

**AMENDMENTS TO THE LEGISLATION GOVERNING CORPORATE RELATIONS**

Amendments have been made to the corporate legislation of the Republic of Uzbekistan by the Law of the Republic of Uzbekistan dated 7 February 2025 No. 1025 “On Amendments and Additions to Certain Legislative Acts of the Republic of Uzbekistan for the Further Improvement of the Legal Framework for Corporate Relations” [<https://www.lex.uz/ru/docs/7367738>] (hereinafter – the “**Law**” or “**Amendments**”). This Law entered into force on 8 May 2025 and aims to comprehensively update the regulatory framework governing corporate procedures, governance mechanisms, and the issuance of securities.

This overview highlights the following key provisions of the amendments affecting specific institutions of corporate law and their practical application:

- Liquidation of unitary enterprises and additional liability companies;
- Automatic transfer of rights and obligations in the reorganization of legal entities, regardless of a transfer deed;
- Establishment of the legal status of a corporate agreement, consortium, and consortium agreement;
- Abolishment of state registration requirements for LLC foundation agreements and amendments thereto;
- Disclosure of supervisory board decisions on the issuance of shares, bonds, and other securities as material facts;
- Mandatory publication of information on the registration of securities issues and the issuance of licenses for professional activities in the securities market.

**1. Abolishment of Unitary Enterprises and Additional Liability Companies**

The Law abolished the legal forms of additional liability companies and unitary enterprises. As a result, the Law on Limited Liability Companies dated December 6, 2001 No. 310-II [<https://lex.uz/docs/18793>] (hereinafter – the “**LLC Law**”) now recognizes only the most popular legal form for commercial entities — the limited liability company (LLC).

Under this structure, participants are not liable for the company’s obligations and bear the risk of losses only within the limits of their contributions to the charter capital.

The preamble of the Law explains that the abolished forms were outdated, legally insignificant, or obsolete, and that their elimination supports:

- the improvement of corporate governance,
- modernization of legal structuring,
- the integration of new institutional forms into civil relations,
- and the application of modern management models in corporate practice.

For Reference:

- **Additional Liability Company** - a company established by one or more persons, with capital divided into shares. Its participants jointly bear subsidiary liability with their own property in proportion (or multiples) to their contributions, as set by the founding documents.
- **Unitary Enterprise** - a legal entity created by a sole founder, who does not own the charter capital but retains founding and managerial rights. The founder has no proprietary interest in the company.

## 2. Amendments to the Management of State Property

Amendments were introduced to Article 35 of the Law of the Republic of Uzbekistan “On the Management of State Property”, dated March 9, 2023, No. 821 [<https://lex.uz/docs/6401701>], concerning the conversion of a state institution into a business entity.

According to the new provisions, from the moment a decision is made on the conversion of a state institution into a business entity and until the completion of the conversion process, any disposal of state property or encumbrance thereof is prohibited, except for cases related to ongoing business operations.

Previously, under Uzbek law, there were no strict restrictions on the disposal of state property during the reorganization of a state institution. This meant that, prior to the completion of the conversion, institutions could sell, transfer, or encumber their assets — a practice that in certain cases led to risks of asset loss or misuse of property.

### 3. Automatic Transfer of Rights and Obligations in the Reorganization of Legal Entities

Amendments to Articles 50 and 54 of the LLC Law clarify the legal consequences of reorganizing a legal entity, including mergers, acquisitions, and changes in legal form. Under the new provisions, all rights and obligations of the reorganized legal entity automatically transfer to the newly formed entity by operation of law, without requiring their detailed enumeration in a transfer deed.

This approach aligns with the updated Article 50 of the Civil Code of the Republic of Uzbekistan [<https://lex.uz/docs/111181>] (the “Civil Code”), which explicitly provides that, in the case of a merger, all rights and obligations transfer to the new entity regardless of whether they are listed in the transfer documentation.

#### Before vs. After Amendments

Aspect	Before Reform	After Reform
Transfer deed requirement	Mandatory, with full list of assets and contracts	Optional; legal succession occurs automatically
Basis for rights transfer	Explicit listing in deed	By operation of law
Legal risks	High (omissions in documentation)	Reduced (automatic succession)
Transfer documents	Compulsory	Optional, for internal or evidentiary purposes only

Previously, failure to list rights and obligations in the transfer deed could result in legal uncertainty and disputes. The amendments introduce a default rule of legal succession, ensuring the continuity of obligations and legal stability in reorganizations such as mergers, spin-offs, transformations, or acquisitions.

The law still permits the preparation of transfer deeds or separation balance sheets, but these are now optional and not a legal prerequisite for the reorganization to take effect.

#### 4. Establishment of the Legal Status of a Corporate Agreement, Consortium, and Consortium Agreement

The Law establishes the legal definition and enforceability of new instruments in corporate and civil law — namely, the **corporate agreement**, the **consortium**, and the **consortium agreement** — by introducing corresponding provisions into the Civil Code, the LLC Law, and the Law on Joint-Stock Companies and Protection of Shareholders' Rights.

The new **Article 358<sup>1</sup> of the Civil Code** regulates the right of participants in a business entity (or some of them) to enter into a corporate agreement, which defines the procedure for exercising their membership rights.

A **corporate agreement** is a contract between participants (shareholders) of a legal entity under which they undertake to:

- vote in a predetermined way at the general meeting;
- coordinate positions on certain issues;
- acquire or dispose of shares (interests) at a specified price or upon certain conditions;
- perform or refrain from actions related to the management or activities of the company.

Restrictions: The agreement may not include provisions on voting instructions from the company's governing bodies or the determination of the structure of the management bodies.

This legal framework reinforces shareholder arrangements and internal coordination in LLCs and JSCs.

A corporate agreement should be distinguished from the shareholders' (foundation) agreement, as provided in Article 12 of the LLC Law:

Criteria	Foundation Agreement	Corporate Agreement
Legal Basis	Article 12 of the Law on LLCs <a href="#">lex.uz</a>	Article 358 <sup>1</sup> of the Civil Code <a href="#">lex.uz</a>
When Concluded	Before company registration	After company registration
Validity Period	Valid until registration	Valid throughout the company's lifetime

Criteria	Foundation Agreement	Corporate Agreement
<b>Purpose</b>	Company formation, capital contributions, interaction between founders	Regulating corporate rights, voting, share transactions among participants
<b>Effect Post-Registration</b>	Loses legal effect after company registration	Remains binding and enforceable
<b>Parties Involved</b>	Founders	Shareholders / Participants

### **Consortium and Consortium Agreement**

According to Article 962<sup>1</sup> of the Civil Code [<https://lex.uz/ru/docs/180550>], a **consortium** is a form of contractual association of legal entities and/or individuals for the joint implementation of a specific project or activity while retaining their legal and financial independence.

- The consortium agreement defines governance, financing, responsibilities, and liability mechanisms.
- It does not create a new legal entity, allowing for flexible collaboration in infrastructure, investment, construction, and innovation projects.

### **5. Abolishment of state registration of foundation agreements and amendments thereto**

The Law repeals the requirement for state registration of foundation agreements, as well as the requirement to register any amendments thereto, by introducing corresponding amendments to the Law on Limited Liability Companies and the Regulation on State Registration of Legal Entities and Individual Entrepreneurs. In practice, Public Service Centers have long ceased to require the submission of a foundation agreement during the registration or re-registration of legal entities.

Previously, when an LLC was established by two or more founders, the foundation agreement required state registration and updates. Now, only the charter holds legal authority.

**6. Mandatory disclosure of information on the issuance of shares, bonds, and other securities, as well as their registration and licensing for professional activity in the securities market**

The Law introduces new obligations to ensure transparency in the securities market. Recent amendments to the Law on the Securities Market dated June 3, 2015, No. 387 [<https://lex.uz/acts/2662541>], and the Law on Joint-Stock Companies and Protection of Shareholders' rights dated May 6, 2014, No. 370 [<https://lex.uz/docs/2382411>] (the "JSC Law") require that

- Supervisory board decisions on the issuance of shares, corporate bonds, and other securities must be disclosed as material facts.
- The authorized state body must publish:
  - information on the state registration of securities,
  - and on the issuance of licenses for professional securities market activities.

**Corporate Bonds**

Corporate bonds are debt instruments issued by joint-stock companies and limited liability companies under the Law No. 387 dated June 3, 2015 [<https://lex.uz/docs/2662541#2663449>].

Conditions for Issuance:

- Within the limits of the issuer's equity capital;
- Requires positive financial results for the preceding year;
- Must have an auditor's opinion;
- Commercial banks act as payment agents;
- Exemption applies to organizations engaged in mortgage refinancing.

Issuance is governed by Rules on the Issuance of Securities and State Registration of Their Issues, approved by the National Agency for Project Management (NAPM) [<https://lex.uz/docs/1515254>].

**7. New Regulation on Remote Participation and Voting in Corporate Governance Meetings in business entities.**

On **24 March 2025**, the Ministry of Justice of Uzbekistan registered under No. 3613 [<https://lex.uz/docs/7443884>] a regulation of the National Agency for Prospective Projects (NAPP) – Regulation on the Procedure for Remote Participation and Voting in Management Meetings of Business Entities Using ICT. It will enter into force on **26 June 2025**.

According to the Regulation:

- Participants include founders, shareholders, members of supervisory and executive boards of JSCs and LLCs.
- Listed JSCs are required to enable remote attendance and voting alongside in-person meetings (Art. 2).
- Companies may develop their own or engage an external certified e-platform provider, subject to strict requirements (Arts. 5, 19–20).
- Participants register in advance via digital signature (Art. 8); representatives must upload proof of authority (Art. 9).
- The Regulation allows video dialogue (Art. 12), access to live voting results (Art. 13), and exempts JSCs from using ballots for online voting (Art. 14).
- If all participants vote remotely, the minutes are generated electronically with a QR code (Arts. 15–16); otherwise, in hard copy with remote votes recorded.

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