LAW OF THE REPUBLIC OF TAJIKISTAN
ON LIMITED LIABILITY COMPANIES

CHAPTER 1. GENERAL PROVISIONS

Article 1.Relations regulated by this Law

1. This Law determines a legal status of Limited Liability Company, rights and obligations of his participants, procedure on creation, reorganization and liquidation of the company.

2. Features of a legal status, procedure of creation, reorganization and liquidation of a Limited Liability Company in spheres of banking, insurance, and investment and foreign exchange activities shall be determined by the laws of the Republic of Tajikistan.

Article 2. Concept of a Limited Liability Company

1. A Limited Liability Company (hereinafter referred to as a company) shall be recognized as an economic society founded by one or several persons, authorized capital of which is divided into shares for the amounts to be determined by constituent documents. Participants of a company shall not be liable for its liabilities and shall not bear risk of losses connected to activities of a company within the cost of contributions made by them.

The participants of a company who has made contributions to authorized capital of a company shall bear partially the joint liability according to its liabilities within cost of unpaid part of contribution of each of participants of a company.

2. A company has a separate property registered on its independent balance, it can purchase and perform on its own behalf property and personal non-property rights, perform obligations, to be a claimant and respondent in courts.

3. A company is a legal entity and shall have the right to open bank accounts in accordance with the established procedure in the territory of the Republic of Tajikistan and outside the country.

Article 3. Company name

A company shall have a full official name and has the right to have the abbreviated company name in the official language.

The full name of a company in the official language shall contain the full name of a company and phrase "limited liability". The abbreviated name of a company shall contain full or abbreviated name of a company and word "limited liability" or abbreviation "LTD".

The company name shall not contain other terms and abbreviations reflecting its form of business, including borrowed words of foreign languages if other is not provided by the laws and other statutory acts of the Republic of Tajikistan.

Article 4. Location of a company and its address

1. The location of a company shall be determined by the place of its state registration. Constituent documents of a company can establish that the location of a company is a place of permanent location of its governance bodies or a main place of its activities.

2. A company shall have a postal address by which it can be in communication. A company shall notify bodies performing a state registration of legal entities on change of its postal address.

3. A company shall have a round seal containing its full company name in the official language. The seal of a company can contain also a company name in any foreign language.

A company has the right to have stamps and forms with a company name, own emblem and also registered in accordance with the established procedure trademark and other means of identification.

Article 5. Legal capacity of a company

1. A company is a commercial institution, which has civil rights and performs duties connected with its activity necessary for implementation of any types of activities, which are not forbidden by the legislation of the Republic of Tajikistan.

2. A company can be engaged in separate types of activities only on the basis of license provided by the legislation of the Republic of Tajikistan. If terms of issuing of permission (license) for performance of certain type activities provide such activity as exclusive, a company shall have the right to carry out only the types of activity provided by the license within the period of validity of a license and accompanying type of activity.

Article 6. Branches and representatives of a company

1. A company can create branches and open representatives according to the decision of General meeting of shareholders of a company, approved by not less than two thirds of votes of total number of shareholders of the company.

Creation by a company of branches and opening of representatives in the territory of the Republic of Tajikistan shall be carried out with observance of requirements of the present Law and other laws of the Republic of Tajikistan and according to the legislation of the foreign state where branches or representatives are established for those outside of the Republic of Tajikistan if other is not provided by the international agreements of the Republic of Tajikistan.

2. A branch of a company is its isolated division located out of a site of a company and carrying out all its functions (its part) including functions of representatives.

3. Representatives of a company are its isolated divisions, located out of company site, representing interests of a company and carrying out its protection.

4. A branch and representatives of a company are not legal entities and shall operate on the basis of regulations approved by a company. Branches and representatives are allocated with property of a company, which has created them.

Heads of branches and representatives shall be appointed by a company and act on the basis of its power of attorney.

Branches and representatives shall carry out an activity on behalf of a company, which have created them. A company shall bear responsibility for activity of branches and representatives created by it.

Article 7. Affiliated and dependent companies

1. A company can have affiliated and dependent economic societies with rights of legal entity established in the territory of the Republic of Tajikistan in conformity with present law and other laws of the Republic of Tajikistan and outside of the Republic of Tajikistan according to the legislation of foreign state in which territory an affiliated or dependent economic society is established if other is not provided by the international contracts of the Republic of Tajikistan.

2. A company shall be deemed as affiliated if other (main) economic society owing to prevailing share in its authorized capital or in conformity with contract concluded between them or otherwise has an opportunity to define decisions approved by such company.

3. An affiliated company shall not be answerable for debts of a parent company.

A parent company, which has the right to give mandatory instructions to affiliated company for it shall be responsible jointly with affiliated company for transactions effected by latter to execute such instructions.

In case of an inconsistency (bankruptcy) of an affiliated company due to the fault of main parent company the latter has a subsidiary responsibility if a property of affiliated company is insufficient to pay its debts.

Shareholders of an affiliated company have the right to demand compensation from parent company for losses suffered to an affiliated company due to his fault.

4. A company shall be deemed as dependent if other (prevailing) economic society has more than twenty percent of authorized capital of the first company.

A company, which has more than twenty percent of voting shares of joint-stock company or more than twenty percent of authorized capital of other limited liability company, shall be obliged to publish immediately an information about it in press printed media publishing information about state registration of legal entities.

Article 8. Shareholders of a company

1. Citizens and legal entities can be shareholders of a company.

It can be forbidden or limited by the legislation of the Republic of Tajikistan the participation of some categories of citizens in companies.

2. The government authorities and local authorities shall have no right to act as shareholders of a company if other is not established by the legislation of the Republic of Tajikistan.

A company can be founded by one person who becomes its only shareholder. A company can become subsequently a company with one shareholder.

A company cannot have other company as its only shareholder consisting of one person.

2. The number of shareholders of a company shall not be more than thirty.

In the case if the number of shareholders of a company will exceed a limit set in the present paragraph, a company within a year shall be transformed into open joint-stock company or in production co-operative. If a company is not transformed within set term and number of shareholders of a company does not decrease to a limit set in the present paragraph it shall be subject to liquidation through courts on request of authorities carrying out state registration of legal entities or other government authorities or local authorities which are entitled to impose such requirement in accordance with the law.

Article 9. Rights of shareholders of a company

1. Shareholders of a company shall have the right:

- to participate in administration of affairs in order established by the present law and constituent documents of a company;
- to receive information on activity of a company and to get acquainted with its account books and other documentation in accordance with procedure established by its constituent documents;
- to participate in distribution of income;
- to sell or otherwise assign its share or its part in the authorized capital of a company to one or more shareholders of a company in accordance with procedure established by the Law and by charter of a company;
- to secede from a company in any time irrespectively from consent of other its shareholders;
- to obtain part of property left after settlement of debts of lenders or its cost while liquidation of a company;

Shareholders of a company shall have also other rights envisaged in the Law;

2. In addition to rights envisaged in the Law the Charter of a company can stipulate other rights (additional rights) of shareholder (shareholders) of a company. The given rights can be stipulated by the charter of a company or be provided to shareholder (s) of a company by the decision of General meeting of shareholders approved by all shareholders of a company unanimously.

The additional titles granted to certain shareholder of a company in case of assignment of his share (part of share) shall not be transferred to transferee (part of share).

Termination or limitation of additional rights provided to all shareholders shall be made by the decision of General meeting of shareholders of a company approved by not less than two thirds of total votes of shareholders of a company provided that if a shareholder of company who has such additional rights, votes for approval of such decision or gives his written consent.

A shareholder of a company who has additional rights may refuse an execution of his additional rights by forwarding a written notification to a company. The additional rights of shareholder of a company shall be terminated from the moment of receiving of written notification by a company.

Article 10. Responsibilities of shareholders of a company

1. Shareholders of a company shall be obliged:

- to make contribution in the procedure, amount, composition and terms established by the Law and constituent documents of a company;
- do not disclose confidential information on activity of a company.

Shareholders of a company shall have other responsibilities stipulated by the Law.

2. In addition to responsibilities stipulated by the Law, charter of a company may stipulate other responsibilities (additional duties) of shareholder (s) of a company not contradicting with standards of the Law. The mentioned duties may be stipulated by the charter of a company or imposed on all shareholders of a company by the decision of General meeting of shareholders of a company approved by all shareholders of a company unanimously. The additional responsibilities shall be imposed on certain shareholder of a company by the decision of General meeting of shareholders of a company approved by not less than two thirds of votes of total votes of shareholders of a company provided that if shareholder of a company who have been imposed such responsibilities votes for approval of this decision or gives his written consent.

Additional responsibilities imposed on certain shareholder of a company in case of assignment of his share (part of share) shall not be transferred to transferee of share (part of share).

Additional responsibilities may be interrupted by the decision of the General meeting of shareholders approved by all shareholders unanimously.

Article 11. Exclusion of shareholder from a company

Shareholders of a company, which aggregate shares makes not less than ten percentage of authorized capital of a company shall have the right to require an exclusion of a shareholder who allowed a gross neglect of his duties or making impossible or difficult an activity of a company through his actions (inaction).

Article 12. Responsibilities of a company

A company shall bear responsibility on its liabilities by all its owned property.

A company shall not be responsible for liabilities of its shareholders.

In case of bankruptcy of a company due to fault of its shareholders or due to fault of other persons, which have the right to give mandatory instructions to a company or otherwise have an opportunity to define its actions, such shareholders or other persons can be imposed by subsidiary responsibility on its liabilities.

CHAPTER 2. FOUNDATION OF A COMPANY

Article 13. Procedure of foundation of a company

1. Founders of a company shall conclude foundation agreement and approve the charter of a company. The foundation agreement and charter of a company shall be constituent documents of a company.

If a company is founded by one person, a charter approved by this person shall be constituent document of a company. In case of increasing number of shareholders of a company up to two or more persons, a constituent agreement shall be concluded between them.

The features of foundation of a company with share of foreign investors shall be determined by the Law of the Republic of Tajikistan "On investments" (Law No.656 dd.29.12.10).

Founders of a company shall elect (appoint) executive bodies of a company and also, in case of transfer of non-monetary contributions to authorized capital of company, they shall approve their monetary assessment.

The decision on approval of charter of a company and also decision of approval of monetary assessment of contributions made by founders of a company shall be made by founders unanimously.

2. Founders of company shall bear joint and several responsibilities on liabilities related to foundation of a company and arisen before its registration. A company shall be responsible on liabilities of founders of a company connected to its foundation only in case of subsequent approval of their actions by the General meeting of shareholders of a company.

Article 14. Constituent documents of a company

1. It shall be stated in the constituent agreement the founders undertake to establish a company and define procedure of joint activity on its foundation. A constituent agreement also defines a structure of founders (shareholders) of company, amount of authorized capital and amount of share of each founder (shareholder) of a company, amount and composition of deposits, procedure and terms of their paying up to authorized capital of a company upon its foundation, responsibilities of founders (shareholders) of a company for violation of obligation on making contributions, conditions and procedure of distribution of profit among shareholders of a company, bodies of a company and procedure of withdrawal of shareholders from a company.

2. Charter of a company shall contain:

- full and abbreviated company's name;
- information on location of a company;
- information on structure and competence of bodies of a company, including issues of exclusive competence of General meeting of shareholders of a company on procedure of decision-making bodies of company including issues, decisions on which are taken unanimously or by a qualified majority of votes;
- information on amount of authorized capital of a company;,
- information on amount and nominal value of share of each participant of a company;
- rights and obligations of shareholders of a company;
- information on procedure and consequences of withdrawal of a shareholder from a company;
- information on procedure of assignment of a share (part thereof) in the authorized capital to other person;

- information on procedure of storage of documents of company and procedure of information disclosure by company to shareholders of a company and to others;
- information on branches and representative offices of a company.

The charter of a company may also contain other provisions not contradicting with acting law and other laws of the Republic of Tajikistan.

3. A company shall be obliged at request of shareholders of a company, an auditor or any interested person, to give them the opportunity to be familiarized with constituent documents of a company including amendments.

4. Changes in constituent documents of a company shall be made by decision of General meeting of shareholders.

Changes made to constituent documents of a company, information on which are contained in the Unified state register of legal entities and individual entrepreneurs shall become effective for third parties after changes made in the register. (Law No.656 dd. 29.12.10)

5. In the case of discrepancies between provisions of a Foundation agreement and provisions of charter, the latter prevails for third parties and shareholders of a company.

Article 15. State registration of a company

1. A company shall be subject to state registration in accordance with the Law of the Republic of Tajikistan «On state registration of legal entities and individual entrepreneurs». (Law No.656 dd.29.12.10).

2. A company shall be established as a legal entity from the moment of its state registration.

3. A company shall be founded without limitation of a period unless otherwise established by its charter.

CHAPTER 3. AUTHORIZED CAPITAL OF A COMPANY

Article 16.Authorized capital of a company

1. Authorized capital of a company shall consist of contributions of its shareholders.

2. The amount of authorized capital of a company shall not be less than five hundred somoni (Law No.429 dd.6.10.08).

The amount of authorized capital and nominal cost of shares of shareholders shall be denominated in national currency of the Republic of Tajikistan.

An authorized capital of a company shall define minimum amount of its property guaranteeing interests of its lenders.

2. The amount of a share of shareholder of a company in the authorized capital shall comply with nominal value of his share and authorized capital of a company.

Real cost of share of shareholder of a company shall comply with part of cost of its net assets in proportion to his share.

3. Maximum amount of share of a shareholder may be limited by a charter of a company. The charter of a company can prohibit the opportunity to change proportion of shares of shareholders of a company.

Such limits can not be established in regard to some shareholders of a company. The given provisions can be envisaged by charter of a company at its foundation and also be included to charter of a company, amended and removed from its charter by decision of General meeting of shareholders of a company approved by all its shareholders unanimously.

Article 17. Contributions to authorized capital of a company

1. Contributions to be made to authorized capital of a company may be money funds, securities, other property or titles or other rights having monetary valuation

2. A monetary valuation of in-kind contributions to authorized capital of a company made by shareholders and accepted by a company from third parties shall be confirmed by decision of General meeting of shareholders of a company approved by all shareholders unanimously.

If a nominal value of (increase of nominal value) of share of shareholder in the authorized capital of company is paid by in-kind contribution, such contribution shall be valuated by independent expert. A nominal value (increase of nominal value) of share of shareholder of a company to be paid in such manner can not exceed an amount of monetary valuation of given contribution defined by independent expert.

At making non-monetary contributions to authorized capital of company, shareholders of company and independent expert shall bear a joint subsidiary liability for its obligations in the amount of overestimate of value of non-monetary contributions within three years from the moment of state registration of company or from corresponding amendments made to the charter of company, in case of insufficiency of property of company.

The charter of a company may establish types of property which can not be a contribution to the charter capital of company.

3. In case of termination of right to use property till expiration of period for which the property was handed over to company as a contribution to the capital, a shareholder of company, placing the property, shall provide to company by its request a monetary reimbursement equal to fee due for use of such property on such conditions for remained term of use. Reimbursement in cash shall be provided as a lump sum for the period from the moment of presentation by a company of requirements on its provision, if a decision of General meeting of shareholders of a company has not established a different procedure for providing reimbursement. Such decision shall be made by General meeting of shareholders of a company without taking into account the votes of shareholder of a company given a title to use a property as a contribution to the authorized capital of company, which was terminated prematurely.

4. A property handed over to a company for use as contribution to authorized capital by excluded or succeeded shareholder of a company shall be remained at its disposal for the term on which it was handed over if otherwise is not envisaged by constituent agreement.

Article 18. Procedure on making contribution to authorized capital during its foundation

1. Each founder of a company should fully make contribution to the authorized capital of company within the term defined by constituent agreement, which cannot exceed one year from the moment of state registration of a company. The value of contribution of each founder of a company should not be less than par value of its shares.

It shall not be allowed to release a founder of a company from obligation to make contribution to authorized capital of a company including by way of his claims setoff to company.

2. The authorized capital of company must be fully paid by its shareholders within one year from the date of its state registration. (Law No.656 dd.29.12.10).

Article 19. Increase of authorized capital of a company

1. An increase of authorized capital of a company shall be permitted only after its full payment.

2. An increase of authorized capital of a company may be carried out:

a) at the expense of property of a company;

b) at the expense of additional contributions of shareholders;

c) at the expense of contributions made by third parties received by a company.

Article 20. Increase of authorized capital for the account of its property

1. An increase of authorized capital of a company for the account of its property shall be made by decision of General meeting of shareholders approved by not less than two-thirds of votes of total number of votes of shareholders if greater number of votes for decision making is not envisaged in the charter of a company.

2. The amount of increase of authorized capital of a company shall not exceed a difference between the company's net assets value and sum of authorized capital and reserve fund of company.

3. At increasing authorized capital of a company in accordance with this article, a nominal value of shares of all shareholders increases in proportion to the nominal value of shares of all shareholders of a company without changing the amount of their shares.

Article 21. Increase of authorized capital of a company for account of additional contributions of its shareholders and contributions of third persons admitted to a company

1. The General meeting of shareholders of a company may make a decision on increase of authorized capital of a company for the account of additional contributions made by shareholders of a company approved by majority of votes not less than two thirds of total amount of votes if greater number of votes is not stipulated in the charter of a company. At

increase of authorized capital of a company at the expense of additional contributions made by all shareholders, it shall be defined a total value of additional contributions and also it shall be established a single ratio for all shareholders of a company between cost of additional contribution of a shareholder and amount of increase of nominal value of his share. The ratio shall be set on assumption that a nominal value of share of shareholder of a company may be increased to amount equal to or less than a value of his additional contribution.

Each shareholder has the right to make additional contribution not exceeding a part of total value of additional contributions being proportionally to amount of share of this shareholder in authorized capital of a company. Additional contributions may be made by shareholders of a company within two months from the date of approval of decision by General meeting of shareholders of a company if different term is not provided in the charter of a company or by decision of General meeting of shareholders.

The General meeting of shareholders of a company should make a decision on approval of results of making additional contributions of shareholders of a company not later than one month from the maturity date expiration of additional contributions made. The General meeting of shareholders of a company should make also a decision on amending constituent documents of a company in connection with increase of amount of authorized capital of a company and increase in nominal values of shares of shareholders of a company, which have made additional contributions and also amendment connected to change of amount of shareholders of a company. Thus a face-value of a share of each shareholder of a company, which has made an additional contribution, it increases according to indicated parity in the first paragraph of this clause.

Founders or authorized bodies of a company after approval of decision by the General meeting of shareholders of a company on adoption of results of additional contributions made by shareholders of a company to authorized capital according to established procedure shall provide an application on increase of authorized capital of a company to the body carrying out a state registration to include data to uniform state register of legal entities and individual entrepreneurs.
(Law No.656 dd.29.12.10)

In case of non-observance of terms established in third paragraph of the present part, an increase of authorized capital of a company shall be deemed as not taken place. (Law No.656 dd.29.12.10)

2. The General meeting of shareholders of a company can make a decision on increase of authorized capital on the basis of application of shareholder of a company (applications of shareholders of a company) on making additional contribution and (or), if it is not forbidden by charter of a company, by application of third party (application of third persons) on his admission to a company and making contribution. A decision-making procedure shall be defined by charter of a company.

In the application of a shareholder of company and application of third party it shall be indicated an amount and contribution structure, procedure and term of its making and also an amount of a share, which a shareholder of a company or a third party would intend

to make to authorized capital of company. Also other terms for making contribution and membership to a company may be indicated in the application.

Simultaneously with a decision on increase of authorized capital of a company on the basis of application of shareholder of a company (application of shareholders of a company) on making additional contribution by him there shall be approved amendments made to constituent documents of company in connection to the amount of authorized capital of a company and increase of face-value of a share of shareholder of a company (shareholders of a company), provided application on making additional contribution and if necessary also amendments related to amount of shares of shareholders of a company. Thus a nominal value of share of each shareholder of a company, which has provided an application for making additional contribution, increases for the amount that is equal or less than cost of his additional contribution.

Concurrently with a decision on increase of authorized capital of a company on the basis of application of third party (application of third parties) on (their) his admission to a company and making contribution it shall be approved a decision on amending constituent documents of a company in connection with admission of third persons (third parties) to a company, face-value and definition of amount of his shares (their share), increase of amount of authorized capital of a company and change of amount of shares of shareholders of a company. The face-value of a share got by every third person accepted to a company shall be equal or less than costs of its contribution.

The founders or authorized bodies of a company after approval of decision by General meeting of shareholders of a company on increase of authorized capital in the established procedure shall submit application to a body of state registration for inserting data to the uniform state register of legal entities and individual entrepreneurs. (Law No.656 dd. 29.12.10).

3. If it is not made an increase of authorized capital of a company, a company obliged in reasonable term to return to shareholders of a company and third parties, which have made contribution, their contributions. In case of a non-return of contributions within specified term a company shall pay interest in accordance with procedure and terms stipulated in the article 426 of the Civil Code of the Republic of Tajikistan.

A company shall be obliged to return their contributions to shareholders of a company and third parties in reasonable term. In case of a non-return of contributions for specified term it shall compensate lost benefit caused due to impossibility of using given property as contribution.

Article 22. Reduction of authorized capital of a company

1. A company has the right and it shall be obliged to reduce its authorized capital in cases provided by the present Law.

Reduction of authorized capital of a company can be carried out by reduction of face-value of shares of all shareholders of a company in the authorized capital of a company and (or) repayment of shares belonging to a company.

A company shall have no right to reduce an authorized capital beyond minimum amount of authorized capital established by the present Law. (Law No.656, dd.29.12.10).

Reduction of authorized capital of a company through reduction of nominal costs of shares of all shareholders of a company should be carried out with preservation of amount of shares of all shareholders of a company.

2. In case of incomplete payment of authorized capital of a company within one year from the date of its state registration, a company shall be obliged to declare a reduction of its authorized capital up to its actually paid amount and in the established procedure give application about this to the body which carries out a state registration for amending data to the uniform state register of legal entities and individual entrepreneurs or to make a decision on liquidation of a company. (Law No.656 dd.29.12.10).

3. If upon termination of second and each next fiscal year the net assets of a company will appear less than its authorized capital, a company shall be obliged to declare a reduction of authorized capital not exceeding a cost of its net assets and when due hereunder shall give application which is carrying out a state registration for inserting data to uniform state registration of legal entities and individual entrepreneurs or make a decision on liquidation of a company. (Law No.656 dd.29.12.10)

If upon termination of second and each next fiscal year, a cost of net assets of a company will appear less than minimum amount of authorized capital established by the present Law, a company shall be subject to liquidation. (Law No.656 dd.29.12.10)

The cost of net assets of a company shall be defined in a procedure established by the present Law and statutory acts published according to it.

4. A company shall be obliged to notify all creditors of a company known to it about reduction of authorized capital of a company in written form and about its new amount and also to publish in press organ in which data on state registration of legal entities are published, a notification on approved decision during thirty days from the date of decision-making on reduction of authorized capital. Thus creditors of a company have the right within thirty days from the date of a forwarding notice or within thirty days from the date of notice publication on approved decision in writing form to require an advanced termination or execution of corresponding obligations of a company and compensation of losses by it.

Point of second part 4 is excluded; (Law No.656 dd.29.12.10).

5. If in the cases provided by the present Article, a company in reasonable term will not make a decision on reduction of authorized capital or its liquidation, creditors have the right to demand from a company to terminate prescheduled obligations of a company and compensation of losses by it.

6. Founders or authorized bodies of a company when due hereunder shall give an application for reduction of authorized capital of a company to a body carrying out state registration for inserting data to the Uniform state register of legal entities and individual entrepreneurs after approval by General meeting of shareholders of a company of the decision on such reduction or decision on company liquidation. (Law No.656 dd.29.12.10)

Article 23. Assignment of share (a part of share) of shareholder of a company in the authorized capital of company to other shareholders of a company and to third parties

1. The shareholder of a company has the right to sell or concede otherwise a share in the authorized capital of a company or its part to one or several given company or to third parties in procedure established by the charter of a company.

2.The share of a shareholder of a company can be alienated before its full payment only in part, which is already paid.

3. Shareholder of a company shall use a right of priority purchase of share (part of a share) of a company by price offered to third party proportionally to amount of their shares if charter of a company or agreement of shareholders of a company does not stipulate other procedure of granted right.

The charter of a company can provide a priority right on share acquisition (share part), sold by its shareholder if other shareholders of a company did not use a priority right for purchase of a share (share's part).

The shareholder of a company intended to sell his share (share's part) to third person shall be obliged to inform in written form other shareholders of a company and a company with instructions of price and other terms of its sale. In case if shareholders of a company or a company do not use the right of priority for purchase of all share (all part of share), offered for sale, within one month from the date of receiving such notice, a share (share's part) can be sold to third party for price on terms informed to a company and its shareholders, if other term is not provided by charter of a company or agreement of shareholders of a company.

At sale of a share (share's part) with infringement of the right of priority purchase, any shareholder of a company or a company if charter of a company provides a right of priority of a company for acquisition of share (part of share), has the right within three months since the moment when shareholders or a company learned about such infringement or should learn about it, they shall be entitled to demand in court procedure to transfer rights and obligations of the buyer to them. A concession of given right of priority shall not be supposed.

4. A charter of a company shall provide a necessity to receive consent of a company or other shareholders of a company to concession of share (part of share) of shareholder of a company to third parties other than sale.

5. A concession of share (part of share) in the authorized capital of a company should be made in simple written form if requirement on its fulfillment in notary form is not provided by charter of a company. The non-observance of share concession (part of share) in authorized capital of a company, established by this paragraph or by charter of a company, shall be subject to its invalidity.

A company shall be notified in writing about held concession of a share (share's part) in authorized capital of a company with representation of proof of such concession. The purchaser of a share (share's part) in the authorized capital of a company shall execute rights and performs duties of shareholder of a company from the moment of the notice on mentioned concession.

A purchaser of share (part of share) in authorized capital of a company shall receive all rights and duties of shareholder of company which have arisen before concession of specified share (part of share) except for the rights and duties provided accordingly in the subparagraph 2 of the Article 9 and subparagraph 2 of the Article 10 of the present Law. A

shareholder of a company who have conceded his share (share part) in the authorized capital of a company, shall be responsible to make contribution of property arisen before a concession of mentioned share (a part of share), jointly with its purchaser.

6. Shares in the authorized capital of a company shall be transferred to assignees of legal entities being shareholders of a company.

In case of liquidation of legal entity, a share belonging to him remained after settlements with its creditors, shall be distributed among shareholders of liquidated legal entity if other is not provided by laws, other statutory acts or constituent documents of liquidated legal entity.

The charter of a company can provide that transition and distribution of shares established by paragraphs 1 and 2 of the Article shall be allowed only with consent of other shareholders of a company.

7. If charter of a company provides a necessity to receive consent of shareholders of a company to concession of a share (part of share) in the authorized capital of a company to shareholders of a company or to third parties, its transition to successors or to assignees or share distribution between shareholders of liquidated legal entity, such consent is considered received if it is received during thirty days from the moment of applying to shareholders of a company or during other term of receiving written approval of all shareholders of a company provided in charter or if it is not received written refusal of consent from any shareholder of a company.

If charter of a company provides a necessity to receive consent of a company to a share concession (share part) in the authorized capital of company, shareholders of a company or third parties, such consent shall be considered received if within thirty days from the moment of applying to shareholders of a company or during other term set by the charter, a written consent of a company is received or if it is not received a written refusal of a company.

8. At sale of share (part of share) in the authorized capital of a company on public auctions in the cases provided by the present law or other laws, a purchaser of mentioned share (part of share) shall be considered as shareholder of a company irrespective of consent of a company or its shareholders.

Article 24. Succession of share in the authorized capital

A share of shareholder of a company shall be transferred to his successors. Transfer of share of successors and its distribution between several successors shall be made in conformity with the Civil Code of the Republic of Tajikistan.

Article 25. Pledge of shares in the authorized capital of a company

A shareholder of a company has the right to put in pawn his share (part of share) in authorized capital of a company to other shareholder of a company or if it is not forbidden by charter of company to the third party with consent of a company and according to the decision of General meeting of shareholders of a company approved by the majority of votes of all shareholders of a company if a necessity of greater number of votes for decision making is not provided by charter of a company. A vote of shareholder of a company who

intended to put in pawn his share (a part of share) shall not be considered at counting results of voting.

Article 26. Acquisition of share by a company (parts of share) in the authorized capital

1. A company shall no right to get a share (parts of share) in the authorized capital, except for the cases provided by the present Law.

2. If it is forbidden by charter of a company to assign (parts of share) a share of shareholder of a company to third parties and other shareholders of a company refuse an acquisition and also refuse to concession (share's part) of share to shareholder of a company or third party, if a requirement to receive such consent is provided by charter of a company, the company shall be obliged by demand of shareholder to obtain a share of the shareholder of a company (share's part). Thus, a company shall be obliged to pay to shareholder of a company a valid cost of this share (part of share), which is defined on the basis of given data of accounting reports of a company for last accounting period for previous day of applying of shareholder of a company with such request or with a consent of shareholder of a company to give him out it in nature property of the same cost.

3. A share of shareholder of a company who has not made contribution in full amount to authorized capital at establishment of a company in time and also a share of shareholder of a company who has not given in time monetary or other indemnification provided in the paragraph 3 of the Article 17 of the present Law shall be transferred to a company. Thus a company shall be obliged to pay to shareholder of a company a valid cost of part of his share, proportional to a part contributed by him to authorized capital or with consent of shareholder of a company to give him out in nature a property for the same cost. The valid cost of part of a share shall be defined on the basis of data of accounting reports of a company for last accounting period before the expiration date of making contribution or granting indemnification.

A charter of a company may provide that a part of share shall be transferred to a company proportionally to non-paid part of contribution or to amount (cost) of indemnification.

4. A share of shareholder of a company excluded from a company shall be transferred to a company. Thus a company shall be obliged to pay to an excluded shareholder of a company the valid cost of its share, which is defined according to the accounting report for last accounting period before the validity date of decision of court or with consent of excluded shareholder of a company to given him out it in nature of property for the same cost.

5. If shareholder of a company refuses to transfer or to distribute shares and in cases provided by paragraph 6 of the Article 23 of the present Law, if such consent is required according to the charter of a company, a share shall be transferred to a company. Thus a company shall be obliged to pay to assignees of reorganized legal entity (shareholder of a company) or to shareholders of liquidated legal entity (shareholder of a company) a valid cost of a share set on the basis of data of accounting report of a company for the last accounting period before reorganization or liquidation or from their consent to give them out property in nature of the same cost.

6. In case of payment of a valid cost of share (part of share) of shareholder by a company according to the Article 28 of the present Law, by claim of his creditors, a part of share, which valid cost have not been paid by other shareholders of a company, shall be transferred to a company and remained part of share shall be distributed between shareholders of a company proportionally to payment made by them.

7. A share (part of share) shall be transferred to a company from the moment of presentation by shareholder of a claim on its acquisition by a company or expiration date of contribution or indemnification granting or putting into force the court decisions on exclusion of shareholder from a company or reception from any shareholder of a company of refusal on consent to assignment of share to assignees of legal entities who were shareholders of a company or on its distribution between shareholders of liquidated legal entity (shareholder of a company) or payment by a company of valid cost of a share (part of share) of shareholder by claim of his creditors.

8. A company shall be obliged to pay a valid cost of a share (part of share) or to give out a property in nature of the same cost within one year since the moment of transfer of share to a company (part of share) if a shorter term is not provided in the charter. The valid cost of a share (share part) is paid for the account of difference between cost of net assets of a company and amount of its authorized capital. If such difference is not enough, a company shall be obliged to reduce an authorized capital up to shortfall amount.

Article 27. Shares belonging to a company

Shares belonging to a company shall not be considered at counting of voting results on General meeting of shareholders of a company and also at distribution of profit and property of a company in case of its liquidation.

Share belonging to a company within one year from the date of its transfer to a company should be distributed by decision of General meeting of shareholders of a company between all participants of a company proportionally to their shares in the authorized capital of company or sold to all or some shareholders of a company and if it is not forbidden by charter of company to third parties and completely paid. An unallocated or unsold part of share should be repaid with corresponding reduction of authorized capital of a company. A sale of a share to shareholders of a company which results in change of amount of shareholders, sale of share to third parties and also amendments made in constituent documents of a company connected with share sale carried out by decision of General meeting of shareholders of company approved by all shareholders unanimously. The paragraph 3 has been excluded. (Law NO.656 dd.29.12.10).

Article 28. Appeal on collection of share (part of share) of shareholder of a company in the authorized capital of a company

1. An appeal on claim of creditors on collection of share (part of share) in the authorized capital of a company on debts of shareholder of a company shall be allowed only on the basis of court decision while insufficiency of cover of debts of other property of shareholder of a company.

2. In case of appeal on collection of share (part of share) in the authorized capital of a company on debts of shareholder, a company shall have the right to pay

to creditors a valid cost of share (part of share) of shareholder of a company. The valid cost of a share (part of share) of a company in authorized capital of a society shall be defined on the basis of data of accounting balance sheet of a company for last accounting period preceding to the date of submission of the claim to a company on charge to be imposed on a share (a share part) of shareholder of a company on its debts.

3. If within three months from the moment of a claim presentation by Creditors, a company or its shareholders will not pay a valid cost of entire share (all part of a share) of shareholder of a company on which a claim is applied, a charge on share (share's part) of shareholder of a company shall be paid out from its sale on public auctions.

Article 29. A secession of shareholder of a company from a company

1. A shareholder of a company has the right to leave a company at any time irrespective of consent of other shareholders or a company.

2. In case of a secession of shareholder from a company his share shall be passed to a company from the moment of filing of application on secession from a company. At the same time, a company shall be obliged to pay to shareholder of a company who have presented an application for secession from a company, a valid cost of its share set on the basis of data of accounting report of a company for one year during which an application for secession from a company has been submitted or with the consent of shareholder of a company to give out to him a property in nature of the same cost, and in case of incomplete payment of its contribution to authorized capital of a company, a valid cost of a part of his share, proportionally to paid part of contribution.

3. A company shall be obliged to pay to shareholder of a company who has presented an application on secession from a company, a valid cost of its share or to give out a property in nature of the same cost within six months from the moment of the termination of reporting year during which an application of secession from a company has been submitted if fewer term is not provided by the charter of a company. The valid cost of a share of shareholder of a company shall be paid for the account of difference between cost of net assets of a company and amount of authorized capital of a company. In case if such difference is not sufficient for payment of valid cost of share to shareholder of a company who has submitted an application for secession from a company, a company shall be obliged to reduce its authorized capital for lack amount.

4. A secession of shareholder of a company from a company does not release him from a duty before a company on making contribution to property of a company, arisen before giving application for secession from a company.

CHAPTER 4. PROPERTY OF A COMPANY

Article 30. Formation of property of a company

1. The property of a company shall be formed out at the expense of contributions of its founders (shareholders), incomes received by a company and also other sources not forbidden by the legislation.

2. A company has the right in order and amounts provided by the legislation or constituent documents of a company to form a reserve capital and other funds.

3. The property of a company shall be considered on its balance.

Article 31. Contributions to property of a company

1. Shareholders of a company shall be obliged, on decision of General meeting of shareholders of a company to make contributions to property if it is provided by the charter of a company. The decision of General meeting of shareholders of a company on making contributions to property of a company can be made by not less than two thirds of votes of total number of shareholders of a company, if necessity of greater number for approval of such decision is not provided by a company's charter.

2. Shareholders of a company shall be obliged to make contributions to property of a company proportionally to their shares in authorized capital if other procedure for definition of reserves of contributions to property of a company is not provided by charter of a company.

The charter of a company shall set a maximum cost of contributions to be made to property of a company by all or certain shareholders of a company, also other restrictions connected with contributions to property of a company can be imposed. The restrictions connected with making contributions to property of a company established for certain shareholder of a company, in case of alienation of his share (share part) concerning purchaser of a share (part of share) shall not be imposed.

3. Contributions to be made to property of a company shall be in form of money if other is not provided by the charter of a company or decision of General meeting of shareholders of a company.

4. Contributions to property of a company do not change amounts and nominal cost of shares of shareholders of a company to authorized capital of a company.

Article 32. Distribution of profit of a company among shareholders of a company

1. A company shall have the right to distribute a net profit among its shareholders. The decision on definition of a part of profit of a company distributed among shareholders of a company shall be made by General meeting of shareholders of a company.

2. A part of profit of a company, intended for distribution among its shareholders shall be distributed proportionally to their shares in the authorized capital of a company.

Other procedure on distribution of profit among shareholders of a company can be set in charter of a company at its approval or by amending a charter of a company on decision of General meeting of shareholders of a company approved by all shareholders of a company unanimously.

Article 33. Limits of profit distribution of a company among shareholders of a company

Limits of payment of profit of a company to shareholders of a company

1. A company shall have no right to make a decision on distribution of profit among shareholders of company:

- Before full payment of entire authorized capital of a company;
- Before payment of valid cost of a share (part of share) of shareholder of a company in the cases provided by the present Law;

- If at the moment of making such decision a company has signs of insolvency (bankruptcy) according to the Law of the Republic of Tajikistan «On bankruptcy of enterprises» or if a company has mentioned signs in the result of approval of such decision;

- If at the moment of making such decision a cost of net assets of a company is less than its authorized capital and reserve fund or their amount become less in the result of such decision;

- In other cases provided by laws of the Republic of Tajikistan.

2. A company shall have no right to pay profit to shareholders of a company, a decision on distribution of which among shareholders of a company is approved:

- If at the moment of payment a company has bankruptcy signs in conformity with the Law of the Republic of Tajikistan «On bankruptcy of enterprises» or if a company has indicated signs in the result of payment;

- If at the moment of payment, cost of net assets of a company is less than its authorized capital and reserve fund or it becomes less than their amount as a result of payments;

- In other cases provided by the legislation of the Republic of Tajikistan.

Upon termination of circumstances indicated in this paragraph, a company shall be obliged to pay profit to shareholders of a company, a decision on distribution of which among shareholders of a company is made.

Article 34. Placement of bonds

1. A company shall have the right to place bonds and other emission securities in accordance with a procedure established by the legislation on securities.

2. A company shall have the right to place bonds for the amount, which is not exceeding an amount of its authorized capital or amount of security given to a company for these purposes by third parties after full payment of authorized capital.

3. In case of lack of security provided to a company by third parties for purpose of guaranteeing of obligations to owners of bonds, a placement by a company of bonds shall be permitted not earlier than the third year of existence of a company subject to respective approval by this time of two annual balances of a company.

CHAPTER 5. MANAGEMENT OF A COMPANY

Article 35. Bodies of a company

1. Bodies of a company are:

a) General meeting of a company, which is its supreme body;

b) An executive office of a company consisting of individual and joint bodies.

2. The charter of a company can establish a board of directors (supervisory board) and auditor committee (auditor).

3. The competence of bodies of a company and also a procedure of decision-making or representation on behalf of a company shall be defined by the present Law and charter of a company.

Article 36. General meeting of shareholders of a company

1. The supreme body of a company shall be the General meeting of shareholders of a company.

All shareholders of a company shall have the right to be present in the General meeting, to take part in discussion of issues of agenda and to vote at decision-making.

Regulations of constituent documents of a company or decisions of bodies of a company limiting specified rights of participants of a company shall be void.

Each shareholder of a company has in the General meeting of shareholders of a company, vote's amount proportional to its share in the authorized capital of a company, for exception of cases provided by the present Law.

The charter of a company at its establishment or by amending a charter of a company on decision of the General meeting of shareholders of a company approved by all shareholders of a company, other procedure of votes count of shareholders of a company can be established.

2. The change and exception of regulations of charter of a company, establishing such procedure shall be made out by decision of the General meeting of shareholders of a company approved by all shareholders of a company unanimously.

Article 37. Competence of the General meeting of shareholders of a company

1. The competence of the General meeting of shareholders of a company shall be defined by the charter of a company in accordance with the present Law.

2. Exclusive authorities of the General meeting of shareholders of a company shall consist of:

1) Identification of main directions of activity of a company and also decision-making on participation in associations and other integrations of commercial institutions;

2) Change of charter of a company including amending amount of authorized capital of a company;

3) Changes in constituent agreement;

4) Formation of executive powers of a company and their early termination of the powers and also decision-making on delegation of powers of sole executive body of a company of commercial institution or individual entrepreneur (further - managing director), appointment of managing director and terms and conditions of agreement with him;

5) Selection and early termination of powers of Audit Committee (Auditor) of a company;

6) Approval of annual reports and annual balance sheets;

7) Decision-making on distribution of net profit of a company among shareholders of a company;

8) Approval (adoption) of documents regulating internal activity of a company (internal regulations of a company);

9) Decision-making on placement of bonds and other equity securities;

10) Appointment of audit inspection, approval of auditor and definition of remuneration for his services;

11) Decision-making on reorganization or liquidation of a company;

12) Appointment of Liquidation Commission and approval of liquidating balances;

13) Settlement of other issues provided by the present Law.

The issues being within exclusive competence of the General meeting of shareholders of a company can not be transferred by them for decision-making of Board of Directors of a company (supervisory board) except for the cases provided by the Law and also for decision-making of executive bodies of a company.

Article 38. Next General meeting of shareholders of a company

1. The next General meeting of shareholders of a company shall be convoked by the executive body of a company in terms defined by the charter of a company but no less frequently than once a year.

2. The charter of a company shall define a term of the next General meeting of shareholders of a company on which the annual results of activity of a company are approved. The General meeting of shareholders of a company shall be held not later than in three months after termination of fiscal year.

Article 39. Extraordinary General meeting of shareholders of a company

1. The extraordinary General meeting of shareholders of a company shall be held in cases defined by the charter of a company and also in any other cases if conducting of such General meeting is required for benefits of a company and its shareholders.

2. The extraordinary General meeting of shareholders of a company shall be convoked by the initiative of an executive office of a company on request of Board of Directors (Supervisory Board) of a company, Audit Committee (auditor) of a company, auditor and also shareholders of a company possessing in aggregate not less than one tenth votes of total votes of shareholders of a company.

The Executive body of a company shall be obliged within five days from the date of receiving request on conducting extraordinary General meeting of shareholders of a company, to consider the given request and to make a decision on conducting of extraordinary General meeting of shareholders of a company or refusal in its arrangement. The decision on refusal in conducting of extraordinary General meeting of shareholders of a company can be made by the Executive body of a company only in case:

- If the procedure of presentation of request on conducting extraordinary General meeting of shareholders of a company established by the present Law is not observed;

- If any of the issues provided for inclusion to the agenda of extraordinary General meeting of shareholders of a company does not concern to it competence or does not conform to requirements of laws of the Republic of Tajikistan.

An Executive body shall have no right to make change to formulations of issues suggested for inclusion to the agenda of the extraordinary General meeting of shareholders of a company and also to change the offered form of conducting extraordinary General meeting of shareholders of a company.

Along with issues suggested for inclusion to the agenda of extraordinary General meeting of shareholders of a company, the Executive body of a company on its own initiative shall have the right to include in additional issues.

3. In case of decision-making on conducting of extraordinary General meeting of shareholders of a company shall be held not later than forty five days from the date of receiving request on its arrangement.

2. If during the term set in the Law it is not approved a decision on conducting of extraordinary General meeting of shareholders or it is made a decision on refusal in its conducting, the extraordinary General meeting can be called by bodies or persons requiring its conducting.

3. In this case the Executive body shall be obliged to present to above mentioned bodies or persons the list of shareholders of a company with their addresses.

The expenses on preparation, convocation and conducting of such General meeting can be compensated on decision of the General meeting of shareholders of a company at the expense of funds of a company.

Article 40. Procedure of convocation of the General meeting of shareholders of a company

1. Body or persons convoking General meeting of shareholders of a company shall be obliged not later than then thirty days before its conducting to notify all shareholders of a company by certified mail on the address specified in the list of shareholders of a company or by different way provided by the charter of a company.

2. A notification shall contain time and location of the General meeting of shareholders of a company and also offered agenda. Any shareholder of a company has the right to make suggestions on inclusion of additional issues in the agenda of General meeting of shareholders of a company not later than fifteen days before its conducting. Additional issues shall be included to the agenda of the General meeting of shareholders of a company. The body or persons convoking the General meeting of shareholders of a company has no right to change formulation of additional issues suggested for inclusion to the agenda of the General meeting of shareholders of a company.

In case if the initial agenda of the General meeting of shareholders of a company changes, a body or persons convoking the General meeting of shareholders of a company shall be obliged not later than 10 days before its conducting to notify all shareholders of a company on changes to be made to the agenda by the way specified in paragraph 1 of the article.

3. The information and materials, which are subject to representation to shareholders of a company at preparation of the General meeting of shareholders of a company shall be an annual report of a company, conclusions of Audit committee (auditor) of a company and auditor on results of inspection of annual reports and annual balance sheets of a company, data on candidate (candidates) to be appointed to Executive bodies of a company, Board of directors (Council) of a company and Audit committee (auditors) of a company, drafts of changes and additions to be made in constituent documents of a company or drafts of constituent documents of a company in new wording, drafts of internal documents of a company and also other information (materials) provided by the charter of a company.

If other procedure of acquaintance of shareholders of a company with information and materials is not provided by the charter of a company, body or persons convoking the General meeting of shareholders of a company shall be obliged to direct them information

and materials together with the notification on conducting General meeting of shareholders of a company and if an agenda changes, corresponding materials together with notification on such changes. Specified information and materials within thirty days before conducting General meeting of shareholders of a company shall be delivered to all shareholders of a company for acquaintance in premises of Executive body of a company. The company shall be obliged on request of a shareholder of a company to give him a copy of mentioned documents. The charge paid by a company for providing copies of data cannot exceed expenses paid for their manufacturing.

4. In case of infringement of the procedure of convocation of the General meeting of shareholders of a company established by the Article, such General meeting shall be recognized as competent if all shareholders of a company attend it.

Article 41. Procedure of conducting General meeting of shareholders of a company

1. The General meeting of shareholders of a company shall be held according to procedure established by the Law, charter of a company and its internal documents. In part, not settled by the Law, charter of a company and internal documents of a company, a procedure of conducting of the General meeting of shareholders of a company shall be established by the decision of the General meeting of shareholders of a company.

2. Before opening of the General meeting of shareholders of a company it is made registration of attending shareholders of a company. Shareholders of a company shall have the right to take part in the General meeting personally or through their representatives. Representatives of shareholders of a company shall show documents confirming their appropriate authorities. Non-registered shareholder of a company (representative of a shareholder of a company) shall have no right to take part in voting.

3. The General meeting of shareholders of a company shall be opened by a person who is carrying out functions of chief executive officer of a company or person heading joint executive body of a company. The General meeting of shareholders of a company called by Board of Directors (Supervisory Board) of a company, Audit Committee (auditor) of a company, Auditor or shareholders of a company, Chairman of Board of Directors, shall be opened by chairman of Board of Directors (Supervisory Board), chairman of Audit Committee (auditor) of a company, Auditor or one of shareholders of a company, who have called the General meeting.

4. The General meeting of shareholders of a company shall have the right to make a decision only on issues of the agenda informed to shareholders of a company according to paragraph 1 and paragraph 2 of the article 40 of the Law except for cases if all shareholders of a company attend the General meeting.

5. The decisions on issues mentioned in subparagraph 2 of paragraph 2 of the article 37 of the Law and also decisions on other issues defined by the charter of a company shall be made by not less than two thirds of votes of total votes of all shareholders of a company if a greater number of votes is required for approval of such decision is not provided by the present Law or charter of a company.

The decisions on issues indicated in subparagraphs 3 and 11 of paragraph 2 of the article 37 of the Law shall be approved by all shareholders of a company unanimously.

Other decisions shall be approved by the majority of votes of total number of votes of shareholders of a company, if a greater number of votes for approval of such decision are not required by the Law or charter of a company.

6. The decisions of the General meeting of shareholders of a company shall be approved by open voting if other procedure of decision-making is not envisaged by the charter of a company.

Article 42. Decision of the General meeting of shareholders of a company made by correspondence voting (letter ballot)

1. The decision of General meeting of shareholders of a company can be approved without conducting of meeting (joint attendance of shareholders of a company for discussion of issues of the agenda and decision-making on issues put on voting) by arrangement of correspondence voting (letter ballot). Such voting can be held by the exchange of documents through communication means such as post, cable, teletype, telephone, e-mail or other facilities ensuring authenticity of sent and received messages and their documentary acknowledgement.

The decision of the General meeting of shareholders of a company on issues specified in subparagraph 6 of paragraph 2 of the Article 37 of the Law can not be approved through correspondence voting (letter ballot).

2. It shall not be applied to paragraphs 2, 3 and 4 of the Article 41 of the Law and also provisions of paragraphs 1, 2 and 3 of the Article 40 of the Law at decision-making of the General meeting of shareholders of a company by correspondence voting (letter ballot) in part of terms established by them.

3. The procedure of correspondence voting shall be defined by internal document of a company, which should ensure a necessity of informing all shareholders of a company of suggested agenda, access of all shareholders of a company before starting of voting to required information and materials, availability of opportunity on inclusion of additional issues to the agenda, necessity of notifying of all shareholders of a company of changed agenda before start of voting and also before deadline of voting procedure.

Article 43. Decision-making on issues of competence of the General meeting of shareholders of a company, by a sole shareholder of a company

In a company consisting of one shareholder, decisions on issues within the competence of the General meeting of shareholders of a company shall be made by a sole shareholder of a company individually and made out in writing. At the same time provisions of the Articles 38, 39, 40, 41, 42 and 47 of the Law shall not be applied for exception of provisions on terms of carrying out annual General Meetings of shareholders of a company.

Article 44. Executive body of a company

1. The management of current activity of a company shall be carried out by individual executive body of a company or joint executive body of a company. Executive

bodies of a company are accountable to the General meeting of shareholders of a company and to the Board of Directors (Supervisory Board) of a company.

2. Transfer of a vote of a member of the Board of Directors (Supervisory Board) of a company to member of a joint collegial executive body of a company, other person, including other members of the Board of Directors (Supervisory Board) of a company, other members of joint executive body of a company shall not be allowed.

Article 45. One–man executive body of a company

1. One man executive body of a company (Director General or Director) shall be selected by the General meeting of shareholders of a company for the term defined by the charter of a company. A one-man executive body of a company also can be selected among from its shareholders. The contract between a company and person who is carrying out functions of chief executive office shall be signed on behalf of a company by a person presiding over the General meeting of shareholders of a company, on which a person who is carrying out functions of an individual executive office is selected or by a shareholder of a company, authorized by decision of the General meeting of shareholders of a company.

2. Only a physical person can act as a one-man executive body of a company except for a case provided by the Article 46 of the Law.

3. One-man executive body of a company:

1) shall act without the power of attorney on behalf of a company and also represents its interests and makes transactions;

2) issues a power of attorney on titles of representation on behalf of a company including power of attorney with power of substitution;

3) issues orders on appointment of staff to positions of a company, on their movement and dismissal, applies measures of encouragement and imposes disciplinary charges;

4) carries out other powers which have been not assigned by the Law or charter of a company within a competence of the General meeting of shareholders of a company, Board of Directors (Supervisory Board) of a company and collegial executive body of a company.

4. A procedure of activity of one-man executive body of a company and approval of decisions by it shall be established by the charter of a company, internal documents of a company and also by contract signed between a company and a person who is carrying out functions of its individual executive officer.

Article 46. Collegial executive body

1. If the charter of a company provides formation along with the one-man executive body and also a joint executive body of a company (board, management and others), such body is selected by the General Meeting of shareholders of a company in quantity and for term defined by charter of a company. Only a physical person can be a member of joint executive body of a company who may not be a shareholder of a company. The joint executive body of a company carries out powers defined by a charter of a company to its competence. The functions of chairman of a joint executive body of a company shall be carried out by a person who is carrying out functions of one-man executive body of a company except for cases if powers of one-man executive body are transferred to governor of a company.

2. A member of collegial executive body of a company can be at the same time a member of audit committee (auditor) of a company.

3. A procedure of activity of collegial executive body of a company and approval of decision by it shall be established by the charter of a company and internal documents of a company.

Article 47. Transfer of powers of a one-man executive body of a company to governor of a company

A company shall have the right to transfer powers of its one-man executive body by contract to governor if such opportunity directly is provided by the charter of a company.

The contract with governor shall be signed on behalf of a company by a person, chairing the General meeting of shareholders of a company, approved provisions of a contract with a governor shareholders of a company authorized by decision of the General meeting of shareholders of a company.

Article 48. Board of Directors (Supervisory Board) of a company

1. The Board of Directors can be established according to the charter of a company (Supervisory Board).

Term of reference of the Board of Directors (Supervisory Board) of a company shall be defined by charter of a company according to the Law.

2. A procedure of formation and activity of the Board of Directors (Supervisory Board) and also a procedure of termination of powers of members of the Board of Directors (Supervisory Board) members of a company shall be defined by the charter of a company. Members of collegial executive body of a company can not make more than one fourth of membership of the Board of Directors (Supervisory Board) of a company. The person who is carrying out functions of a one-man executive body of a company can not be at the same time the chairman of Board of Directors (Supervisory Board) of a company.

3. Members of the Board of Directors (Supervisory Board) of a company, a person carrying out functions of a one-man executive body of a company and members of collegial executive body of a company, who are not shareholders of a company, can participate in the General meeting of shareholders of a company with consultative voting right.

Article 49. Appeal of decisions of management bodies of a company

1. A decision of the General meeting of shareholders of a company approved with infringement of requirements of the Law, other legal acts of the Republic of Tajikistan, charter of a company both breaking rights and legitimate interests of a shareholder of a company can be nullified by court on application of shareholder of a company not participating in voting or voting against the approved decision. Such application can be submitted within two months from the date when shareholder of a company has learnt or should learn on approved decision. In the case if a shareholder of a company takes part in the General meeting of shareholders of a company, approved appealed decision, an above mentioned application can be submitted in two months from the date of approval of such decision.

2. The court has the right to uphold appealed decision taking into account all circumstances of the matter if voting of shareholder of a company, which has submitted an application, could not affect the results of voting, admitted infringements are not essential and decision has not entailed causing of losses to the given shareholder of a company.

3. The decision of the Board of Directors (Supervisory Board) of a company, one-man executive body of a company, collegial executive body of a company or governor, approved with infringement of requirements of the present Law, other legal acts of the Republic of Tajikistan, charter of a company both breaking rights and legitimate interests of shareholder of a company can be nullified by court on application of this shareholder of a company.

Article 50. Responsibility of members of the Board of Directors (Supervisory Board) of a company, one-man executive body of a company, members of collegial executive body of a company and governor

1. Members of the Board of Directors (Supervisory Board) of a company, one-man executive body of a company, members of collegial executive body of a company and equally operating governor at execution of rights and discharge of duties should operate for the favor of a company honesty and reasonably.

2. Members of the Board of Directors (Supervisory Board) of a company, one-man executive body of a company, members of collegial executive body of a company equally operating shall bear responsibility for losses caused to a company due to their actions (inactivity) if the bases and amount of responsibility are not established by other laws. Thus, members of the Board of Directors (Supervisory Board) of a company, members of collegial executive body of a company voting against the decision, which has entailed causing to losses of a company or not attending voting, shall not bear any responsibility.

3. At definition of bases and scope of responsibility of members of the Board of Directors (Supervisory Board) of a company, one-man executive body of a company, members of collegial body of a company and governor, usual conditions of business turnover and other circumstances, which are important for business should be taken into consideration.

4. If according to provisions of the article, a responsibility is born by some persons, they shall bear joint responsibility to company.

5. A company or its shareholder shall have the right to appeal to the court with claim on indemnification of damages caused to a company by a member of the Board of Directors (Supervisory Board) of a company, one-man executive body of a company, member of joint executive body of a company or governor.

Article 51. Audit Commission (auditor) of a company

1. The charter of a company can envisage an establishment of audit commission (election of auditor) of a company. In companies having more of fifteen participants, an establishment of audit commission (election of auditor) is obligatory. The person who is not a shareholder of a company can also be a member of an audit commission (auditor) of a company. Functions of audit commission (auditor) of a company if it is provided by the charter of a company, can be carried out by auditor approved by the General meeting of

shareholders who has not connected to a company with property interests, with a person who is carrying out functions of one-man executive body of a company, members of joint executive body of a company and shareholders of a company.

Members of the Board of Directors (Supervisory Board) of a company, person carrying out functions of a single executive body of a company and members of joint executive body of a company can not be members of an audit commission (auditor) of a company.

2. The audit commission (auditor) of a company shall be selected by the General meeting of shareholders of a company for the term defined by the charter of a company. The number of members of an audit commission of a company shall be defined by the charter of a company.

3. The audit commission (auditor) of a company shall have the right to hold inspections of financial and economic activity of a company at any time and to have access to all documentation concerning activity of a company.

On request of an audit commission (auditor) of a company, members of the Board of Directors (Supervisory Board) of a company, person carrying out functions of one-man executive body of a company, members of joint executive body of a company and also workers of a company shall be obliged to give necessary explanations in oral or written form.

4. The audit commission (auditor) of a company without fail inspects annual reports and balance sheets of a company before their approval by the General meeting of shareholders of a company. The General meeting of shareholders of a company shall have no right to approve annual reports and balance sheets of a company in the absence of conclusions of audit commission (auditor) of a company.

5. The procedure of work of the audit commission (auditor) of a company shall be defined by the charter and internal documents of a company.

6. The article shall be applied in case if formation of the audit commission of a company or election of auditor of a company is provided by the charter of a company or it is obligatory according to the Law.

7. Members of the Board of Directors (Supervisory Board) of a company, a person carrying out functions of one-man executive body of a company and members of a joint executive body of a company shall no not be members of audit commission (auditor) of a company.

Article 52. Benefit in performance of transactions of a company

1. Transactions in implementation of which there is a benefit of a member of the Board of Directors (Supervisory Board) of a company, a person carrying out functions of one-man executive body of a company, member of joint executive body of a company or benefit of shareholder of a company having together with his affiliated persons 20% and more percent of votes of total votes of shareholders of a company can not be effected without consent of the General meeting of shareholders of a company.

The above mentioned persons shall be admitted as benefited in transaction of a company if they, their spouses, parents, children, brothers, sisters and their affiliated persons:

- are the party of transaction or act in the favor of third parties in their relations with a company;

- hold (everyone or in aggregate) 20% and more (shares, stakes) of a legal person being the party of the transaction or acting in benefit of third parties in their relationship with a company;

- hold positions in the governing bodies of a legal person being the party of transaction or acting in benefits of third parties in their relationship with a company;

- In other cases defined by the charter of a company.

2. The persons indicated in the paragraph 1 of the Article shall inform the General meeting of shareholders of a company about the following:

- on legal entities in whom they, their spouses, parents, children, brothers, sisters and their affiliated persons own 20% and more shares (stakes, shares);

- on legal entities in whom they, their spouses, parents, children, brothers, sisters and their affiliated entities hold positions in governing bodies;

- on transactions effected or to be effected known for it in which implementation they could be recognized as benefited.

3. The decision on fulfillment by a company of transaction where there is a benefit of a party shall be approved by the General meeting of shareholders of a company on the majority of votes of total votes of shareholders of a company not benefited in its fulfillment.

4. Transaction in which fulfillment there is a benefit does not require a decision of the General meeting of shareholders of a company provided by the paragraph 3 of the Article, in cases if the transaction is effected in the course of usual economic activities between a company and other party, which was taking place occurred to the moment when a person interested in fulfillment of the transaction is recognized as a party according to the paragraph 1 of the Article (decision shall not be required till the date of conducting of the next General meeting of shareholders of a company).

5. Transaction in which fulfillment there is a benefit and which is implemented with infringement of requirements provided by the Article can be recognized as void on claim of a company or its shareholder.

6. The present article is not applied to companies consisting of one participant who simultaneously carries out functions of one-man executive body of the given company.

7. In case of formation in a company of the Board of Directors (Supervisory Board), a decision-making on fulfillment of transactions in which fulfillment there is a benefit can be assign by the charter of a company to its competence, except for cases if payment of amount on transaction or cost of the property, which is subject of transaction, exceeds 2% of cost of property of a company determined on the base of accounting for last reporting year.

Article 53. Large transactions

1. The large transaction is a transaction or some interconnected transactions connected with acquisition, alienation or possible alienation of a company directly or indirectly property, which cost makes more 25% of the cost of property of a company defined on the basis of data of accounting for the last reporting period preceding the day of decision-making on fulfillment of such transactions if charter of a company does not set

higher amount of large transaction. Large transactions are not transactions effected in the course of usual economic activity of a company.

2. With the purpose of the Article, a cost alienated by a company in result of large transaction of property shall be defined on the basis of its book keeping, and cost of property acquired by a company – on the basis of price of offer.

3. The decision on fulfillment of large transaction shall be approved by the General meeting of shareholders of a company.

4. In the case of formation of the Board of Directors (Supervisory Board) of a company, decision-making on fulfillment of large transactions connected with acquisition, alienation or possible alienation of property by a company directly or indirectly, which cost makes from 25% to 50% of cost of property of a company, can be referred according to the charter of a company to competence of the Board of Directors (Supervisory Board) of a company.

5. The large transaction effected with infringement of requirements, provided by the present Article can be recognized as void on claim of a company or its shareholder.

6. The charter of a company can provide that it is not required decision of the General meeting of shareholders of a company and Board of Directors (Supervisory Board) of a company for fulfillment of large transactions.

Article 54. Audit inspection of a company

In order to inspect and confirm a correctness of annual reports and balance sheets and also for inspection of situation of current affairs of a company it has the right by decision of the General meeting of shareholders of a company to attract professional auditor who has no connection with property benefits with a company, members of Board of Directors (Supervisory Board) of a company, person carrying out functions of one-man executive body of a company, members of collegial executive body of a company and shareholders of a company.

On request of any shareholder of a company, audit inspection can be made by professional auditor selected by it, which shall correspond to requirements set in part 1 of the Article. In case of audit inspection, payment of remuneration shall be made for the account of shareholder of a company on which requirement it is held. Costs of shareholder of a company on remuneration fee of the auditor can be reimbursed to him by decision of the General meeting of shareholders of a company at the expense of funds of a company.

Assignment of auditor for inspection and confirmation of correctness of annual reports and balance sheets of a company shall be obligatory in the cases provided by laws and other statutory acts of the Republic of Tajikistan.

Article 55. Public reporting of a company

1. A company shall not be obliged to publish reporting on activity, for exception of cases provided by the present Law and other laws of the Republic of Tajikistan.

2. In the case of public placement of bonds and other issue securities, a company shall be obliged to publish annually the annual reports and balance sheets and also to disclose other information on activity, provided by laws of the Republic of Tajikistan and statutory acts approved in conformity with statutory acts.

Article 56. Storage of documents of a company

A company shall be obliged to store the following documents:

- constituent documents of a company and also amendments and supplements added to constituent documents of a company; (Law №656 dd.29.12.10).
- Minutes (protocols) of meeting of founders of a company containing a decision on establishment of a company and approval of monetary assessment of non-monetary holdings to charter capital of a company and also other decisions connected with establishment of a company;
- document confirming state registration of a company;
- documents confirming titles of a company on property being on its balance;
- Internal documents of a company;
- Regulations on branches and representatives of a company;
- documents connected with issuance of bonds and other issuance securities of a company;
- Reports of the General meetings of shareholders of a company;
- Meetings of the Board of Directors (Supervisory Board) of a company, collegial executive body of a company, audit committee of a company;
- Lists of affiliated persons of a company;
- Conclusions of audit committee (auditor) of a company, auditor and local government and local financial authorities;
- Other documents provided by laws and other statutory acts of the Republic of Tajikistan, charter of a company, internal documents of a company, decisions of the General meeting of shareholders of a company, Board of Directors (Supervisory Board) of a company and executive bodies of a company.

A company shall keep documents provided by the present Article in location of its sole executive body or in other place known and accessible to shareholders of a company.

CHAPTER 6. REORGANIZATION AND LIQUIDATION OF A COMPANY

Article 57. Reorganization of a company

1. A company can be voluntary reorganized as it should be provided in accordance with procedure established by the Law.

Other bases and procedures of reorganization of a company shall be defined by the Civil Code of the Republic of Tajikistan and other laws of the Republic of Tajikistan.

2. Reorganization of a company can be carried out in the form of merge, integration, demerger, spin-off and transformation.

3. A company shall be considered as reorganized except for cases of reorganization in the form of joining and transformation since the moment of state registration of legal entities established as a result of reorganization. (Law No.656 dd. 29.12.10).

At reorganization of a company in the form of joining to it of another companies, a companies participating in joining when due hereunder, simultaneously shall submit an

application for entering of the above-mentioned data to the Uniform state register of legal entities and individual entrepreneurs to authorities carrying out state registration. A company shall be considered as reorganized from the moment of entering into the Uniform state register of legal entities and individual entrepreneurs of data on termination of activity of joined company and data on change of constituent documents of a company. (Law No.656 dd.29.12.10).

Reorganization of a company in the form of transformation shall be considered finished from the moment of entering into the Uniform state register of legal entities and individual entrepreneurs of data on change of organizational and legal form of a company. (Law No.656 dd.29.12.10).

4. The state registration of companies established as a result of reorganization and entering of records on termination of activity of reorganized companies shall be carried out in accordance with the procedure established by laws of the Republic of Tajikistan. (Law No.656 dd.29.12.10).

5. A company shall be obliged to notify in writing on decision of reorganization of a company all known creditors of a company and to publish in press where it is published data on state registration of legal entities, a message on approved decision not later than 30 days from the date of approval of decision and also at reorganization of a company in form of merger or integration. Thus creditors of a company within 30 days from date of submission of notification or within 30 days from the date of publication of messages on approved decision, shall have the right to require in written form an early terminations or execution of corresponding obligations of a company and indemnification of losses to them.

6.- part 6 is excluded. (Law No.656 dd.29.12.10).

6. If dividing balance does not give the opportunity to define an assignee of reorganized company, legal entities established in result of reorganization, bear joint liability on obligations of reorganized company to its creditors.

Article 58. Merge of companies

1. Merge of companies shall be creation of a new company with transfer to it all rights and duties of two or several companies and termination of the latter.

2. The General meeting of shareholders of each company participating in reorganization in the form of merger shall make a decision on such reorganization on approval of contract on merge and charter of a company established as a result of merger and also on approval of certificate of assignment.

3. The contract on merge signed by all shareholders of a company established as the result of merger shall be along with its charter, its constituent document and it also should correspond to all requirements shown in the Civil Code of the Republic of Tajikistan and to constituent contract in accordance with the Law.

4. In case of approval of decision by each company by the General meeting of shareholders participating in reorganization in the form of merger, on such reorganization and confirmation of contract on merger, charter of a company established as a result of merger and assignment certificate, election of executive powers of a company created as a result of merger, it shall be carried out on joint General meeting of shareholders of a company participating in the merger.

Terms and procedure of carrying out such General meeting shall be defined by contract on merge. The one man executive body of a company created as a result of merge, carries out actions connected to registration of the company.

5. At merge of companies all rights and duties of each of them shall be transferred to a company established as a result of merge according to the assignment certificate.

Article 59. Merge of a company

1. Merge of a company shall be termination of one or several companies with assignment of all their rights and duties to other company.

2.The General meeting of shareholders of each company participating in reorganization in form of integration shall make a decision on such reorganization on approval of contract on merge and the General meeting of shareholders of merged company and also a decision on approval of assignment act.

3. Joint General meeting of shareholders of companies participating in merge shall amend constituent documents of a company, to which it joins, connected with change of structure of shareholders of a company, definition of amount of their shares, other changes, provided by the contract on merge and also if necessary it settles other issues including questions on election of bodies of a company to which it is merged. Terms and procedure of conducting of the General meetings shall be defined by the contract on merge.

4. At merge of one company to another, the latter shall take all rights and duties of merged company according to assignment act.

Article 60. Division of a company

1. The division of a company shall mean termination of a company with assignment of all recognized rights and duties to newly created companies.

2. General meeting of shareholders of a company, reorganized in the form of division, shall make a decision on such reorganization, on procedure and terms of division of a company, establishment of new companies and approval of dividing balance.

3. Shareholders of each company, established as a result of division, shall sign the constituent contract. The General meeting of shareholders of each company established as a result of division shall approve the charter and select bodies of a company.

4. At division of a company all its rights and duties shall be assigned to companies established as a result of division, according to the dividing balance.

Article 61. Company's spin-off

1. A company's spin-off shall mean a foundation of one or several companies with transfer to it (them) of part of rights and duties of reorganized companies without termination of activity of the latter.

2. General meeting of shareholders of a company reorganized in the form of spin-off, shall make a decision on such reorganization, on procedure and terms of spin-off, on foundation of a new company (new companies) and approval of dividing balance, shall amend constituent documents of a company, reorganized in spin-off including changes connected with change of structure of shareholders of a company, definition of amounts of

their shares and other changes provided by the decision on allocation and also if necessary settles other issues including issues on election of bodies of a company.

Shareholders of spun-off company shall sign the constituent contract. General meeting of shareholders of spun-off company confirms its charter and selects bodies of a company.

If only shareholder of spun-off company is a reorganized company, the General meeting of the latter shall make a decision on reorganization of a company in the form of spin-off, in accordance with procedure and terms and it also approve a charter of spun-off company and divided balance, it selects bodies of spun-off company.

3. At spinning off from a company one or several companies, each of them shall be passed a part of rights and duties of reorganized company in conformity with divided balance.

Article 62. Transformation of a company

1. A company shall have the right to be transformed into joint-stock company, a company with additional responsibility or production co-operative.

2. The General meeting of shareholders of a company, reorganized in form of transformation, shall make a decision on such reorganization, according to procedure and terms of transformation, procedure of exchange of shares of shareholders of a company into shares of joint-stock company, shares of shareholders of a company with additional responsibility or shares of members of production co-operative, on approval of charter of joint-stock company created as a result of transformation, company with additional responsibility or production co-operative and also on approval of assignment act.

3. Shareholders of legal entity founded as a result of transformation, shall make a decision on election of its bodies according to requirements of the laws of the Republic of Tajikistan on such legal entities and also charge corresponding body to carry out actions connected with entering data on change of organizational and legal form of legal entity to the Uniform state register of legal entities and individual entrepreneurs. (Law No.656 dd. 29.12.10).

4. At transformation of a company, a legal body founded in the result of transformation, shall poses all rights and duties of reorganized of a company according to assignment act.

Article 63. Liquidation of a company

1. A company can be liquidated voluntary in accordance with the procedure set in the Civil Code of the Republic of Tajikistan taking into account present requirements of the Law and charter of a company. A company can be liquidated also by decision of a court on the bases provided by the Civil Code of the Republic of Tajikistan.

The liquidation of a company involves its termination without transfer of rights and duties as assignment to other persons.

2. A decision of the General meeting of shareholders of a company on voluntary liquidation of a company and appointment of liquidation commission shall be made by the suggestion of the Board of Directors (Supervisory Board) of a company, executive body or shareholder of a company.

3. Part 3 is excluded; (Law No.656 dd.29.12.10).

3. In case if a shareholder of a liquidated company is the Republic of Tajikistan, in the structure of liquidation commission there be representative of government authorities on management of state property, specialized institution carrying out a sale of state property, authorities on management of state property of the republic or local authorities. At default of the given requirement the authorities, which has carried out a state registration of a company, shall have no right to give consent on appointment of liquidation commission.

4. The procedure of liquidation of a company shall be defined by the Civil Code of the Republic of Tajikistan and other laws of the Republic of Tajikistan.

Article 64. Distribution of property of a liquidated company between its shareholders

1. A property remained after the end of settlements with creditors of liquidated company shall be distributed by the liquidation commission between shareholders of a company in the following order:

- First of all the payment to shareholders of a company shall be paid from part of distributed but non-paid profit;

- In the second turn a distribution of property of liquidated company shall be carried out between shareholders of a company proportionally to their shares in the authorized capital of company.

2. Requirements of each item shall be met after full satisfaction of requirements of the previous item. If a property available for company is not enough for payment of distributed but non-paid part of profit, a property of company shall be distributed between its shareholders proportionally to their shares in the authorized capital of a company.

E.Sh.Rahmon
PRESIDENT
REPUBLIC OF TAJIKISTAN
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