

ANTIMONOPOLY REGULATION IN THE REPUBLIC OF UZBEKISTAN

Events requiring notification or consent of the antimonopoly body of Uzbekistan

Antimonopoly regulation in the Republic of Uzbekistan is aimed on protection of competition on the commodity markets of Uzbekistan and in this connection it obligates business entities:

- (1) to obtain a *preliminary consent* of State Committee of *the Republic of Uzbekistan on Demonopolization and Promotion of Competition* (the AMC) for accomplishing transactions on:
 - a) Reorganization or liquidation of commodity markets' participants which lead to occurrence of commodity market's participant holding dominant position.
 - b) Purchase of assets of a commodity market participant by another participant¹, including transactions on:
 - acquisition by an individual (group of individuals) of voting shares (participatory shares) of the commodity market's participant entitling the purchaser to dispose of more than thirty five (35) per cent of indicated shares (participatory shares);
 - acquisition by an individual (group of individuals) of rights allowing to define terms of conduct of business by commodity market's participant or to perform functions of its executive body².

Above transactions require preliminary consent filing to the AMC. The waiting period for clearance shall not exceed thirty (30) days from the moment of submission of necessary documents from the applicant.

There is also ten (10) days *post factum* notification of the AMC in the event of change of value of the charter capital of corporate entity if it results in the increase of shareholding of a shareholder already holding more than thirty five (35) per cent of total shares in the charter capital.

- (2) To inform the antimonopoly body of the following facts:
 - a) merger and association of business entities;
 - b) participation of individuals in executive bodies or supervisory boards of two or more business entities which total book cost of assets exceeds two thousand times amount of minimum wage, or business entities entered the register on the same commodity group or entered the register on groups of commodities of different stages of the same production-distribution process.

The M&A transactions in Uzbekistan have deadlines for their filing. There is a fifteen (15) days term for notification of the AMC relating to mergers and accessions. The notification must be filed by either founders of the related companies or bodies or

¹Transactions on purchase of assets of a commodity market participant by another participant are subject to control if at least one of following conditions is available:

- (i) total book cost of assets participating in corresponding transaction of persons exceeds four thousand (4,000) times amount of minimum monthly salary ;
- (ii) one of the participants of transaction is a participant of commodity market included to the register of business entities *occupying dominant position in commodity market*;
- (iii) a purchaser is a group of persons controlling activity of the indicated commodity market participant.

² Articles 1415 of Law of RUz "On competition and restriction of monopolistic activity in commodity markets" dated 27.12.1996, # 355-I"

individuals making a decision on the merger or accession. Above mentioned notification is a *post factum* notifications.

Main normative acts of the Republic of Uzbekistan regulating antimonopoly issues

- (1) Law of the Republic of Uzbekistan “On competition and limitation of monopolistic activity in commodity markets” dated 27.12.1996:
 - a) covers relationships influencing competition in commodity markets of Uzbekistan;
 - b) it also applies in cases when actions and agreements made outside the Republic of Uzbekistan lead or may lead to limitation of competition or entail other negative consequences in commodity markets of the Republic of Uzbekistan³;
 - c) prohibits activity of entities occupying dominant position in commodity market of the Republic of Uzbekistan, i.e. holding a share of thirty five (35) and more per cent in definite market aimed at:
 - abuse of competition conditions (including establishment of monopoly high or monopoly low prices, intrusion of unfair terms on concluding agreements to contractors, creation of obstacles to access to commodity market for other individuals);
 - making cartel agreements (including agreements aimed at establishment and maintenance of fixed prices or establishing price limitations for resale of goods or prohibiting sale of goods produced by competitors)⁴;
 - d) regulates issues of merger and takeover of business entities;
 - e) contains other regulations.
- (2) Instruction “On order of control over acquisition of more than thirty five (35) per cent of business entity’s shares” (approved by the resolution of the State Committee on Demonopolisation; registered by the Ministry of Justice of the Republic of Uzbekistan № 1896 of 05.02.2009), which establishes the order of AMC’s control over acquisition by investor of more than thirty five (35) per cent of business entity’s shares as well as of each next acquisition.

³ Article 2 of Law of RUz “On competition and restriction of monopolistic activity in commodity markets” dated 27.12.1996, # 355-1”

⁴ Articles 5-7 ibidem.