*Unofficial translation*

The LAW of the REPUBLIC OF UZBEKISTAN

**ON THE MANAGEMENT OF STATE PROPERTY**

Adopted by the Legislative Chamber on March 15, 2022

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**Chapter 1. General provisions**

**Article 1. Purpose and scope of application of this Law**

The purpose of this Law is to regulate relations in the field of state property management.

Features of relations in the field of management of natural resources (land, subsoil, water, airspace, minerals, flora and fauna and other natural resources), objects of tangible cultural heritage, the State budget of the Republic of Uzbekistan, gold reserves, currency fund, housing stock and others state funds, as well as property management of the Central Bank of the Republic of Uzbekistan and its subordinate organizations are regulated by separate laws of the Republic of Uzbekistan.

**Article 2. Legislation on the management of state property**

Legislation on the management of state property consists of this Law and other acts of legislation.

Management of state property located abroad is carried out considering the legislation of the state in which it is located.

**Article 3. Basic concepts**

The following basic concepts apply in this Law:

enterprise with state participation - a business company with a state share in the authorized fund (authorized capital) in the amount of more than fifty percent or a business company with the size of the state share in the authorized fund (authorized capital) greater than in relation to the share of each other shareholder (participant) of the business company, as well as a state unitary enterprise;

public institution - an organization created by a government body or organization to carry out managerial, socio-cultural or other functions of a non-profit nature and financed by it in whole or in part;

state property - public property, consisting of republican property and property of administrative-territorial entities (municipal property);

register of state property - a unified electronic information base containing information about state property;

state share - shares or shares in the authorized funds (authorized capital) of business companies owned by government bodies, local government bodies, state unitary enterprises, government institutions, including the Central Bank of the Republic of Uzbekistan and the Fund for Reconstruction and Development of the Republic of Uzbekistan;

state unitary enterprise - a commercial organization formed on the basis of state property and based on the right of operational management.

**Article 4. Main directions of state policy in the field of state property management**

The main directions of state policy in the field of state property management are:

ensuring full accounting of state property;

ownership of state property if it meets the criteria specified in this Law;

reducing state participation in the economy through privatization, reorganization and liquidation of state property in areas where competition is developed;

introduction of modern principles of corporate governance in the activities of enterprises with state participation;

use of modern information technologies;

creation of an open and transparent reporting system;

reforming enterprises with the participation of the state, as well as taking measures to gradually transform them into effective enterprises capable of competing in the domestic and foreign markets.

**Article 5. Basic principles of state property management**

The basic principles of state property management are:

legality;

accountability;

openness and transparency;

equal conditions for healthy competition;

validity of ownership of state property;

efficiency of use of state property;

separate functions of the owner and the regulator;

priority of environmental protection and natural resources.

**Article 6. Principle of legality**

Management of state property must be carried out in accordance with [the Constitution](https://lex.uz/uz/docs/35869) of the Republic of Uzbekistan, this Law and other acts of legislation.

**Article 7. Principle of accountability**

Enterprises with state participation ensure that the State Assets Management Agency of the Republic of Uzbekistan (hereinafter referred to as the Agency) provides information on the economic and financial indicators of their activities, as well as other information related to their financial and economic activities, in the manner prescribed by law.

State institutions, including state bodies, as well as local executive authorities, provide the Agency with information about the state property assigned to them in the manner prescribed by law.

On the state of financial efficiency and use of state property in enterprises with state participation, the Agency reports at least once a year to the President of the Republic of Uzbekistan and the Cabinet of Ministers of the Republic of Uzbekistan, and to the chambers of the Oliy Majlis of the Republic of Uzbekistan - upon their requests.

**Article 8. Principle of openness and transparency**

Information about state property must be open to everyone, with the exception of state property, information about which is not subject to disclosure in accordance with the law.

The sale of state property to individuals and non-state legal entities, as well as lease and trust management, must be carried out through public auctions (auctions, competitions, through a public invitation to negotiations, etc.) and in cases provided for by legislative acts.

A report on the effectiveness of state property management should be published in the media, on the Internet, including on the official websites of state property management entities.

**Article 9. The principle of equal conditions for healthy competition**

Management of state property should be aimed at reducing the share of enterprises with state participation in the economy, in particular, eliminating their dominant position in commodity and financial markets, as well as creating an open and transparent procurement system.

For enterprises with the participation of the state and non-state legal entities, equal conditions are created for them to conduct economic activities, and enterprises with the participation of the state are not provided with additional benefits and preferences.

**Article 10. Principle of validity of ownership of state property**

Ownership of state property is permitted if the property meets one or more of the following criteria:

carrying out primary activities in the field of natural monopolies;

provision of basic services necessary for the population, the provision of which is unprofitable for the private sector;

carrying out activities in areas of strategic interest, as well as ensuring the safety of the population or the presence of state property that is important for the national economy and is not subject to privatization in accordance with this Law.

The decision of the President of the Republic of Uzbekistan may determine other criteria for ownership of state property.

**Article 11. The principle of efficient use of state property**

Subjects of state property management, taking into account the tasks assigned to them, must take measures for the effective use of state property in order to satisfy the socio-economic interests of citizens and society and their well-being.

**Article 12. The principle of separate functions of the owner and the regulator**

In relation to enterprises with state participation, it is not allowed to simultaneously perform the functions of both the owner and the regulator. This situation is eliminated by transferring the functions of the owner from a government body to the Agency or liquidating this enterprise or transferring the functions of a regulator from this government body to another government body.

**Article 13. The principle of priority for the protection of the environment and natural resources**

Management of state property should be aimed at preserving the environment, including the stability of biosphere and ecological systems, ensuring the environmental safety of people and the rights of citizens to a natural environment favorable for life.

**Chapter 2. Grounds for the emergence and termination of ownership of state property**

**Article 14. Grounds for the emergence of the right of ownership of state property**

The right of ownership of state property arises on the grounds provided for by civil law.

The right of ownership of state property may also arise on the following grounds:

when concluding an agreement and other transactions, including those not provided for by law, but not contrary to it;

when acquiring a share by contributing to the authorized capital (authorized capital) of a business company property and (or) the right to use it, debts on taxes and fees, as well as dividends accrued on the state share;

based on court decisions.

**Article 15. Grounds for termination of ownership of state property**

The right of ownership of state property is terminated on the grounds provided for by civil law.

The right of ownership of state property may also be terminated on the following grounds:

in accordance with the legislation on privatization;

when transferring ownership of state property to another person in exchange for the acquisition of property rights (shares).

**Chapter 3. State property, changing its categories. Subjects of state property management and their powers**

**Article 16. Republican property**

Republican property includes state property provided for in Article 214 of the Civil Code of the Republic of Uzbekistan.

Republican property may also include other property created or acquired at the expense of the republican budget and the budgets of state trust funds or other public funds, including a state unitary enterprise, a state institution, a state share in the authorized capital (authorized capital) of a business company, and also objects of intellectual property.

Republican property may also include state property located outside the Republic of Uzbekistan.

Financing of expenses for the management and maintenance of republican property is carried out from the republican budget and the budgets of state trust funds, extra-budgetary funds of budgetary organizations.

**Article 17. Municipal property**

Municipal property includes state property provided for in Article 215 of the Civil Code of the Republic of Uzbekistan.

Municipal property may also include other property created or acquired at the expense of the local budget or other funds of local government authorities, including municipal housing stock, public service organizations, enterprises and healthcare institutions at the disposal of local executive authorities. , public education and preschool education, cultural organizations and cultural activities, state share in the authorized capital (authorized capital) of a business company and intellectual property.

Municipal property may also include state property located outside the Republic of Uzbekistan.

Financing of expenses for the management and maintenance of municipal property is carried out at the expense of local budgets, as well as the budgets of state trust funds, extra-budgetary funds of budgetary organizations, respectively.

**Article 18. Changing the category of state property**

State property can be transferred from the category of republican property to the category of municipal property, and from the category of municipal property - to the category of republican property.

Changing the category of state property does not entail the termination of the state's right of ownership of the property.

Changing the category of state property is carried out by the Agency by making appropriate entries in the register of state property on the basis of a decision of the Cabinet of Ministers of the Republic of Uzbekistan.

**Article 19. State property not subject to privatization**

The following state property is not subject to privatization:

land (except for cases provided for by law), subsoil, as well as reservoirs, including those filled as a result of floods and snow, large and especially important water management facilities, airspace, flora and fauna within the territory of the Republic of Uzbekistan;

objects of tangible cultural heritage, archival documents, state museums and protected natural areas, including parks and botanical gardens;

enterprises and organizations providing the production of banknotes, securities, orders, medals and postage stamps;

enterprises, institutions, as well as military-technical property (before industrial disposal or not subject to industrial disposal) of the Armed Forces, the State Security Service, the National Guard, the Ministry of Internal Affairs of the Republic of Uzbekistan and the State Security Service of the President of the Republic of Uzbekistan;

enterprises and facilities carrying out research, development, development, production and sales of X-ray equipment, instruments and equipment using sources of ionizing radiation;

enterprises and facilities engaged in the extraction, production, transportation, processing of radioactive elements, disposal of radioactive waste, sale of uranium and other fissile materials, as well as products made from them;

enterprises engaged in the development, production, repair and sale of weapons and ammunition, protective equipment, military equipment, spare parts, components and devices for them, pyrotechnic products, as well as special materials and equipment for their production;

enterprises producing potent poisons, narcotic and toxic substances, as well as those engaged in sowing, cultivating and processing crops containing narcotic and toxic substances;

state reserves of the Republic of Uzbekistan, objects and property of civil protection and mobilization purposes;

nuclear installations, storage points (nuclear materials, thermal insulation sets of nuclear reactors, storage points for spent nuclear fuel), nuclear fuel, thermal insulation sets of nuclear reactors, spent nuclear fuel, nuclear materials (natural uranium, uranium of all forms, enriched with the isotope of uranium-235, isotope uranium-233, all isotopes of the elements plutonium, americium, californium, Np-237 isotope and compounds containing all of these isotopes);

specialized enterprises transporting explosive and toxic substances;

public roads;

sanitary-epidemiological stations, Republican Scientific and Practical Center for Forensic Medical Examination, environmental monitoring and nature conservation services;

special-purpose enterprises (Republican Special Communications Center, military unit No. 15361, Center for Electromagnetic Compatibility);

burial places.

By Decree of the President of the Republic of Uzbekistan, other state property may also be classified as state property not subject to privatization.

**Article 20. Subjects of state property management**

The subjects of state property management are:

Cabinet of Ministers of the Republic of Uzbekistan;

The Agency;

specially authorized government bodies;

government agencies, including government agencies;

local government authorities.

Subjects of state property management exercise their powers, determined by the legislation on state property management, independently of other government bodies, other organizations and their officials, legal entities and individuals.

**Article 21. Powers of the Cabinet of Ministers of the Republic of Uzbekistan in the field of state property management**

Cabinet of Ministers of the Republic of Uzbekistan:

When managing state property, ensures the interaction of state bodies to implement the rights provided for by the legislation on the management of state property;

approves development programs in the field of state property management;

approves the procedure for selecting (selection regulations) candidates for the supervisory board of enterprises with state participation based on the state share;

approves criteria for assessing the effectiveness of enterprises with state participation;

decides on the acquisition into state ownership of shares (shares) in the authorized capital (authorized capital) of business companies that meet the criteria for owning state property;

decides on the transfer of state property for free use;

determines the procedure for transferring real estate from one state institution or state unitary enterprise to another state institution or state unitary enterprise;

determines the procedure for managing state property located abroad;

determines the procedure for obtaining a qualification certificate for a corporate manager;

determines the procedure for maintaining the register of state property;

determines the procedure for the creation, reorganization, liquidation and conduct of activities of state unitary enterprises and state institutions;

determines the procedure for changing property relations between a state unitary enterprise and a state institution, including state bodies and local government authorities;

annually, before October 1, approves a list of enterprises with state participation that do not meet the criteria for owning state property and are subject to sale, reorganization and liquidation;

makes decisions on the creation and reorganization of enterprises with the participation of the state and government agencies on the basis of the preliminary consent of the Committee for the Development of Competition and Protection of Consumer Rights of the Republic of Uzbekistan (hereinafter referred to as the antimonopoly authority).

The Cabinet of Ministers of the Republic of Uzbekistan may exercise other powers in accordance with the legislation.

**Article 22. Powers of the Agency in the field of state property management**

The Agency is an authorized government body in the field of state property management.

The Agency:

implements a unified state policy in the field of state property management;

maintains a register of state property;

coordinates the activities of government institutions, including state bodies and local government bodies in the field of state property management;

determines the rules for the use of state property and the procedure for assessing the effectiveness of state property management;

decides on the seizure of an excessive part of state property, as well as unused or improperly used state property transferred to state unitary enterprises and state institutions with the right of operational management;

in agreement with the Cabinet of Ministers of the Republic of Uzbekistan, decides on the inclusion of state property in the authorized capital (authorized capital) of business companies;

performs the functions of a shareholder (participant) in relation to the state share, with the exception of cases when the functions of a shareholder (participant) in accordance with this Law are carried out by specially authorized state bodies and local executive authorities;

performs the functions of a seller of state property, including state property located abroad, and also organizes its transfer for lease and trust management;

together with the antimonopoly authority, interested ministries, committees and departments, annually conducts an analysis (inventory) of the activities of enterprises with state participation and determines a list of enterprises with state participation that are subject to preservation, sale or liquidation or reorganization and submits it for approval by the Cabinet of Ministers of the Republic of Uzbekistan;

together with the Ministry of Economy and Finance of the Republic of Uzbekistan, determines the dividend policy, keeps records of accrued and paid dividends (deductions) on the state share;

manages in the prescribed manner the funds of the Fund for the Management, Transformation and Privatization of State Assets under the Agency for Management of State Assets of the Republic of Uzbekistan;

approves corporate governance rules for enterprises with state participation;

organizes the appointment (contest, election) of members of the supervisory board and heads of executive bodies of enterprises with state participation through their management bodies in accordance with the principles of corporate governance;

takes, in agreement with the relevant government bodies, a decision on the transfer of state real estate objects (except for objects not subject to privatization), regardless of their departmental affiliation, from one state institution or state unitary enterprise to another state institution or state unitary enterprise with the right of operational management;

decides on the transformation of a state unitary enterprise or state institution into a business company;

requests from state bodies, persons using state property, information and documents related to the management of state property;

initiates the issue of replacing the heads of enterprises with the participation of the state at meetings of their management bodies;

initiates an audit of the financial and economic activities of enterprises with state participation or conducts an audit on special issues;

attracts trustees, consultants and experts to carry out the procedure for privatization of state property, and also determines the amount of remuneration paid to them.

The Agency may exercise other powers in accordance with the law.

The Agency is the beneficiary when transferring into trust management of state property related to republican property, as well as when transferring for lease state property assigned to the Agency with the right of operational management.

Decisions made by the Agency within the limits of its powers are binding on state bodies and local executive authorities, as well as state unitary enterprises and government institutions.

**Article 23. Powers of specially authorized state bodies in the field of state property management**

By decision of the President of the Republic of Uzbekistan, specially authorized state bodies may be identified to carry out the reform of individual enterprises with the participation of the state.

Specially authorized government bodies:

perform the functions of a shareholder (participant) in relation to the state share in the authorized capital (authorized capital) of enterprises with state participation;

analyze the state of financial and economic activities of enterprises with state participation when exercising the function of a shareholder (participant).

Specially authorized state bodies may exercise other powers in accordance with the law.

**Article 24. Powers of state institutions, including state bodies, in the field of state property management**

Government institutions, including government bodies:

lease out state property assigned to them with the right of operational management, in the manner established by law;

dispose of state movable property, including vehicles assigned to them with the right of operational management, within the limits of their powers established by law;

in agreement with the Agency, make decisions on the transfer of real estate belonging to the organizations that are part of them from one organization to another with the right of operational management;

carry out the functions of the founder of state unitary enterprises and state institutions subordinate to them, and ensure their effective management.

State institutions, including state bodies, may exercise other powers in accordance with the law.

**Article 25. Powers of local government bodies in the field of state property management**

Local government authorities:

carry out the functions of a shareholder (participant) in relation to state shares in business companies in cases established by decisions of the President of the Republic of Uzbekistan and the Cabinet of Ministers of the Republic of Uzbekistan;

carry out the functions of a founder in state unitary enterprises, state institutions created or acquired at the expense of local budgets or other funds of local government bodies;

make decisions, within their powers, on the sale, reorganization or liquidation of enterprises with state participation that do not meet the criteria for owning state property;

transfer municipal property for lease or trust management in accordance with the established procedure;

within the limits of their powers, make decisions on assigning municipal property to state unitary enterprises and government institutions with the right of operational management;

organize, through the management bodies of enterprises with state participation, created at the expense of municipal property, the appointment (contest, election) in the prescribed manner of members of their supervisory boards and heads of executive bodies in accordance with the principles of corporate governance.

The Chairman of the Council of Ministers of the Republic of Karakalpakstan, khokims of regions and the city of Tashkent, respectively, make decisions on the sale of the following municipal property located in the territory under their jurisdiction:

real estate objects with a total area of buildings and structures up to two thousand square meters, including real estate objects with the same area that do not have sources of financing and are not completed construction;

state share in the authorized capital (authorized capital) of enterprises with state participation, provided that the book value of fixed assets of these enterprises does not exceed fifty thousand times the base calculated value and the average annual number of their employees does not exceed five hundred.

The decision on the sale of municipal property (with the exception of state property that is not subject to privatization, and privatized on the basis of decisions of the President of the Republic of Uzbekistan and the Cabinet of Ministers of the Republic of Uzbekistan) with a total area of buildings and structures of more than two thousand square meters, but not more than five thousand square meters, is made by Jokargy Kenes of the Republic of Karakalpakstan, Kengashes of people's deputies of the regions and the city of Tashkent.

Local government bodies may exercise other powers in accordance with the law.

**Chapter 4. General provisions for ownership and (or) use of state property**

**Article 26. Possession and (or) use of state property**

Ownership and (or) use of state property is carried out in the manner established by the legislation on the management of state property.

State property can be transferred for lease, trust management, free use, storage and pledge, as well as on the terms of a public-private partnership.

Ownership and (or) use of state property that is not subject to privatization is permitted on the basis of a lease agreement or trust management of state property, an agreement on the free use of state property, a public-private partnership agreement, including a concession agreement.

Persons to whom state property is assigned ensure rational and effective ownership and (or) use of state property and are responsible for state registration of rights to the property entrusted to them, careful handling of it, ensuring its integrity and safety.

Financing of expenses related to ensuring the integrity and safety of state property is carried out by state bodies, state unitary enterprises and state institutions to which this state property is assigned, in accordance with approved cost estimates.

**Article 27. Lease of state property**

State property is leased to individuals and non-state legal entities on the basis of an electronic online auction (except for cases provided for by decisions of the President of the Republic of Uzbekistan), with notice of the auction at least fifteen days in advance.

The lease agreement for state property is concluded between the tenant and the Center for organizing the effective use of empty facilities under the Agency for Management of State Assets of the Republic of Uzbekistan.

The lease agreement for state property is concluded for a period of one year, with the exception of the periods established by law. In case of proper fulfillment of contractual obligations by individuals and non-state legal entities leasing state property, this property, after the expiration of the lease period of state property, is offered to them for the same period without holding an electronic online auction.

Individuals and non-state legal entities to whom state property is leased ensure its intended use, integrity and safety during the entire lease period.

The lease agreement for state property must provide that any improvement of state property is carried out with the written consent of the balance holder.

The lease agreement for state property may provide for a condition on non-return to the lessee the cost of improvements that are an integral part of the state property in the event of termination of the lease agreement for state property.

**Article 28. Trust management of state property**

State property is transferred to individuals and non-state legal entities for trust management through an electronic online auction, except for cases provided for by decisions of the President of the Republic of Uzbekistan.

Trust management of state property arises on the basis of a trust management agreement for state property concluded between the Agency or local executive authority and the trust manager.

The object of trust management of state property can be state unitary enterprises and other property complexes, individual parts of real estate, state share, exclusive rights and other state property.

The trust management agreement for state property is concluded for a period of up to five years, subject to the implementation of approved annual business plans, with the exception of the deadlines established by law.

When terminating a contract for trust management of state property at the initiative of one of the parties, the other party must be notified at least three months in advance, unless otherwise provided by the contract.

The transfer of state property into trust management does not entail the transfer of ownership rights to the trustee.

Transfer of state property into trust management by state bodies is not allowed.

**Article 29. Free use of state property**

State property is transferred for free use to legal entities in accordance with the decision of the Cabinet of Ministers of the Republic of Uzbekistan.

The transfer of state property for free use is carried out on the basis of an agreement for the free use of state property concluded by the balance holder with a legal entity.

The agreement for the free use of state property is concluded separately for each financial year.

The object of a contract for the gratuitous use of state property can be real estate and movable property.

Legal entities ensure the intended use, integrity and safety of state property transferred for free use throughout the entire period of free use.

Any improvement of state property transferred for free use is carried out with the written consent of the balance holder. A contract for the gratuitous use of state property may provide for a condition on the non-return to the user of the cost of improvements that are an integral part of the state property in the event of termination of the contract for the gratuitous use of state property.

**Article 30. Transfer of state property on the terms of public-private partnership**

The transfer of state property to an individual entrepreneur, legal entities or associations of legal entities on the terms of a public-private partnership, including under a concession agreement, is carried out in accordance with the legislation on public-private partnership.

**Article 31. Storage of state property**

State property may be transferred for storage to legal entities to ensure its integrity and safety.

The transfer of state property for storage is carried out on the basis of a contract for the storage of state property or an agreement on the acceptance of state property for storage, concluded between the balance holder and a legal entity.

An agreement on the storage of state property or an agreement on the acceptance of state property for storage may provide for the payment of remuneration for the storage of state property.

When storing state property, the custodian is obliged to ensure compliance with technical standards and requirements for the conditions of its storage and (or) protection.

The custodian is responsible for the loss, shortage or damage of state property accepted for storage. The custodian is released from liability if he proves that the loss, shortage or damage to state property occurred due to circumstances beyond his control.

**Article 32. Pledge of state property**

State property can be pledged to legal entities in accordance with the decision of the Cabinet of Ministers of the Republic of Uzbekistan. When pledging a state share in the authorized capital (authorized capital) of a limited liability company, if the company's charter provides for the need to obtain the consent of the company or its participants, this consent is required before the Cabinet of Ministers of the Republic of Uzbekistan makes a decision.

The transfer of state property as pledge is carried out on the basis of a pledge agreement concluded between an authorized person (pledgor), determined by the Cabinet of Ministers of the Republic of Uzbekistan, and the pledgee.

It is not permitted to pledge state property provided for in Article 19 of this Law, as well as in the cases specified in Article 35 of this Law.

It is prohibited to pledge state property to secure the obligations of individuals and non-state legal entities, except in cases provided for by the decision of the President of the Republic of Uzbekistan.

**Chapter 5. Creation of enterprises based on state property and their reorganization**

**Article 33. General provisions for creating an enterprise with state participation**

An enterprise with state participation can be created if it meets the criteria for owning state property.

The creation of an enterprise with the participation of the state is carried out after receiving the preliminary consent of the antimonopoly authority by decision:

the President of the Republic of Uzbekistan or the Cabinet of Ministers of the Republic of Uzbekistan - on the basis of republican property;

local government bodies - on the basis of municipal property.

**Article 34. Acquisition of shares (shares) of a business company as state property**

The acquisition of shares (shares) of a business company as state property is carried out by a decision of the Cabinet of Ministers of the Republic of Uzbekistan at the proposal of the Agency on the basis of the conclusion of the antimonopoly authority, with the exception of cases of capitalization of the net profit (dividends accrued on the state share) of the business entity into its authorized capital (authorized capital) .

The acquisition of shares (shares) of a business company as state property is permitted if it meets the criteria for owning state property.

The acquisition of shares (shares) of a business company as state property is carried out at the expense of the State Budget of the Republic of Uzbekistan and the budgets of state trust funds or other state funds.

**Article 35. Transformation of an enterprise with the participation of the state and state institution**

A state unitary enterprise or a state institution that does not meet the criteria for owning state property is subject to transformation into a business company in order to create equal conditions with other non-state legal entities when conducting business activities, ensure efficiency, openness and transparency of their activities and introduce corporate governance.

In order to ensure the integrity and safety of state property, the head of the transformed state unitary enterprise or state institution, on the basis of his consent, may be appointed as the head of the business company created as a result of the transformation.

When transforming a state unitary enterprise into a business company, an inventory of its property is carried out and the size of the authorized capital (authorized capital) of the business company is determined without assessing the property on the basis of the latest balance sheet submitted to the tax authorities.

When transforming a state institution into a business company, an inventory of its property is carried out and the size of the authorized capital (authorized capital) of the business company is determined without assessing the property based on the residual (book) value of the property of the state institution.

When transforming a state unitary enterprise or state institution into a business company, the functions of a shareholder (participant) in relation to the state share in the authorized capital (authorized capital) of this business company are carried out by the Agency.

From the date of the decision to transform a state unitary enterprise or state institution into a business company and until the completion of this process, the sale, write-off, pledge, contribution to the authorized funds (authorized capitals) of legal entities, disposal or otherwise encumbering state property with obligations is not allowed. assigned to them with the right of operational management (except for cases related to current economic activities).

When transforming a state unitary enterprise or state institution into a business company, the authorized capital (authorized capital) of the business company does not include state property that is not subject to privatization.

**Article 36. Creation of a state institution**

A state institution is created on the basis of state property.

When performing the tasks assigned to it, a state institution is fully or partially financed from the State Budget of the Republic of Uzbekistan, as well as from the funds of state property management entities in the manner prescribed by law.

**Chapter 6. Management of enterprises with state participation**

**Article 37. General provisions for the management of enterprises with state participation**

The management of enterprises with state participation, including the formation of their management bodies, is carried out in accordance with the principles of corporate governance in the manner established by law.

**Article 38. Financing the activities of enterprises with state participation**

The activities of a state unitary enterprise are financed from its own funds, funds from state bodies and organizations (owners) and funds from the State Budget of the Republic of Uzbekistan in cases established by law.

Financing of the activities of business companies with a state share in the authorized capital (authorized capital) is carried out at the expense of their own funds.

**Article 39. Introduction of a corporate governance system at enterprises with state participation**

In order to implement a corporate governance system at enterprises with state participation, the Agency, specially authorized state bodies and local government bodies, respectively:

monitor the accountability of management bodies of enterprises with state participation and, in case of failure to comply with the parameters of the relevant business plans, take measures in the manner prescribed by law;

coordinate the approval of enterprise development strategies with state participation and monitor their implementation;

attract independent members to the supervisory boards of enterprises with state participation;

coordinate the preparation of financial statements of enterprises with state participation in accordance with international financial reporting standards and achieving international credit ratings;

take measures to reduce non-core assets of enterprises with state participation;

take measures to audit procurement processes, as well as improve the efficiency of internal anti-corruption control;

control the quarterly hearing by the supervisory boards of enterprises with the participation of the state of reports from executive bodies on the efficiency of the enterprise, including procurements;

control the assessment of the implementation of the corporate governance system at least once a year;

control the implementation of liability insurance for members of supervisory boards and executive bodies of enterprises with state participation.

**Article 40. Procedure for assessing the implementation of the corporate governance system at enterprises with state participation**

At the enterprise, with the participation of the state, an assessment of the implementation of the corporate governance system is carried out. The results of the assessment are considered at a meeting of the supervisory board of the enterprise with the participation of the state, and a mechanism for paying remuneration to its members is developed in relation to it.

The procedure for assessing the implementation of the corporate governance system at enterprises with state participation is established by the Agency.

**Article 41. Criteria for assessing the effectiveness of the activities of enterprises with state participation**

At enterprises with state participation, criteria for assessing the effectiveness of their activities are being introduced.

The criteria for assessing the performance of enterprises with state participation include key performance indicators calculated at established intervals.

Key performance indicators are quantifiable assessment criteria used to determine the effectiveness of the executive body, based on the strategic development plans of the enterprise with government participation.

The list of key performance indicators is approved by the decision of the supervisory board of the enterprise with the participation of the state.

Enterprises with state participation, in the manner prescribed by law, place in the Agency’s special information system information on the implementation of business plan indicators and key performance indicators, including the use of production facilities, the payment of taxes and fees, existing debt, localization and investment projects, as well as other information related to financial and economic activities.

**Chapter 7. Basic requirements for the activities of management bodies of an enterprise with state participation**

**Article 42. The highest management body of an enterprise with state participation**

The highest management body of an enterprise with state participation is:

general meeting of shareholders (participants) of a business company;

founder of a state unitary enterprise.

At the general meeting of shareholders (participants) of an enterprise with the participation of the state, a representative of the state participates - a trustee of investment assets carrying out trust management of the state share, or an individual who, on the basis of a corresponding power of attorney, has the authority to vote on the state share.

When including the following issues on the agenda of the general meeting of shareholders (participants) of an enterprise with state participation, the Supervisory Board preliminary considers them, and members of the Supervisory Board elected by the state share respectively submit to the Agency, specially authorized state bodies and local executive authorities that are shareholders (participants) in relation to the state share, proposals on the procedure for voting on them:

distribution of net profit and allocation of part of it for dividends;

reorganization or liquidation of the enterprise;

creation of subsidiaries and dependent business companies;

approval of the organizational structure;

election, appointment, hiring of the executive body of the enterprise, early termination of its powers;

establishing a maximum number of authorized shares;

division and consolidation of shares;

increase or decrease in the size of the authorized capital (authorized capital) of the enterprise;

transfer of property as collateral;

concluding a major transaction or transactions with affiliates of the enterprise.

The Agency, specially authorized state bodies and local executive authorities issue a written instruction to the state representative on the procedure for voting on issues on the agenda of the general meeting of shareholders (participants), provided for in part three of this article, no less than a day before the meeting. On other issues not provided for in part three of this article, the state representative makes decisions independently in accordance with the law and the agreement on trust management of state property.

**Article 43. Supervisory board of an enterprise with state participation**

At enterprises with state participation, supervisory boards are created. Members of the supervisory board are selected in the manner prescribed by Article 44 of this Law and are elected for a period of three years based on the decision of the general meeting of shareholders (participants) and the founder.

Members of the supervisory board of an enterprise with the participation of the state, when exercising their rights and performing their duties, act in the interests of the enterprise and bear responsibility in the manner prescribed by law.

A person who is a member of the supervisory board with a state share cannot be elected to more than five supervisory boards of enterprises with state participation, except in cases provided for by law.

The supervisory boards of enterprises with state participation also include independent members of the supervisory board.

Meetings of the supervisory board of an enterprise with the participation of the state are held as necessary, but at least once a quarter.

The effectiveness of the activities of the supervisory board of an enterprise with state participation is assessed based on the results of an assessment of the implementation of the corporate governance system, carried out on the basis of Article 40 of this Law.

Members of the supervisory board of an enterprise with state participation, elected according to the state share, have the right, within the limits of their powers, to independently make decisions at meetings of the supervisory board. In cases where circumstances arise that prevent independent decision-making, these persons must refuse to perform their duties.

At the supervisory board of an enterprise with state participation, an audit committee, an appointment and remuneration committee, a procurement committee and, if necessary, other committees can be created from among the members of the supervisory board.

**Article 44. Selection of candidates for members of the supervisory board of enterprises with state participation based on the state share**

A candidate for membership in the supervisory board of enterprises with state participation in the state share is selected by a selection commission formed respectively by the Agency, specially authorized state bodies and local executive authorities.

The rules for selecting members of the supervisory board of enterprises with state participation based on the state share (selection regulations) are developed by the Agency and approved by the Cabinet of Ministers of the Republic of Uzbekistan. The selection regulations, based on the specifics of enterprises with state participation, should provide for the definition of criteria for candidates for members of supervisory boards and the holding of a competition based on these criteria.

Employees of government bodies that carry out the functions of licensing, regulating or controlling the scope of activities of enterprises with state participation, as well as employees of bodies that audit financial and economic activities, cannot be included in the supervisory board of these enterprises, except in cases provided for in the laws of the Republic of Uzbekistan and decisions of the President of the Republic of Uzbekistan.

**Article 45. Executive body of an enterprise with state participation**

The head of the executive body of an enterprise with state participation is elected by the general meeting of shareholders (participants) or the founder for a period of three years based on the recommendation of the supervisory board and can be dismissed early if the results of his activities are unsatisfactorily assessed.

The amount of remuneration paid to the executive body of an enterprise with state participation must be based on a transparent remuneration system approved by the general meeting of shareholders (participants) or the founder.

**Chapter 8. Maintaining a register of state property**

**Article 46. General provisions for maintaining a register of state property**

The Agency maintains the register of state property in the manner and form established by the Cabinet of Ministers of the Republic of Uzbekistan, with the exception of state property provided for in part five of this article.

In the register of state property, republican and municipal property are recorded separately. Accounting for municipal property is carried out separately in the context of the Republic of Karakalpakstan, regions and the city of Tashkent, in the context of districts (cities).

State property register data is used by authorized government bodies when making decisions related to the management of state property and ensuring its integrity and safety.

Maintaining a register of state property is intended for recording state property and information purposes and is not considered a legal or legal fact.

Keeping records of state property, which is subject to a special confidentiality procedure, including especially sensitive, especially important and sensitive military and special purpose facilities, as well as hydraulic structures, is carried out by the relevant authorized state bodies in the manner prescribed by law.

**Article 47. State property subject to registration in the register of state property**

The register of state property keeps records of the following state property:

state share;

state unitary enterprises;

government agencies;

objects of real estate assigned to state unitary enterprises and government institutions or their structural divisions, objects of tangible cultural heritage, objects of intellectual property and motor vehicles that are state property.

The procedure for maintaining the register of state property, approved by the Cabinet of Ministers of the Republic of Uzbekistan, may also provide for other state property to be recorded in the register of state property.

Keeping records of state property not provided for in part one of this article is carried out by the relevant authorized state bodies in the manner established by law.

**Article 48. Stages of formation of the register of state property**

The register of state property is maintained in the form of a single centralized electronic information database.

Legal entities to which state property is assigned (including on the basis of the right of ownership, use or otherwise) ensure the maintenance of departmental records of this property, its inventory and revaluation in the manner prescribed by law. At the same time, maintaining departmental records of state property should be aimed at identifying the actual presence of state property, as well as identifying unaccounted for state property and its subsequent assignment to the relevant subject of state property management.

Legal entities to which state property is assigned quarterly submit to the Agency information on state property provided for in [Article 47](javascript:scrollText(6404835)) of this Law through an electronic information system.

When forming a register of state property, the Agency uses primary data on state property of the following organizations:

State enterprise Central Securities Depository under the Agency for Management of State Assets of the Republic of Uzbekistan - for the state share in the authorized funds (authorized capital) of joint-stock companies;

Ministry of Justice of the Republic of Uzbekistan - on state shares in the authorized funds (authorized capitals) of limited liability companies, state unitary enterprises and government institutions, as well as on objects of intellectual property that are state-owned;

Cadastre Agency under the Ministry of Economy and Finance of the Republic of Uzbekistan - for real estate objects owned by the state;

Cultural Heritage Agency of the Republic of Uzbekistan - for objects of tangible cultural heritage that are in state ownership;

Ministry of Internal Affairs of the Republic of Uzbekistan - for state-owned vehicles.

**Article 49. Requirements for maintaining a register of state property**

Maintaining the register of state property is carried out by timely entering, filling out, updating information on state property provided for in Article 47 of this Law, and performing other actions aimed at reflecting factual, objective and reliable information about the composition of state property.

When maintaining a register of state property, information about state property must be reflected in full, preserving the history of changes relating to state property. In this case, the inclusion of property in the register of state property and its subsequent exclusion from state property are taken into account separately. Termination of the state's ownership of property is the basis for suspending the entry of information about this property and maintaining its records.

**Chapter 9. Disclosure of information in the field of state property management**

**Article 50. Disclosure of a report on the performance of enterprises with state participation**

State institutions, including state bodies, as well as enterprises with state participation, annually, before July 1, provide the Agency with information on the results of activities of enterprises with state participation for the past financial year in the form established by the Agency.

The Agency annually, before August 1, publishes on its official website a summary report on the performance of enterprises with state participation for the past financial year.

**Article 51. Openness and transparency of information on the costs of maintaining state property**

Expenses associated with ensuring the integrity and safety of state property are financed in accordance with the approved cost estimate by the state bodies to which this state property is assigned, the Agency, local government bodies and other legal entities, respectively.

Information on the financing of expenses related to ensuring the integrity and safety of state property is published on the official websites of legal entities to which this state property is assigned, with the exception of information that, in accordance with the law, is not subject to disclosure.

**Chapter 10. Final provisions**

**Article 52. Dispute resolution**

Disputes arising in the field of state property management are resolved in the manner prescribed by law.

**Article 53. Liability for violation of legislation on the management of state property**

Persons guilty of violating the legislation on the management of state property bear responsibility in accordance with the established procedure.

**Article 54. Ensuring execution, communication, clarification of the essence and meaning of this Law**

The Agency for Management of State Assets of the Republic of Uzbekistan and other interested organizations must ensure implementation, communication to executors and explanation among the population of the essence and significance of this Law.

**Article 55. Bringing legislation into compliance with this Law**

To the Cabinet of Ministers of the Republic of Uzbekistan:

bring government decisions into compliance with this Law;

ensure the review and repeal by government bodies of their regulations that contradict this Law.

**Article 56. Entry into force of this Law**

This Law comes into force on the date of its official publication.

**President of the Republic of Uzbekistan Sh. MIRZIYOEV**

Tashkent,

March 9, 2023

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