

M&A GUIDE

Applicable Law	Terms & Definitions	Jurisdictional Thresholds	Exemptions	Clearance Procedure
<p>1. Law “On competition” No. ZRU-319 dated January 6, 2012 (the Law) [https://lex.uz/docs/1931450]</p> <p>2. Appendixes No. 12, 13 approved by the Resolution of the Cabinet of Ministers No. 86 dated February 22, 2022 (the Regulation) [https://lex.uz/docs/5871129];</p> <p>3. Regulation “On the Antimonopoly Committee of the Republic of Uzbekistan”, adopted by the Resolution of the Cabinet of Ministers No. 402 dated May 15, 2019) [https://www.lex.uz/docs/4342731#4347392]</p> <p>4. Regulation “On the procedure for</p>	<p><u>Dominant position</u> - position on a commodity or financial market of business entity or group of persons when its market share (i) is equal to 50% and more; or (ii) accounts for 35%-50% provided that all of the following conditions are met:</p> <ul style="list-style-type: none"> • stability of the share of the business entity in the product market for at least one year; • amount of shares in the commodity market related to other competitors; • possibility of entering the market by competitors; <p><u>Anti-monopoly Authority</u> - the Antimonopoly Committee of the Republic of Uzbekistan.</p> <p><u>Clearance</u> – clearance of transactions through the Anti-Monopoly Authority</p>	<p><u>Clearance Thresholds</u></p> <p>Anti-monopoly clearance is required in the following cases:</p> <ol style="list-style-type: none"> a. Mergers, acquisitions or purchase of shares (participating interest) when the cumulative book value of assets of the parties to the transaction exceeds 100,000 basic estimate amounts established in Uzbekistan (UZS <u>30</u> billion /approx. \$<u>2.8</u> million); or b. When cumulative gross turnover of the parties to the transaction for the precedent calendar year exceeds 100.000 basic estimate amounts established in Uzbekistan (UZS 30 billion / approx. \$<u>2.8</u> million); or c. When one of the parties to the transaction is a company, holding a dominant position within the market. <p><u>Application of thresholds to joint ventures</u></p> <p>The same thresholds apply to joint ventures.</p>	<p><u>Exemptions</u></p> <p>Clearance is not required in the following cases:</p> <ol style="list-style-type: none"> a. on the founders of a business entity during its formation; b. on repurchase deals of business entity’s own shares (stocks); c. during reorganization of JSC into another legal organizational form, provided that the charter fund remains the same; d. when acquiring shares by investment brokers for the purpose of resale; e. when transferring shares in the charter fund to fiduciary management; f. when purchasing shares in charter fund by business entity in accordance with a relevant Presidential Decree, Resolution of the Cabinet of Ministers of Uzbekistan or state privatization programs; g. for an individual in transactions on the acquisition 	<p><u>Notification</u></p> <p>Clearance procedure is to be filed to the Antimonopoly Authority through the Public Service Centers (PSC) or electronically by presenting the following information / documents:</p> <ol style="list-style-type: none"> 1. application in with indication of the following information: <ol style="list-style-type: none"> a. name of the acquirer / merging or joining company, its local tax number, legal address; b. date and place of registration of the acquirer; c. name of the servicing bank of the acquirer and its bank account; d. telephone number, email of the relevant contact person; e. shareholders of the acquirer / merging or joining company and information on their shares in the charter fund of the applicant (nominal price & percentage); f. information about presence of the acquirer / merging or joining company in the charter fund of other <u>only local</u> companies;

M&A GUIDE

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<p>obtaining prior consent of the antimonopoly authority to establish (reorganize) business entities with state participation, as well as their affiliates and state institutions empowered to carry out business activities” adopted by the Resolution of the Cabinet of Ministers No. 346 dated 03 June 2021 [https://lex.uz/docs/5443512]</p> <p>5. Regulation “On the procedure for recognizing the dominant position of business entity or group of persons in the commodity or financial market and maintaining the State Register of business entities occupying the dominant position in the commodity or</p>	<p>by obtaining its preliminary approval.</p> <p><u>Official</u> - any person holding a managerial position within the acquirer (e.g. directors, CEO, CFO).</p> <p><u>Citizen</u> - any person who does not hold any managerial position, but can also be blamed for the infringement.</p> <p><u>SOEs</u> – business entities with a state share in the charter fund, state unitary enterprises and public institutions with the authority to carry out economic activities;</p> <p><u>BEA</u> – basic estimate amount, i.e. the unit of calculation of the state fees used in the Republic of Uzbekistan (as of 24 June 2022 1 BEA is equal to UZS 300,000 / approx. USD 28)</p>	<p><u>Turnover/assets calculation rules</u></p> <p>Generally, the threshold is extended to global turnover / assets of the parties to transaction. However, the Anti-monopoly Authority will not be able to verify the information related to foreign assets, thus prevailing emphasis is put on the Uzbekistan-based assets.</p> <p>The turnover of the last two calendar years shall be used.</p> <p><u>Undertakings concerned</u></p> <p>Depending on the type of transaction, the Anti-Monopoly Authority will scrutinize information of the following parties:</p> <p>Merger and joinder transactions – both parties involved into the merger and joinder;</p> <p>Acquisition – acquirer and the target (seller is not considered).</p> <p><u>“Single-trigger” thresholds</u></p> <p>The filing will apply even where only one party to the transaction derives revenue in the local market, as long as it meets the threshold.</p>	<p>of shares in the business entities, if at the time of filing an application this individual did not own of more than 50% of the shares in any business entity.</p> <p><u>Minority shareholdings</u></p> <p>Minority acquisitions (50% or less of the shares) are not notifiable even if control is acquired (i.e. decisive influence over the target’s business).</p> <p><u>Foreign-to-foreign transactions</u></p> <p>Only mergers, acquisitions and share acquisitions of <u>Uzbek entities</u> constitute notifiable transactions. Mergers, acquisitions and share acquisitions of <u>foreign entities</u> are not notifiable in Uzbekistan, regardless of their turnover/assets in Uzbekistan and regardless of whether the foreign target has a subsidiary in Uzbekistan.</p> <p><u>Sanctions</u></p> <p>The execution of the transaction without the clearance is the basis for holding the transaction invalid if it harms to the competition or</p>	<p>2. information about the company, its TIN, legal address, telephone number, email address, number of shares to be sold to the acquirer, value of the property to be contributed by the acquirer to the charter fund of the target company, composition of shareholders of the company;</p> <p>3. information about the presence of the company in the charter fund of other <u>only local</u> companies (name of these companies, their TIN, area of operation and shares of the company in these companies);</p> <p>4. information on the types of activities, names and categories of goods produced and sold, and their quantities within 2 years preceding the date of filing to the Antimonopoly Authority;</p> <p>5. financial and statistical reports of the companies for the 2 previous calendar years;</p> <p>Please note that even if the requested information is a trade secret, it cannot be a ground for refusal to provide it to the Antimonopoly Authority.</p>

M&A GUIDE

Leges Advokat
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<p>financial markets” approved by the Resolution No. 230 dated 20 August 2013 [https://lex.uz/docs/2225942];</p> <p>6. Code of the Republic of Uzbekistan on Administrative liability dated 1 April 1995 [https://lex.uz/docs/97661]</p>		<p><u>Special sectorial rules</u></p> <p>Special rules for turnover calculation for the financial and commodity markets.</p> <p><u>Application of thresholds to SOEs</u></p> <p>Anti-monopoly clearance is required in any case of the reorganization of business entities with state participation, as well as their affiliates or public institutions authorized to carry out economic activities;</p>	<p>leads to taking or strengthening a dominant position. In such case, the Authorised body will make one of the following decisions:</p> <ol style="list-style-type: none"> 1. Cancel the M&A transaction and returns company to initial position; 2. Approves the M&A transaction. <p>Herewith, non-obtaining of the clearance is a direct violation of Article 178 of the Code on Administrative Responsibility “Infringement of laws on competition, natural monopolies, and consumer protection”. The sanction for this is a fine in the amount of:</p> <ul style="list-style-type: none"> • 1-3 BEA (UZS <u>300 000</u> - <u>900 000</u>/ approx. USD <u>28</u> - <u>84</u>) for citizens; • 5-10 basic estimate amounts (UZS <u>1.5</u> million – <u>3</u> million/ approx. USD <u>139</u> – <u>277</u>) for officials. 	<p><u>Deadline to file</u></p> <p>At any time prior to the closing of the transaction.</p> <p>In accordance with the clause 24 of the Regulation, the transaction shall be concluded within 1 year upon the issuance of the clearance.</p> <p><u>Filing fees</u></p> <p>Acquisition transactions – 7 BEA (UZS <u>2,1</u> million /approx. USD <u>194</u>); Merger & joinder – 0.05% of the income gained by the companies from the sale of goods in the last calendar year (in the absence of income – 0.05% of the book value assets) but not less than 7 BEA (UZS <u>2,1</u> million /approx. USD <u>194</u>)</p> <p><u>Clearance timeframe</u></p> <p>8 calendar days upon filing (which can be prolonged by the Anti-Monopoly Authority up 1 month maximum).</p>