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Uzbekistan withdraws a number of requirements regarding the activities of commercial organizations

Resolution of the President of the Republic of Uzbekistan “On measures to further improve the legal foundations of corporate relations” No. ПП-415 dated November 8, 2022 (the “Resolution No. ПП-415”) from December 1, 2022, withdraws the following requirements regarding the activities of commercial organizations:

- ▶ requirement for the establishment of internal audit services for limited liability companies (LLC) (except for LLCs with state share of more than 50% and balance sheet asset value more than 100 000 basic calculation value (BCV) (approximately USD 2 683 000) and credit institutions), as well as for joint stock companies (JSC) with state share of more than 50% and balance sheet asset value less than 100 000 BCV (approximately USD 2 683 000);
- ▶ requirement for state registration of the foundation agreement of LLC;
- ▶ requirement for notarization of the power of attorney, issued for participation in general meeting, for the representatives of the participants of the LLC which are legal entities;
- ▶ requirement to establish the size of the reserve fund of an LLC during its creation in the amount of at least 15% (fifteen) of the authorized fund.

In addition, the incorporation of a legal entity in the form of a unitary enterprise or an additional liability company is not allowed from March 1, 2023.

Moreover, the Resolution No. ПП-415 establishes that from October 1, 2023:

- ▶ business entities whose securities are listed on the stock exchange also disclose information on cash flows and cancellation of part of the share issue;
- ▶ business entities whose securities are not included in the listing of the stock exchange do not necessarily disclose material facts, with the exception of commercial banks, insurance companies and joint-stock companies with a state share of more than 50%, as well as joint-stock companies in their composition;

Also from April 1, 2023:

- ▶ non-monetary contributions to the charter capital of an LLC with a value exceeding 10 000 BCV (approximately USD 268 000) are assessed by an appraisal organization and shall not exceed the appraised value;
- ▶ in case of reorganization of legal entities through merger, accession and change of organizational and legal form, rights and obligations are transferred to the reorganized legal entity;
- ▶ decisions of the supervisory board of business entities on the issue of securities are disclosed as a material fact.

In addition, the Resolution No. ПП-415 establishes the procedure according to which, starting from March 1, 2023, information on the state registration of an issue of securities, its suspension, as well as the issuance, suspension, termination, cancellation of a license and the issuance of a qualification certificate are published in mass media.

According to the Resolution No. ПП-415, starting from July 1, 2023, information on the creation of branches, representative offices and the formation of an authorized capital, as well as the initiation of a case on the insolvency of a business entity, is published on the Unified Portal of Interactive Public Services. Also, the minutes of the meeting of the supervisory board and the general meeting of participants of the companies with a state share of more than 50% are published in the system “Davlat Mulki”. In addition, the results of corporate disputes are published on the website of the Supreme Court in an anonymous form.

The Ministry of Justice, together with other ministries, was instructed to develop a draft Law “On Limited Liability Companies”.

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