RYSKIYEVA & PARTNERS

Shareholders and Investors in Uzbekistan

A Practical Legal Guide to Joint Stock Companies

2026

Share Acquisitions and Corporate Control
Dividends and Protection of Rights
Exiting an Investment

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20 main sections. Practical tables and action steps are incorporated into the guide; there are no separate appendices.

About This Guide

This guide is intended for existing and prospective shareholders of Uzbek joint stock companies, including foreign investors. It explains the investment process: reviewing the company and acquiring shares, participating in management, receiving income, protecting infringed rights and exiting the investment.

Legal Basis and Effective Date

The principal source is the Law of the Republic of Uzbekistan “On Joint Stock Companies and Protection of Shareholder Rights”, as restated by Law No. ZRU-370 of 6 May 2014, including amendments in force as at 1 October 2026. The guide also draws on the Civil Code provisions on corporate agreements, the Economic Procedure Code and investment legislation.

References to statutory articles are provided in each section. Some new provisions on the Russian-language LexUZ page are marked as an unofficial translation; the official text must be taken into account when interpreting those provisions for legal purposes. Practical recommendations and numerical examples are distinguished from descriptions of statutory requirements.

How to Use This Guide

Objective	Recommended Sections
Acquiring a shareholding and assessing rights	1–6, 11–13 and 20
Participating in management and overseeing the business	7–9 and 14–16
Income, protection and exit	10, 12, 17–19

Scope and Limitations

Each transaction must be assessed in light of the charter, share type, industry, shareholder composition, public status and applicable approvals. Tax rates and industry-specific thresholds are not uniform for all investors: they must be determined for the particular structure and transaction date. This guide does not replace legal due diligence on the company or preparation of transaction documents.

Official sources: JSC Law • Civil Code • Economic Procedure Code • Investment Law

1. Joint Stock Companies in Uzbekistan

A joint stock company (JSC) is a commercial organisation whose share capital is divided into a specified number of shares certifying shareholders' rights in relation to the company. A JSC acquires legal personality upon state registration and operates under its charter.

As a general rule, shareholders are not liable for the company's obligations and bear the risk of losses arising from its activities only up to the value of their shares. The company itself is liable for its obligations with its own assets. For an investor, this separates the company's assets and liabilities from the shareholder's personal assets, subject to specific statutory exceptions.

When a JSC Is Particularly Suitable for an Investor

- when raising investment from several investors through a share issue;
- when different economic rights need to be allocated to different classes of shares;
- when planning a public or subsequent market offering of securities;
- when investing in large or regulated enterprises where the JSC form is required by law or reflects the existing ownership structure.

Special rules apply to banks, insurance and investment organisations, enterprises undergoing privatisation and certain other sectors. In addition, territories with a special legal regime may have rules that differ from the general regime under the JSC Law.

What a Shareholder Actually Acquires

Buying shares confers rights in relation to the company but does not make the investor the owner of any particular building, equipment or funds of the JSC. The assets remain with the company. A shareholder cannot withdraw an asset against the investment or demand repayment of the purchase price merely because their investment strategy has changed. Income and exit are achieved through dividends, disposal of shares and specific statutory procedures.

The Charter as the Basis of Investment Analysis

Before agreeing on the price, obtain the current registered charter, amendments and internal regulations. Review the share classes, authorised shares, allocation of powers, procedures of governing bodies, pre-emptive rights and disclosure rules. Any seller's promise to grant the investor particular powers must be checked against whether the law permits those powers to be included in the charter.

Liability and Specific Risks

Limited shareholder liability does not release a shareholder from separately assumed obligations: a guarantee for the company, the obligation to pay for shares, or contractual liability to the seller or other shareholders. Article 4 also provides for specific consequences where insolvency is caused by a person able to determine the company's actions, subject to the statutory conditions. Control over a JSC and personal guarantees therefore require separate assessment.

Practical step. Map the applicable legal regime: an ordinary JSC or a regulated organisation; private or state ownership; listed or unlisted shares; and any special regime. This determines the approvals, corporate procedures and scope of due diligence required.

2. How an Investor Becomes a Shareholder

An investor may become a shareholder by establishing a new company, acquiring shares in an initial offering, buying shares from an existing shareholder, participating in an additional issue, or receiving shares through a reorganisation or on other legal grounds.

Acquiring Shares from an Existing Shareholder

Before acquiring shares, check the number of shareholders and the company's current charter. Where there are no more than fifty shareholders, the charter may grant shareholders a pre-emptive right to purchase shares being sold by other shareholders at the price and on the terms offered to a third party, in proportion to their respective holdings. The charter may also grant a pre-emptive right to the company itself if the other shareholders do not exercise their rights.

The seller must notify the other shareholders in writing, directly or through the company, of the intention to sell, stating the price and terms of the third-party offer. The procedure and time limits for exercising the pre-emptive right are set out in the charter; the period must be at least ten and no more than thirty days from the offer of the shares for sale. Assignment of the pre-emptive right is not permitted.

After acquiring 50% or more of the shares, a person who previously held no shares or less than 50% must, within 30 days, announce an offer to the holders of the remaining shares to sell their shares to that person at market value. If written acceptance is received within the statutory period, the acquirer must purchase the shares offered. This rule must be considered when structuring an acquisition of control.

> Practical focus. A share transaction should not be treated merely as a sale and purchase agreement. The agreement, depository transfer, corporate approvals, pre-emptive rights, disclosure requirements and, where necessary, antimonopoly approval must be coordinated.

Primary and Secondary Markets and the Destination of Funds

Acquisition Method	Recipient of Funds and Key Checks
Establishing a company	Money or assets are contributed to form the new JSC's capital. Check the incorporation resolutions, valuation of contributions and documentation of the share issue.
Additional share issue	The company receives the funds. Check the resolution authorising the issue, registration of the issue, placement terms and pre-emptive rights.
Purchase from a shareholder	The seller receives the price. The company itself generally receives no new financing; check the seller's title, encumbrances and restrictions on disposal.

Signing the Agreement and Completing the Acquisition

The agreement should identify the exact issue, type and number of shares, price, payment method and sequence of the parties' actions. If an approval or release of a pledge must precede the share transfer, this should be stated as a closing condition with a specific deadline and consequences of non-performance. The treatment of any advance payment and the refund of funds if the transfer fails should be agreed separately.

Under Article 29, title passes when the shares are credited to the buyer's securities account. Signing the agreement, paying the price and even a resolution of the JSC's governing bodies do not, by themselves, replace that entry. After closing, obtain an account statement and check it against the agreement. Registration, trading and settlement formalities are also governed by securities market legislation.

Planning an Acquisition of Control

Before crossing the 50% threshold, calculate the additional funding needed for the mandatory offer. An offer at market value must be announced to the other shareholders within 30 days after acquisition; written acceptance received within 30 days after the announcement creates an obligation to acquire the relevant shares. The transaction budget cannot be limited to the price of the original seller's holding.

3. Share Capital and Types of Shares

A JSC's share capital consists of the nominal value of the company's shares acquired by shareholders. The charter specifies the number, nominal value and classes of placed shares and may provide for authorised shares for subsequent issues.

Share capital is increased by placing additional shares. Additional shares may be placed only within the number of authorised shares. The resolution is adopted by the general meeting or by the supervisory board if that power has been delegated to it by the charter or a general meeting resolution.

Ordinary and Preferred Shares

An ordinary share generally confers voting rights and participation in the distribution of profits. Preferred shares confer rights determined by law and the charter, primarily relating to dividends and liquidation value; voting rights arise in the cases expressly provided for by law.

Investors should distinguish between placed and authorised shares. Placed shares have already been acquired by shareholders and form the current capital structure. Authorised shares provide the legal basis for a future issue and therefore create the potential for dilution of existing shareholders' interests.

Capital, Share Price and Business Value

Nominal value is used to calculate share capital and is not the same as the purchase price or net asset value per share. All shares issued by the company have the same nominal value, which may not exceed UZS 5,000. The transaction price may differ from nominal value. Investors should focus on assets and liabilities, profitability, liquidity of the holding and actual control rights.

The amount of capital is set by the charter; a minimum amount may be prescribed by licensing requirements. On incorporation, capital must be paid up within one year of state registration. The nominal value of placed preferred shares must not exceed 25% of share capital. Shares are indivisible: co-owners of a share exercise their rights through a joint representative.

Payment and Contributions in Kind

The terms of payment for additional shares are set out in the issue resolution. For a contribution in kind, check title to the assets, the absence of restrictions on transfer, monetary valuation and evidence of actual contribution. If the nominal value of shares and other securities paid for in kind exceeds 200 basic calculation units, Article 31 requires an appraisal organisation to value the contributed assets.

Net Assets and the Reserve Fund

Net assets are calculated as the difference between assets and liabilities according to accounting records. They form the basis of several corporate restrictions, including those relating to major transactions and share repurchases. The reserve fund must be at least 15% of capital; annual allocations must be at least 5% of net profit until the required amount is reached. These allocations must be taken into account when forecasting dividends.

If net assets are below capital at the end of the second or any subsequent financial year, the company must reduce its capital to an amount not exceeding net assets. A fall in net assets is a reason to review the JSC's liabilities, the quality of receivables and the need for additional financing, rather than treating it solely as an accounting indicator.

4. Principal Shareholder Rights

The Law establishes a range of shareholders' property and corporate rights. Core rights include entry in the shareholder register, receipt of a securities account statement, dividends, participation in management through voting, a share of assets upon liquidation and access to information on the company's financial and business activities.

Key Rights

- to attend the general meeting and vote on matters for which the shares held carry voting rights;
- to receive dividends where a payment resolution has been adopted and no statutory restrictions apply;
- to obtain complete and accurate information on the results of the company's financial and business activities in accordance with the prescribed procedure;
- to dispose of shares subject to the law and the charter;
- to require the company to repurchase shares in the cases prescribed by law;
- to challenge corporate resolutions and seek judicial protection of infringed rights.

The scope of specific rights depends on the share class, size of the holding, charter provisions and nature of the corporate matter concerned. Analysis of an investor's rights must therefore always begin with both the Law and the charter of the particular JSC.

Rights Attached to Preferred Shares

The charter must specify the dividend amount and/or liquidation value, or the method for calculating them. It may provide for accumulation of unpaid dividends and terms for conversion into ordinary shares. The acquirer should separately check whether dividends are cumulative, the periods for which arrears have arisen and how payment priority is secured.

Holders of preferred shares vote on reorganisation and liquidation and, in the cases specified in Article 28, on amendments to the charter restricting their rights. If the annual meeting does not resolve to pay dividends on those shares or resolves to pay them only in part, voting rights on matters within the meeting's competence arise from the next meeting. Those rights cease upon the first full payment of the relevant dividends.

Individual Rights and Collective Thresholds

Not every right depends on the size of a holding. For example, the right to information on one's own securities account and to protection of an infringed right differs from the right to initiate an extraordinary meeting, which is subject to an ownership threshold. Where the law permits holdings to be aggregated, shareholders may act jointly but must prove their holdings and the signatories' authority as at the relevant date.

Making Rights Enforceable

Each request should state the specific demand, legal basis, shareholder details, proof of ownership and method for receiving a response. Keep evidence of delivery to the company. Arrange representation in

advance for voting; keep bank details current for dividends; and identify the documents and period covered by information requests. This reduces the risk of rejection on formal grounds.

Important. A restriction on disposal of shares does not in itself deprive the holder of the right to participate in management or receive dividends. Shareholder rights must be exercised with due regard to other shareholders' interests and the duty to protect information covered by statutory confidentiality requirements.

5. Size of Shareholding and Corporate Control

Ownership percentage is not the only measure of control: quorum, actual meeting attendance, distribution of other shareholdings, cumulative voting rules and matters requiring a qualified majority all matter.

Threshold / Calculation Basis	Right or Consequence
At least 1% of voting shares	Proposals for the annual meeting and nomination of candidates under Article 63; a special procedure applies to independent members.
At least 1% of placed shares	A claim against governing bodies for compensation of losses caused to the company under Article 81.
At least 5% of voting shares	A request for an extraordinary meeting (Article 65), an inspection under Article 107, or a special appointment of an auditor under Article 89.
20% or more of shares	One of the grounds for affiliation under Article 85; the list of grounds is not limited to this threshold.
50% or more of shares acquired from a lower holding	A mandatory offer to the other shareholders under Article 40, paragraph four.
More than 50% of voting shares or other indicators of decisive influence	Majority shareholder status and duties under Article 28[1]. This differs from the preceding threshold.
At least 3/4 of votes of meeting participants	A qualified majority for matters expressly specified in Article 60.

Assessing the Influence of a Shareholding

For each resolution, first identify which shares carry voting rights, then establish the quorum and the basis for calculating the majority. The percentage of share capital, percentage of voting shares and percentage of votes at a particular meeting may differ. Shares held by the company itself do not carry voting rights; preferred shares may acquire voting rights on specific matters.

An ordinary majority requires more than half the votes of participating holders of voting shares. A qualified resolution requires at least three quarters of the relevant votes. This does not mean that 25% of capital always confers a veto: the holder's attendance, the calculation basis and the exact number of votes matter.

Example of a Blocking Position

Assume all 100 votes are represented at a meeting and the matter requires a three-quarters majority. If 25 votes are cast against and 75 in favour, the resolution meets the required threshold. If 26 are cast against, the remaining 74 are insufficient. However, if the holder of 26 votes is absent, the other 74 may constitute a quorum and adopt the resolution unanimously under the statutory procedure. Non-attendance therefore does not replace voting against.

Control of the Supervisory Board

A controlling holding does not guarantee the absence of minority representatives, because cumulative voting applies. When assessing an investment, model the board's composition, the number of independent seats, support for candidates from other shareholders and matters requiring unanimity. The right to nominate a candidate and the ability to secure their election are different legal and mathematical questions.

Practical step. Prepare a separate matrix covering the budget, appointment of the director, share issues, major transactions and transactions with affiliates: the competent body, required majority, interested parties and possible outcomes at different attendance levels. This model is more precise than the general description "controlling holding".

6. Majority and Minority Shareholders

The Law specifically recognises the majority shareholder and permits the establishment of a minority shareholders' committee. A majority shareholder must not abuse their position and must comply with statutory restrictions when exercising control.

A minority shareholder retains a range of individual and collective rights even without the ability to determine voting outcomes alone. The 1% and 5% thresholds and cumulative voting in supervisory board elections are of particular practical importance.

Minority Shareholders' Committee

A committee may be established to protect the rights and legitimate interests of minority shareholders. Its chair has access to company documents concerning matters within the committee's competence. The committee may not interfere in day-to-day business operations, and the company's governing bodies may not interfere in the committee's activities.

Who Qualifies as a Majority Shareholder

Article 28[1] covers more than holders of over 50% of voting shares. A shareholder may also qualify as a majority shareholder where their voting shareholding exceeds that of every other shareholder and their vote can decisively influence a resolution. In a dispersed ownership structure, the largest holding may therefore entail special duties even without a formal majority of capital.

A majority shareholder must refrain from adopting resolutions in their personal interests where they know that harm will be caused to the company and other shareholders, and from placing such harmful matters on the agenda of governing bodies. Breach of these duties gives rise to liability for the resulting damage. A majority holding does not in itself establish that a transaction or resolution is made in good faith.

How the Minority Shareholders' Committee Operates

A committee may be established, but its creation does not automatically follow from the existence of minority shareholders. Shareholders who did not nominate supervisory board candidates, or whose candidates were not elected, participate in its election. The director and members of the executive board, supervisory board and audit commission may not serve on the committee.

The committee considers minority shareholder submissions, helps prepare proposals concerning major transactions and transactions with affiliates, and makes submissions to the securities market regulator. It does not replace the supervisory board or manage day-to-day operations. Effective operation requires regulations, regular meetings, access to materials within its remit and documented submissions.

What Minority Shareholders Should Watch For

Particular attention should be paid to transactions with the controlling shareholder, shifting profits to related entities, loans and guarantees benefiting the group, sales of key assets and share issues at an economically unjustified price. Not every disadvantageous decision is unlawful: a legal position should be based on procedural breaches, conflicts of interest, provable loss and causation.

7. General Meeting of Shareholders

The general meeting of shareholders is the company's supreme governing body. The annual meeting addresses key corporate matters, including election of the supervisory board and, where the charter so provides, the audit commission, the annual report, reports of governing bodies and distribution of profits.

Powers of the General Meeting

- amendments to the charter and fundamental corporate decisions;
- determining the number of supervisory board members and electing them;
- allocation of profits and losses and decisions on dividends;
- reorganisation and liquidation;
- decisions on major transactions and transactions with affiliates in the cases prescribed by law;
- share issues, pre-emptive rights and other matters assigned by law to the meeting's competence.

The Law permits remote participation using information and communication technologies that support registration, discussion and voting. This is important where the shareholder or their representatives are outside Uzbekistan.

Shareholders holding at least 1% of voting shares in aggregate may propose items for the annual meeting agenda and nominate candidates. Holders of at least 5% of voting shares may request an extraordinary general meeting.

Preparation and Meeting Timetable

Action	General Deadline or Rule
Annual meeting	Within the period set by the charter, but no later than 6 months after the end of the financial year.
Proposals by holders of at least 1% of voting shares	No later than 30 days after the end of the financial year, unless the charter allows a later deadline. A special nomination procedure applies to independent board members.
Meeting notice	At least 21 and no more than 30 days before the meeting; the communication channels are prescribed by Article 62.
Register for participation	Prepared 3 business days before the meeting.
Meeting minutes	Prepared in two copies no later than 10 days after the meeting closes.
Communication of resolutions and voting results	No later than 30 days after adoption of the resolutions; special deadlines apply to certain notices.

Quorum and Agenda

At the close of registration for the first meeting, more than 50% of the votes attached to placed voting shares must be represented. A reconvened meeting replacing a failed meeting has a quorum if holders of more than 40% of those votes participate. Exactly 50% and exactly 40%, respectively, do not meet these thresholds. The agenda of the reconvened meeting remains unchanged.

The meeting may not adopt resolutions on matters absent from the agenda or amend the agenda during the meeting. Investors should request draft resolutions in advance rather than rely solely on a general agenda heading. “Other business” does not replace proper inclusion of a specific resolution in the agenda.

Requesting an Extraordinary Meeting

Holders of at least 5% of voting shares on the request date submit a signed document stating the proposed matters, reasons, details of the requesting shareholders and their shares. The supervisory board must decide whether to convene the meeting or refuse within 10 days; a meeting requested in this way must be convened no later than 30 days after submission. The decision must be sent to the requesting shareholders no later than 3 business days after adoption.

If the board fails to act or refuses, the Law permits the requesting shareholders to convene the meeting themselves, and a refusal may be challenged. Convening it themselves does not waive requirements concerning notice, the register, materials, quorum or recording results; the company may reimburse expenses by resolution of the meeting.

Representation and Recording a Shareholder’s Position

A shareholder may attend the general meeting personally or through a representative. A voting power of attorney must be in writing and contain details of the principal and representative: name or corporate name, residence or registered office, and passport or identification card details. A power of attorney from an individual must be notarised. A power of attorney from a legal entity must be signed by its head and bear its seal, if any. A shareholder may replace the representative or attend personally at any time.

For remote participation, check the registration procedure and voting system in advance. Document objections, votes against and any technical failure preventing access: these may be relevant to a subsequent challenge to the resolution and the exercise of a right to require a share repurchase.

8. Supervisory Board and Executive Body

A JSC’s governance model separates powers among the general meeting, supervisory board and executive body. The supervisory board provides overall direction within the competence prescribed by law and the charter; the executive body manages day-to-day operations.

Supervisory board members are elected by cumulative voting. A shareholder’s votes are multiplied separately by the number of independent and other board members to be elected. In each group, the resulting votes may be concentrated on one candidate or allocated among several. The candidates receiving the most votes are elected.

Companies with more than 500 shareholders must have at least 7 supervisory board members; companies with more than 1,000 shareholders must have at least 9. Listed companies and companies with a state shareholding exceeding 50% must have at least one independent supervisory board member.

The director acts for the company without a power of attorney. Appointment of the executive body and termination of its powers fall within the general meeting’s competence unless the charter assigns those matters to the supervisory board.

Term of Office and Incompatible Positions

Supervisory board members are elected for three years and may be re-elected. When reviewing the composition, consider the restrictions in Article 76: members of the executive body and employees of the company itself may not combine their roles with board membership; restrictions also apply to persons in subsidiaries and dependent companies specified by law. Representing an investor does not exempt a candidate from these requirements.

Independent Members and Committees

Independence is assessed against statutory criteria, rather than the job title. For example, independent member status is incompatible with holding, directly or through affiliates, 5% or more of voting shares; employment, contractual and family ties also matter. As a general rule, the board arranges nomination of independent candidates unless the charter provides otherwise.

A listed company must have an audit committee composed of supervisory board members. Other committees may be used to conduct preliminary reviews of strategy, appointments and remuneration. They assist the board but do not replace decisions by the competent body.

Meetings and Validity of Resolutions

The board's quorum is set by the charter but cannot be lower than 75% of elected members. As a general rule, each member has one vote and resolutions are adopted by a majority of those present, unless another rule applies to the particular matter. A member may not transfer their vote to another board member. Certain decisions, including share issue decisions in the cases prescribed by law, require unanimity.

The Director's Powers and Investor Checks

Review the appointment resolution, term of office, agreement with the executive, grounds for termination and transaction restrictions. An internal signing limit does not replace approval of a major transaction or a transaction with an affiliate. Following a change of control, management resolutions, banking authority and access to corporate systems must be documented separately; a share purchase does not automatically terminate existing powers.

9. Investor Participation in Corporate Governance

For an investor, corporate governance is the mechanism that converts an equity interest into an actual ability to influence strategy, budgets, appointments, major transactions and risk oversight. Before acquiring shares, identify which rights will be secured by law, the charter and transaction agreements.

Key Means of Influence

- the right to nominate supervisory board candidates upon meeting the statutory threshold;
- cumulative voting;
- inclusion in the charter of specific powers and matters subject to special approval procedures, within the limits permitted by law;
- receipt of regular management and financial reports;
- participation of investor representatives in supervisory board committees;
- agreed procedures for budgets, strategy, material capital expenditure and financing.

Not all contractual mechanisms in a corporate agreement automatically replace the requirements of the Law or the charter. For each right, identify the proper legal instrument in which it should be secured: legislation, the charter, a general meeting resolution, regulations governing a corporate body or an agreement between the parties.

Corporate Agreements as a Statutorily Recognised Instrument

Article 358[1] of the Civil Code expressly provides for corporate agreements. The parties may agree on the exercise of membership rights, voting, joint management actions, acquisition or disposal of shares at a specified price or upon specified circumstances, and refraining from such actions. The agreement must be in writing and is binding on its parties.

The company must be notified in writing of the agreement within 15 days. Its contents need not be disclosed in that notice; by agreement, one party may send the notice. Failure to notify may result in liability for damage caused to shareholders who are not parties to the agreement.

The agreement may not require voting in accordance with instructions from the company's governing bodies or determine their structure and powers: such terms are void. An undertaking by shareholders to vote together on a permissible matter must therefore be distinguished from an attempt to reallocate the powers of the general meeting, board and director by contract.

Terms to Agree before Investing

Investor Objective	Matters to Agree
Representation	Nomination of candidates, agreed voting and replacement of representatives in compliance with the law.
Information oversight	Content, frequency and format of reporting; access to agreed information and confidentiality. Any obligation of the company itself requires a proper legal basis.
Financing	Need for further investment, agreed participation in share issues and consequences of refusing financing.
Investment exit	Joint sale terms, valuation mechanism, notice and performance procedures; review of pre-emptive rights and regulatory procedures.
Corporate deadlock	Negotiations, independent valuation, staged resolution and a legally permissible contractual sale of the holding.

Checking Enforceability of Arrangements

For each term, identify the obligated person, deadline, evidence of performance and consequences of breach. Another shareholder's promise to provide company documents does not automatically bind the JSC itself. An agreement to sell does not replace a depository entry; a voting agreement does not replace a ballot or corporate resolution. The agreement must be aligned with the charter, internal regulations and mandatory statutory rules.

10. Dividends and Shareholder Income

A dividend is a portion of the company's net profit distributed among shareholders. The decision to pay dividends and their amount, form and payment procedure are determined in accordance with the Law and the charter. Dividends may not exceed the amount recommended by the supervisory board.

Before acquiring shares, an investor should analyse historical profits together with the dividend policy, distribution restrictions, debt burden, reserve fund obligations and actual payment history.

Payment Restrictions

The Law prohibits or restricts dividend payments in circumstances involving unpaid share capital, insolvency or the risk of insolvency, insufficient net assets and other statutory cases. Accounting profit alone therefore does not guarantee that dividends may be paid.

Dividend taxation is governed by tax legislation. For a foreign investor, also review the applicable double taxation treaty, beneficial ownership of the income and documentary requirements for a reduced rate.

Resolutions and Sources of Payment

Resolutions may be adopted for the first quarter, half-year, nine months and financial year. For interim periods, a resolution may be adopted within three months after the period ends. The general meeting acts on the board's recommendation and financial statements supported by an auditor's opinion on their reliability. For ordinary shares, a profit does not in itself require a resolution to pay dividends: profit may be allocated to the company's development and other lawful purposes.

A special rule applies to fixed dividends on preferred shares. If sufficient profit is available to pay them, the company may not refuse payment to the holders of those shares. In the event of refusal, shareholders may seek payment through the courts. The restrictions in Article 54 of the JSC Law must nevertheless be observed, including those relating to payment of share capital, insolvency and the level of net assets.

Payment is made from net profit and/or retained earnings from previous years. Preferred shares have special funding sources and priority: their dividends are paid before dividends on ordinary shares. Where profit is insufficient or the company incurs a loss, preferred share dividends may be paid from, and within the limits of, the reserve fund established for that purpose, subject to statutory restrictions.

Payment Period, Bank Details and Automatic Payment

The resolution must state the payment start and end dates; the maximum period is 60 days from the resolution. Declared dividends are paid automatically through the Central Securities Depository or investment intermediaries to the shareholder's existing bank account. The company may not require a payment application. Shareholders should nevertheless update their bank and contact details promptly.

At a non-resident's written request, the company must convert declared dividends into freely convertible currency and transfer them to the specified bank account. This conversion request differs from an application for ordinary payment. For conversion, Article 51 requires a register extract certified by the company and an accounting certificate showing the amount and date of accrual.

Steps in the Event of Late Payment

Obtain the dividend resolution, shareholding information, calculation of accruals and deductions, confirmation of bank details and reasons for non-payment. Where the company is at fault, Article 53 provides for a late payment penalty calculated using the Central Bank's refinancing rate, capped at 50% of unpaid dividends. Dividends and the penalty may be recovered through the courts.

Special Rule for a Public Offering of State-Owned Shares

For enterprises with state ownership of 50% or more, Article 50 requires at least 30% of net profit to be allocated to dividends for at least seven years when shares are publicly offered on the stock market, subject to statutory restrictions. This is a special regime: it cannot be applied to all JSCs or understood as a guarantee of returns in the absence of profit.

11. Additional Share Issues and Protection against Dilution

An additional share issue is a principal risk for an existing investor because it may reduce their ownership percentage and influence over decisions. The Law grants existing shareholders a pre-emptive right in the placement of additional shares and securities convertible into shares in the prescribed cases.

Investors should monitor the number of authorised shares in the charter, because additional shares may be placed only within that limit. A substantial number of authorised but unplaced shares creates a risk of future dilution that should be reflected in the investment valuation and contractual protection.

What to check. Always review registered issues, issue resolutions, authorised shares, incomplete placements, convertible instruments and existing corporate resolutions capable of changing the capital structure.

Conditions for Pre-emptive Rights

Article 35 links the pre-emptive right to the placement of shares and securities issued in series and convertible into shares that are paid for in cash. The right belongs to holders of voting shares in proportion to their shares of the relevant type, including those who voted against or did not attend the meeting. The list is determined from the register as at the issue resolution date; only a whole number of securities may be acquired.

Stage	What the Shareholder Should Monitor
Registration of the issue	Compare the resolution, issue size, price, payment terms and placement deadline.
Notice	Within 10 days after state registration of the issue, the company publishes an offer in the media.
Exercise of the right	The period is 10 to 30 days after publication. A written application and proof of payment must be submitted.
End of the period	The period may end early once written statements exercising or waiving the right have been received from all shareholders.
Placement of the balance	Before the period expires, securities may not be placed with persons lacking a pre-emptive right; afterwards, the issue resolution governs placement. The right itself may not be assigned.

Disapplication of the Right Requires Careful Interpretation

Article 59 retains a reference to a general meeting resolution disapplying the pre-emptive right. However, Article 35, paragraph two, which specifically regulated this matter, was repealed in 2019, while the current first paragraph grants the right to dissenting and absent shareholders as well. A meeting resolution alone therefore cannot be treated as an indisputable basis for disregarding shareholder protection: the particular structure should be assessed separately against current legislation and issue rules. A written waiver by an individual shareholder under Article 36 is a separate procedure.

Example of a Change in Ownership Percentage

The company has 1,000 ordinary shares, of which the investor holds 200, or 20%. If another 500 shares are placed with third parties, the investor’s interest falls to 200 / 1,500 = 13.33%. If the investor acquires

100 new shares, the holding becomes 300 out of 1,500, retaining the original 20%. This example assumes one share type, full placement of the issue and no other capital changes.

Economic Risk and Protection

Even maintaining the ownership percentage does not eliminate the risk of an unfavourable issue price, an overvalued contribution in kind or proceeds being channelled to related parties. Before voting, request the economic rationale, a calculation of the post-issue ownership structure and the planned use of funds. Timely participation requires a liquidity reserve: a right without the ability to pay for shares does not prevent dilution.

12. Sale, Transfer and Repurchase of Shares

Title to shares is transferred in accordance with securities legislation and depository records. For an investor, the legal effect of a transaction must be confirmed both by the agreement and by proper recording of rights in the securities accounting system.

The company may acquire its placed shares in the cases and under the procedures prescribed by law. Separately, the Law entitles holders of voting shares to require the company to repurchase their shares if they voted against, or did not participate in voting for valid reasons, when certain resolutions affecting fundamental shareholder interests were adopted.

Sale of a Holding and Charter-Based Pre-emptive Rights

When selling a holding, check whether the pre-emptive right under Article 6 of the JSC Law applies: the company must have no more than fifty shareholders and the charter must provide for that right. Review the rights of other shareholders and the company itself, the content and delivery of the written notice, the price, sale terms and the charter’s exercise period of ten to thirty days from the offer of shares for sale. If the price or other material terms change, reassess compliance with the pre-emptive right.

If shares are sold in breach of a pre-emptive right, Article 6 provides a judicial remedy by transferring the buyer’s rights and obligations to the shareholder and/or company whose pre-emptive right was infringed. A claim may be brought within three months after the shareholder or company learned or should have learned of the breach. Retain the charter, notices, evidence of the sale terms and documents establishing when the breach was discovered.

Complete List of Events Giving Rise to a Repurchase Right

The right of a holder of voting shares arises in connection with resolutions on reorganisation; consolidation of placed shares; a major transaction in the cases covered by Article 84, paragraphs two and three; or amendments to, or a restatement of, the charter restricting the shareholder’s rights. The shareholder must have voted against or not participated in voting for a valid reason. Mere disagreement with business policy or the absence of a buyer does not create this right.

Procedure and Payment Limit

The demand must be submitted no later than 30 days after the meeting resolution. It must specify the shareholder’s details and address and the number of shares; proof of ownership and voting, and payment details should also be attached. The company must repurchase the shares within 10 days after the deadline for submitting demands expires.

The price is based on market value, disregarding any change caused by the action that triggered the repurchase right. Total funds are capped at 10% of net assets as at the relevant resolution date, except

where the company changes its legal form. If demands exceed this amount, repurchases are made pro rata. A demand to repurchase all shares therefore does not always secure a complete exit.

Distinguishing Three Procedures

Procedure	Who Acquires the Shares and Why
Voluntary acquisition of own shares	The JSC itself, under a corporate resolution; Articles 37–38 and the prescribed restrictions apply.
Repurchase at a dissenting shareholder's request	The JSC itself, upon the events and conditions in Articles 40–41; deadlines and funding limits apply.
Mandatory offer upon reaching 50%	The new holder of the relevant stake under Article 40, paragraph four; this is the holder's obligation, not a company repurchase.

Preparing a Contractual Exit

If a statutory repurchase is unavailable, exit depends on a buyer and contractual terms. Agree in advance on valuation, the period for finding a buyer, payment, release of pledges, regulatory approvals and depository transfer. For an illiquid holding, a formal right to sell does not mean that it can be sold quickly at the expected price.

13. Shareholder Register and Evidence of Title

Rights to shares are recorded in the depository system. The Central Securities Depository compiles the company's shareholder register on instructions from the company or an authorised state body, or upon a written shareholder request in the cases expressly prescribed by law.

A securities account statement is an important document confirming the recorded rights of the holder to the relevant number and type of securities. The Central Securities Depository and investment intermediary are responsible for the completeness and accuracy of information in the statement they issue.

Participation in a general meeting depends on the register compiled as at the prescribed date. When acquiring shares close to the record date, assess in advance whether the buyer will be able to attend the particular meeting and vote on its agenda.

What an Account Statement Should Confirm

Check the statement for the holder, issuer, issue, share type and number, and the date to which the information relates. Request available information on encumbrances and blocks. The statement confirms the account entry but does not replace analysis of the legality of the acquisition basis, the seller's authority or the issue documents.

Different Record Dates and Different Rights

The meeting participation register is compiled three business days before the meeting. The list for pre-emptive rights in an issue is determined as at the issue resolution date. Acquiring shares after the relevant date may mean that the right to a particular corporate action remains with the former holder. Contractual allocation of economic benefits between seller and buyer must be reconciled with the statutory identification of entitled persons.

Transfers Close to a Meeting or Dividend Date

The agreement should expressly allocate the economic benefit of declared dividends, identify who will attend the next meeting and specify how the parties will exchange notices received. Those terms operate between the parties and do not permit arbitrary changes to the register. Before closing, request the company's calendar of upcoming corporate actions.

Record Errors and Investor Action

If there is a discrepancy, immediately compare the agreement, payment documents, transfer instructions and both parties' statements, and contact the servicing intermediary and the company within their respective remits. Keep evidence of the dates of requests and responses. If disputed shares may be transferred again, consider court-ordered interim measures; a letter alone does not block transactions.

Practical step. Maintain a single electronic file containing the agreement and approvals, issue documents, post-acquisition statement, encumbrance information, current intermediary contacts and evidence of all subsequent account movements.

14. Information, Reporting and Audit

Information rights are a principal means of investor protection. The company must retain a broad range of corporate documents, including the charter, governing body resolutions, securities issue documents, annual reports, lists of affiliates, audit opinions and other documents required by law.

Shareholders must be given access to the documents listed in Article 103, subject to specified exceptions. Upon written request, the company must provide copies of the documents required by law for a charge not exceeding reproduction and delivery costs; documents may be supplied electronically.

The Law excludes certain categories from general shareholder access, including accounting records, executive board meeting minutes, orders of the director or chair of the executive board, and the shareholder register. Investment agreements and charter-based reporting arrangements may therefore be of considerable practical importance.

Audit and Internal Control

The Law permits an audit commission or statutory auditor where the charter so provides, and requires an internal audit service in specified cases and an external audit organisation. Holders of at least 5% of voting shares may request an inspection of the company's financial and business activities, with prior notice to the supervisory board.

Scope of Access and Confidentiality

Annual financial statements and primary accounting records are different categories. The exception for accounting records cannot be extended to all financial reporting and corporate materials. At the same time, share ownership alone does not give unlimited access to every contract, personal data item or trade secret.

In the request, identify the specific document, period, basis for access, preferred format and delivery method. Check the JSC's website and the Unified Corporate Information Portal for materials, but retain a copy of the published version and its date: the content may later change. Documents concerning transactions with affiliates are subject to the special three-business-day deadline in Article 89.

Three Oversight Mechanisms

Mechanism	Purpose and Features
Audit commission or statutory auditor	May be established under the charter. Inspects financial and business activities and issues opinions under Article 107.
Internal audit service	Required where the book value of assets exceeds 100,000 basic calculation units. Reports to the supervisory board; audit committee rules must also be considered for listed companies.
External audit	Verifies the reliability of financial statements and carries out special assignments in statutory cases. An audit opinion does not guarantee the absence of all legal risks.

How Investors Should Read Financial Statements

Compare profits with cash flows, debt, overdue receivables, obligations to related parties and guarantees issued. Pay particular attention to audit qualifications, contingent liabilities, events after the reporting date and going concern. High profits without cash may explain dividend difficulties, but the causes require investigation.

Contractual Reporting

For ongoing oversight, it is useful to agree on quarterly balance sheets, profit and cash flow statements, budget performance and registers of material obligations, litigation and related-party transactions. Specify the lawful basis for providing this information, the responsible employee, deadlines and confidentiality arrangements. Additional reporting should supplement, rather than replace, mandatory public disclosure.

15. Major Transactions

A major transaction is a transaction or several interconnected transactions, including a loan, credit facility, pledge or guarantee, involving the acquisition, disposal or possible disposal of assets where the value exceeds 15% of the company’s net assets. Exclusions include transactions in the ordinary course of business and transactions relating to the placement of shares and other securities.

Who Approves a Major Transaction

- within the range described in Article 84 as “from 15% to 50%” of net assets, read together with the definition in Article 83, the supervisory board’s resolution must be unanimous, disregarding votes of members who have ceased to serve; if unanimity is not achieved, the matter may be referred to the general meeting;
- above 50% of net assets, the general meeting of shareholders decides;
- general meeting resolutions specified by law require a qualified majority of three quarters of the votes of participating holders of voting shares.

The executive body concludes the major transaction after proper corporate approval. The Law requires its terms to be reviewed by an independent external audit organisation, taking into account the market value of the assets determined by an appraisal organisation.

A major transaction concluded in breach of the Law may be declared invalid by a court. Investors must therefore check not only the agreement and commercial terms, but also corporate competence, net asset calculations, valuation and the approval procedure.

Calculating the Threshold on the Correct Basis

For disposal, the assets' book value is used; for acquisition, the acquisition cost is used. That amount is compared with net assets as at the resolution date. Revenue, capital or total assets must not be substituted for net assets without verification. Interconnected agreements are considered together; splitting one operation among several documents does not eliminate the risk of its classification as a major transaction.

Article 83 defines a major transaction by reference to a value exceeding 15%, whereas Article 84 describes the board's competence as "from fifteen to fifty per cent". At exactly 15%, this inconsistency must be considered and the legal assessment documented; arranging approval in advance is prudent where possible and consistent with mandatory procedure.

Classification Example

With net assets of UZS 20 billion, acquiring assets for UZS 4 billion represents 20%. If the transaction falls within Article 83 and no exception applies, the supervisory board considers it subject to unanimity. At a price of UZS 11 billion, the proportion is 55%, requiring a general meeting resolution. For a disposal in this example, the book value of the disposed assets would be checked instead of the acquisition price.

Contents of the Approval Materials

The materials should include a description of the assets and interconnected operations, net asset calculation, draft agreement, counterparty information, market valuation, review of the terms by an independent external audit organisation and a draft resolution of the competent body. The commercial rationale should explain the purpose, price, security, financing sources and impact on the JSC's activities.

Investment Risk after Approval

Approval does not release management from liability for bad-faith conduct. Compare the executed agreement with the approved terms: changes to the price, subject matter, guarantees or interconnected obligations may require reassessment of the procedure. If the meeting approves a major transaction in the cases covered by Article 40, check dissenting shareholders' repurchase rights in advance.

16. Transactions with Affiliates and Conflicts of Interest

Transactions with affiliates are subject to special oversight because of the risks of asset diversion, profit shifting and conflicts of interest. The Law treats as affiliates, among others, legal entities and individuals holding 20% or more of the company's shares, supervisory board members, the director and executive board members, and various related legal entities.

An affiliate must notify the company in writing of its interest in a proposed transaction, identifying the parties, subject matter and material terms. The interested person does not participate in discussion or vote on approval of the transaction.

Approval is given unanimously by supervisory board members or by a qualified majority at the general meeting, depending on the circumstances. If two or more supervisory board members are affiliates, the matter is referred to the general meeting.

For a transaction amounting to 10% or more of net asset value, the Law requires a review of its terms by an independent external audit organisation, taking into account the market value of the assets determined by an appraisal organisation. If the transaction is also a major transaction, the major transaction regime applies.

A shareholder holding at least 5% of voting shares may independently engage an audit organisation to investigate indications of non-compliance with the requirements for a transaction with an affiliate if the company has suffered or may suffer damage.

Identifying Connections with the Counterparty

The 20% threshold is only one ground for affiliation. Also check the office-holding, family, group and other connections listed in Article 85. Reviewing only the counterparty's direct owners may fail to reveal a conflict. Map ownership and management and compare the result with the company's own list of affiliates.

Approval and Exceptions

A proposed transaction must be reviewed and approved before it is entered into. The board must decide no later than 15 days after receipt of the affiliate's written notice. If two or more board members are affiliates, the meeting decides. The affiliate takes no part in discussion or voting; exclusion of their vote must be documented.

Article 91 provides specific exceptions, for example for a company whose sole shareholder is also its director, and for certain organised trading and corporate procedures. A sole shareholder or an ordinary transaction does not automatically bring an exception into play. Every condition of the relevant exception must be checked.

Documents Available upon a Shareholder's Request

Under Article 89, written information signed by the company's head must be supplied within three business days, together with copies of the proposed transaction notice, review minutes, approval resolution and executed agreement, if already signed. This is a specific review mechanism even for a shareholder whose holding is insufficient to initiate a meeting.

Challenges Require Grounds and Evidence

In addition to procedural breaches, assess losses and conflicts of interest. Article 89 also sets out circumstances preventing invalidation, including the claimant's inability to affect the voting outcome, failure to prove losses and subsequent proper approval. A formal breach therefore does not guarantee a successful claim; all statutory conditions must be assessed.

If a holder of at least 5% of voting shares engaged an auditor and the court establishes a breach of the transaction requirements, the company must reimburse the costs within one month after the judgment becomes effective, up to the market value of the services. The auditor's scope of work and fees should be documented in advance.

17. Reorganisation and Liquidation

A JSC may be reorganised through merger, accession, division, spin-off or transformation. For investors, the central questions concern the treatment of their shares, the conversion ratio and procedure, the successor's assets and liabilities, and the availability of a right to require repurchase.

Before voting on reorganisation, investors should obtain the draft resolution, merger or accession agreement, transfer documents, share conversion terms, financial information on successors and an assessment of the effect on their ownership percentage and rights.

Liquidation

On liquidation, creditors' claims are satisfied before remaining assets are distributed to shareholders. After settlement with creditors, assets are distributed among shareholders in the statutory order and manner, taking into account the rights attached to different share classes.

The liquidation value of an investment may differ substantially from the book or contractual value of the shares. An entitlement to liquidation proceeds therefore does not replace contractual exit mechanisms and investor protection during the company's ordinary operations.

How Different Forms Affect the Investment

Form	Key Question for the Shareholder
Merger or accession	Which shares the investor will receive and in what ratio; which debts, assets and risks will be combined.
Division or spin-off	Which company will receive valuable assets and liabilities; which holdings the shareholder will receive and whether influence will be retained.
Transformation	Which legal form will result and how participation rights, transferability of the holding and governance will change.

What to Check before Voting

Comparing only the nominal number of new shares is insufficient. Review the successors' asset values, debts and guarantees, share types, conversion ratio, governing body composition and future minority rights. Transfer documents, settlement terms and the effect of reorganisation on licences, financing and key contracts are important.

The right to require repurchase should be analysed before the meeting, taking account of how the shareholder votes. For transformation, Article 41 creates an exception to the general repurchase funding cap of 10% of net assets. This does not waive the other procedural conditions or deadlines.

Order of Distribution upon Liquidation

Creditors are paid first. Remaining assets are distributed under Article 100: first, payments for shares subject to repurchase under Article 40; second, declared but unpaid dividends and the charter-specified liquidation value of preferred shares; third, distribution to ordinary shareholders. Each subsequent rank receives assets only after the preceding rank has been paid in full.

If assets are insufficient for the second rank, they are distributed among preferred shareholders in proportion to the number of shares they hold. The company must convert the portion of the liquidation value of assets payable to a foreign investor into foreign currency. If nothing remains after creditors are paid, shareholders may recover none of their investment.

18. Protection of Shareholder Rights and Corporate Disputes

The Law guarantees shareholders' rights and legitimate interests and provides judicial and other remedies. Corporate disputes may arise from breaches of meeting convening and conduct procedures, refusal to provide information, unlawful share issues, infringement of pre-emptive rights, major transactions or transactions with affiliates, unpaid dividends or actions of governing bodies.

Liability of Governing Bodies

Supervisory board members, the director, executive board members and the trust manager are liable for losses caused to the company in statutory cases. The Law expressly refers to misleading or false information, disclosure breaches, unlawful decisions on major and interested-party transactions, and failure to fulfil fiduciary duties.

The company or a shareholder or shareholders holding at least 1% of placed shares may bring a court claim for compensation of losses caused to the company by a supervisory board member, director, executive board member or trust manager.

Practical Protection Strategy

- document the breach and collect corporate records;
- promptly send a written demand to the company;
- where necessary, initiate a meeting, inspection or independent audit within the available rights;
- assess the possibility of challenging a resolution or transaction and obtaining interim measures;
- calculate direct losses and loss suffered by the company;
- comply with procedural deadlines and jurisdictional requirements.

Choosing the Claim and Proper Claimant

Breach	Potential Remedy
Accessible documents withheld	A specific disclosure demand, documentation of the refusal, and an application to the competent authority or court.
Breach of the decision-making procedure	Challenge the resolution, checking standing, voting conduct, reasons for non-participation and infringement of rights.
Declared dividends unpaid	Recovery of the accrued debt and, where the conditions of Article 53 are met, a late payment penalty.
Management has caused losses to the company	A claim in the company's interests, meeting the threshold of at least 1% of placed shares under Article 81.
Disputed transaction with an affiliate	Obtain documents under Article 89 and assess grounds for invalidity and compensation for damage.

Loss to the Company and Loss to the Shareholder

Distinguish loss of assets by the JSC itself from an investor's separate loss. A claim under Article 81 seeks compensation for the company; the shareholder does not automatically receive the award personally. A fall in the market price of shares does not, by itself and without further analysis, permit recovery of the difference from the director. Evidence of unlawfulness, loss, causation and other conditions of liability is required.

Courts and Interim Measures

Corporate disputes falling within the category defined in Article 30 of the Economic Procedure Code are heard by economic courts; claims are filed at the legal entity's location. Specific rules are set out in Chapter 26 of the Code. For a contractual dispute involving a foreign element, separately assess the classification of the claim, court jurisdiction and effect of any arbitration clause.

An arbitration clause cannot be treated as an automatic basis for referring every dispute concerning a JSC's governing bodies or register to arbitration. Assess arbitrability, the persons bound by the clause and the nature of the remedy sought. Investment arbitration against a state and a dispute between private shareholders have different legal bases.

If disputed shares or assets may be disposed of, consider proportionate interim measures. The application should explain the connection between the measure and the claim and the risk of enforcement difficulties. Filing a claim does not in itself suspend a corporate resolution or block transactions.

Remedy for Infringement of a Pre-emptive Right

Where shares are sold in breach of a charter-based pre-emptive right, the specific remedy is a claim for transfer of the buyer's rights and obligations. Article 6 of the JSC Law sets a three-month period from the date the shareholder or company learned or should have learned of the infringement. This remedy must be distinguished from a claim to invalidate the transaction. The conditions for pre-emptive rights and the procedure are discussed in Section 12.

Dispute File and Deadlines

Collect the charter in force at the event date, the register and statements, notices, meeting materials, ballots, minutes, disputed agreements, correspondence and loss calculations. The filing period depends on the specific claim; the thirty-day period for a repurchase demand is not a universal deadline for all corporate claims. Negotiations and a complaint to the regulator do not, by themselves, guarantee preservation of court deadlines.

19. Considerations for Foreign Investors

The general JSC Law does not impose a blanket prohibition on foreign individuals or legal entities owning shares in Uzbek JSCs. Each investment must nevertheless be checked for sector restrictions, licensing requirements, privatisation rules, antimonopoly control and other special regimes.

Foreign Investor Checklist

- whether prior antimonopoly approval or subsequent notification is required for a share acquisition;
- sector restrictions for banks, insurers and strategic or licensed industries;
- settlement currency and the transaction's banking arrangements;
- taxation of dividends and income from disposal of shares;
- applicability of a double taxation treaty;
- ability to repatriate dividends and share sale proceeds;
- information and beneficial ownership disclosure;
- applicable international treaties of the Republic of Uzbekistan.

Where an international treaty of the Republic of Uzbekistan sets rules different from legislation on JSCs and shareholder protection, the treaty rules apply. Investment protection also requires analysis of the applicable bilateral investment treaty and the conditions for accessing its remedies.

Documents of the Foreign Acquirer

A legal entity should prepare in advance documents concerning registration and legal capacity, ownership structure, signatory authority and required internal approvals. A representative requires a power of attorney. Legalisation or apostille and translation requirements depend on the issuing country, applicable treaty and

receiving authority. The same document package may need adjustment for the bank, intermediary and court.

Checking Approvals before Committing to Purchase

Economic concentration and sector-specific approvals are assessed with reference to the entire group of persons and the transaction parameters. The corporate 50% threshold in the JSC Law is not a universal antimonopoly control threshold. The obligation to purchase shares and the transfer of title should be linked to receipt of the approvals actually required, and approval periods included in the transaction timetable.

Cash Flows and Banking Documents

Before signing, agree with the bank and intermediary on the currency, payment purpose, proof of source of funds and investor identification documents. The basis on which money is received matters when recovering the investment: dividends, share sale proceeds and liquidation distributions require different documents. The Investment Law guarantees transfers of funds subject to prescribed conditions, including payment of taxes and charges.

Tax Structure of the Investment

Check whether the recipient is an individual or legal entity, tax residence, type of income, applicable domestic relief and the tax treaty. Before payment, identify the withholding agent, residence documentation and conditions for treaty application. Foreign citizenship, overseas incorporation or the existence of an international treaty alone does not establish entitlement to a reduced rate in every case.

On a share sale, separately determine the documented acquisition cost, expenses, tax base and obligations of the parties involved in settlement. This guide does not prescribe a single rate for all investors: the calculation is made at the payment date based on the specific status and applicable rules.

Protection under an International Treaty

For potential treaty protection, check who qualifies as an investor, what constitutes an investment, territorial and temporal requirements, dispute resolution procedures and the requisite state consent. The choice of a foreign company to hold shares should be assessed before investing; a foreign shareholder does not in itself guarantee access to international arbitration.

20. Practical Steps for Acquiring and Holding Shares

The following practical steps cover the review and management of an investment in an Uzbek JSC’s shares. They do not replace comprehensive legal due diligence but identify the minimum matters to address before, during and after the transaction.

A. Before Signing

- obtain the current charter and all registered amendments;
- check share issues, classes, nominal value, placed and authorised shares;
- confirm the shareholder structure and the seller’s title to the shares;
- check pre-emptive rights, pledges, attachments and other restrictions;
- review general meeting and supervisory board minutes for a material period;
- review major transactions and transactions with affiliates;

- review financial statements, audit, debt, litigation and regulatory risks;
- assess the need for antimonopoly and other approvals;
- document governance rights, reporting arrangements, special approval procedures and exit mechanisms.

B. At Closing

- sign the agreement and related corporate documents;
- obtain the required approvals and evidence that conditions precedent have been satisfied;
- ensure correct payment of the price;
- ensure transfer of shares in the depository system;
- obtain a securities account statement;
- update corporate bodies and the authority of investor representatives where necessary.

C. After Acquisition

- monitor meeting notices and corporate disclosures;
- regularly analyse financial and management reports;
- track additional issues and changes to authorised shares;
- monitor major transactions and transactions with affiliates;
- participate in forming the supervisory board;
- check declaration and payment of dividends;
- periodically repeat legal reviews of key corporate risks.

D. On Exit

- check sale restrictions and pre-emptive rights;
- check whether the buyer requires regulatory approvals;
- structure the price, settlement and tax consequences;
- coordinate contractual closing with the depository transfer;
- where a statutory event has occurred, assess the right to require the company to repurchase shares.

Allocation of Transaction Responsibilities

For each item, assign a responsible person, deadline, supporting document and completion condition. Record unresolved matters in a risk list: resolve them before acquisition, reflect them in the price, provide for contractual liability or accept them knowingly. A seller’s oral assurance does not remedy an unregistered issue, unclear title or a missing state approval.

Checkpoint	Evidence of Completion
Seller’s title	Current statement, acquisition basis, and checks of encumbrances and authority.
Corporate procedure	Proper resolutions, notices and evidence of compliance with pre-emptive rights.
Approvals	Approvals obtained, or a reasoned conclusion that none are required for the particular transaction.

Checkpoint	Evidence of Completion
Settlement and transfer of title	Payment documents, depository instructions and the buyer's statement after the credit entry.
Post-transaction governance	Resolutions on the composition of corporate bodies, effective authority and agreed reporting arrangements.

Initial Steps after Acquisition

Confirm the investor's inclusion in the securities accounting system, update contact and bank details, and obtain the calendar of meetings and planned share issues. If 50% or more was acquired from a smaller holding, initiate the mandatory offer within the prescribed period. If a corporate agreement was concluded, ensure that the company is notified within 15 days.

During the first reporting cycle, compare the actual business position with the seller's information: debt, obligations to related parties, budget performance and material litigation. Document discrepancies with regard to the deadlines and procedure for contractual claims.

Ongoing Oversight of the Holding

Maintain a calendar covering proposals for the annual meeting; publications and meeting participation; financial reporting and audit; dividend resolutions and payments; issues and exercise of pre-emptive rights; updates to the list of affiliates; and governing bodies' terms of office. Assign an employee or adviser to each event to review documents and tell the investor what action is required.

Final check. An investment is legally ready when the rights attached to the particular holding are clear, the share transfer is documented, required approvals are obtained, governance and reporting are defined, and income, protection and exit arrangements are supported by enforceable procedures.

RYSKIYEVA & PARTNERS

Legal Support for Shareholders and Investors

Share acquisitions and sales • corporate governance • investment transactions • antimonopoly approvals • protection of shareholder rights and dispute resolution

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Before a consultation, send a brief description of the investment, the size and type of shareholding, the company's charter and documents concerning the matter. Identify upcoming corporate events and known deadlines. Agree in advance on a channel for sending confidential materials.