

Ergun Publication Series: Global Legal Guides

GLOBAL MERGERS & ACQUISITIONS GUIDE

2025



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Edited by

Lara Sezerler
Irmak Yensel Nergiz
Melis Kaim
Begüm Ően
Naz eriođlu
Nazan Eda Mumcu



Ergun Books (UK) Limited

Editors

Lara Sezerler

Irmak Yensel Nergiz

Melis Kaim

Begüm Şen

Naz Çerçioğlu

Nazan Eda Mumcu

Published by Ergun Books (UK) Limited

284 Chase Road, A Block 2nd Floor, London

United Kingdom, N14 6HF

ISBN: 978-1-7394015-9-7

Ergun Publication Series: Global Legal Guides

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Foreword

We are delighted to present the 2025 edition of the Global M&A Guide, a refreshed and expanded resource that reflects the dynamic and evolving landscape of mergers and acquisitions worldwide. Building on the strong foundation of previous editions, this volume again brings together a distinguished group of legal professionals from across the globe to provide a comprehensive, comparative overview of M&A frameworks in their respective jurisdictions.

Mergers and acquisitions are inherently complex transactions that demand a deep understanding of the legal, regulatory, and commercial environments in which they take place. In today's interconnected global economy, professionals involved in cross-border M&A must have access to timely and jurisdiction-specific insights to navigate the intricacies of international transactions effectively. This guide aims to serve as a strategic compass for dealmaking.

Each chapter is authored by leading legal experts who generously share their in-depth knowledge, practical experience, and forward-looking perspectives. Their contributions span a wide array of key topics—including fundamental principles, foreign investment, corporate governance, shareholder rights, regulatory approvals, enforceability, and market trends—offering readers both a solid understanding of core legal principles and guidance on the latest developments shaping cross-border M&A.

Our contributors, who are all distinguished legal professionals from leading firms across the globe, have generously shared their jurisdiction-specific knowledge and expertise. Their insights reflect both recent legal developments and practical experience, offering valuable guidance on key aspects of M&A transactions. By comparing similarities and exploring jurisdictional differences, this publication encourages a deeper understanding of the nuanced legal, commercial, and cultural considerations that impact international transactions.

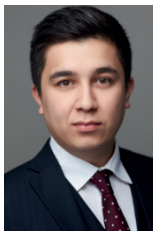
We extend our sincere gratitude to all contributing authors for their time, dedication, and expertise. Their valuable contributions have helped transform this publication into a practical, insightful, and truly global resource.

We hope that this 2025 edition of the Global M&A Guide proves to be an indispensable tool in your international M&A activities, supporting well-informed decisions and strategic execution in an increasingly dynamic and interconnected market.

Lara Sezerler
Istanbul, 2025

UZBEKISTAN

CENTIL LAW



Maksud Karaketov
Partner
maksud.karaketov@centil.law



Kamilla Muminova
Associate
kamilla.muminova@centil.law

A. General

1. What is the main legal framework applicable to companies in your jurisdiction?

Companies have the full legal capacity as separate legal personalities to be engaged in any business activity (including licensable activities). Numerous factors (such as the purpose of a business, cost, and complexity of registering a legal entity, liability issues, management structures, and capital requirements) affect the choice of corporate structure.

The legislation applicable to companies consists of the Civil Code of the Republic of Uzbekistan (as amended), effective from March 1, 1997, Law of the Republic of Uzbekistan No.310-II "On Companies with Limited and Additional Liability" dated December 6, 2001 ("**LLC Law**"), Law of the Republic of Uzbekistan No. 223-I "About joint stock companies and protection of the shareholders' rights" (as amended) dated

May 6, 2014 ("**JSC Law**") and the Law of the Republic of Uzbekistan No.77-II "On Foreign Economic Activity" dated May 26, 2000, and other legislative acts.

2. What are the most common types of corporate entities (e.g., joint stock companies, limited liability companies, etc.) used in your jurisdiction? What are the main differences between them (including but not limited to with regard to the shareholders' liability)?

Among the variety of existing corporate forms (full and limited partnerships, unitary enterprise, and production cooperative society), only two corporate forms appear to be the most common and suitable for foreign investors such as a limited liability company ("**LLC**") and a joint stock company ("**JSC**").

LLC is a company established by one or more individuals or legal entities with a charter capital divided into shares whose

size is determined by the foundation documents (bylaws).

JSC is a commercial organization, the charter capital of which is divided into a certain number of participatory interests, certifying the rights of shareholders in relation to the company. The JSC is a legal entity and owns the separate property, including property transferred to it in the charter capital, accounted for on its independent balance sheet, can acquire and exercise property and personal non-property rights on its own behalf, bear obligations, and be a plaintiff and defendant in court.

In contrast to a JSC, shares in an LLC are not securities. LLC participants are not liable for its obligations, and they bear the risk of losses connected with the LLC's activities within the limits of the value of their personal contributions (participatory interest). It has minimal requirements in terms of registration, and management and no requirements for disclosure of information, except for shareholders (named participants in LLCs).

Most private businesses in Uzbekistan are organized in a form of LLCs, while state-owned enterprises and all banks are mainly registered as JSC. JSCs are heavier regulated by capital markets authorities while LLCs are simpler to manage. JSCs may be characterized by the complex procedure of their registration and administration. Contrary, LLC Law is rather simple and straightforward and not over-regulated as in the case of JSC.

B. Foreign Investment

3. Are there any restrictions on foreign investors incorporating or acquiring the shares of a company in your jurisdiction?

Despite the consolidation of the investment laws into a single legal document, the equity restrictions, which are effective now, are still dispersed in different legal acts. The law sets limits in certain sectors (mass media, banking, defense, and national security).

For mass media, it is prohibited to incorporate mass media companies by legal entities in the charter capital which is composed of 30% or more of foreign investment.

For banks, the total share of non-residents – individuals and legal entities that are not international financial institutions, foreign banks, and other credit organizations, should not exceed 50% of the charter capital of the bank.

Shareholding Restriction (aka 'Matryoshka Rule'): There is a rule that a founding company may not hold 100% participatory interest in the charter capital of an LLC, if the former, in turn, is owned by a single person (either corporate or individual). In other words, either an LLC or a founding company should be in joint ownership (with two or more participants/shareholders). This rule does not apply to a company that is held by a JSC with one shareholder.

4. Are there any foreign exchange restrictions or conditions applicable to companies such as restrictions to foreign currency shareholder loans?

There are no any specific restrictions on foreign currency shareholder loans. However, the loan agreement should be compatible with Uzbek law and must be registered with the Central Bank of the Republic of Uzbekistan via the company's service bank.

5. Are there any specific considerations for employment of foreign employees in companies incorporated in your jurisdiction?

The foreign nationals are entitled to the same rights as provided for locals as well as owe the same duties to their employers as locals, additionally being subject to holding the relevant work permit, issued individually for the foreign employee, and visa.

A work permit is a document giving the right a foreign citizen to carry out labor activities in the territory of the Republic of Uzbekistan. A work permit is issued to a foreign specialist personally for a 1-year period and is subject to renewal in case of continuous employment of a foreign specialist.

When submitting an application, the company pays an application fee in the amount of 1 basic calculated value (“BCV”), which is 375,000 UZS, or approximately USD 29. The review period is 15 business days. Upon successful review and upon granting the work permit, the company needs to pay out the fee amounting to 30 BCV, which is 11,250,000 UZS, approximately USD 869⁴.

Under the labor laws, there are additional requirements are provided for highly qualified and qualified foreign specialists:

Highly qualified foreign specialists must:

- be a graduate of one of the 1000 best universities in the world rank;
- have at least 5 years of professional experience in the relevant field;
- have an annual salary of at least USD 60,000 payable from the company's bank account.

The qualified foreign specialist must:

- have a higher education;
- have at least 5 years of professional experience in the relevant field;
- have an annual salary of at least USD

30,000 payable from the company's bank account.

After successful consideration, when issuing a work permit, a company must pay a state fee in the amount of 1 BCV, which is 375,000 UZS, approximately USD 29 for highly qualified specialists, and a state fee of 2 BCV, which is 750,000 UZS, approximately USD 58 for qualified specialists. Work permit for qualified and highly qualified specialists is issued for a period of up to three years, with the possibility of extension.

For foreign employees of representative offices physically presenting and residing in Uzbekistan must procure an individual accreditation card.

C. Corporate Governance

6. What are the standard management structures (e.g., general assembly, board of directors, etc.) in a corporate entity governed in your jurisdiction and the key liability issues relating to these (e.g., liability of the board members and managers)?

The managing bodies of JSC are the General Meeting of Shareholders, the Supervisory Board and the Executive Body.

LLC's management consists of a supreme body (the General Meeting of Participants (founders) or a single founding member); and Executive Body (individual or collective). The company may also have a Supervisory Board within its corporate structure, which is, however, not mandatory.

The General Meeting of Shareholders/ Participants (“GMSP/GMP”) is a supreme management body of a company. GMSP has exclusive powers concerning the specific issues mainly covering business, financial, management and structural

⁴ The average exchange rate of USD 1 equal to UZS 12,940 was used.

matters of the company. The exclusive powers of GMP include of the LLC include:

- the definition of the main areas of the company's activities, as well as the decision to participate in other associations of commercial organizations;
- change in the size of the charter capital of the company; introduction of changes and additions to the foundation documents;
- formation of Executive Bodies of the company and early termination of their powers;
- election and early termination of the powers of the audit commission (auditor) of the company;
- election and early termination of the powers of the Supervisory Board if its creation is provided for by the company's charter;
- approval of annual reports and annual balance sheets;
- deciding on the distribution of the company's net profit among the participants of the company;
- approval (adoption) of documents regulating the activities of the company's bodies;
- deciding on conducting an audit, determining the audit organization and the maximum amount of payment for its services;
- making decisions on the establishment of other legal entities, representative offices, and branches;
- decision-making on the reorganization or liquidation of the company;
- appointment of a liquidator and approval of liquidation balances.

Issues referred to the exclusive powers of the GMP cannot be transferred to them for

the decision of the company's Supervisory Board, except for cases, provided in the Charter, as well as to the decision of the company's Executive Body.

The Supervisory Board is an intermediate body. It does not carry out daily operations and executive management of the company but performs certain managerial functions of a higher level, such as determining certain programs, policies, and categories of operations, appointing the Executive Body, and the internal audit body, providing authorizations, approvals, etc. In fact, the Supervisory Board acts in accordance with the authority delegated to it by the GMP.

The day-to-day management of the company is performed by the Executive Body (director/management board), which is mandatory. The authority entrusted to the Executive Body shall be specified in the foundation documents (charter and/or foundation agreement (if there is more than one participant in the company) of the company.

7. What are the audit requirements in corporate entities?

Audit requirements in LLC.

An internal audit service is mandatory only for LLCs with a state share of 50 percent or more with a book value of assets of more than 100,000 BCV (approximately USD 2,897,990). The internal audit service is created and its employees are appointed by the Supervisory Board of the company. The internal audit service reports to the Supervisory Board of the company.

Companies with a book value of assets of more than 100,000 BCV (approximately USD 2,897,990) or proceeds from the sale of products (works, services) of more than 200 000 BCV (approximately USD 5,851,600), the average annual number of employees is over 100 people are subject to a mandatory

annual audit conducted by an independent external audit organization.

Audit requirements in JSC.

An internal audit service is mandatory for the JSC with if a state share of 50 percent or if the book value of a company's assets is more than 100,000 BCV (approximately USD 2,925,800). The internal audit service is created and its employees are appointed by the Supervisory Board of the company. The internal audit service reports to the Supervisory Board of the company.

Note: The company, whose shares are included in the exchange quotation list of the stock exchange, is obliged to establish an audit committee consisting exclusively of members of the Supervisory Board of this company. The internal audit service of the company in its activities is accountable to the audit committee if any.

In addition, the JSC is subject to a mandatory annual audit conducted by an independent external audit organization.

D. Shareholder Rights

8. What are the privileges that can be granted to shareholders? In particular, is it possible to grant voting privileges to shareholders for appointment of board members?

In the LLC. The participant may participate in person or through his representatives based on a power of attorney, discuss issues, and vote at the GMP of the company. The order of decisions in the company shall be established in the company's charter, as well as regulated in the LLC Law. Each participant of a company shall have, at the GMP, the number of votes proportional to his participatory interest in the charter capital of the company.

The election of members of the Supervisory Board and the Executive body falls within the competence of the general meeting

of participants and is elected by a simple majority of votes at the general meeting. However, the company's charter may provide for another order of appointment of the Supervisory Board and the Executive Body.

In the JSC. In accordance with the JSC Law, the members of the Supervisory Board of the company are elected by the general meeting of shareholders in the manner prescribed by JSC Law and the charter of the company for a period of three years.

Formation of the Executive Bodies of the company and early termination of their powers are carried out by the decision of the general meeting of shareholders if the charter of the company does not refer these issues to the competence of the Supervisory Board of the company. In accordance with the charter of the company or by decision of the general meeting of shareholders or the Supervisory Board of the company, the appointment of a director or members of the company's board is carried out, as a rule, on the basis of a competitive selection, in which foreign managers can take part.

9. Are there any specific statutory rights available to minority shareholders available in your jurisdiction?

In the LLC. The Uzbek LLC Law does not provide for the concept of a "minority shareholder". The concept of a "minority shareholder" is contained in the regulations on the procedure for the activities of the committee of minority shareholders in a JSC, according to which minority shareholders are owners of participatory interest whose participation and voting at the general meeting of shareholders does not affect the results of voting on the agenda of the meeting. We believe that it is advisable to apply this definition to a minority participant in a limited and additional liability company. Thus, it is not

the size of the participatory interest that classifies minority participants as such, but the ability to influence the results of voting on issues decided by the GMP.

The rights of minority shareholders of the company are not expressly provided for by the LLC Law. However, based on the context of the LLC Law, the following corporate rights of minority participants in the company can be distinguished, in addition to the general rights established by the law LLC for all participants in the company.

The right to veto certain issues: In accordance with the LLC Law, the decision to approve the charter of the company, amend the charter of the company, increase the charter capital of the company, reorganize and liquidate the company, as well as the decision to approve the monetary value of the contributions made by the company's participants are decided by the participants unanimously. This means that a participant with a participatory interest of even 1% of the charter capital has the right of veto on all such issues, that require a unanimous decision of the GMP. It should also be borne in mind that the LLC Law does not prohibit establishing such a decision-making procedure for other issues decided at a general meeting of company participants.

Mandatory buyout offers. In accordance with the LLC Law, a person who has become the owner of 50 or more percent of a participatory interest in the charter capital of a company (with the exception of the state) is obliged within 30 days to offer minority participants to sell him participatory interest at market value, if before that the person did not own participatory interest or owned less than 50 percent of the participatory interest in the charter capital of the company. Thus, a minority participant is provided with the right to withdraw from the company upon the appearance of a participant owning

50 or more percent of the participatory interest in the charter capital of the company.

The requirement to expel a participant from the company. A participant of the company or participants of the company, whose participatory interest in the aggregate amount to at least 10 percent of the charter capital of the company, have the right to demand in court the exclusion from the company of a participant, including a majority participant who grossly violates his obligations or by his actions (inaction) makes it impossible to operate the company or significantly complicates it.

LLC Law allows the establishment of other rights of the company's participants, including minority participants, in the charter and foundation agreement. In order to protect the rights and legitimate interests of minority shareholders in a company, a committee of such shareholders may be established.

In the JSC: In accordance with the Uzbek law, minority shareholders are owners of shares whose participation and voting at the general meeting of shareholders may not affect the results of voting on the agenda of the meeting. The following mechanisms are available in order to protect the rights of minority shareholders:

Committee of minority shareholders: In accordance with the Uzbek JSC Law, in order to protect the legitimate rights and interests of minority shareholders in the company, a committee of minority shareholders may be created from among minority shareholders. The competence of the committee of minority shareholders includes: participation in the preparation of proposals on issues related to the conclusion of major transactions and transactions with affiliates submitted for consideration by the general meeting of shareholders or the supervisory board of

the company; consideration of appeals from minority shareholders related to the protection of their rights and legitimate interests; submitting appeals to the authorized state body for regulating the securities market on the protection of the rights and legitimate interests of minority shareholders; consideration of other issues in accordance with the law and the charter of the company. At the same time, interference in the activities of the committee of minority shareholders by the supervisory board or the executive body of the company is not allowed.

Mandatory buyout offers: In accordance with the Uzbek JSC Law, the person who became the owner of 50% or more shares of the company within 30 days is obliged to announce a proposal to owners of the remaining shares to sell their shares at market value, provided this person previously did not own any shares or owned less than 50% of the shares of this company. If written consent of the shareholder for the sale of its shares is received during this period, the owner of 50% or more shares of the company shall be obliged to buy those shares.

10. Is it possible to impose restrictions on share transfers under the corporate documents (e.g., articles of association or its equivalent in your jurisdiction) of a company incorporated in your jurisdiction?

In the LLC: The restriction on the sale of a participatory interest to a third party may be imposed under the charter of the company. In case such a restriction on the transfer of a participatory interest to third parties is prescribed by the charter, and other participants in the company refuse to acquire it, the company is obliged to acquire such participatory interest, at the request of the selling participant.

At the same time, the company is obliged

to pay the selling participant the actual value of his participatory interest, which is determined on the basis of the company's financial statements for the last reporting period preceding the day the company's participant makes such a request, or, with the consent of the company's participant, to give him a property of the same value in kind.

In the JSC: In accordance with the JSC Law, shareholders have the right to alienate their shares without the consent of other shareholders and the company. However, please note that in case if the number of shareholders does not exceed 50, the company's charter may provide for a preemptive right:

- allowing other shareholders to purchase shares sold by other shareholders of this company, at a price and on the terms of an offer to a third party in proportion to the number of shares owned by each of them;
- allowing a company to purchase shares sold by its shareholders, if other shareholders of this company have not exercised their preemptive right.

11. Are there any specific concerns or other considerations regarding the composition, technical bankruptcy and other insolvency cases in your jurisdiction?

In case of insolvency, the director of the company is obliged to notify the shareholders and creditors to start the pre-trial readjustment process. In particular, the company may be the subject of a deferral or financial assistance may be requested for its recovery.

Both the debtor and creditors and in the case of a company with state shares, the State Assets Management Agency, may apply to the court for insolvency proceedings.

The interests of creditors in the insolvency proceedings are upheld by a committee or a meeting of creditors. Once the court accepts the application, the creditor cannot address the debtor individually.

In case of non-submission or untimely submission by officials of materials on financial and economic activities of the company to the state agency for bankruptcy cases — attracts imposing of penalty from 3 to 5 BCV (from 87 up to 145 USD).

The same offense committed repeatedly within a year after the application of an administrative penalty – entails the imposition of a fine from 5 to 10 BCV (from 145 up to 290 USD).

E. Acquisition

12. Which methods are commonly used to acquire a company, e.g., share transfer, asset transfer, etc.?

There are several mechanisms to acquire shares/participatory interest in the company in Uzbekistan:

- (1) acquisition of a shares/participatory interest in the company;
- (2) an increase of the charter capital of the company at the expense of the contribution of a third party accepted into the company as a participant;
- (3) transfer of a participatory interest of one company as a contribution to the charter capital of the other company.

13. What are the advantages and disadvantages of a share purchase as opposed to other methods?

The listed mechanisms of acquiring a company are approximately the same in terms of processing transactions. The main advantages and disadvantages of purchase of share/participatory interest as opposed to an increase of the charter capital of the company at the expense of the

contribution of a third party accepted into the company as a participant and transfer of a participatory interest of one company as a contribution to the charter capital of the other company is listed below:

Tax consequences. If the acquisition of a company occurs through the acquisition of a participatory interest or transfer of a participatory interest as a contribution to the charter capital of the company at the nominal value, there are no consequences that can occur.

In case a share/participatory interest is transferred or sold at market or contract value, and if the market and contract value of the sold share/ participatory interest is higher than the nominal value, then the seller has income from the sale of the share/ participatory interest, which will be taxed. However, in the case when the acquisition of the company occurs by increasing the charter capital, there are no tax consequences that might occur.

Non-monetary contribution: Moreover, by the legislation of the Republic of Uzbekistan, a contribution to the charter capital can be made not only in money but also in property or other rights having a monetary value. The monetary value of non-monetary contributions to the charter capital of the company, made by the company's participants and third parties accepted into the company should be approved by the decision of the general meeting of the company's participants and adopted by all participants of the company unanimously. However please note, that in case, of an increase of the charter capital of the company at the expense of the non-monetary contribution of a third party accepted into the company as a participant, VAT (12%) will apply.

Also please note that non-monetary contributions to the charter capital of the LLC, valued in excess of 10,000 BCV (3,750,000,000 UZS, approximately USD 292,580), shall be assessed by an appraisal

organization and cannot exceed the estimated value.

Antimonopoly approval: The approval of Competition Promotion and Consumer Protection Committee of the Republic of Uzbekistan (“**Antimonopoly Committee**”) is required both when acquiring shares (participatory interest) in the charter capital of the company by increasing the charter capital of the company and when acquiring a participatory interest in the company or transfer of a participatory interest as a contribution to the charter capital of the company.

Pre-emptive right: In the case of an acquisition of a participatory interest in the company, the participants in the company and the company have a pre-emptive right to purchase selling participatory interest, while in the case of an increase of the charter capital of the company at the expense of the contribution of a third party accepted into the company as a participant or transfer of a participatory interest as a contribution to the charter capital of the company, this rule does not apply.

14. What are the approvals and consents typically required (e.g., corporate, regulatory, sector based and third-party approvals) for private acquisitions in your jurisdiction?

Under Uzbek law there are some rules and requirements set for private acquisition which are listed below.

- **General consent:** Per Uzbek LLC law participant of the company has the right to sell or otherwise assign his participatory interest in the charter capital of the company or part of it to one or more participants of the company. The consent of the company or other participants of the company to make such a transaction is not required unless otherwise provided by the charter of the company.

- **Pre-emptive right:** The sale of a participatory interest to third parties is allowed unless prohibited by the charter of the company. In this case, the participants of the company enjoy the pre-emptive right to purchase a participatory interest over third parties.

If other participants of the company have not exercised their pre-emptive right to purchase a participatory interest sold by its participant, then the company has a pre-emptive right to acquire this participatory interest.

Accordingly, a participant who intends to sell his participatory interest to a third party is obliged to notify the other participants in the company and the company itself in writing, indicating the price and other conditions for its sale.

Participant of the company wishing to exercise the pre-emptive right to purchase the participatory interest must, within seven days, notify the participant of the company who offered to sell his participatory interest, indicating that he intends to purchase the participatory interest offered for sale in full or a certain part of it.

If the total value of the received offers does not exceed the size of the sold participatory interest, each of the participants acquires that part of it, which he indicated in his notification.

If the participants of the company or the company itself do not use the pre-emptive right to purchase a participatory interest offered for sale within a month from the date of such notification, unless another period is provided for by the charter of the company or agreement of the participants in the company, the participatory interest may be sold to a third party at a price and on conditions known to the public and its participants.

Obtainment of prior consent of the covenants under the agreements. (change of control clause): If the terms of the agreements (if any) contain a requirement to obtain prior consent to the transfer of participatory interest, it is necessary to obtain the consent of the covenants under the agreements before such a transfer.

15. What are the regulatory competition law requirements applicable to private acquisitions in your jurisdiction?

Under Law of the Republic of Uzbekistan No.ZRU-850 "On Competition" dated October 4, 2023 ("Competition Law") obtaining the consent of the Antimonopoly Committee for transactions on acquisition of participatory interest in the charter capital of companies might be required.

To regulate economic concentration, the authorized state body will exercise state control by granting prior consent in specific situations, including:

- Reorganization of business entities through mergers and acquisitions;
- Accrual of a right by a person or a group of persons to dispose of shares of JSC or LLC registered in Uzbekistan. Preliminary consent is required when acquiring more than 25% of the voting shares in the charter capital of the JSC, or more than 1/3 of the participatory interest in the charter capital of the LLC.

State control over such transactions will occur only if:

- the book value of assets or proceeds from the sale of goods for the last calendar year of one of the business entities participating in the transaction exceeds 250,000 BCV (93,750,000,000 UZS, approximately USD 7,244,977); or
- the total book value of assets or revenue from the sale of goods for

the last calendar year of the business entities participating in the transaction exceeds 500,000 BCV (187,500,000,000 UZS, approximately USD 14,489,954).

Note, that the state control over the transactions will not occur in the following cases:

- transactions involving the merger or acquisition of enterprises with the participation of the state or the acquisition of shares in their charter capital are carried out by decision of the President of the Republic of Uzbekistan;
- establishing an economic entity;
- transactions for the acquisition by an economic entity of its own shares (participatory interest) in the charter capital;
- transformation of a joint stock company (limited liability company or additional liability company) into another organizational and legal form while maintaining the size of its charter capital;
- acquisition of shares (participatory interest) by investment intermediaries for the purpose of their further resale;
- transactions for the acquisition of shares (participatory interest) by an individual in the charter capital of an economic entity, if at the time of filing the application such an individual did not dispose of more than 25 percent of shares (participatory interest) in the charter capital of any commercial entity.

Consent to transactions for the acquisition of the participatory interest by a company or group of companies in the charter capital of companies is issued by the Antimonopoly Committee.

The state fee for consideration of the application and accompanying documents

is 1 BCV (approximately USD 29) for consideration and for the issuance of the preliminary consent of the Antimonopoly Committee - 0.05 percent of the proceeds of the parties to the transaction from the sale of goods for the last calendar year (in the absence of proceeds - of the book value assets), but in the amount of not less than 7 BCV (2,625,000 UZS, approximately USD 203) and not more than 1,000 BCV (375,000,000, approximately USD 28,979).

The Antimonopoly Committee considers the application within 30 (thirty) calendar days and informs the applicant of the decision in writing.

In case there are reasons why the transaction leads or may lead to restriction of competition, including by creating or strengthening a dominant position in the product or financial market, the Antimonopoly Committee may extend the term of consideration of the application for a maximum of 2 (two) months by sending a written notice indicating the grounds for the extension.

16. Are there any specific rules applicable for acquisition of public companies in your jurisdiction?

A shareholder holding shares in JSC may sell his shares for more or less than nominal value. However, if the shares:

- (1) are included in the exchange quotation list ("**Listing**") of Republican Stock Exchange "Toshkent" JSC ("**Exchange**") - the income of the seller (including a non-resident of the Republic of Uzbekistan) on the transaction is not subject to corporate income tax and tax on the income of individuals;
- (2) are not included in the listed - the seller pays a fee of 0.3 percent of the transaction amount in lieu of income tax for legal entities (or income tax for individuals).

Obtaining the consent of the Antimonopoly Committee. The preliminary consent of the Antimonopoly Committee for the transactions on the acquisition of the participatory interest by a company or group of companies in the charter capital of a JSC is necessary in cases such JSC or group of companies acquires the right to dispose of more than 25 percent of the said participatory interest; and State control over such transactions will now occur only if:

- the book value of assets or proceeds from the sale of goods for the last calendar year of one of the business entities participating in the transaction exceeds 250,000 BCV (93,750,000,000 UZS, approximately USD 7,244,977), or
- the total book value of assets or revenue from the sale of goods for the last calendar year of the business entities participating in the transaction exceeds 500 000 BCV (187,500,000,000 UZS, approximately USD 14,489,954).

The Antimonopoly Committee considers the application within 30 calendar days and informs the applicant of the decision in writing.

In case there are reasons why the transaction leads or may lead to restriction of competition, including by creating or strengthening a dominant position in the product or financial market, the Antimonopoly Committee may extend the term of consideration of the application for a maximum of 1 (one) month by sending a written notice indicating the grounds for the extension.

Note: The Competition Law also mandates obtaining preliminary consent for the establishment or reorganization of enterprises with state participation and their affiliated entities, any changes in their types of activities, and the acquisition of shares or participatory interest by such enterprises.

Implementation of a transaction for the purchase and sale of shares on the Exchange: If the shareholder sells his shares, the seller and the buyer must conduct (through their investment intermediary) a transaction on the Exchange (respectively (a) on the Exchange trading floor- for listed JSCs, or (b) over-the-counter transaction floor- for non-listed JSCs).

The parties must use the following sections of the Stock Market module:

- (1) The main section of the Main Board - when selling less than 1% of the shares of charter capital of the JSC (the value for the shares is determined in accordance with the market price of the share);
- (2) Negotiation auction Nego Board - when selling shares from 1% of the charter capital of JSC, the seller, and the buyer can agree on the cost of the transaction independently (through the section) both lower and higher than the market price of the share.

Registration of an agreement on the change of ownership without the actual payment of shares: In the event that the owner of shares is changed without actual payment for the shares (for example, the transfer of shares by donation, or the transfer of shares due to the fulfillment of an obligation by a shareholder to a third party, or another transaction leading to a change of ownership), such a change requires registration, therefore this type of transfer of rights refers to over-the-counter transactions with securities papers leading to a change of ownership.

According to the Regulations on the accounting register of over-the-counter transactions with securities (Registered by the Ministry of Justice of the Republic of Uzbekistan on March 9, 2009, reg. No. 1919), an over-the-counter transaction with securities made in writing, are subject to

registration with the purchaser's investment intermediary, which records and certifies rights to data securities ("**Registrar**") who may charge a fee to affect the registration of a change of ownership.

The parties represented by their representatives in the presence of the Registrar shall sign in triplicate (one for the parties and one for the registrar) the agreement submitted for registration of an over-the-counter transaction with securities. It should be noted that in case of fulfillment of the shareholder's obligation to a third party, the parties themselves determine the price per share, in accordance with which the principal and interest (if applicable) are calculated, so it may be different from the market price.

When registering an agreement, the registrar may also request the relevant agreement (for example, a loan agreement) after signing the agreement by the parties, registers an over-the-counter transaction with securities by making an appropriate entry in the accounting register for over-the-counter transactions with securities and on the basis of the relevant agreement and instruction from the shareholder to write off shares to the depository account of the acquirer, the transfer of shares to the acquirer is carried out.

17. Is there a requirement to disclose a deal, for instance to regulatory authorities? Is it possible to keep a deal confidential?

In the JSC: The owner of shares is obliged to disclose information on the acquisition, independently or jointly with affiliated persons, as a result of one or several transactions of a block of shares in a JSC, which in the aggregate constitutes 20 percent or more of the charter capital of this JSC.

Disclosure of information is carried out within two business days from the date of

conclusion of the transaction (transactions) in the republican newspaper or on the official website of the stock exchange.

In addition, significant facts that must be provided in the annual report of a JSC are changing in the list of legal entities in which the issuer owns 10 or more percent of the shares (interests, shares) of each such legal entity. The annual report must also contain information on the ownership of 5 or more percent of shares (stakes, shares) of other legal entities if the issuer's shares are included in the exchange quotation list of the stock exchange.

Also, JSCs must disclose material information about an affiliate on its official website and on the Unified Corporate Information Portal within two business days from the date of the event (registration of the share transfer).

In the LLC: As for the disclosure of transactions in an LLC when purchasing a participatory interest, there is a need to disclose transactions to the Antimonopoly Committee if, in accordance with the legislation of the Republic of Uzbekistan, it is necessary to obtain the prior consent of the Antimonopoly Committee.

Also, when re-registering an LLC due to a change of participants, acquisition documents are provided to the registering authority. However, please note that the acquisition documents, as well as the details of the transaction on acquisition of the participatory interest (the purchase price of the participatory interest, the final beneficiaries of the parties to the transaction, the conditions specified in the acquisition documents and the document itself), are not published in open sources.

Note. The Competition Law in addition to the previously required documents, applicants seeking preliminary consent from the Antimonopoly Authority must now also provide information about

individuals who are ultimate beneficial owners and hold actual control over a business entity through direct or indirect ownership of 25% or more of its shares or stocks.

18. Can sellers be restricted from shopping around during a negotiation process? Is it possible to include break fee or other penalty clauses in acquisition documents to procure deal exclusivity?

This concept is not recognized under Uzbek law.

19. What are the conditions precedent in a typical acquisition document? Is it common to have conditions to closing such as no material adverse change?

The conditions precedent may vary among transactions on acquisition of the participatory interest. However, from many transactions on the acquisition, some of the common Conditions Precedent in such transactions include:

- The conditions precedent for the seller's representations and warranties, namely, the seller's representations and warranties must be true and accurate and the sellers must fully comply with such representations and warranties.
- The conditions precedent for internal approval for transaction on acquisition of the participatory interest. Accordingly, the seller must provide evidence/ to obtain internal approvals, authorizing the execution and performance of the sale and purchase agreement;
- The conditions precedent for prior consent of the Antimonopoly Committee for the transaction on acquisition of the participatory interest (if applicable);

- The Conditions Precedent for completing all required legal procedures to recognize the buyer as a new participant of the company such as conduction of the re-registration of the company;
- The Conditions Precedent for the obtainment of the certificate of absence of tax debts or fulfilment of obligations with the tax authorities. As such, the seller commits that the seller hides no tax obligation besides what are included in the sale and purchase agreement.

20. What are the typical warranties and limitations in acquisition documents? Is it common to obtain warranty insurance?

Usually, the following warranties and limitations are included in the acquisition documents:

- The warranty on the authority to enter the agreement;
- No contravention to enter the agreement;
- Possession of the selling participatory interest and no encumbrances.

Please note, that implementation of warranties and limitations in acquisition documents is possible, however, this has not yet been tested in court.

Warranty insurance is not recognized under Uzbek law.

21. Is there a requirement to set a minimum pricing for shares of a target company in an acquisition?

In the LLC, there is no legal requirement in regards to the setting of the price of the shares/participatory interest when selling such shares/participatory interest.

Thus, the seller of the shares/participatory interest has the right to set the price at his own request. In practice, the shares/participatory interest may be sold at a nominal, market, actual or contract value.

- Nominal value. The nominal value of the participant's share/participatory interest in the charter capital of the company is determined by the size of the charter capital of the company, fixed in its foundation documents in the form of a specific amount of money;
- Actual value⁵
- Market value; and
- Contract value.

Profit on sale of shares/participatory interest is subject to taxation in Uzbekistan. The rate and type of tax depends on the seller (individual or legal entity) and its tax residency status.

22. What types of acquisition financing are available for potential buyers in your jurisdiction? Can a company provide financial assistance to a potential buyer of shares in the target company?

The practice of providing acquisition financing is not common in the Republic of Uzbekistan. There are two types of acquisition financing available for potential buyers in our jurisdiction:

- Bank loans;
- Loans, provided by legal entities.

However please note, that the bank loans for the acquisition financing in practice are provided only by the major banks.

23. What are the formalities and procedures for share transfers and how is a share transfer perfected?

⁵ The actual value of the participatory interest of a participant corresponds to part of the value of the company's net assets, proportional to the size of his participatory interest.

The procedure of transfer of the participatory interest in the LLC is the following:

- notify other participants of the Company and the Company itself about the sale of the participatory interest;
- receive written waivers to exercise the pre-emptive right to purchase a participatory interest from other participants of the Company and from the Company;
- conclude a contract for the sale of the participatory interest and deed transfer of the participatory interest;
- obtain a certificate of absence of tax debts;
- adopt a decision of the GMP on changing the composition of participants and approving the Charter and the Foundation Agreement of the Company in a new edition;
- carry out re-registration in connection with a change in the composition of participants in the Company.

In the JSC, according to the Law of the Republic of Uzbekistan “On the Securities Market” the circulation of securities (shares) is carried out through transactions by legal entities and individuals on the securities market. The process of selling shares after their placement among the Issuer’s shareholders is carried out on the secondary securities market.

In this case, transactions for the purchase and sale of shares are carried out exclusively at organized trading in securities, with the exception of the repurchase of shares by the joint-stock company itself at the request of shareholders.

The organizers of securities (shares) trading are:

- (i) stock exchange;
- (ii) a foreign exchange that has established a securities department.

24. Are there any incentives (such as tax exemptions) available for acquisitions in your jurisdiction?

There are no tax incentives available for acquisitions. However, please note, that in case there is a double tax treaty between the country – resident of the buyer and the Republic of Uzbekistan, it is possible to avoid taxation in the territory of the Republic of Uzbekistan.

F. Enforceability

25. Can acquisition documents be executed in a foreign language?

Acquisition documents can be executed in a foreign language. In practice, such documents are usually executed bilingually. Please note, that for registration purposes acquisition documents must be executed in the Uzbek language and additionally can be executed in other foreign languages as well.

26. Can acquisition documents be governed by a foreign law?

Acquisition documents can be governed by foreign law, with the following exception. Shareholders/participants may enter into an agreement between shareholders/participants (which will be governed by contractual relations), according to which the parties prescribe additional conditions for acquiring a share/participatory interest, while such an agreement may be governed by the law of another country with the exception of corporate issues included in the exclusive jurisdiction of the Republic of Uzbekistan.

Please note, that foreign law (law other than Uzbek law) can be agreed to by the parties to a contract involving foreign individuals or foreign legal entities (non-

Uzbek residents) as counterparties or that is “fraught with foreign element”. The Uzbek law fails to further elaborate what can be viewed as “fraught with foreign element” for this purpose. However, traditionally, this concept encompassed factors of foreign (non-Uzbek) nature. Domestic contracts, in their turn, are governed by Uzbek laws by default.

27. Are arbitration clauses legally permissible or generally included in acquisition documents?

The choice of foreign arbitration is recognized by the legislation of Uzbekistan unless the disputed issue is in the exclusive jurisdiction of the national courts of Uzbekistan. In accordance with the legislation of Uzbekistan, corporate disputes such as disputes related to the creation, reorganization, and liquidation of a legal entity, disputes related to the ownership of shares/participatory interests, shares/participatory interests in the charter capital, disputes on invalidating transactions, disputes on appealing decisions of management bodies, etc. to the exclusive jurisdiction of the economic courts of the Republic of Uzbekistan.

28. Are there any specific formalities for the execution of acquisition documents? Is it possible to remotely/digitally sign documents?

No, there are no specific formalities for the execution of acquisition documents. The acquisition documents are usually executed in simple written form. The legalization/apostille is required only in cases when such documents are executed outside of the Republic of Uzbekistan. There is no such option of signing the acquisition documents remotely or digitally.

G. Trends and Projections

29. What are the main current trends in M&A in your jurisdiction?

At the moment, there are two main trends in M&A in the Republic of Uzbekistan, namely:

- (1) acquisition of a state share by the way of privatization;
- (2) direct acquisition of shares / participatory interests in private companies.

Acquisition of a state share through privatization. On March 24, 2023, Presidential Decree No. PP-102 was adopted, where a list of shares in the charter capital of business entities that were subject to privatization was approved. According to the resolution, state shares in 1001 companies in such areas as industry, energy, automotive, and others should be sold to the private sector.

Direct acquisition of shares / participatory interests in private companies. As discussed in item 12 of this questionnaire, there are several mechanisms of acquiring shares/ participatory interest in the company in Uzbekistan, however, the most popular practice is the direct acquisition of shares / participatory interests. The practice of direct acquisition of shares / participatory interests in private companies by foreign investors has become widespread in Uzbekistan over the past years.

30. Are any significant development or change expected in the near future in relation to M&A in your jurisdiction?

Due to the rapid growth of foreign investment in Uzbekistan for the past few years, significant changes in the legislation are expected. Thus, the adoption of the Entrepreneurial Code is expected. The code is expected to combine 9 (nine) existing

laws, 2 (two) new drafts of legislation, and more than 10 legal acts aimed at regulating all processes from starting a business to its termination.

Also, the concept of the “corporate agreement” was introduced in the Civil Code by the Law of the Republic of Uzbekistan “On Amendments and Additions to Certain Legislative Acts of the Republic of Uzbekistan in Connection with the Further Improvement of the Legal Framework for Corporate Relations” dated February 7, 2025. The law takes effect on May 8, 2025. At the moment, there is no concept of “corporate agreement” and “shareholder agreement” in Uzbek legislation, however, in practice, the parties may conclude an “Agreement of participants”. Along with the above changes, and taking into account that the legal framework governing the activities of LLCs is considered (outdated), a new law on LLCs is also expected to be adopted. Thus, at the beginning of February 2024, discussions on the draft of new law on LLCs started.

