

The new version of the Law of the Republic of Uzbekistan on Limited Liability Companies has been adopted

On 21st of April 2026 the Law of the Republic of Uzbekistan on Limited Liability Companies No.LRU-1137 (hereinafter referred to as the "**Law No. 1137**") was adopted in a new wording. The Law No. 1137 contains 71 articles and enters into force three months after its official publication, namely on 22nd July 2026.

Below are the main changes in the field of establishment, operations, reorganization and liquidation of limited liability companies (hereinafter referred to as "**LLCs**") provided for by the Law No. 1137.

The Object of Regulation and Types of Operations of LLCs

The Law No. 1137 expands the scope of regulation. Amended Law No. 1137 now governs not only the establishment, operations, reorganization and liquidation of an LLC, but also the addresses corporate governance and relations among LLC participants.

Additionally, the Law No. 1137 expressly permits an LLC to engage in business activities not specified in its constituent documents, provided that any necessary licenses and permits are obtained.

Changes Concerning Separate Divisions and Related Companies of LLC

The Law No. 1137 establishes specific regulations for the branches and representative offices of LLCs. Notably, Article 6 details procedure for establishing them, defines their legal status, and outlines the appointment of their heads. It also requires that information regarding branches and representative offices be recorded in the Unified State Register of Business Entities.

Furthermore, the amended Law includes a dedicated article governing the subsidiary and dependent companies of an LLC. Specifically, in addition to the general provisions on such companies, it establishes the right of the parent company to give binding instructions to its subsidiary, provided that this right is expressly stipulated in a contract with the subsidiary or in the subsidiary's charter.

In such cases, the parent company bears joint and several liability for any transactions the subsidiary enters into based on these binding instructions.

Moreover, under Article 14 an LLC's charter must now include information not only about its branches and representative offices but also about its subsidiaries and dependent companies.

Changes Concerning Rights of Participants

The Law No. 1137 sets boundaries on how participants may exercise their rights . According to Article 9 of the Law No. 1137 the exercise of rights shall not infringe upon the rights and legitimate interests of other participants.

Furthermore, the amended Law introduces more flexible procedures for dispute resolution between participants. Now, if participants are unable to adopt LLC governance decisions due to disagreements, the disputes may be resolved not only in court, but also through mediation or local arbitration tribunal, provided that a corresponding provision exists in the LLC's constituent documents.

Procedure for the Establishment of LLC and the Constituent Documents of LLC

Article 11 of the Law No. 1137 directly codifies existing practice of establishing an LLC based on a decision of its founder(s) and specifies content of such decisions. Namely, the establishment resolution may reflect voting results of founders and decisions on key matters. These include determining the corporate name and location, setting the size of the charter capital, approving the charter and other matters not prohibited by law.

Improving the Procedures for Forming and Accounting for the Charter Capital

The Law No. 1137 establishes a special mechanism on defending rights of participants through regulating specific matters on forming the charter capital.

More specifically, Article 15 of the Law No. 1137 provides that, unless otherwise stated in the constituent documents of an LLC, a participant, who did not contribute, may be excluded from the LLC participation through court proceedings, if this failure hinders or significantly complicates the company's operations. This exclusion requires a resolution by the general meeting of participants and a corresponding application filed by the LLC's executive body.

This article also provides for the possibility of maintaining the LLC's statutory fund records by JSC "Central Securities Depository" on a contractual basis, either at the discretion of the LLC or where mandated by law.

Moreover, Article 16 introduces an additional protective measure for disputes involving participatory interests: a court may restrict any changes to the LLC's charter capital while the dispute is pending.

Finally, the Law expands the permitted sources of increasing an LLC's charter capital. Besides LLC's property, additional participants' contributions and third-party contributions, the charter capital can be increased by retaining earnings. Decision on LLC's charter capital increase by

retaining earnings could be adopted only based on financial statements of the LLC for the previous year, confirmed by the conclusion of an external audit.

Transfer of an Interest in the LLC's Charter Capital

Article 21 of the Law No. 1137 specifies the exact moment of transfer of the right to a participatory interest (or a portion thereof). Under the new regulation, this right passes to another person from the moment the corresponding entry is made in the Unified State Register of Business Entities and is evidenced by an extract from the register. Furthermore, any failure to comply with the transaction form prescribed by the LLC's charter or the requirement for its state registration renders the transaction invalid.

In addition, according to Article 21 of the Law No. 1137 amends the deadline for mandatory buyout offers. A participant who acquires 50% or more of the participatory interests in the charter capital must offer minor participants to purchase their participatory interests at a market value within 15 days instead of the previously stipulated 30 days.

Detailed Requirements for the Issuance of LLC Bonds

Article 29 of the Law No. 1137 details the procedure for an LLC to issue and place bonds. More specifically, issuing bonds is to be carried out based on a decision of the general meeting of participants or a decision of the supervisory board, if the board is authorized by the charter. However, bonds may only be issued after full payment of the LLC's charter capital.

In addition, the Law No. 1137 includes responsibility for disclosure of information regarding the issuance of corporate bonds. The relevant resolution must be disclosed as a material fact on the Unified Corporate Information Portal and on LLC's official website within two business days from the date of its adoption.

Changes to the Procedure for Convening the General Meeting of Participants

The Law No. 1137 revises certain procedural rules governing the convocation of the general meeting of participants. Specifically, Article 34 introduces more flexible methods for notifying participants of an upcoming meeting: by delivery against signature, via communication channels that confirm receipt of the notice, or by any other method stipulated in an LLC's charter.

Furthermore, the scope of materials that must be provided to participants in preparation for a general meeting has been expanded to include drafts of new versions of constituent documents, as well as proposed amendments and additions thereto.

A separate amendment concerns the convening of an extraordinary general meeting, the right to request which, according to Article 33, is now granted to each participant, regardless of the size of their participatory interest or the number of their votes.

Changes to the Regulations Governing the Formation and Activities of the Supervisory Board

Another significant innovation is that the Law No. 1137 refines procedures governing the activities of the supervisory board. For the first time, Article 39 of the Law expressly establishes electing members of the supervisory board, which must be stipulated in an LLC's constituent documents. Furthermore, a supervisory board is now permitted to adopt resolutions via absentee voting, provided that the voting is conducted in accordance with rules established for absentee voting by general meeting of participants.

Expansion of the Duties and Liability of LLC Management Bodies

One of the most significant changes is statutory establishment of fiduciary duties for members of a supervisory board, director, and members of an LLC's collegial executive body. Pursuant to Article 44 of the Law, these persons are obligated to act in good faith in the interests of an LLC and its participants, refrain from using company property and corporate opportunities for personal gain, observe restrictions related to conflicts of interest, and maintain the confidentiality of information regarding an LLC's activities.

Furthermore, the Law No. 1137 expands the list of persons who may be subject to subsidiary liability in the event of an LLC's insolvency. According to Article 4 of the Law, if an LLC's insolvency is caused by wrongful acts of persons entitled to issue binding instructions to an LLC — namely, a director, a member of a collegial executive body, a supervisory board member, a participant, or a trust manager — then, in the event of an insufficiency of LLC's assets, subsidiary liability for the company's obligations may be imposed on these persons. Moreover, if the damage is caused by several persons, they shall be jointly and severally liable.

Minority and Majority Participants of an LLC

Another key innovation is the introduction of dedicated rules for minority and majority participants of an LLC. Article 47 defines a minority participant as one whose vote does not influence outcomes on agenda items at the general participants' meeting. It also provides for the establishment of a minority participants' committee to protect their rights, which formation procedures and powers are to be defined in an LLC's charter.

Additionally, Article 48 of Law No. 1137 imposes restrictions for majority participant. A majority participant aware of potential harm to an LLC or other participants must not use its dominant position to pass self-serving resolutions. Additionally, it cannot add matters to management body agendas if those matters conflict with the interests of an LLC and its participants, or if adopting a decision on them will predictably cause damage.

In case of breach of these obligations, a majority participant shall be liable for losses caused to an LLC and other participants.

Changes to the Regulation of Major Transactions and Related-party Transactions

The Law No. 1137 significantly expands corporate regulation of related-party transactions. New Chapter 7 establishes categories of LLC's affiliated persons and outlines procedures for disclosing proposed transactions. It also details preliminary review by executive body and internal audit service, as well as approval procedures by supervisory board or general meeting of participants. Furthermore, participants are provided with additional safeguards: they are entitled to request documents pertaining to a related-party transaction and challenge such a transaction in court if there are grounds to believe that it has caused or may cause damage to an LLC.

Additionally, under the new regulations, a transaction is deemed a major transaction if the value of property being acquired, alienated, or potentially alienated exceeds 25% of an LLC's net assets, determined based on financial statements for the latest reporting period.

Changes to the Rules for Conducting Audits

The Law No. 1137 also refines auditing and internal control regulations for LLC. The scope of internal audits must now cover an LLC's subsidiaries and dependent companies. Furthermore, the Law provides for the possibility of conducting an external audit when the term of a director, chairman, or collegial executive body member expires, or upon their resignation. Additionally, the Law specifies payment procedures for audits requested by a participant.

Changes to the LLC Liquidation Procedure

Pursuant to Article 66 of the Law No. 1137, the period for liquidating a dormant LLC by a decision of the registering authority has been shortened. While previously this period was three years from the moment an LLC was transferred to dormant status, it has now been reduced to one year.

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