law it is entitled to administer or enforce, which he knows, or has reasonable cause to believe to be false or misleading,

is guilty of an offence.

Penalty: A fine not exceeding fifteen thousand US dollars (USD\$15,000) or to imprisonment for a period not exceeding three months, or to both.

(7) The Authority may make regulations on how this article will apply with regards to innovative technology arrangements, their protocols, nodes and users, including when the whole or parts of which are automated or in relation to a decentralised autonomous organisation or similar context, so as to ensure that users or designated classes of users are not subjected to the exercise of such powers when they are not personally involved in the activity being investigated or upon which enforcement is being taken.

89. IPSO FACTO REGULATORY SANDBOX PRIVILEGES.

(1) The FSEZ and the Authority shall enjoy a high degree of autonomy and extraterritoriality as *ipso facto* recipients of any and all regulatory sandbox privileges that are established by the Central Bank of Papua New Guinea and Investment Promotions Agency and any other competent agency of the State in order to fulfil its purpose.

(2) The Authority and the FSEZ activities and licensees shall *ipso facto* enjoy all status, exemptions, powers, immunities and privileges as necessary under any regulatory sandbox or sandbox type framework that is established by any relevant competent agency that is consistent with its purpose for the full duration of its existence.

90. EXCLUSIVITY AND DURATION OF THE FSEZ.

The FSEZ shall be in existence and enjoy exclusive status as the only special economic zone for blockchain, cryptocurrency, venture capital, financial services and innovative digital services in Papua New Guinea for a period of no less than 50 years which period is renewable.

91. EXEMPTION FROM TAXES.

(1) The Authority shall be exempt from any liability for the payment of income tax, duty on documents and transfers, and customs and excise duty, under any law for the time being in force.

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- (6) A person who –
- (a) obstructs, impedes or assaults an officer of the Authority or any other person duly authorised by the Authority to act on its behalf in the exercise of any of the powers conferred by this Act or by any other special law which the Authority is entitled to administer or enforce; or
 - (b) fails or refuses to comply with a requirement under this section; or
 - (c) alters, suppresses or destroys any books, documents or records which the person concerned has been required to produce, or may reasonably expect to be required to produce; or
 - (d) falsely represents himself to be an officer of the Authority or a person authorised by the Authority to act on its behalf; or
 - (e) furnishes any information to the Authority which it may require in the exercise of its functions under any special law it is entitled to administer or enforce, which he knows, or has reasonable cause to believe to be false or misleading,

is guilty of an offence.

Penalty: A fine not exceeding fifteen thousand US dollars (USD\$15,000) or to imprisonment for a period not exceeding three months, or to both.

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(2) The Authority may impose and collect all fees and fines in the zone as a revenue stream.

92. APPLICATION OF ACTS OF THE NATIONAL PARLIAMENT AND PROVINCIAL OR LOCAL-LEVEL GOVERNMENT ACTS.

Unless as expressly provided in this Act, the Acts of the National Parliament or any Provincial or Local-level Government do not apply to the Authority and the FSEZ.

93. REGULATIONS.

(1) The Authority is the independent regulator for the zone and is charged with regulating, operating and administering the zone in a manner that is independent of the national government and national territory framework for the purposes of creating a special purpose international financial center.

(2) The Authority may make regulations, not inconsistent with this Act, prescribing all matters that by this Act are required or permitted to be prescribed, or that are necessary or convenient to be prescribed for carrying out or giving effect to this Act, and in particular prescribing matters for and in relation to—

- (a) the establishment, development, operation and maintenance of a special economic zone including the delegation of powers, duties, functions and responsibilities of the Authority; and
- (b) the application requirements and procedures for the issuance of a special economic zone licence, including the form of the application, information criteria, application fees, and applicable rules and time limits for incomplete or deficient applications; and
- (c) the application requirements and procedures for the issuance of a special economic zone user licence, including the form of the application, information criteria, application fees, and applicable rules and time limits for incomplete or deficient applications; and
- (d) the revocation, cancellation, rescinding, suspension, withdrawal or variation of a special economic zone license, development or operator agreement, certificate, permit, authorization, approval, lease or agreement; and
- (e) the revocation, cancellation, rescinding, suspension, withdrawal or variation of a Special Economic Zone User License, certificate, permit, authorization, approval, lease or agreement; and
- (f) the manner of doing, or performing anything required by this Act to be done or performed; and
- (g) form and content of a register; and
- (h) Board and Committee procedures for voting, quorum, voting rights, powers, function, duties and responsibilities; and
- (i) the code of conduct for authorised officers, staff, employees and users of special economic zone; and
- (j) offences and penalties for breach of the Act and Regulations; and
- (k) rules and procedures for the administration of the One Stop Shop facility; and

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- (l) rules and procedures for the administration of the memorandum of understanding applying to respective competent agencies; and
 - (m) the establishment, development, operation and maintenance of a special economic zone including the delegation of powers, duties, functions and responsibilities of the Authority; and
 - (n) the application requirements and procedures for the issuance of a special economic zone licence, including the form of the application, information criteria, application fees, and applicable rules and time limits for incomplete or deficient applications; and
 - (o) the application requirements and procedures for the issuance of a special economic zone user licence, including the form of the application, information criteria, application fees, and applicable rules and time limits for incomplete or deficient applications; and
 - (p) the revocation, cancellation, rescinding, suspension, withdrawal or variation of a special economic zone license, development or operator agreement, certificate, permit, authorization, approval, lease or agreement; and
 - (q) the revocation, cancellation, rescinding, suspension, withdrawal or variation of a Special Economic Zone User License, certificate, permit, authorization, approval, lease or agreement; and
 - (r) the manner of doing, or performing anything required by this Act to be done or performed; and
 - (s) form and content of a register; and
 - (t) Board and Committee procedures for voting, quorum, voting rights, powers, function, duties and responsibilities; and
 - (u) the code of conduct for authorised officers, staff, employees and users of special economic zone; and
 - (v) offences and penalties for breach of the Act and Regulations; and
 - (w) rules and procedures for the administration of the One Stop Shop facility; and
 - (x) the rules and procedures for the administration of the memorandum of understanding applying to respective competent agencies; and
 - (y) rules and procedures in respect to the technical aspects of a special economic zone including design and construction works; and
 - (z) application, consideration, grant, or rejection of a special economic zone license, the form of the application and the amount of fees payable; and
 - (aa) the submission of annual and other periodic reports; and
 - (bb) the maintenance of books, records, accounts, and financial settlements; and
 - (cc) the matters concerning customs, employment, environment, and immigration; and
 - (dd) the rules and procedures governing the use of the special economic zones; and
 - (ee) the rules and procedures for handling and processing administrative disputes; and
 - (ff) the imposition of penalties of fines not exceeding USD\$100, 000.00 for offences against the regulations.
- (3) The regulations made by the Authority in each secular year shall be –

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- (a) numbered in regular arithmetical series, beginning with the number one, in the order in which they are made; and
- (b) published in the Authority's website.

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SCHEDULE 1

Section 4(1)

Memorandum of Agreement

The Memorandum of Agreement to be signed between Legder Atlas Inc. and the Government of Papua New Guinea relating to the FSEZ to be based on the Memorandum of Understanding signed between the parties on 5th April 2018.

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SCHEDULE 2

Section 38(4)

Special Administrative Charter

The net profits that the Authority generates will be shared in accordance with the following ratio as per the benefit sharing agreement. This figure is calculated as total revenue minus total operating costs at the end of each fiscal year starting 1 January and ending 31st December.

Ratio: Developer – 50%
 The Authority – 10%
 The State – 10%
 The Morobe Provincial Government – 10%
 The District Business Arm – 20%.