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Legal regulation on mergers and acquisitions in Mongolia

Mergers and Acquisitions refer to establishment of a new company by consolidation of companies (Merger), or uniting another company by purchasing it (Acquisition) through financial transactions between those companies.

Mergers & Acquisitions is carried out by companies for the purpose of covering their operational capital gaps and expanding their operations. The primary goal of this method is to buy time, because of the priority of speed and time in business than anything else, so using this business solution is a very optimal, time-efficient choice.

In this alert, you will find information on how issues related to mergers and acquisitions are regulated in Mongolia.

REGULATION UNDER THE COMPANY LAW

Mergers and acquisitions are defined as “consolidation of companies” /Merger/ and “uniting companies” /Acquisition/, and regulated as one of the ways to reorganize a company in the Company Law of Mongolia.

A. Consolidation of companies is defined as “termination of activities of two or more companies and the transfer of the rights, obligations and liabilities of such companies to a newly established company”. In other words, it is Merger of more than two companies.

The resolution/decision on consolidation and the consolidation agreement must be adopted by an overwhelming majority of the votes of shareholders eligible to vote who attend the meetings of each company and the draft resolution and the agreement defining the conditions and procedures for reorganization, charter of the newly created company, and the proposal defining the procedure for converting the securities of each company must be submitted to the shareholders' meeting. As a result, the shareholders of the old companies have the right to own the shares of the new company. The voting rights of shareholders participating in the shareholders' meeting are equal to the converted voting rights set forth in the company's reorganization agreement

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Practice areas

[CORPORATE AND M&A](#)

Locations

MONGOLIA

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