

CIVIL LAW



Lecture 5

Subjects of civil rights: commercial legal entities

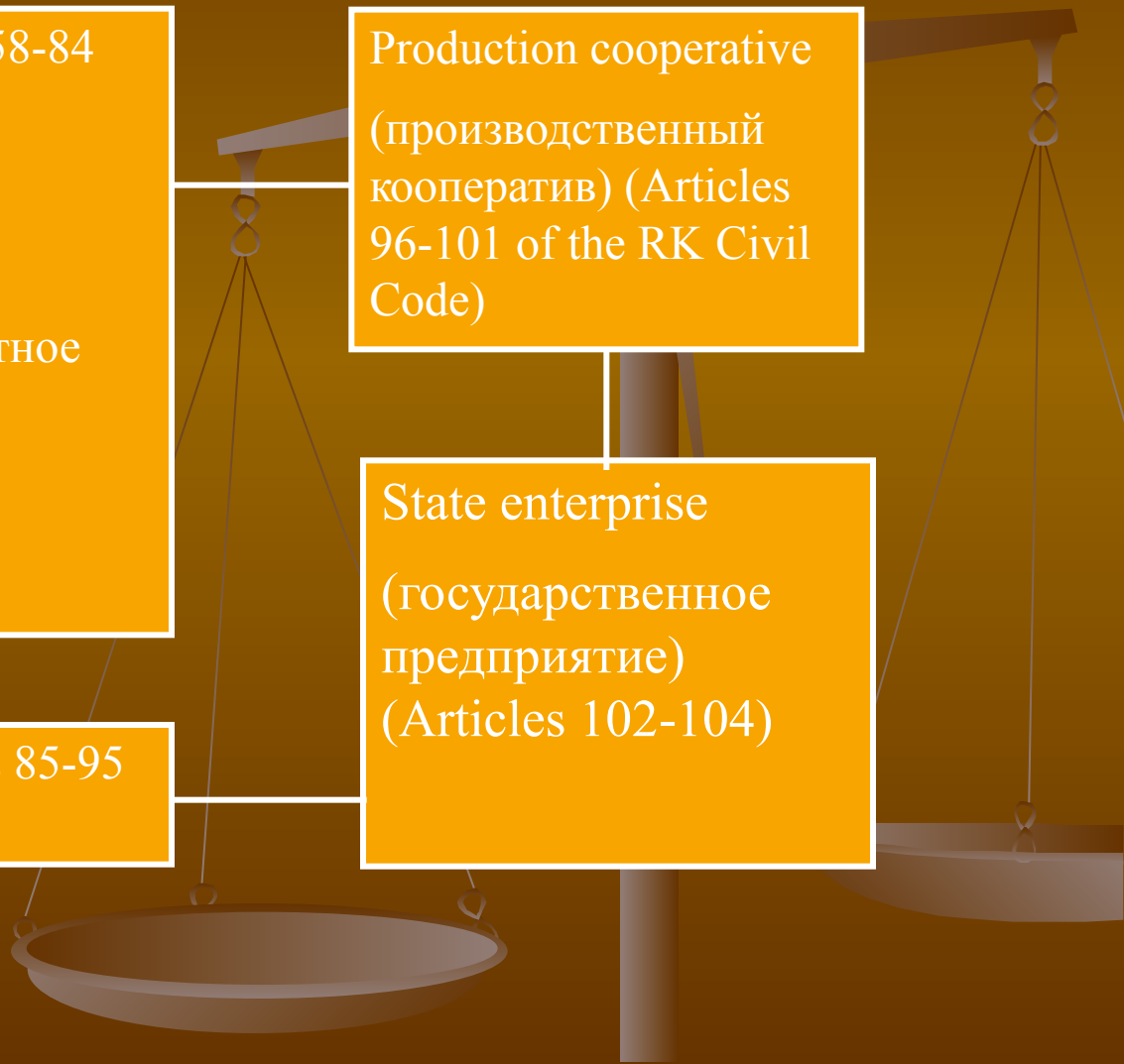
Business partnerships (Articles 58-84 of the RK Civil Code):

- Full partnership (полное товарищество)
- Special partnership (коммандитное товарищество)
- LLP (TOO)
- ALP (ТДО)

Joint Stock Companies (Articles 85-95 of the RK Civil Code)

Production cooperative
(производственный кооператив) (Articles 96-101 of the RK Civil Code)

State enterprise
(государственное предприятие)
(Articles 102-104)



Limited Liability Partnership

- LLP shall mean a partnership organized by one or several persons (physical or legal), charter capital of which is divided on amount of shares (размер долей) ascertained by the foundations documents; LLP's participants shall not be liable fro obligations of LLP and shall bear risk of damages related to the LLP's activities only within amount of contributions made by them thereinto.
- LLP shall be deemed as established for indefinite period of time unless foundation documents provide that it is created for definite period of time or until definite objective is achieved.
- LLP is a legal entity.
- LLP shall bear liable for its obligations by all property belonged to the LLP. LLP shall not be liable for obligations of its participants.

Limited Liability Partnership



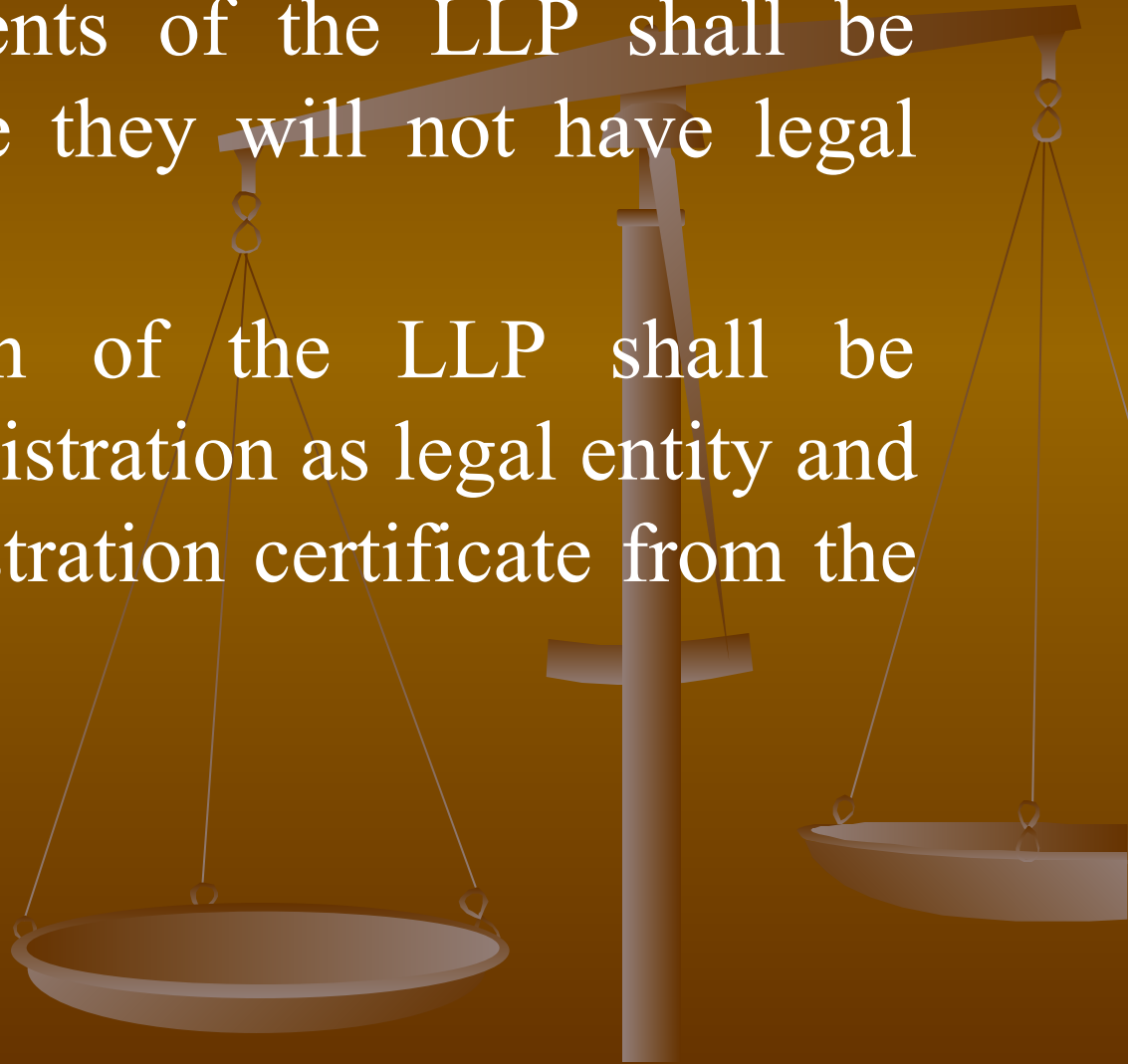
Creation of LLP

If consisting of several persons,
then it shall be started with
entering into the
foundation agreement
and approval of the charter.

If consisting of one person,
then it shall be started with
adoption of decision
by its sole participant
and approval of the charter.

Limited Liability Partnership

- Foundation documents of the LLP shall be notarized, otherwise they will not have legal force.
- Afterwards creation of the LLP shall be completed by its registration as legal entity and obtaining state registration certificate from the justice department.



Charter capital of LLP

- Charter Capital of LLP shall be formed by amalgamation of contributions made by participants.
- Charter capital shall not be less than 100 monthly calculation indexes.
- Contribution to the charter capital can be done in various forms: money, securities, property, proprietary rights, including land use rights and rights on results of intellectual property and other property with exclusions stipulated by laws.
- Contribution to the charter capital can not be done in the form of personal non-proprietary rights and other intangible benefits.
- Charter capital of LLP can be decreased or increased as provided for by the RK Law on Limited and Additional Liability Partnerships (the “LLP Law”).

Limited Liability Partnership



**Property of LLP
shall be booked
on
a balance and
can be formed
as follows:**

by contributions
of its participants

from incomes
received
by the LLP

from the sources
not prohibited
by laws

Limited Liability Partnership

Management
of the LLP

Superior body

General Meeting of
Participants of the LLP,
or Sole Participant
of the LLP

Executive body

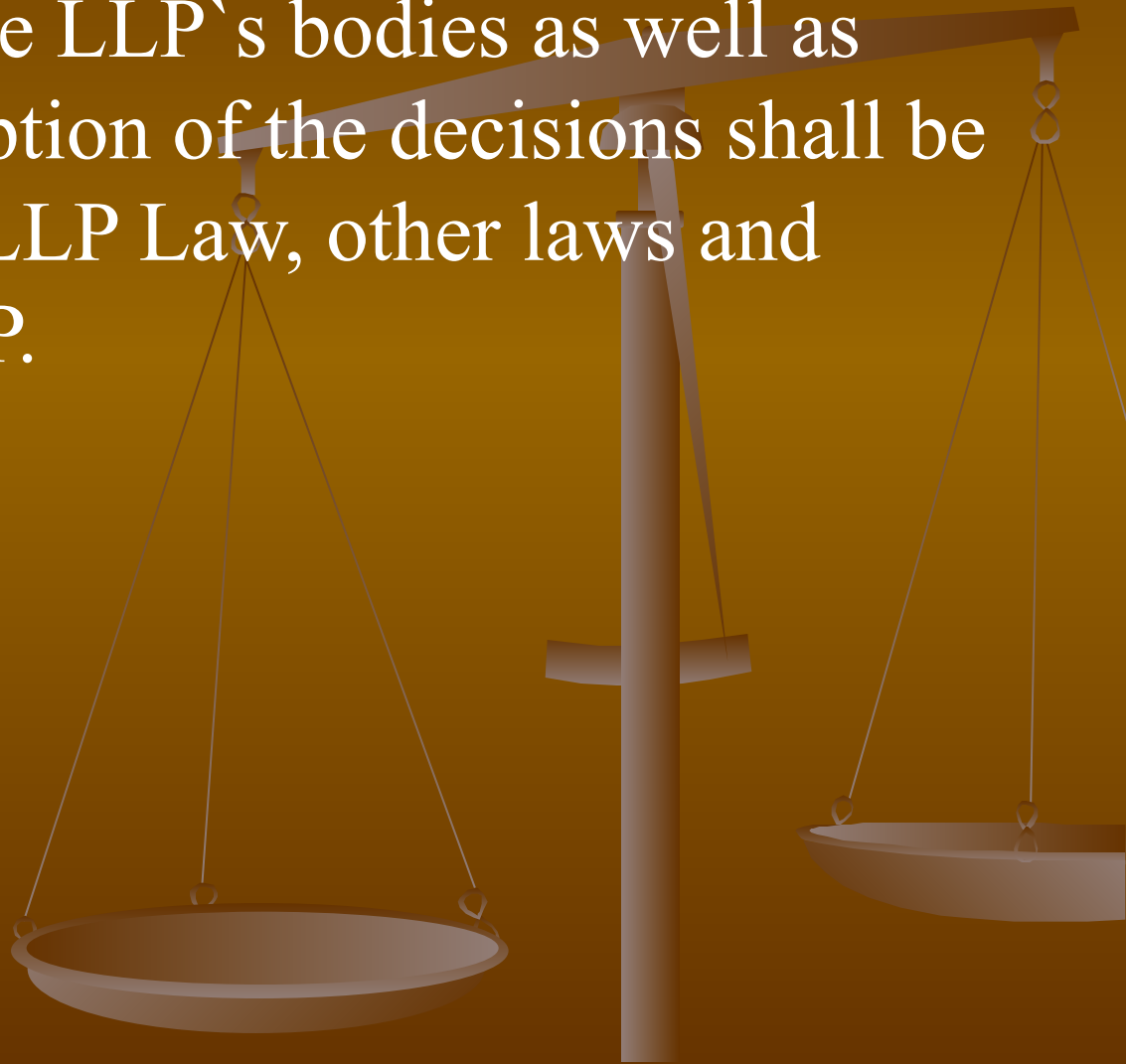
Collective (board of
directors, etc.) or sole
(director, president or
general director)

Supervisory body,
if its creation is
envisaged by
the charter

Supervisory Counsel
or Inspector
(Inspection Commission)

Limited Liability Partnership

Competence of the LLP's bodies as well as procedure of adoption of the decisions shall be governed by the LLP Law, other laws and charter of the LLP.



Limited Liability Partnership

Article 31. Pre-emptive Right to Purchase an Alienated Interest

1. Participants of limited liability partnership shall enjoy the pre-emptive right before third parties to purchase the participant's interest or a portion thereof when such interest is to be sold by any of the participants. This right may be enjoyed by each participant. If there are several participants who wish to enjoy the pre-emptive right of purchase and the foundation documents or any other agreement among the participants of LLP do not provide otherwise, then the participants shall exercise their pre-emptive right to purchase an interest (a portion thereof) proportionally to the size of their interest in the charter capital.

Limited Liability Partnership

Article 31. Pre-emptive Right to Purchase an Alienated Interest

2. A participant in LLP who wishes to sell his interest or a portion thereof to a third party shall inform the executive body of LLP in writing about his intention and indicate the proposed sale price therein.
3. The executive body shall inform all participants of LLP about this sale within seven days after receipt of notification of participant of LLP with regard to his proposal to sell his interest. A participant of LLP who wishes to exercise his pre-emptive right to purchase shall inform the executive body about this within a seven-day period and shall indicate whether he intends to acquire the interest proposed for sale in full or in a specific portion.

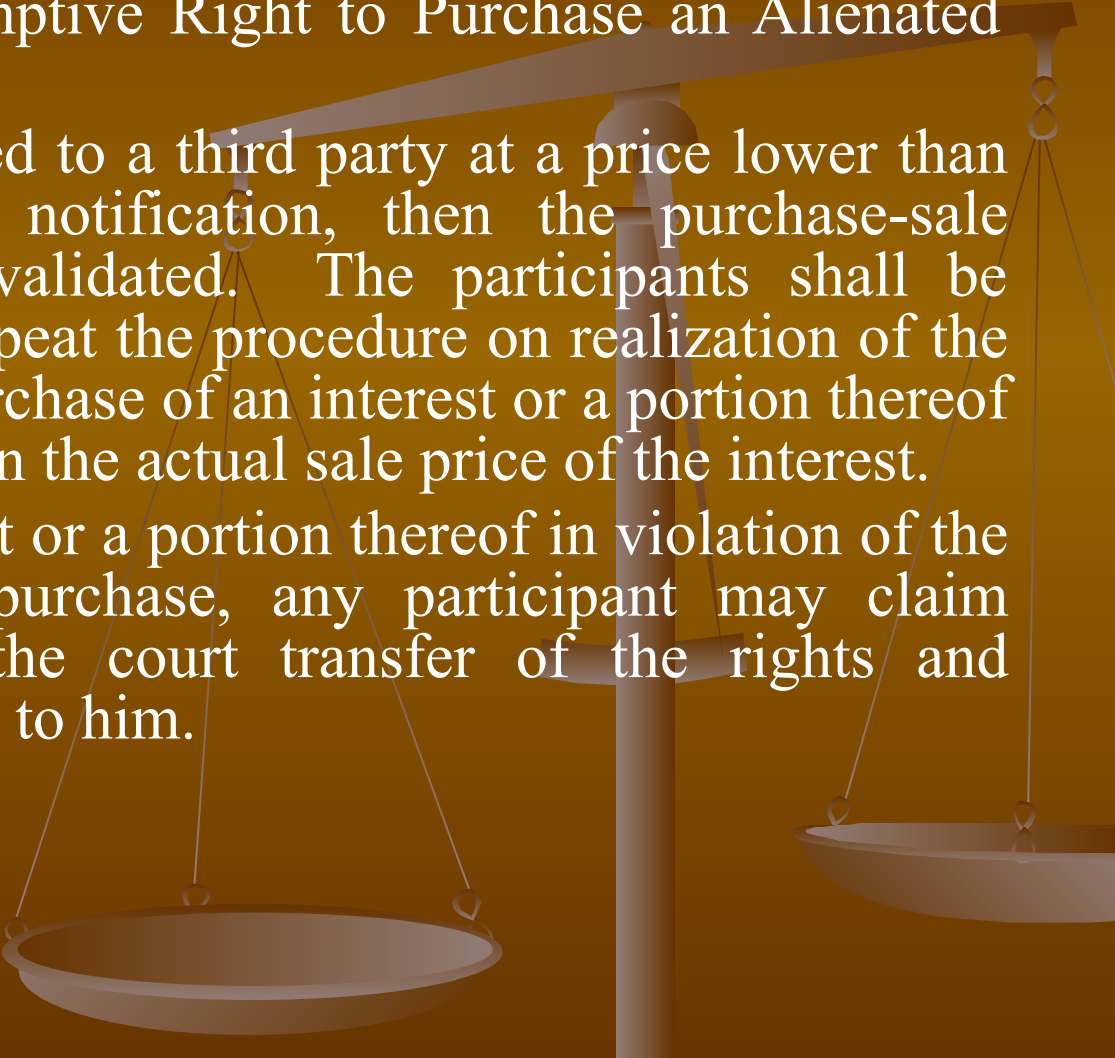
Limited Liability Partnership

Article 31. Pre-emptive Right to Purchase an Alienated Interest

4. If the total amount of submitted proposals does not exceed the size of the interest to be sold, each of the participants shall acquire that portion thereof which he indicated in his notification. The remaining portion of the interest may be alienated to a third party if the participants of LLP do not submit any additional proposals prior to such alienation.
5. If, within one month from the day of the notification sent to the executive body of LLP, the interest or a portion thereof is not purchased by the participants in the course of exercising pre-emptive right, then the participant proposing to sell the interest shall be entitled to sell the interest (the unsold portion thereof) to a third party at a price no less than that indicated in the notification.

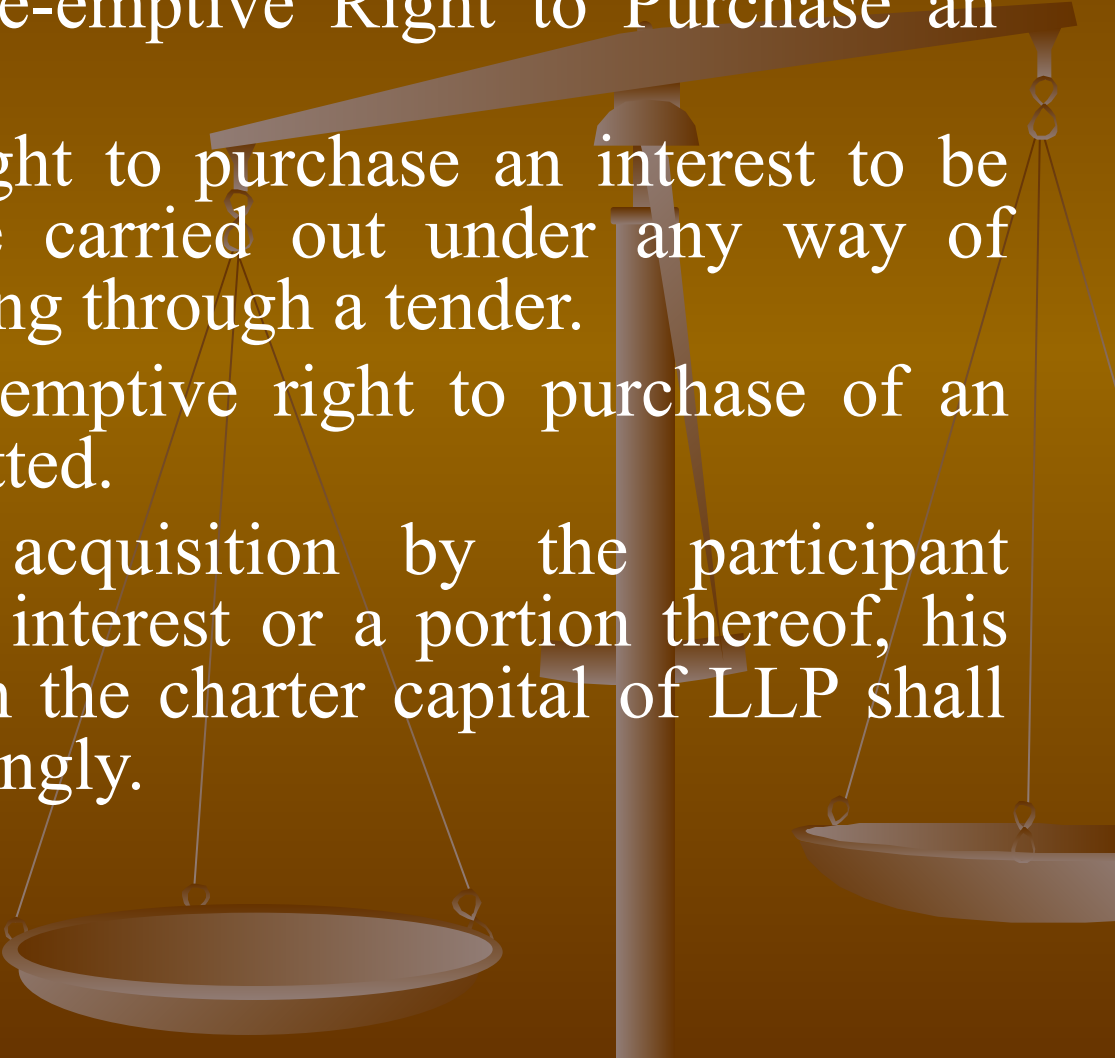
Limited Liability Partnership

Article 31. Pre-emptive Right to Purchase an Alienated Interest

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6. If an interest is alienated to a third party at a price lower than that indicated in the notification, then the purchase-sale agreement may be invalidated. The participants shall be entitled to request to repeat the procedure on realization of the pre-emptive right to purchase of an interest or a portion thereof taking into consideration the actual sale price of the interest.
 7. When selling an interest or a portion thereof in violation of the pre-emptive right to purchase, any participant may claim within 3 months in the court transfer of the rights and obligations of the buyer to him.

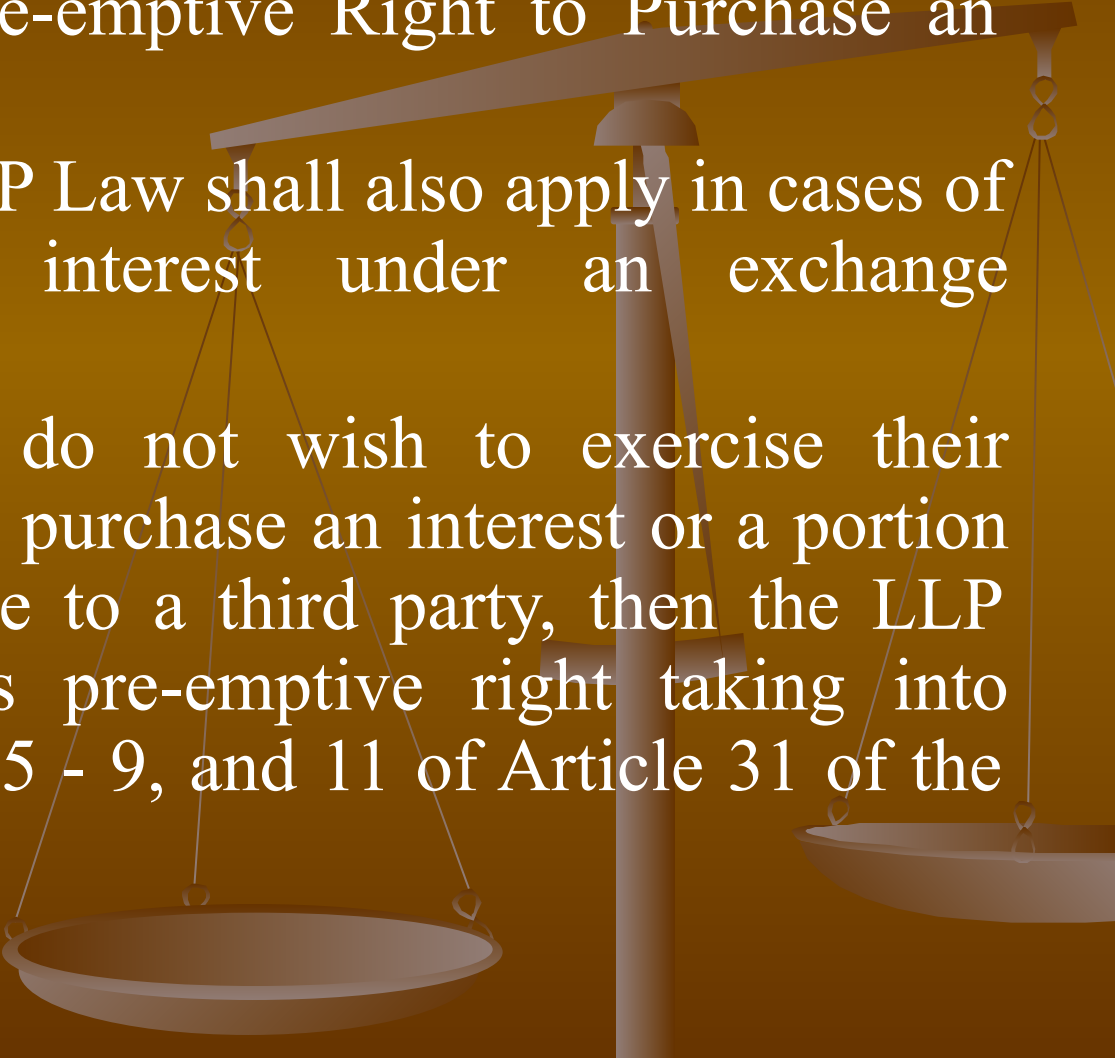
Limited Liability Partnership

Article 31. Pre-emptive Right to Purchase an Alienated Interest

8. The pre-emptive right to purchase an interest to be transferred shall be carried out under any way of interest sale, including through a tender.
 9. Assignment of pre-emptive right to purchase of an interest is not permitted.
 10. In the event of acquisition by the participant (participants) of an interest or a portion thereof, his (their) interest(-s) in the charter capital of LLP shall be increased accordingly.
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Limited Liability Partnership

Article 31. Pre-emptive Right to Purchase an Alienated Interest

11. Article 31 of the LLP Law shall also apply in cases of alienation of an interest under an exchange agreement.
 12. If the participants do not wish to exercise their pre-emptive right to purchase an interest or a portion thereof upon its sale to a third party, then the LLP itself may use this pre-emptive right taking into account Sections 2, 5 - 9, and 11 of Article 31 of the LLP Law.
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Limited Liability Partnership



LLP shall cease
its activities

if the LLP
is re-organized

if the LLP
is liquidated

if the LLP's charter
capital will become
less than 100
monthly calculated
indexes

if participants of
the LLP are not
forming charter
capital of the LLP
within one year
from
the date of
its registration