

COALITION PROVISIONAL AUTHORITY MEMORANDUM NUMBER 17

REGISTRATION REQUIREMENTS FOR PRIVATE SECURITY COMPANIES (PSC)

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483, 1511 (2003) and 1546 (2004),

Recognizing that all Private Security Companies (PSC) need to be registered with the Ministry of Trade and regulated by the Ministry of Interior, and that various CPA orders and memoranda, and Iraqi law provide guidance for PSC operations (see Annex C),

Noting that a number of PSC and their employees are already operating in Iraq without the benefit of appropriate registration and authorization of the Ministry of Interior and Trade,

Desiring to establish a mechanism whereby all PSC will be registered, regulated and vetted and to update Iraqi law as it relates to PSC,

I hereby promulgate the following:

Section 1 Purpose and Definitions

- 1) This Memorandum provides guidance for PSC that intend to operate within Iraq. Annex A provides binding Rules for the Use of Force that must be adhered to by all PSC, their officers and employees. Annex B is a Code of Conduct that all PSC must follow.
 - a) "Private Security Company" means a private business, properly registered with the Ministry of Interior (MOI) and Ministry of Trade (MOT) that seeks to gain commercial benefits and financial profit by providing security services to individuals, businesses and organizations, governmental or otherwise.
 - b) "Weapons Card" means a card issued by the MOI under Section 6 of this Memorandum.
 - c) "Business License" means a document issued by the MOT under Company Law No. 21 of 1997, as amended by CPA Order 64 that proves that the PSC has been validly registered to carry on business in Iraq.
 - d) "Operating License" means a license issued by the MOI under this Memorandum, which permits PSC to operate in Iraq.

Section 2

Registration, Vetting and Licensing

1) PSC may not operate in Iraq without a:

- a) Business License and an Operating License, or
- b) Temporary Operating License.

Any PSC operating without the necessary Licenses will be in breach of Iraqi law and subject to prosecution.

2) In order to obtain a Business License PSC shall apply to the MOT for registration under the Company Law, No. 21 of 1997, as amended by CPA Order 64.

3) PSC that have been granted or applied for a Business License may apply to the PSC Registration and Vetting Office of the Ministry of Interior for an Operating License.

4) An application for an Operating License must include the following information:

- a) a copy of the PSC Business License or proof that an application for a Business License has been lodged;
- b) the full names of all employees, company officers and directors, and proof of registration of the company, and if the PSC is registered in a State other than Iraq proof of registration of the company in its home State;
- c) details of the work PSC will be carrying out in Iraq, including any relevant documentation (e.g. a copy of any contracts for services or statement of intent to hire the PSC, including details of number of employees and customers); and
- d) details and serial numbers of all weapons that may be used by the PSC.

5) PSC, their officers and employees will be vetted by the MOI according to the criteria below to ensure that any criminal or hostile elements are identified and to prevent attempts by illegal organizations (e.g. criminal organizations, illegal militias) to legitimize their activities.

6) In order to comply with MOI vetting standards, employees of PSC must:

- a) Be older than 20 years;
- b) Be mentally and physically fit for duties;
- c) Be willing to respect the law and all human rights and freedoms of all citizens of the country;
- d) Pass a security/background check, that confirms:

- i. compliance with the amended CPA Order Number 1 (De-Ba'athification of Iraqi Society);
 - ii. no prior felony convictions; and
 - iii. no history of involvement in terrorist activity; and
 - e) Receive operations and weapons training to the minimum standard set for the Facilities Protection Service.
- 7) For non-Iraqi employees, the MOI may accept a copy of a comparable certification from a foreign Governmental authority issued pursuant to its official rules and procedures to meet some or all of the requirements in Section 2(6), above
- 8) Other reasonable vetting procedures and requirements may be added by the MOI to ensure necessary standards are met. In such case, new procedures and requirements shall be published no less than 60 days before they are to take effect.

Section 3

Bonds and Insurance

- 1) PSC must submit a minimum refundable bond of US\$25,000 or the equivalent sum in Iraqi Dinars, to the MOI before commencing operations in Iraq and being granted an Operating License or Temporary Operating License. Additional bonds, to be determined by the MOI, may be required depending on the number of employees of the PSC. The amount of the bond will increase as the number of employees increases, in accordance with an internationally recognized pro-rata industry-wide scale to be determined by the MOI. This scale shall be published 30 days before any additional bond requirement are to take effect. Any changes in bonding requirements will be approved by the Minister of Interior, and published in writing no less than 60 days before institution.
- 2) Failure to provide information to the MOI as required by Section 7 may result in forfeiture of the bond lodged in accordance with Section 3(1) or part thereof. MOI shall provide the PSC with written notice of any breaches and allow a one week grace period to come into compliance before any forfeiture of the bond or part thereof takes effect.
- 3) While the standards laid out in this Memorandum provide the minimum requirements, any breaches of Iraq or other applicable law by employees or companies may result in forfeiture of the bond by the MOI lodged in accordance with Section 3(1) or part thereof and may result in a review and revocation of the Operating License of the PSC. Where a PSC, or an employee of that PSC, breaches this Memorandum or any other law in force in Iraq, the MOI may declare

the bond or any part thereof forfeit. Any such decision to declare the bond forfeit must be based on reasonable grounds and be proportional to the breach of the law initiating such action. The MOI will take into account actions taken by the PSC with respect to individual violations (e.g. termination, prompt and open coordination with law enforcement) in determining whether a PSC should forfeit its bond or any part thereof.

- 4) PSC must submit evidence that they have sufficient public liability insurance to cover possible claims against them for a reasonable amount to be advised and published by the MOI. If securing such insurance is not practicable the PSC will inform the MOI in writing and seek an exemption from this requirement.
- 5) Bonds will be refunded within 30 days if PSC ceases operation in Iraq unless there are reasonable grounds to believe that PSC have failed to comply with this Memorandum.

Section 4

Refusal, Suspension or Revocation of Licenses, and Provisional Licenses

- 1) The MOI will grant Temporary Operating Licenses pending completion of the licensing processes of the MOT and MOI. The minimum requirements for the grant of a Temporary license are:
 - a) Submission to MOI of proof that an application for a Business License has been lodged with the MOT; and
 - b) Submission to the MOI of an application for an Operating License, including any other requirements that the MOI may notify.
- 2) Operating Licenses may be suspended, revoked or refused in accordance with the following provisions:
 - a) The MOI may, at their sole reasonable discretion, refuse to grant an Operating License if the conditions of this Memorandum are not met. The reason for the decision shall be communicated to the applicant in writing. The applicant may reapply for an Operating License after taking remedial action with respect to the breaches identified by the MOI.
 - b) Where a PSC, or an employee of that PSC, breaches this Memorandum or any other law in force in Iraq, the MOI may suspend or revoke the Operating License. Any such decision to revoke or suspend an operating license must be based on reasonable grounds and be proportional to the breach of the law initiating such action. If the Operating License is revoked, the bond, or part thereof, lodged in accordance with Section 3(1) will be forfeited. The MOI will take into account actions taken by the PSC with respect to individual violations

(e.g. termination, prompt and open coordination with law enforcement) in determining whether a PSC should forfeit its license as the result of such violations.

c) Where a PSC application for an Operating License is deficient in any way, the MOI may grant a Provisional Operating License for a specified period of time. The grant of an Operating License will be subject to the applicant demonstrating that they have remedied the deficiency (e.g., providing complete information to allow background checks on all employees, or giving appropriate training to all employees).

3) Any Provisional or Temporary Operating License will be cancelled if:

- a) either of the applications for the Business and Operating License is denied or withdrawn; or
- b) on the grant by the MOI of a full Operating License.

4) Unless it has been affirmatively denied a Business License or Operating License, notwithstanding the provisions of this Memorandum, PSC may operate without a Business License, Operating License or Temporary Operating License until 31 August 2004 or such later date as determined by MOI, pending completion of the requirements of this Memorandum.

Section 5 Audit

PSC are liable to periodic audits by the MOI regarding their operations in Iraq. All audits will be carried out by an independent auditing firm engaged for this purpose by MOI. The purpose of MOI audits is to ensure that the standards set out in Section 2(6) above are being maintained. Financial audits may also be carried out by MOT.

Section 6 Weapons

1) Where an Operating License is granted, or the Minister of Interior accepts the certification or guarantee of a Diplomatic or Consular Mission under Section 10(5), the MOI shall issue Weapons Cards to those PSC employees who will bear arms as part of their duties. Such Weapons Card shall constitute a license to possess and use firearms. PSC must instruct employees to carry their Weapons Cards whenever carrying a weapon. All PSC employees must carry the relevant Weapons Cards when in possession of any PSC weapon. If a PSC's Temporary, Provisional or full Operating License, certification, or guarantee is revoked, all Weapons Cards issued to the employee of that PSC shall be returned to the MOI.

- 2) Where a Temporary License is granted, the MOI shall also issue Temporary Weapons Cards to those PSC employees who will bear arms as part of their duties. Such Temporary Weapons Cards shall constitute a license to possess and use firearms. PSC must instruct employees to carry their Temporary Weapons Cards whenever carrying a weapon. All PSC employees must carry the relevant Temporary Weapons Cards when in possession of any PSC weapon.
- 3) A PSC intending to import weapons into Iraq must obtain from the MOI a weapons import certificate. The PSC must provide details of all weapons and their serial numbers to MOI immediately upon importation.
- 4) The use of weapons by PSC shall be regulated as follows:
 - a) PSC shall notify the MOI of details and serial numbers of all weapons in its possession.
 - b) PSC will notify the MOI of any changes in the PSC's weapons inventory within one (1) month of such changes.
 - c) PSC shall store all weapons and ammunition in a secure armory or other secure facility.
 - d) PSC shall ensure that only employees carrying Weapons Cards may carry weapons and only when such employees are on official duty. PSC shall also ensure that its employees return all PSC weapons to the armory or other secure facility, as the case may be, when no longer on duty. This provision does not restrict the right of PSC employees to carry weapons while not on duty under the provisions of other Iraqi laws.
 - e) PSC may only own and its employees may only use categories of weapons allowed by CPA Order Number 3 (Revised) (Amended) Weapons Control, other applicable Iraqi law.
 - f) Under no circumstance may privately owned weapons be used for PSC duties.

Section 7

Provision of Further Information

On request, PSC must provide the following information to the MOI every six (6) months: financial and employment records, contract status, weapons data, and any other data the MOI may advise they require. Failure to comply may result in revocation of the PSC Operating License. MOI shall provide the PSC with a written notice of any failure to comply with this provision and a one week grace period to comply before any revocation of an Operating License.

Section 8 Oversight Committee

MOI will establish an independent PSC Oversight Committee that will have general inspection and auditing responsibility (consistent with the provisions of CPA Order 57, Iraqi Inspectors General) over the implementation of this Memorandum. Such oversight shall include assessing enforcement of the standards set forth in this Memorandum as well as equitable and non-discriminatory treatment of PSC. The Minister will appoint the members of the Committee, which shall include the Inspector General of MOI, who shall be the only MOI representative on the committee, a member of the Judiciary and a representative of the MOT. The PSC Oversight Committee will report annually to the Minister on the implementation of this Memorandum.

Section 9 Limitations and Responsibilities of Private Security Companies

- 1) The primary role of PSC is deterrence. No PSC or PSC employee may conduct any law enforcement functions.
- 2) A licensed PSC shall be responsible for the actions of its employees. PSC officers and employees may be held liable under applicable criminal and civil legal codes, including the Iraqi Penal Code Law Number 111 of 1969 as amended, the Iraqi Weapons Code of 1992 as amended, and the CPA Order Number 3 Weapons Control, except as otherwise provided by law.
- 3) PSC are subject to, and must comply with all applicable criminal, administrative, commercial and civil laws and regulations, except as otherwise provided by law.
- 4) PSC must conduct operations in accordance with the provisions of the Rules for the Use of Force in Annex A and the MOI PSC Code of Conduct in Annex B.

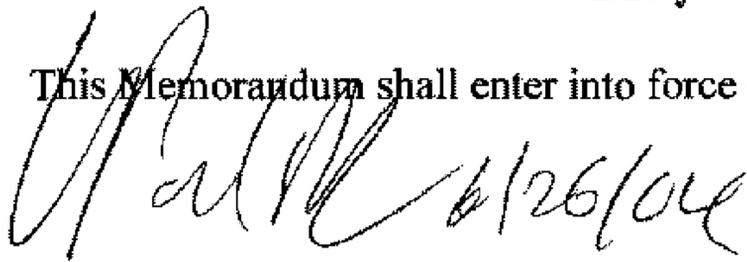
Section 10 Implementation and Review

- 1) Nothing in this Memorandum is intended to prevent PSC from conducting operations consistent with and as permitted by the Iraqi Law, including those laws in Annex C.
- 2) Nothing in this Memorandum is intended to limit or abridge relevant privileges or immunities provided by Iraqi law or applicable international agreements.

- 3) The MOI may issue administrative directions in connection with the implementation of this Memorandum and amend the Annexes to this Memorandum.
- 4) A person who is adversely affected by a decision of the MOI made pursuant to this Order may apply in writing to the Minister of Interior for a review of the decision by the Minister of Interior. Within seven (7) days of receipt of the application, the Minister of Interior shall review the decision and notify the applicant of the determination in writing at the last provided address of the applicant.
- 5) With respect to non-Iraqi legal entities or individuals not normally resident in Iraq that provide security services to Diplomatic and Consular Missions and their personnel, or to the official humanitarian, reconstruction or development projects in Iraq funded by such missions, the Diplomatic and Consular Missions may intervene on behalf of the PSC applying for registration and any other requirements and matters under this Order. Where approved by the Minister of Interior, the certification or guarantee of the relevant Mission may be accepted in satisfaction of the requirements of this Order in lieu of a direct submission by the PSC, save that Section 6(1) shall apply. The Minister of Interior may revoke its acceptance of such certification or guarantee where the PSC in question breaches this memorandum or any other law in force in Iraq. Any decision to revoke must be based on reasonable grounds and be proportional to the breach of the law initiating such action. The Minister will take into account actions taken by the PSC with respect to individual violations (e.g. termination, prompt and open coordination with law enforcement) in determining whether its acceptance should be revoked as a result of such violations.

Section 11
Entry into Force

This Memorandum shall enter into force on date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

Section 12
Annexes

Annex A: USE OF FORCE

Annex B: CODE OF CONDUCT FOR PSCs OPERATING IN IRAQ

Annex C: REFERENCES

Annex A: USE OF FORCE

RULES FOR THE USE OF FORCE BY CONTRACTORS IN IRAQ

NOTHING IN THESE RULES LIMITS YOUR INHERENT RIGHT TO TAKE ACTION NECESSARY TO DEFEND YOURSELF.

1. CONTRACTED SECURITY FORCES: Cooperate with Coalition, Multi-national and Iraqi Security Forces and comply with theater force protection policies. Do not avoid or run Coalition, Multi-national or Iraqi Security Force checkpoints. If authorized to carry weapons, do not aim them at Coalition, Multi-national or Iraqi Security Forces.

2. USE OF DEADLY FORCE: Deadly force is that force which one reasonably believes will cause death or serious bodily harm. You may use NECESSARY FORCE, up to and including deadly force, against persons in the following circumstances:

- a. In self-defense.
- b. In defense of persons as specified in your contract.
- c. To prevent life threatening offenses against civilians.

3. GRADUATED FORCE: You should use graduated force where possible. The following are some techniques you can use if their use will not unnecessarily endanger you or others.

- a. SHOUT; verbal warnings to HALT.
- b. SHOVE; physically restrain, block access, or detain.
- c. SHOW; your weapon and demonstrate intent to use it.
- d. SHOOT; to remove the threat only where necessary.

4. IF YOU MUST FIRE YOUR WEAPON:

- (1) Fire only aimed shots.
- (2) Fire with due regard for the safety of innocent bystanders.
- (3) Immediately report incident and request assistance.

5. CIVILIANS: Treat Civilians with Dignity and Respect.

- a. Make every effort to avoid civilian casualties.
- b. You may stop, detain, search, and disarm civilian persons if required for your safety or if specified in your contract.
- c. Civilians will be treated humanely.

d. Detained civilians will be turned over to the Iraqi Police or Coalition or Multi-national Forces as soon as possible.

6. **WEAPONS POSSESSION AND USE:** Possession and use of weapons must be authorized by the Ministry of Interior and must be specified in your contract.

- a. You must carry proof of weapons authorization.
- b. You will maintain a current weapons training record.
- c. You may not join Coalition or Multi-national Forces in combat operations except in self-defense or in defense of persons as specified in your contracts.
- d. You must follow Coalition or Multi-national Force weapons condition rules for loading and clearing.

**Annex B: CODE OF CONDUCT FOR PRIVATE SECURITY COMPANIES
OPERATING IN IRAQ**

Private Security Company Code of Conduct for Operations in Iraq

As a duly registered and vetted Private Security Company, the following pledge is made:

To conduct operations professionally with honesty, sincerity, integrity, fidelity, morality and good conscience in all dealings with clients

To preserve forever clients' confidence under any and all circumstances consistent with law and deal justly, and impartially with each situation with each individual, irrespective of social, political, racial, ethnic, or religious considerations, economic status, or physical characteristics.

To conduct all operations within the bounds of legality, morality, and professional ethics.

To counsel clients against any illegal or unethical course of action.

To explain to the full satisfaction of clients all applicable fees and charges and to render accurate, factual and timely reports.

To support to the best of ability the professionalism of Private Security Companies operating in Iraq; to contribute to better community relations; through work and deed to elevate the status of the Private Security Company profession.

To ensure that all employees adhere to this code of conduct.

Annex C:

COALITION PROVISIONAL AUTHORITY ORDER 3 (REVISED) (AMENDED)
WEAPONS CONTROL

COALITION PROVISIONAL AUTHORITY MEMORANDUM 5
IMPLEMENTATION OF WEAPONS CONTROL ORDER NO.3

COALITION PROVISIONAL AUTHORITY MEMORANDUM 5A
MEMO 5 ANNEX A

COALITION PROVISIONAL AUTHORITY ORDER 27
ESTABLISHMENT OF THE FACILITIES PROTECTION SERVICE

COALITION PROVISIONAL AUTHORITY ORDER 54
TRADE LIBERALIZATION POLICY WITH ANNEX A

COALITION PROVISIONAL AUTHORITY ORDER 64
AMENDMENT TO THE COMPANY LAW NUMBER 21 OF 1997

COALITION PROVISIONAL AUTHORITY ORDER 91
REGULATION OF ARMED FORCES AND MILITIAS WITHIN IRAQ