



THE SPECIAL ROLE OF CORPORATE LEGAL RELATIONS IN THE CIVIL LEGISLATION OF THE REPUBLIC OF UZBEKISTAN

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ABSTRACT

This article provides an in-depth exploration of the special role that corporate legal relations play within the civil legislation of the Republic of Uzbekistan. It examines the legal foundations governing corporate entities, covering aspects such as establishment and registration procedures, corporate rights and obligations, governance principles, social responsibility, and the legal framework for corporate restructuring and dissolution. The article also highlights the international perspectives and investment climate, emphasizing alignment with global standards and the protection of investor rights. Anticipated future trends, including digital transformation and regulatory reforms, are discussed, showcasing the adaptability of Uzbekistan's legal framework. Overall, this comprehensive analysis aims to offer valuable insights into the intricate landscape of corporate legal relations in Uzbekistan.

Introduction. Corporate legal relations constitute a pivotal aspect of the civil legislation framework in the Republic of Uzbekistan, shaping the landscape for businesses, stakeholders, and the overall economic environment. The legal structure governing corporate entities plays a crucial role in fostering economic development, investor confidence, and sustainable business practices. This article aims to explore the distinctive features and the special role that corporate legal relations assume within the civil legislation of Uzbekistan.

Legal Foundations of Corporate Entities in Uzbekistan. The Civil Code of the Republic of Uzbekistan establishes the legal foundations for corporate entities, recognizing various forms such as joint-stock companies, limited liability companies, and partnerships. These legal structures provide a framework for the establishment, functioning, and dissolution of businesses.

Corporate Governance Principles:

Uzbekistan's civil legislation emphasizes corporate governance principles, defining the rights and responsibilities of shareholders, directors, and other stakeholders. Transparent



decision-making processes, accountability mechanisms, and protection of shareholders' rights are integral components.

Establishment and Registration of Corporate Entities

Formation Procedures. The Civil Code outlines the procedures for the establishment of corporate entities, the preparation of constituent documents, shareholder agreements, and the submission of necessary documentation to relevant authorities for registration.

Regulatory Oversight. Government bodies, such as the State Registry of Legal Entities, oversee the registration process and ensure compliance with legal requirements. This regulatory oversight contributes to the legitimacy and accountability of corporate entities.

Corporate Rights and Obligations. Shareholders' Rights:

The Civil Legislation of Uzbekistan delineates the rights of shareholders, encompassing voting rights, dividend entitlements, and participation in major decisions. Shareholder protection mechanisms are in place to safeguard their interests.

Corporate Obligations. Corporate entities are bound by legal obligations, including adherence to financial reporting standards, tax compliance, and fulfillment of contractual commitments. Violations of these obligations may result in legal consequences.

Corporate Governance and Social Responsibility.

For joint-stock companies, the establishment and functioning of a board of directors are mandatory. This body is responsible for strategic decision-making, risk management, and overseeing the company's management.

Social Responsibility:

Uzbekistan's civil legislation encourages corporate social responsibility, urging businesses to consider the environmental, social, and ethical impact of their operations. This aligns with global trends promoting sustainable and responsible business practices.

Corporate Restructuring and Dissolution

Mergers and Acquisitions:

The legal framework provides guidance on mergers, acquisitions, and corporate restructuring. Approval processes, valuation methodologies, and protection of minority shareholders are integral aspects of these transactions.

Dissolution Procedures:

In the event of liquidation or dissolution, the civil legislation stipulates procedures for the settlement of debts, distribution of assets, and the termination of legal existence.

International Perspectives and Investment Climate

International Standards:

Uzbekistan's civil legislation aligns with international legal standards, promoting transparency and investor-friendly practices. This enhances the country's attractiveness for foreign investment.

Investment Protection:

Legal provisions safeguarding the rights of investors contribute to a favorable investment climate. The government's commitment to creating a conducive environment for businesses is reflected in its legal framework.



Future Trends and Adaptation. As global business landscapes evolve, Uzbekistan's civil legislation is likely to adapt to digital transformations, incorporating legal frameworks for electronic transactions, data protection, and cybersecurity.

Regulatory Reforms. Anticipated regulatory reforms may further streamline corporate legal relations, enhancing efficiency, reducing bureaucratic hurdles, and fostering economic growth.

In a modern world, under market economy conditions, ensuring existence of a proper business climate becomes one of the main tasks of the state. However, at the same time, it is necessary to ensure a proper quality level of goods and services in order to prevent any damage to the rights and legitimate interests and health of the citizens and to public security. Licensing of various types of entrepreneurial activity helps to accomplish this task. It should be noted that in order to prevent infringement upon the rights and legitimate interests of entrepreneurs, the Law of the Republic of Uzbekistan "On licensing various types of activities" establishes that the licensable types of entrepreneurial activity are determined by the legislative acts, and the licensing procedure for particular types of entrepreneurial activity is set by the Cabinet of Ministers of the Republic of Uzbekistan, unless the applicable legislation provides otherwise. It is a common knowledge that the increase of the number of reporting requirements applicable to business entities often results in complication and inefficiency of their activity. Therefore, in order to prevent unreasonable intervention into the business activity, the law explicitly prohibits creation of additional reporting requirements that are not established by the legislation. It should be noted that demanding the statistic reporting and other documents that are not envisaged by applicable legislation, or demanding reporting in violation of applicable statute of limitations may lead to administrative responsibility. In general, there is a positive trend of decrease of reporting requirements applicable to business entities. Particularly, the legislation establishes that small enterprises and microfirms shall only be subject to quarterly reports to local statistics and tax authorities in the format provided by them. Monthly requests for such reports from microfirms and small enterprises are not permitted. This manual covers in detail the questions of the state control over the activity of business entities in the context that the limitation of audits (checks) over the activity of business entities is one of the main guarantees of the freedom of entrepreneurship. In order to improve the organization of audits and to reduce their number, to eliminate parallelism and duplication of audits by different controlling authorities, to prevent the unreasonable intervention into the economic activity of enterprises, article 39 of the Law of the Republic of Uzbekistan "On guarantees of freedom of the entrepreneurial activity" provides for a specific frequency of scheduled audits. For certain categories of entrepreneurs, the legislation establishes certain privileges and preferences with regard to the state control over their activity. Violation of provisions of the legislation by business entities shall lead to application of certain sanctions against them. In order to prevent unreasonable limitation of commercial activity by business entities on the grounds of their violation of applicable laws, the legislation provides for a detailed procedure and terms of application of such sanctions. This manual covers the entire body of legislation that in one way or another regulates the questions of application of legal sanctions against business entities. The manual shall contribute to the increase of legal awareness of business entities.



Such awareness, in turn, shall serve as a preventive mechanism against the violations of the legislation by business entities as well as a source of protection against the violations of their own rights, freedom and legitimate interests by the state officials.

Constitutional and legislative framework . The Human Rights Committee (HR Committee) expressed concern in 2005 over the fact that the provisions pertaining to states of emergency do not clearly define or set boundaries for the possible derogations from rights that may occur. According to Article 93 of the Constitution of the Republic of Uzbekistan, in the event of extraordinary circumstances (such as a true external threat, mass riots, significant disasters, natural disasters, or epidemics), the President of the Republic of Uzbekistan may declare a state of emergency over the entire country or in just certain areas. Within three days, the President will submit the adopted decision for approval by the chambers of the Oliy Majlis (Parliament) in order to ensure the security of the citizenry. A special law should govern the emergency's circumstances and norms. When there is a state of emergency, the Republic of Uzbekistan pays close attention to protecting human rights. The Republic of Uzbekistan passed the "On Protection of Population and Territories from Natural and Man-made Emergencies" Law on August 20, 1999. This law outlines the following guidelines for maintaining civilians in emergency situations: humanism, prioritizing human life and health, transparency, timeliness, and accuracy of information, and taking preventative measures to shield against disasters. In addition to defining the rights of citizens, foreign nationals, and stateless people to defend their lives and health, file complaints with state authorities, and be granted compensation for harm done to their health during an emergency, the law also outlines the primary responsibilities of central and local government agencies in safeguarding the populace and territory during times of crisis. On 3 August 2007 the Government of Uzbekistan adopted the State Program on Forecasting and Prevention of Emergencies, which aims at ensuring the guaranteed level of protection of the population and territories from emergencies, reducing and mitigating risks and consequences of accidents, catastrophes, natural disasters in the Republic of Uzbekistan.

Cooperation with human rights mechanisms. participation in treaty bodies. In response to the CESCR and CERD concluding observations, Uzbekistan offered more details on a variety of topics. Uzbekistan expressed partial disagreement with several of CAT's recommendations in comments to the organization, specifically with regard to the definition of torture, the call for public condemnation of torture, and the qualification of the use of force during the Andijan events in May 2005. Remarks from Uzbekistan on the Third Periodic National Report and the Concluding Observations of the Committee Against Torture: (Regarding the definition of torture) We disagree with this statement made by the Committee Against Torture since, in accordance with Article 235 of the Criminal Code of the Republic of Uzbekistan, using torture is considered complicity. The crime, which falls under the purview of Article 235 of the CC ("torture"), is located in Chapter "Crimes Against Justice" and targets law enforcement officials as well as anybody else who works in an official capacity while investigating crimes. To broaden the scope of persons whose acts are protected by Article 235 «torture», this Article will need to be moved from Chapter «Crimes Against Justice» to another section of the CC. This would have an impact on how seriously this act is taken to pose a social risk and how closely it adheres to the letter and spirit of Article 1 of the Convention Against



Torture. The wording of Article 235 complies with all Uzbek legislative procedures and is consistent with its stated meaning and purpose of Article 1 of the Convention Against Torture.

The role performed (organizer, executor, instigator, accomplice) in the commission of a crime does not alter the qualification of criminal act during instituting criminal proceeding against a person for committing a specific crime. All three branches of state power publicly condemned and are condemning the use of torture. Matters of strict adherence of the law-enforcement officials to international obligations under the Convention Against Torture are regularly examined on the collegial boards of the Ministry of Internal Affairs and the Prosecutor General's Office. According to the Order #31 of the Prosecutor-General of the Republic of Uzbekistan dated 9 December 2004, prosecution bodies every 10 days carry out inspection of the legality of detention in temporary detention centers of the local internal affairs bodies. In accordance with the Order #40 of the Prosecutor-General dated 17 February 2005 «On the radical improvement of prosecutorial supervision to ensure the rights and liberties of persons in criminal proceedings», a duty of strict compliance with and enforcement of the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, was imposed on the prosecution officers. All the above-mentioned orders of the Prosecutor-General are the result of consideration and discussion of these issues at the Coordinating Council of law-enforcement agencies under the Prosecutor-General's Office. Uzbekistan Government's assessment of Andijan events in May 2005 as the large-scale terrorist act was accepted by the international community at the meetings of the UN Third Committee in September 2006. The anti-terrorist operation, which involved military and special services carried out in accordance with the legislation of the Republic of Uzbekistan. (Regarding condemnation of torture) All three branches of state power publicly condemned and are condemning the use of torture. Matters of strict adherence of the law-enforcement officials to international obligations under the Convention Against Torture are regularly examined on the collegial boards of the Ministry of Internal Affairs and the Prosecutor General's Office. According to the Order #31 of the Prosecutor-General of the Republic of Uzbekistan dated 9 December 2004, prosecution bodies every 10 days carry out inspection of the legality of detention in temporary detention centers of the local internal affairs bodies. In accordance with the Order #40 of the Prosecutor-General dated 17 February 2005 «On the radical improvement of prosecutorial supervision to ensure the rights and liberties of persons in criminal proceedings», a duty of strict compliance with and enforcement of the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, was imposed on the prosecution officers. All the above-mentioned orders of the Prosecutor-General are the result of consideration and discussion of these issues at the Coordinating Council of law-enforcement agencies under the Prosecutor-General's Office. (Regarding use of force in Andijan) Uzbekistan Government's assessment of Andijan events in May 2005 as the large-scale terrorist act was accepted by the international community at the meetings of the UN Third Committee in September 2006. The anti-terrorist operation, which involved military and special services carried out in accordance with the legislation of the Republic of Uzbekistan.



In conclusion, the special role of corporate legal relations in the civil legislation of the Republic of Uzbekistan is pivotal for fostering economic growth, protecting stakeholders' rights, and aligning with international standards. The evolving legal landscape reflects the government's commitment to creating a conducive environment for businesses and promoting sustainable, responsible corporate practices. As Uzbekistan continues to integrate with the global economy, its corporate legal framework is poised to adapt to emerging trends and contribute to a robust and dynamic business environment.

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