# LAW OF THE REPUBLIC OF ARMENIA ON LIMITED LIABILITY COMPANIES

**Գլխավոր տեղեկություն**

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# LAW

## OF THE REPUBLIC OF ARMENIA

Adopted on 24 October 2001

## ON LIMITED LIABILITY COMPANIES

## CHAPTER 1

## *GENERAL PROVISIONS*

### Article 1. Subject matter of the Law

This Law shall regulate legal relations arising in respect of the establishment, operation, reorganisation and liquidation of limited liability companies.

This Law shall prescribe the legal status of limited liability companies, as well as the rights, obligations and liability of the participants therof.

The peculiarities of establishment, reorganisation of activities and liquidation of the limited liability companies considered as a bank, credit organisation as well as payment and settlement organisation, investment company, investment fund manager and insurance company, as well as those of their legal status shall be prescribed by the Laws of the Republic of Armenia “On banks and banking”, “On payment and settlement systems and payment and settlement organisations”, “On securities market”, “On investment funds”, as well as “On insurance and insurance activities”.

***(Article 1 edited by HO-370-N of 29 May 2002, edited by HO-158-N of 24 November 2004, supplemented and amended by HO-185-N of 9 April 2007, HO-197-N of 11 October 2007, supplemented by HO-288-N of 22 December 2010)***

### Article 2. Legislation on limited liability companies

The legislation on limited liability companies shall consist of the Civil Code of the Republic of Armenia (hereinafter referred to as “the Code”), this Law, other laws and international treaties of the Republic of Armenia.

### Article 3. Main provisions on limited liability companies

1. A limited liability company (hereinafter referred to as “the Company”) shall be considered as a company established by one or several persons, the authorised capital whereof is divided into shares of specific sizes prescribed by the Charter of the Company.

2. The Company shall be a commercial organisation holding the status of a legal person.

3. The Company shall have a separated property as ownership and shall bear liability for its obligations with this property, as well as may obtain and exercise property and personal non-property rights in its name, bear obligations, act as a claimant or respondent at court.

4. The Company shall have civil rights not prohibited by law that are necessary for carrying out its activities, unless it contradicts the subject matter and goals of the activities prescribed by the Charter of the Company.

5. The Company shall be entitled, as prescribed by law, to open bank accounts within and beyond the territory of the Republic of Armenia.

6. ***(Point repealed by No-54-N of 19 March 2012)***

7. The Company may have letterheads, a symbol, trade mark and other identification means bearing its name or firm name.

8. The registered office of the Company shall be the location of its permanent body, i.e. one of the executive bodies prescribed by the Charter. The state registration of the Company shall be carried out as to its registered office. Delivery of mail and other correspondence to the registered office of the Company shall be considered as due delivery.

***(Article 3 edited by HO-455-N of 4 November 2002, supplemented by HO-42-N of 26 December 2008, edited by HO-218-N of 21 December 2010, amended by HO-54-N of 19 March 2012)***

### Article 4. Ownership of the Company

1. Contributions of the founders (participants) of the Company, the property created, as well as produced and acquired in the course of activities of the Company at the expense of these contributions, shall be owned by the Company under the right of ownership.

2. The Company shall be entitled, at its discretion, to possess, use and dispose of the property owned thereby under the right of ownership.

### Article 5. Liability of the Company and its participants

1. The Company shall bear liability for its obligations with the whole property owned thereby.

2. The Company shall not bear liability for the obligations of its participants.

3. The participants of the Company shall not bear liability for the obligations of the Company and shall bear,within the framework of the value of their contributions, the risk of the damages caused with regard to the activities of the Company.

A participant of the Company having not made its full contribution to the authorised capital of the Company, shall bear joint liability for the obligations of the Company to the extent of the value of the share of its outstanding contribution.

In case of reorganising an economic partnership into a company, each general partner, having become a participant of the Company, shall, within two years, bear a subsidiary liability with all its property for the obligations passed from the partnership to the Company. Alienation by the former partner of its shares shall not release the latter from such liability.

4. The Republic of Armenia or the communities shall not bear liability for the obligations of the Company, as well as the Company shall not bear liability for the obligations of the Republic of Armenia or the communities.

***(Article 5 supplemented by HO-455-N of 4 November 2002)***

**Article 6. Branches and representations of the Company**

1. The Company may, in accordance with the Code, this Law, establish branches and representations based on the decision of its competent body— the General Meeting of Participants. The power of the General Meeting of Participants of the Company, mentioned in this point, may, upon the Charter of the Company, be transferred to the decision of the Board of the Company.

2. The Company shall establish its branches and representations in foreign states in accordance with the legislation of the given state, unless otherwise provided for by international treaties of the Republic of Armenia.

3. Branches and representations of the Company in the Republic of Armenia shall, as prescribed by law, be subject to keeping on records by the body carrying out registration of legal persons.

***(Article 6 amended and supplemented by HO-218-N of 21 December 2010)***

**Article 7. Institutions of the Company**

1. The Company may, in accordance with the Code, this Law, establish institutions based on the decision of its competent body — the General Meeting of Participants. The power of the General Meeting of Participants of the Company, mentioned in this point, may, upon the Charter of the Company, be transferred to the decision of the Board of the Company.

2. Institutions of the Company in the Republic of Armenia shall, as prescribed by law, be subject to keeping on records by the body carrying out registration of legal persons.

***(Article 7 amended and supplemented by HO-218-N of 21 December 2010)***

## CHAPTER 2

## *ESTABLISHMENT OF THE COMPANY*

**Article 8. Establishment of the Company**

1. The Company may be established through foundation of a new company, as well as through reorganisation of commercial organisations.

2. The establishment of the Company shall be carried out upon the decision of the founder (founders).

3. The Company may be further transformed into a company with sole participant. An agreement on foundation of the Company shall not be concluded in case of establishing a company with sole founder.

4. The Company shall be considered as established from the moment of its state registration as prescribed by law.

5. The Company shall be established without any time limitation, unless otherwise provided for by the Charter thereof.

6. The decision of the founder (founders) on establishment (foundation) of the Company or the minutes of the Founding Meeting of the Company must contain provisions on the establishment of the Company, composition of participants, size of shares of the participants, approval of the Charter of the Company, formation of the executive body of the Company, as well as a provision as to all decisions having been adopted unanimously.The decision of the founder (founders) on the establishment (foundation) of the Company or the minutes of the Founding Meeting of the Company shall be signed by all founders of the Company.

***(Article 8 edited by HO-455-N of 4 November 2002, edited, amended and supplemented by HO-218-N of 21 December 2010)***

**Article 9. Agreement on foundation of the Company**

***Article 9. Agreement on foundation of the Company***

1. Persons wishing to found a company (founders) shall conclude a written agreement. The agreement on foundation of the Company shall be subject to notarial certification upon request of any of the founders, or if in accordance with the agreement on foundation of the Company the founders are to contribute rights over immovable property in the authorised capital of the Company, or in other cases provided for by the Code.

2. The agreement on foundation of the Company shall establish the procedure for joint venture for founding a company, the conditions for the transfer of their property to the Company and their participation in its management, the procedure for monetary evaluation of non-monetary contributions made to the authorised capital, as well as the composition of the founders of the Company, the size of the authorised capital and share of each founder, the composition and the amount of contributions, the procedure for contributions at the time of establishment of the Company, the liability of the founders for failure to perform their obligations with regard to contributions.

3. The decisions with regard to the establishment of the Company must be adopted by the founders unanimously.

4. The founders of the Company shall bear joint liability for the obligations with regard to the establishment of the Company arisen prior to the state registration of the Company.

**(Article 9 amended by HO-218-N of 21 December 2010)**

**Article 10. Charter of the Company**

1. The Charter approved by the founders (participants) of the Company shall be considered as the founding document of the Company.

2. The decision on approving the Charter must be adopted by the founders (participants) unanimously. The Charter of the Company must contain:

(a) the name of the Company;

(b) the registered office of the Company;

(c) the size of the authorised capital, the size of the shares of participants;

(d) information on the participants of the Company, including for natural persons — the citizenship, name, surname, place of residence or the address as to being kept on records, public services number or the number of the statement of information on declining the public services number (in case of foreign citizens or stateless persons — the number of any document identifying the person), for legal persons — the state, if the Company was established, full name (firm name), state registration data, registered office, for the community — the full name of the community, for the state — the full name of the state, full name of the authorised body.

The Charter of the Company may also contain other provisions not contradicting the Law, including:

(a) composition and powers of the management bodies of the Company, including issues falling within the exclusive power of the General Meeting of Participants of the Company (hereinafter referred to as “the General Meeting”);

(b) the procedure for adopting decisions by management bodies of the Company, including issues in respect of which decisions are adopted unanimously or by qualified majority of votes;

(c) rights and obligations of participants of the Company;

(d) the procedure for withdrawal of a participant of the Company from the Company;

(e) the procedure for transferring the share in the authorised capital of the Company to another person;

3. Upon request of the auditor invited by the participant of the Company or any other person, the Company shall, within a reasonable time period, be obliged to provide thereto with the opportunity to get familiarised with the founding agreement and the Charter together with the amendments thereto. The fee charged by the Company for providing carbon copies may not exceed the costs necessary for the preparation thereof.

4. The amendments to the Charter of the Company shall be made by the General Meeting.

The amendments made to the Charter of the Company shall acquire legal force for third persons upon state registration thereof, whereas in the cases provided for by law — after having informed the body performing state registration of legal persons about these amendments.

5. ***(Point repealed by HO-218-N of 21 December 2010)***

***(Article 10 supplemented by HO-455-N of 4 November 2002, supplemented, edited and amended by HO-218-N of 21 December 2010, amended by HO-10-N of 17 January 2023)***

***(Supplements to this Article provided for by the Law HO-288-N of 22 December 2010 are not possible to be made since part 5 of Article 10 was repealed by Law HO-218-N of 21 December 2010)***

## CHAPTER 3

## *PARTICIPANTS OF THE COMPANY*

***Article 11. Founder and participant of the Company***

**Article 11. Founder and participant of the Company**

1. Founders of the Company shall be considered to be persons having concluded an agreement on foundation of the Company prior to the state registration of the Company, whereas in case the Company is founded by a single person — a person having made the decision on establishing the Company.

2. Participants of the Company shall be considered to be persons holding the right of ownership over a share of the Company starting from the moment of its state registration.

3. Participants or founders of the Company may be natural and legal persons, the Republic of Armenia and its communities.

State and local self-government bodies may not be founders or participants of the Company.

Only the Government may act as a founder or participant of the Company on behalf of the Republic of Armenia. Only the head of the community may, upon the consent of the Council of Elders of the community, act as a founder or participant of the Company on behalf of the community.

4. The participant of the Company with a sole founder (participant) shall exercise the rights and obligations reserved to the founders (participants) of the Company by this Law.

5. The right of being a founder or participant of the Company may be restricted only by law.

6. The number of participants of the Company must not exceed 49. Otherwise, it shall, within a period of one year, be reorganised into an open joint-stock company or a commercial cooperative. If the Company fails to reorganise or reduce the number of its participants prescribed by this Article, the Company shall be subject to liquidation.

7. A person shall be considered as a participant of the Company after having been registered as such in the registry of participants of the Company by the body carrying out the state registration of legal persons.

The Government of the Republic of Armenia shall establish the procedure for keeping the registry of participants of the Company, except for the procedure for keeping the registry of participants of the companies considered as a bank, credit organisation, insurance company, investment company and investment fund manager, which shall be established by a regulatory legal act of the Central Bank of the Republic of Armenia.

***(Article 11 supplemented by HO-455-N of 4 November 2002, edited and supplemented by HO-218-N of 21 December 2010, edited by HO-215-N of 12 November 2012, amended by HO-162-N of 12 September 2019)***

**Article 12. Rights of participants of the Company**

The participants of the Company shall have the right to:

(a) participate in the management of the Company as prescribed by this Law or the Charter of the Company;

(b) receive information on the activities of the Company;

(c) receive the proportion of the profit, established by law, from the activities of the Company;

(d) alienate, as prescribed by law, the share (a portion of it) thereof to one or several participants of the Company or to third persons;

(e) withdraw from the Company at any time regardless of the consent of other participants;

(f) receive a proportion from the remaining property of the Company in case of liquidation of the Company.

The participants of the Company shall have other rights prescribed by law, the Charter of the Company or unanimous decision of the participants of the Company.

***(Article 12 amended by HO-218-N of 21 December 2010)***

**Article 13. Obligations of the participants of the Company**

The participants of the Company shall be obliged:

(a) to make contributions to the authorised capital of the Company under the procedure provided for by the agreement on foundation of the Company or unanimous decision of the participants of the Company;

(b) not to disclose any information on the activities of the Company comprising secrecy, except for the cases provided for by law.

The participants of the Company shall bear also other obligations prescribed by law and the Charter of the Company.

***(Article 13 amended by HO-218-N of 21 December 2010)***

**Article 14. Transfer (alienation) of the share of a participant of the Company in the authorised capital of the Company**

1. The participant of the Company shall have the right to sell or otherwise alienate the share (a portion of it) thereof in the authorised capital of the Company to one or more participants of the Company.

2. Alienation by a participant of the Company of its share (a portion of it) to third persons shall

be permitted, unless otherwise provided for by the Charter of the Company.

3. Participants of the Company shall enjoy the preferential right to purchase the share (a portion of it) of a participant, proportional to their shares (except for the cases prescribed by the Law of the Republic of Armenia “On bankruptcy of banks, credit organisations, investment companies, investment fund managers and insurance companies”). The participant of the Company, wishing to sell the share (a portion of it) thereof, shall be obliged to notify the Company thereon in writing, by indicating the price and other conditions of the sale. The Company shall notify thereon in writing, with a registered letter or by delivering in person, the other participants of the Company .

In cases when the participants of the Company do not avail of their preferential right within one month following the date of notification or within other time period provided for by the Charter of the Company or agreed by its participants (except for the cases prescribed by the Law of the Republic of Armenia “On bankruptcy of banks, credit organisations, investment companies, investment fund managers and insurance companies), the share of the participant may be alienated to third persons under the same conditions and by the price not less than that offered to the participants of the Company.

4. The Charter of the Company may provide for the preferential right of the Company to acquire the share (a portion of it) of the participant of the Company, referred to in point 3 of this Article, if other participants of the Company have not availed of their preferential right to purchase the share (a portion of it).

5. In case of sale of share in violation of the preferential right to purchase provided for by this Law, any participant of the Company and/or the Company shall, if the Charter of the Company provides for a preferential right of the Company, have the right to require, within a period of six months and through judicial procedure, to recognise the transaction as invalid, starting from the moment they knew or ought to have known of the violation.

6. Any concession of the preferential right to purchase provided for by this Law shall not be permitted.

***(Article 14 supplemented by HO-68-N of 27 April 2004, edited by HO-218-N of 21 December 2010)***

### Article 15. Contract on alienation of the share

1. The alienation of the share must be conducted through a contract formulated in a simple written form, if the Civil Code of the Republic of Armenia or the Charter of the Company does not provide for the requirement for the notarial certification thereof.

2. Non-compliance with the form of the contract on alienation of the share prescribed by this Article and the Charter of the Company results in the invalidity thereof.

3. The Company must be notified in writing of the alienation of the share together with relevant evidence supporting the fact of alienation. The rights and obligations of the participants of the Company arisen before the alienation of the share shall be transferred to the person acquiring the share.

***(Article 15 amended by HO-455-N of 4 November 2002)***

### Article 16. Transfer of the share owned by the participant of the Company in the authorised capital of the Company to the heirs or legal successors thereof

1. The shares in the authorised capital of the Company shall be transferred to the heirs of citizens and to the legal successors of legal persons considered as participants of the Company, unless the Charter of the Company stipulates that such transfer is permitted only upon the consent of the rest of the participants of the Company. Failure to give consent by the participants of the Company for the transfer of the share, under the procedure and conditions provided for by this Law and the Charter of the Company, shall entail the obligation of the Company to pay or compensate, as prescribed by point 1 of Article 23 of this Law, the actual value to the heirs (legal successors) of the participants.

2. In cases when the Charter of the Company provides that the transfer of the share of a participant in the authorised capital to the heirs thereof or legal successors of legal persons requires the consent of the participants of the Company, the consent shall be considered as received if, within 30 days after applying to the participants of the Company or within other time limits prescribed by the Charter of the Company, the written consent of the participants is received or no participant has received a written refusal.

***(Article 16 amended by HO-455-N of 4 November 2002)***

### Article 17. Pledge of the share in the authorised capital of the Company

1. The participant of the Company shall have the right to pledge the share (a portion of it) thereof in the authorised capital of the Company, if it is not prohibitted by the Charter of the Company.

2. Execution shall be levied on the pledged share (a portion of it) of the participant of the

Company as prescribed by Article 20 of this Law.

3. The share of the participant of the Company may, prior to the the full payment thereof, be pledged only as to the part that has already been paid.

4. The right to pledge the share of a participant of the Company shall arise based on the grounds provided for by Chapter 14.1 of the Civil Code of the Republic of Armenia. The right to pledge the share of a participant of the Company shall be registered as prescribed by the Law of the Republic of Armenia “On registration of secured rights to movable property”.

***(Article 17 supplemented by HO-455-N of 4 November 2002, amended by HO-270-N of 17 December 2014)***

### Article 18. Acquisition of a share in the authorised capital by the Company

1. The Company shall be entitled to acquire shares (parts thereof) in its authorised capital only in the cases prescribed by this Law.

2. If, in accordance with the Charter of the Company, alienation of the share of a participant (a portion of it) to third persons is impossible and other participants of the Company refuse to buy it, the Company shall be obliged to acquire the share of the participant upon request of the participant.

The share shall be transferred to the Company starting from the moment the participant submits to the Company the request on the acquisition thereof or when the court decision on removing the participant of the Company from the Company enters into force, or if one of the participants of the Company has refused to transfer the share to the heirs (legal successors) of the participant of the Company or to distribute it among the participants of the liquidated legal person considered as a participant of the Company, as well as in case of payment of the value of the share (a portion of it) by the Company upon request of the creditors of the participants of the Company.

3. The Company, shall, as prescribed by point 1 of Article 23 of this Law, be obliged to pay to the participant the value of the share (a portion of it).

### Article 19. Shares owned by the Company

1. Shares owned by the Company shall not be taken into account while deciding on the voting results by the General Meeting during adoption of decisions, as well as during the distribution of the property in case of liquidation of the Company.

2. The share of a participant of the Company shall, within one year after having been transferred to the Company, be distributed by a unanimous decision of the General Meeting among all participants of the Company proportionally to their shares, or among one or several participants of the Company, or third persons if it is not prohibited by the Charter of the Company, and must be paid in full.

The non-distributed part of the share must be subject to redemption through reducing the authorised capital of the Company.

### Article 20. Levy of execution on or confiscation of the share of a participant of the Company in the authorised capital of the Company

1. As regards the debt of a participant of the Company, an execution may, upon request of creditors and on the basis of a civil judgment of a court, be levied on the share of the participant of the Company with the aim of redemption of the debt of only the given participant in case of insufficiency of other property.

2. In order to pay the value of the share of such participant of the Company to the creditors thereof, the Company shall offer the other participants of the Company to purchase this share.

If the participants of the Company fail to avail, within a period of one month, of their right to purchase the share, the Company shall be entitled to acquire the given share and pay the value of the share to the creditors of the participant of the Company.

If the Company fails to avail, within a period of one month, of its right to acquire the share of the participant of the Company, an execution shall be levied on the share through the sale conducted by public bidding.

3. In case of failure to conduct, within a period of one month, the sale of the share through public bidding, the property proportional to the share shall be separated in the authorised capital of the Company in order to levy an execution thereon.

4. The share of a participant of the Company may be confiscated only in the cases provided for by law.

The confiscation of the share of a participant of the Company shall be carried out under the procedure prescribed by point 2 of this Article.

In case the value of the share of the participant of the Company, subject to confiscation, is not sold to the Company or its participants as prescribed by point 2 of this Article, the right of ownership over the share in question shall be transferred to the Republic of Armenia.

5. Levy of execution on the entire share of a participant in the property of the Company or full confiscation thereof shall terminate the participation thereof in the Company.

***(Article as amended by Law HO-189-N of 11 April 2024 shall enter into force from 1 January 2026)***

**Article 21. Withdrawal of the participant from the Company**

The participant of the Company shall have the right to withdraw from the Company at any time regardless of the consent of the Company or its participants.

Settlements with regard to withdrawal of a participant from the Company shall be made as prescribed by point 1 of Article 23 of this Law.

**Article 22. Removal of a participant of the Company from the Company**

1. The participant (participants) of the Company, who totally holds (hold) at least 10 per cent of the shares of the Company, shall have the right to require, through, judicial procedure, the removal of another participant of the Company from the Company, if the latter makes the regular operation of the Company difficult or impossible with the actions or inactions thereof.

2. The share of the removed participant shall be transferred to the Company. The Company shall be obliged to pay to the participant the value of the share determined as prescribed by point 1 of Article 23 of this Law.

**Article 23. Settlements with regard to withdrawal or removal of a participant of the Company**

1. The share of the participant of the Company shall be transferred to the Company upon submitting the application of the participant on withdrawal from the Company. The Company shall, within 6 months following the submission of the application on withdrawal from the Company, be obliged to pay the participant the value of the share (in case of not full contribution to the authorised capital — the value of the share proportional to the contributed part), which shall be determined based on the accounting statements of the Company for the last reporting period as of the moment of submitting the application on withdrawal from the Company.

The participant withdrawing from the Company by the decision of the General Meeting may, upon the consent thereof, be provided with property proportional to the share thereof.

The Company shall retain the right to use the property contributed to the authorised capital by the participant withdrawn from the Company until the expiry of the time limit of the right to use, unless otherwise provided for by the agreement on foundation of the Company or the Charter thereof.

2. If the right to use the property has been contributed to the authorised capital of the Company, the Company shall retain the right to use until the expiry of the time limit of the right to use, unless otherwise provided for by the agreement on foundation of the Company or the Charter thereof.

**Article 24. Distribution of profit among the participants of the Company**

1. The Company shall have the right to distribute its profit, not often than once a quarter, among the participants of the Company. The decision on distribution of the profit shall be adopted by the General Meeting.

2. The profit subject to distribution shall be distributed among the participants of the Company as of the shares in the authorised capital of the Company.

3. The procedure for and specifications of distribution of the profit among the participants of banks shall be established by the Law of the Republic of Armenia “On banks and banking”.

4. The profit shall be distributed within one year after the decision on distribution of profit enters into force.

***(Article 24 supplemented by HO-230-N of 15 November 2005, HO-19-N of 19 April 2019, edited by HO-288-N of 12 September 2023)***

**Article 25. Restrictions on distribution of the profit among the participants of the Company**

The Company shall not be entitled to adopt a decision on distributing its profit among the participants or pay profit to the participants, if the decision on the distribution thereof has already been adopted:

(a) prior to the full payment of the authorised capital of the Company;

(b) if, at the moment of adopting the decision, the value of the net assets of the Company is less than its authorised capital and reserve fund, or as a result of adopting such decision it will become lesser than that size;

(c) in other cases provided for by law.

**Article 26. Reserve fund and other funds of the Company**

The Company may establish a reserve fund and other funds under the procedure and in the sizes provided for by its Charter.

### Article 27. Issuing securities by the Company

The Company shall, as prescribed by law, be entitled to issue securities, except for stocks.

## CHAPTER 4

## *AUTHORISED CAPITAL OF THE COMPANY*

### Article 28. Authorised capital of the company. Shares in the authorised capital of the Company

1. The authorised capital of the company shall be comprised of the value of contributions of its participants.

The authorised capital shall establish the minimum size of the property of the Company that guarantees the interests of the creditors. A minimum size of the authorised capital of the Company shall not be prescribed. In specific cases, depending on the field of activities of the Company, minimum sizes of the authorised capital may be established by laws and other legal acts.

2. The nominal values of the authorised capital of the Company and contributions of the participants shall be determined in Armenian Drams.

3. The size of shares of the participants of the Company shall be determined by percentage or by portions. The size of share of the participant of the Company must be proportional to the ratio of the nominal value of the share thereof and the authorised capital of the Company.

4. Restrictions may be imposed, by the Charter of the Company, on the size of share of a participant of the Company. Restrictions may be imposed, by the Charter of the Company, on the possibility of changing the ratio of shares of the participants of the Company. The mentioned provisions may be provided for by the Charter of the Company or removed from the Charter of the Company at the moment of its establishment, as well as by unanimous decision adopted by General Meeting.

***(Article 28 edited by HO-42-N of 26 December 2008)***

### Article 29. Contributions to the authorised capital of the Company

1. Money, securities, other property or property rights, as well as other rights having monetary valuation, may be contributed to the authorised capital of the Company.

2. Monetary valuation of non-monetary contributions made by the founders (participants) of the Company or third persons admitted to the Company shall be approved unanimously by the General Meeting. If the nominal value (increase in the nominal value) of the share paid through non-monetary contribution by the participant of the Company is more than 500-fold of the minimum salary established at the time of submitting the documents for state registration of the Company, such contribution must be evaluated by an independent evaluator.

The Law and the Charter of the Company may provide for types of property, which may not be contributed to the authorised capital of the Company.

3. If the right of the Company to use the property was terminated before the expiry of the time limit when the property was transferred thereto, under the right to use, as a contribution to the authorised capital, the participant of the Company having transferred the property shall, upon request of the Company, be obliged to provide to the Company monetary compensation equal to the payment for the right to use similar property for the remaining time period and under the same conditions. The agreement on foundation of the Company or the Charter of the Company may stipulate a different procedure for providing monetary compensation. Monetary compensation must be provided on one-off basis, within reasonable time period following the submission of such request, unless another procedure for compensation is established by the decision of the General Meeting. Such decision shall be adopted by the General Meeting, without taking into account the votes of the participant the right to use the property whereof, transferred to the Company as a contribution, was early terminated. The agreement on foundation of the Company or the Charter of the Company may stipulate a different procedure for providing monetary compensation.

***(Article 29 amended by HO-455-N of 4 November 2002, amended and supplemented by HO-218-N of 21 December 2010)***

### Article 30. Procedure for making contributions to the authorised capital of the Company

1. Each founder of the Company shall be obliged to contribute, in full, to the authorised capital of the Company within the time limit prescribed by the agreement on foundation of the Company, which may not exceed one year from the state registration of the Company. The nominal value of the contribution of each founder must not be less than the nominal value of the share thereof.

2. It shall not be permitted to exempt the founder of the Company from the obligation of making contribution, including through offsets of the claims thereof towards the Company. The requirements of this part shall not apply to cases of converting the share based on convertible loan agreement.

***(Article 30 amended by HO-218-N of 21 December 2010, edited by HO-115-N of 12 May 2025)***

***(Law HO-115-N of 12 May 2025 has a final part and a transitional provision )***

### Article 31. Increase in the authorised capital of the Company

1. Increase in the authorised capital of the Company shall be possible only after the full payment thereof.

2. Increase in the authorised capital of the Company may be made at the expense of the property of the Company or additional contributions of the participants or, if not prohibitted by the Charter of the Company — at the expense of the contributions made by third persons.

### Article 32. Increase in authorised capital of the Company at the expense of its property

1. Increase in the authorised capital of the Company shall be made at the expense of its property by the General Meeting, by at least two thirds of the total number of votes of the participants of the Company, unless the Charter of the Company provides for a larger number of votes for making such decision.

2. In case of increase in the authorised capital of the Company at the expense of its property, the Company shall increase the nominal value of shares of its participants, respectively, by leaving the size thereof unchanged.

***(Article 32 amended by HO-455-N of 4 November 2002)***

### Article 33. Increase in the authorised capital of the Company at the expense of additional contributions by its participants and the contributions, by third persons, admitted to the Company

1. The General Meeting may, by at least two thirds of the total number of votes of the participants of the Company — unless the Charter of the Company provides for a larger number of votes for making such decision — adopt a decision on increasing the authorised capital of the Company by way of additional contributions made by the participants of the Company. This decision must determine the total value of additional contributions, as well as establish for all participants a single ratio of the value of additional contribution and the amount by which the nominal value thereof shall be increased. This ratio shall not be more than one and more than the ratio of the net assets of the Company and the authorised capital.

Additional contributions shall be made within one year following the adoption of relevant decision, unless a shorter time period is provided for by the Charter of the Company or decision of the General Meeting.

The General Meeting must, no later than one month following the time limit for making additional contributions, decide on the results of making additional contributions and on making amendments to the Charter of the Company with regard to the increase in the authorised capital of the Company and nominal values of the shares of participants of the Company having made additional contributions and, if necessary — with regard to changes in the size of shares of the participants of the Company. The nominal value of the share of each participant having made additional contributions, shall increase in accordance with the ratio specified in the first paragraph of this point.

The documents on making amendments, provided for by this point, to the Charter of the Company, as well as the documents attesting the additional contributions must, within one month following the date of approving the results of additional contributions and making relevant amendments to the Charter of the Company, be submitted to the body carrying out the registration of legal persons.

***(Part 5 repealed by HO-455-N of 4 November 2002)***

2. Based on the application submitted by a participant of the Company, the General Meeting may adopt a decision on increasing the authorised capital of the Company through additional contribution made by this participant. The decision on this matter shall be adopted unanimously by the participants of the Company. The size and the composition of the contribution, procedure for and conditions on the investment, as well as the size of share of the participant of the Company to be owned thereby in the authorised capital of the Company, must be indicated in the application. Other conditions of contribution may be provided for by the application.

Simultaneously with the decision on increasing the authorised capital of the Company, adopted on the basis of the application of the participant on making additional contribution, a decision on making amendments to the Charter of the Company must be adopted with regard to the increase in the size of the authorised capital of the Company and in the nominal value of the share of the

participant (participants) of the Company having made additional contribution, and, if necessary — on making amendments with regard to the changes in the size of shares of the participants of the Company. The nominal value of the share of the participant of the Company ,having submitted an application on making additional contribution, shall increase in the amount equal to or less than the amount of the additional contribution thereof.

The General Meeting may, on the basis of application submitted by a third person and under the procedure established by part one of this point, decide to increase the authorised capital of the Company by admitting this person to the Company, if it is not prohibitted by the Charter of the Company.

***(Article 33 amended by HO-455-N of 4 November 2002, supplemented by HO-218-N of 21 December 2010)***

### Article 33.1. The procedure for increasing the statutory capital of the Company in execution of the Convertible Loan Agreement

1. The General Meeting may, upon unanimous decision of all participants of the Company, take a decision to conclude a Convertible Loan Agreement (under which the Company acts as a Borrower, including in the case, where such a transaction constitutes a major transaction) prescribed by Article 886.2 of the Civil Code of the Republic of Armenia. The decision on making amendments to the Convertible Loan Agreement concluded by the Company (where the Company acts as the Borrower) shall be taken by the General Meeting, upon unanimous decision of all participants.

2. Increase of the statutory capital of the Company in execution of the Convertible Loan Agreement (where the Company acts as the Borrower) shall be carried out upon decision of the General Meeting of participants of the Company.

3. In execution of the Convertible Loan Agreement (under which the Company acts as the Borrower), the Lender shall, within the period prescribed by the Agreement, submit an application to the executive body of the Company. Where the Lender is a participant of the Company, the application shall concern an increase of the statutory capital of the Company based on the Lender’s additional contribution in the amount specified under the convertible loan, resulting in an increase of the nominal value of the Lender’s participation interest by the same amount, the approval of the results of the contributions made by way of conversion, and the adoption of a decision approving the relevant amendments to the Charter of the Company. Where the Lender is not a participant of the Company, the application shall concern the admission of the Lender to the Company, an increase of the statutory capital of the Company, the granting of a participation interest to the Lender on the basis of a contribution in the amount specified under the convertible loan (approval of the results of contributions made by way of conversion), and the adoption of a decision approving the relevant amendments to the Charter of the Company.

If the Convertible Loan Agreement provides that the conversion is conditioned by the occurrence of the conditions prescribed therein, the application referred to in this part shall contain substantiation of the occurrence of those conditions. The Convertible Loan Agreement may specify that the application referred to in this part shall be deemed to have been received upon occurrence of the conditions set out in the Agreement.

4. In execution of the Convertible Loan Agreement (under which the Company acts as the Borrower), within a period of sixty days from the receipt by the executive body of the Company of the application referred to in part 3 of this Article, and, where the Convertible Loan Agreement provides that conversion is conditional upon the occurrence of the conditions prescribed therein, within a period of sixty days from the occurrence of those conditions and the receipt by the executive body of the Company of the application referred to in part 3 of this Article (in the case provided for by the Agreement, from the date on which such application is deemed to have been received), the Company shall be obliged to adopt the decisions prescribed in part 3 of this Article.

5. In the cases prescribed by this Article, the additional contribution of the participant, and, where the Lender is not a participant of the Company, the contribution shall be deemed to be fully paid from the moment the relevant decisions prescribed in part 3 of this Article are adopted.

6. The Company may not conclude a Convertible Loan Agreement with the Lender who is not a participant of the Company, where the Charter of the Company prohibits increase of the statutory capital of the Company at the expense of contributions of third persons.

***(Article 33.1 supplemented by HO-115-N of 12 May 2025)***
***(Law HO-115-N of 12 May 2025 has a final part and a transitional provision )***

### Article 34. Reduction of the authorised capital of the Company

1. The Company shall have the right, whereas in the cases prescribed by this Law — shall be obliged to reduce its authorised capital.

Reduction of the authorised capital of the Company may be carried out by reducing the nominal values of shares of the participants of the Company and/or redemption of the shares owned by the Company.

The Company shall not be entitled to reduce its authorised capital, if such reduction results in

the size of the authorised capital less than the minimum size of authorised capital prescribed by this Law.

Reduction of the authorised capital of the Company only by reducing the nominal value of the shares of participants of the Company must be carried out by preserving the size of the shares of the participants of the Company.

2. In case of failure to pay in full the authorised capital within one year following the state registration of the Company, the Company shall be obliged to either announce about reduction of its authorised capital up to the size actually paid and register a reduction of the authorised capital as prescribed by this Law, or adopt a decision on liquidation of the Company.

3. If at the end of the second or each following financial year the value of net assets of the Company is less than the authorised capital, the Company shall be obliged to announce about reduction of its authorised capital and to register its reduction in a manner prescribed. If the value of the mentioned assets of the Company constitutes a negative value, the Company shall be subject to liquidation.

4. The Company shall, within 30 days following the adoption of the decision on reduction of the authorised capital of the Company, be obliged to notify in writing all the creditors of the Company known thereto about reduction of authorised capital and its new size, as well as publish information thereon on the official website for public notifications of the Republic of Armenia at http://www.azdarar.am. The creditors of the Company shall, within 30 days after receiving the written notification, have the right to require early termination or fulfilment of obligations of the Company against them, as well as compensation of damages thereto.

The registration of amendments to the charters with regard to the reduction of authorised capital shall be carried out upon the expiry of 60 days following the adoption of the decision on amendments, in case if all the claims by the creditors are met in accordance with part 1 of this point .

5. If the Company fails to adopt a decision on reduction of authorised capital or liquidation of the Company in the cases provided for by point 3 of this Article, its creditors shall have the right to require from the Company early termination or early fulfilment of obligations against them and compensation of damages caused thereto.

After the expiry of the time limit prescribed by this point, other issues may not be discussed at the General Meeting, except for the cases of reduction or increase of the authorised capital conditioned by by point 3 of this Article.

***(Article 34 amended and supplemented by HO-455-N of 4 November 2002, supplemented by HO-218-N of 21 December 2010, amended by HO-136-N of 19 March 2012)***

## CHAPTER 5

## *MANAGEMENT OF THE COMPANY*

### Article 35. Bodies of the Company

1. The highest body of the Company shall be the General Meeting. The General Meeting may be regular or extraordinary. Participants of the Company shall have the right to be present at the General Meeting, participate in the discussion of the issues on the agenda and vote in the course of adoption of decisions.

Provisions prescribed by the agreement on foundation of the Company or the Charter or determined by the bodies of the Company, restricting the rights of participants prescribed by this point, shall be invalid.

Each participant of the Company shall hold relevant number of votes in the General Meeting, proportional to the share thereof in the authorised capital.

2. Formation of the Board may be provided for by the Charter of the Company.

Competences of the Board shall be prescribed by the Charter of the Company, in compliance with this Law.

The procedure for the formation and operation of the Board, procedure for termination of the powers of the members thereof and the competences of the Chairperson of the Board shall be prescribed by the Charter of the Company.

The members of the Board may, in the course of performance of their obligations, be granted, upon the decision of the General Meeting, awards and/or receive compensation for the costs incurred in respect of performance of the mentioned obligations. The sizes of the mentioned awards and compensations shall be established by the decision of the General Meeting.

3. The members of the Board not considered as participants of the Company, a person performing the functions of the executive body of the Company may participate in the General Meeting under the right to a consultative vote.

4. Transfer of the right to a consultative vote by a member of the Board of the Company to other persons, including to another member of Board, shall not be permitted.

5. The management of current activities of the Company shall be carried out by the executive body of the Company. The executive body of the Company shall be responsible before the General

Meeting and the Board of the Company, if the establishment of the Board is provided for by the Charter of the Company.

6. Establishment of the Revision Commission in the companies with more than twenty participants shall be mandatory. A member of the Revision Commission (the Reviser) of the Company may also be a person not considered as a participant of the Company. In companies with 20 participants and less, the Charter may provide that a Revision Commission shall not be established (a Reviser shall not be elected).

The functions of the Revision Commission of the Company, if provided for by the Charter of the Company, may be performed by the auditor approved by the General Meeting of the Company, who is not linked by property interests to the Company, members of the Board of the Company, the person performing functions of the executive body and participants of the Company.

7. A member of the Board of the Company, a member of the executive body of the Company may not be a member of the Revision Commission (the Reviser) of the Company.

***(Article 35 amended by HO-455-N of 4 November 2002, edited by HO-218-N of 21 December 2010)***

**Article 36. Competences of the General Meeting**

1. ***(Point repealed by HO-218-N of 21 December 2010)***

2. Exclusive powers of the General Meeting shall be as follows:

(a) determination of the main directions of the activities of the Company, as well as issues with regard to the foundation of companies and participation therein;

(b) amendment to the Charter of the Company and the size of the authorised capital of the Company;

(c) formation of executive bodies of the Company and early termination of the powers thereof, as well as issues with regard to transferring the powers of the executive body of the Company to a commercial organisation or a private entrepreneur (hereinafter referred to as “the Manager”);

(d) election of the Revision Commission (the Reviser) and early termination of the powers thereof;

(e) approval of annual reports and annual balance-sheet;

(f) adoption of a decision on distribution of the profit of the Company among the participants of the Company;

(g) adoption (approval) of documents (internal documents of the Company) regulating internal affairs of the Company;

(h) adoption of a decision on issuance of securities by the Company;

(i) adoption of a decision on auditing the Company;

(j) adoption of a decision on reorganisation or liquidation of the Company;

(k) appointment of liquidation commission and approval of liquidation balance-sheet;

(l) settlement of other issues provided for by this Law and/or the Statue of the Company.

Issues falling within the exclusive competence of the General Meeting may not be transferred thereby to the decision of the Board of the Company or the executive bodies of the Company, except for the cases prescribed by this Law.

***(Article 36 amended and supplemented by HO-218-N of 21 December 2010)***

**Article 37. Regular General Meeting**

The regular General Meeting shall be held not less than once a year. The Charter of the Company may prescribe another frequency of holding regular General Meeting. A regular General Meeting shall be convened by the executive body.

The time periods for holding a meeting approving the annual performance results of the Company may be prescribed by the Charter of the Company. The mentioned meeting must be held no earlier than two and no later than six months following the end of financial year.

***(Article 37 edited and amended by HO-218-N of 21 December 2010)***

**Article 38. Extraordinary General Meeting**

1. The extraordinary General Meeting shall be held in the cases prescribed by the Charter of the Company, as well as in all cases when required by the interests of the Company and its participants.

2. Where a board has been formed in the Company, the extraordinary General Meeting shall be convened upon the decision of the Board, at its own initiative, upon the request of the executive body of the Company or the owner participant(s) of at least 10 percent materially of voting stocks as of the date of submitting such request. In case no board is formed in the Company, the extraordinary General Meeting shall be convened by the executive body of the Company, at its own initiative or upon the request of the owner participant(s) of at least 10 percent materially of voting stocks as of the date of submitting such request.

In case the extraordinary General Meeting is held upon the request of the owner participant(s) of at least 10 percent materially of voting stocks as of the date of submitting such request, the

form and the agenda of holding the Meeting shall be defined by the participant(s) havnig submitted the request to convene it.

Where the competent body fails to adopt a decision on convening an extraordinary General Meeting within the time limit referred to in the request or adopts a decision on rejecting the convening thereof, the extraordinary General Meeting may be convened by the persons having submitted a request for convening the Meeting.

3. The extraordinary General Meeting shall be convened and held under the procedure established by this Law for convening and holding regular General Meeting.

***(Article 38 edited by HO-19-N of 19 April 2019)***

### Article 39. Procedure for convening General Meeting

1. The body or persons convening General Meeting shall, at the latest 20 days prior to convening the General Meeting (in case another time limit is not provided for by the Charter of the Company), be obliged to notify the participants of the Company by forwarding a registered letter to the address specified in the registry of the participants of the Company.

2. The time and venue of holding the General Meeting, as well as the proposed agenda thereof must be indicated in the notification.

Any participant of the Company shall, no later than ten days prior to convening General Meeting, be entitled to submit a proposal on including additional issues in the agenda thereof. Except for the issues not falling within the competence of the General Meeting or those not complying with the requirements of the Law, additional issues shall be included in the agenda of the General Meeting.

The body or persons convening General Meeting shall not be entitled to make changes in the formulations of additional issues proposed for the purpose of being included in the agenda of the General Meeting.

In case when changes are made in the initial version of the agenda of the General Meeting as proposed by the participants of the Company, the body or persons convening the General Meeting shall, at the latest five days prior to holding the Meeting, be obliged to notify the participants of the Company about the changes made to the agenda, in the manner prescribed by point 1 of this Article.

3. In the course of preparation of the agenda of the General Meeting, the information and materials to be provided to the participants of the Company shall include the annual report of the Company, the opinion of the Revision Commission (the Reviser) and the auditor relating to the results of the audit of the annual reports and accounting balance-sheets for each year, information on the proposed candidate (candidates) to be involved in the executive body, the Board and the Revision Commission of the Company, draft of the amendments and supplements made to the Charter of the Company, or the draft new edition of the Charter of the Company, drafts of the internal documentation of the Company, as well as any information (materials) provided for by the Charter of the Company, if the above-mentioned issues are included in the agenda of the General Meeting.

The mentioned information and materials must, for the purpose of getting familiarised therewith in the building of the executive body of the Company, be provided to all the participants of the Company within twenty days prior to holding the General Meeting. The Company shall, upon request of the participant of the Company, be obliged to provide thereto the carbon copies of the mentioned documents. The amount charged by the Company for the provision of the carbon copies may not exceed the costs for the preparation thereof.

If another procedure for getting familiarised, by the participants of the Company, with the information and materials is not provided for by the Charter of the Company, the body or persons convening the General Meeting shall be obliged to forward them information and materials, as well as a notification on holding the General Meeting, whereas in case of changes made to the agenda, the relevant information and materials shall be forwarded together with the notification on the given change.

4. The General Meeting may, by a unanimous decision, establish more simplified procedure for convening General Meeting than that provided for under this Article.

***(Article 39 amended by HO-455-N of 4 November 2002, edited by HO-218-N of 21 December 2010)***

### Article 40. Procedure for holding General Meeting and making decisions

1. The General Meeting shall be held in accordance with the procedure established by the this Law, the Charter and internal documents of the Company. The procedure for holding General Meeting as to the part not regulated by this Law, the Charter and internal documents of the Company, shall be established by the decision of the General Meeting.

2. Prior to the opening of General Meeting, registration of the arrived participants shall be carried out.

The participants of the Company shall have the right to participate in the meeting in person or through their representatives. Representatives of the participants of the Company must present

documents attesting the powers reserved thereto. The letter of authorisation issued to the representative of the participant of the Company must contain information on the represented person and representing person (name or title, place of residence or registered office, passport data). It must be formulated in compliance with requirements of the Code.

The non-registered participant of the Company (representative of the participant) shall not be entitled to participate in voting.

3. The General Meeting shall be opened at the time indicated in the notification on holding the General Meeting or — earlier, if all the participants of the Company have been already registered.

4. The executive body of the Company shall organise the taking of minutes of the General Meeting.

The minutes of all General Meetings shall be bound in the register-book of minutes, which must, at any time, be provided to any participant of the Company for the getting familiarised therewith. Upon request of the participants of the Company, they shall be provided with excerpts from the register-book of the minutes certified by the executive body of the Company.

5. The General Meeting shall have quorum if attended by the participants of the Company holding more than half of the total number of votes of participants.

Decisions of the General Meeting shall be adopted by the majority of the total number of votes of the participants of the Company, unless this Law or the Charter of the Company provides for a larger number of votes for adopting the given decision.

Decisions on the issues referred to in subpoint (b) of point 2 of Article 36 of this Law shall be adopted by at least two thirds of the total number of votes of the participants of the Company, unless the Charter of the Company provides for a larger number of votes for adopting the given decision.

Decisions on the issues referred to in subpoint (j) of point 2 of Article 36 of this Law shall be adopted upon the unanimous decision of the participants of the Company.

6. Decisions of the General Meeting shall be adopted by open voting, unless another procedure for adopting decisions is provided for by the Charter of the Company.

***(Article 40 edited by HO-455-N of 4 November 2002, HO-46-N of 19 January 2021)***

### Article 41. Decisions of General Meeting adopted through distant voting (by inquiry)

1. The decision of the General Meeting may be adopted without holding a meeting (without the joint presence of the participants of the Company for the purpose of discussing issues on the agenda and adopting decisions related to issues put to a vote) through holding a distant voting (by inquiry). Such voting may be held by exchanging the documents through postal, telegraphic, facsimile, telephone, electronic or other means of communication ensuring authenticity and documentary support of the forwarded and received correspondence.

The time limits provided for by points 1, 2 and 3 of Article 39 of this Law shall not apply in case of adopting a decision of General Meeting via distant voting (inquiry).

The procedure for holding distant voting shall be established by internal documents of the Company, which must provide for a mandatory notification on the agenda proposed to all participants of the Company, an opportunity for the participants of the Company to get familiarised with all required information and materials before the commencement of voting, a mandatory notification on the amended agenda to the participants of the Company before the commencement of voting, as well as the time limit for completion of the voting procedure.

***(Article 41 amended by HO-455-N of 4 November 2002)***

### Article 42. Adoption of decisions on issues related to the competence of the General Meeting by the sole participant of the Company

In the Company with one participant, decisions on issues related to the competence of General Meeting shall be adopted by the written decision of the sole participant. In this case the provisions of Articles 37-41 and 45 of this Law shall not be applied, except for the provisions with regard to the time periods for holding annual General Meetings.

***(Article 42 amended by HO-218-N of 21 December 2010)***

### Article 43. Executive body of the Company

1. The executive body of the Company (the General Director, Chairperson, etc.) shall be elected by the General Meeting. The executive body of the Company may be also elected not from the participants of the Company.

The contract between the Company and the person preforming the functions of the executive body of the Company shall, on behalf of the Company, be signed either by the person presiding the General Meeting having elected the person performing the functions of the executive body of the Company or by the person authorised by the General Meeting.

2. Only a natural person may act as an executive body of the Company, except for the case provided for by Article 44 of this Law.

3. The executive body of the Company shall:

(a) act on behalf of the Company without a letter of authorisation, as well as represent the interests of the Company and conclude transactions;

(b) issue letter of authorisation for the right of representation on behalf of the Company, including letters of authorisation with the power of substitution;

(c) issue orders on the appointment to a position, shift to another position or dismissal from the position of the employees of the Company, apply incentive measures and impose disciplinary sanctions;

(d) exercise other rights not reserved to the General Meeting and the Board of the Company by this Law or the Charter of the Company.

4. The procedures for the operation of the executive body of the Company and for adoption of decisions thereby shall be established by the Charter of the Company, internal documents, as well as contracts concluded between the Company and the person performing the functions of the executive body of the Company.

5. Head of the executive body of the Company, members of the collegial executive body shall submit a declaration on property, incomes, interests and expenses in the case prescribed by Law of the Republic of Armenia “On the Commission for Prevention of Corruption”.

***(Article 43 amended by HO-218-N of 21 December 2010, supplemented by HO-559-N of 7 December 2022)***

### Article 44. Transfer of powers of the executive body of the Company to the Manager

The Company shall be entitled to transfer, under a contract, competences of its executive body to the Manager, if the Charter of the Company provides for such possibility.

The person authorised by the General Meeting of the Company shall, on behalf of the Company, sign the contract with the Manager.

### Article 45. Appealing agaisnt decisions of the management bodies of the Company

1. The decision of the General Meeting adopted in violation of the requirements of this Law, other legal acts, as well as the Charter of the Company or the decision violating the rights and lawful interests of the participants of the Company may, based on the application of a participant of the Company, be declared as invalid through judicial procedure. Such application may be filed within two months starting from the day when the participant of the Company knew or ought to have known of the adoption of such decision.

2. A decision of the Board of the Company, executive body of the Company or the Manager, having been adopted in violation of the requirements of this Law, other legal acts, the Charter of the Company and infringing the rights and lawful interests of the Company or the participant of the Company may, based on the application of the participant of the Company, be declared as invalid through judicial procedure.

### Article 46. Liability of the members of the Board and the executive body of the Company

1. Members of the Board and the executive body of the Company shall, while exercising their rights and performing their obligations, be obliged to act for the benefit of the Company, in good faith and reasonable manner.

2. The members of the Board, the executive body of the Company shall bear liability for the damages caused to the Company by their fault, unless other grounds for and extent of liability are provided for by laws. Moreover, the members of the Board of the Company having voted against the decision having ensued damages caused to the Company or those having not participated in voting, shall not bear any liability.

3. The Company or its participant shall be entitled to apply to court with a claim for compensation of damages caused to the Company by a member of the Board and the executive body of the Company.

### Article 47. Interest in concluding the transaction of the Company

1. The transactions for the performance whereof a member of the Board of the Company, a person performing the functions of the executive body of the Company or a participant of the Company holds an interest and represents twenty per cent or more of the total number of votes of participants of the Company, may not be concluded without the consent of the General Meeting.

The mentioned persons shall be recognised by the Company as interested in concluding transactions, if they or their spouses, parents, children and siblings (hereinafter referred to as “affiliated persons”):

(a) are a party to the transaction or represent interests of third persons in their relations with the Company;

(b) hold (individually or jointly) twenty per cent or more of shares (units, stocks) of the legal

person acting as a party to the transaction or representing the interests of third persons in the relations with the Company;

(c) hold positions in management bodies of the legal person acting as a party to the transaction or representing the interests of third persons in the relations with the Company;

(d) in other cases provided for by the Charter of the Company.

2. The decision of the Company on performing a transaction, wherein an interest is held, shall be adopted by the General Meeting with the majority of total number of votes of participants not interested in the performance of the transaction, except for Convertible Loan Agreement (where the Company acts as the Borrower), which is a transaction defined by this Article, the decision on performing whereof shall be adopted by the General Meeting upon the unanimous consent of participants not interested in the performance of the transaction.

3. Performance of a transaction, wherein an interest is held, does not require a decision of the General Meeting provided for by point 2 of this Article, if the transaction is performed within the scope of daily economic activities between the Company and the other party before the moment starting wherefrom the person interested in the transaction is recognised as such in accordance with point 1 of this Article (the decision shall not be required until the date of the next General Meeting).

4. Performance of a transaction, wherein an interest is held, in violation of the requirements provided for by this Article may, upon the claim of the Company or its participant, be recognised as invalid through judicial procedure.

5. This Article shall not apply to companies with a sole participant performing the functions of the executive body of the given Company.

***(Article 47 supplemented by HO-115-N of 12 May 2025)***

***(Law HO-115-N of 12 May 2025 has a final part and a transitional provision )***

### Article 48. Major transactions

1. A major transaction shall be considered as a transaction or a number of affiliated transactions related to direct or indirect acquisition, alienation or possibility of alienation of property by the Company, the value whereof comprises more than 25 per cent of the net assets of the Company as of the day of taking a decision on performing such transactions, unless another size of a major transaction is provided for by the Charter of the Company. The transactions performed within daily economic activities of the Company shall not be considered as major.

2. A decision on performing a major transaction shall be adopted by the General Meeting.

3. In case of establishment of the Board of the Company, the adoption of a decision on direct or indirect acquisition, alienation of property or on performance of major transactions related to the possibility of alienation by the Company of property at the value constituting to 20-50 per cent of its net assets, may, under the Charter of the Company, be reserved to the competence of the Board of the Company.

4. The transaction performed in violation of the requirements of this Article, may be recognised as invalid upon court judgment.

5. The Charter of the Company may provide that a decision of the General Meeting or the Board of the Company shall not be required for performing major transactions.

6. This Article shall not apply to companies with a sole participant performing the functions of the executive body of the given Company.

***(Article 48 amended by HO-218-N of 21 December 2010)***

### Article 49. Revision Commission (Reviser) of the Company

1. The Revision Commission (Reviser) of the Company shall be elected by the General Meeting for a period of one year, unless a longer time period is provided for by the Charter of the Company.

The Revision Commission of the Company shall be composed of 3 members, unless a larger number of members is provided for by the Charter of the Company.

2. The Revision Commission (the Reviser) of the Company shall, at any time, have the right to conduct an audit of the financial-economic activities of the Company and get familiarised with all the documents related to the activities of the Company. At the request of the Revision Commission (the Reviser) of the Company, the members of the Board of the Company, the person performing the functions of the executive body of the Company, as well as employees of the Company shall be obliged to give the required explanations in written or oral form.

3. The Revision Commission (the Reviser) of the Company shall mandatorily conduct an audit of annual reports and accounting balance-sheets of the Company, prior to the the approval thereof by the General Meeting. The General Meeting shall not have the right to approve the annual reports and accounting balance-sheets of the Company in case of absence of opinions of the Revision Commission (the Reviser) of the Company.

4. The working procedure of the Revision Commission (the Reviser) of the Company shall be determined by the internal documents of the Company.

5. This Article shall apply in cases if the establishment of a Revision Commission or election of a Reviser is provided for by the Charter of the Company or is considered as mandatory in accordance

with this Law.

6. Revision of the annual financial report of the Company may also be conducted upon request of each participant thereof.

***(Article 49 edited and amended by HO-218-N of 21 December 2010)***

## CHAPTER 6

## *REORGANISATION AND LIQUIDATION OF THE COMPANY*

### Article 50. Reorganisation of the Company

1. The reorganisation (merger, accession, demerger, spin-off, restructuring) of the Company shall be carried out upon the decision of the General Meeting.

2. In cases provided for by law, reorganisation of a Company by means of demerger of a Company or spin-off of one or several legal persons from the Company shall be carried out by a court judgement. In cases provided for by law, reorganisation of a Company by means of merger of and accession to a Company may be carried out only with the permission of the authorised body.

3. The Company shall — except for the case of reorganisation through accession — be considered as reorganised from the moment of state registration of the newly established legal persons.

When a Company is reorganised through accession to another Company, they shall be deemed to be reorganised from the moment of state registeration on the termination of the activity of the acceding Company.

4. The Company shall — within 30 days after adopting a decision on reorganisation of a Company — be obliged to provide a written notification thereon to all its creditors. The notification must contain information on the year, month, day of adoption of the decision, on the type and participants of reorganisation, as well as the legal succession of the obligations of the Company.

5. The creditor of the Company being reorganised shall have the right to demand from the Company additional guarantees for fulfilment of obligations, termination or premature fulfilment of obligations, as well as compensation for damages by written notification within the following time periods:

(a) within 30 days after the notification on reorganisation through merger, accession or restructuring;

(b) within 60 days after the notification on reorganisation through demerger or spin-off.

***(Article 50 supplemented by HO-218-N of 21 December 2010, edited by HO-46-N of 19 January 2012)***

### Article 50.1. Merger of companies

1. A merger of companies shall be deemed to be the establishment of a new company with the transfer of rights and obligations of two or more merging companies and with the termination of the merging companies.

2. The merging companies shall sign an agreement on merger. The decision on reorganisation through merger must be adopted by the Meeting of each merging company, which must also approve the agreement on merger, the transfer act, the procedure and terms for merging, as well as the procedure for converting the shares and other securities of the participants of each merging company into the shares and/or other securities of a newly established legal person.

3. The joint General Meeting of the participants of companies participating in the merger shall be deemed to be the founding meeting of a legal person established as a result of merger, which is convened by the body and within the time limits specified in the agreement on merger. The Charter of a legal person to be established as a result of merger shall be approved by the Founding Meeting of the legal person to be newly established, which will also adopt decisions on other matters concerning the the competence of the General Meeting.

4. In case of merger of companies, the rights and responsibilities of each of them shall be transferred to the newly established legal person, in compliance with the transfer act.

5. The merger agreement, transfer acts and other required documents prescribed by law shall be submitted to the body implementing state registration of legal persons for the purpose of state registrations due to merger.

***(Article 50.1 supplemented by HO-46-N of 19 January 2021)***

### Article 50.2. Accession of companies

1. Accession of companies shall be the termination of one or several companies, with the transfer of the rights and responsibilities thereof to another company.

2. The decision on reorganisation through accession must be adopted by the Meeting of each acceding company, which must also approve the accession agreement, the transfer act, the procedure and terms for acceding, as well as the procedure for converting the shares and other securities of the participants of each acceding company into the shares and/or other securities of

the company to which they are acceding.

3. The General Meeting of the participants of a company expanded due to accession (joint General Meeting of the participants of companies participating in the accession) shall adopt decisions on making necessary (conditioned by the reorganisation) amendments and supplements to the Charter of a company expanded due to accession, on approving the amendment to the Charter or the Charter with new edition, the accession agreement and the transfer act, and where necessary — on other matters as well.

4. The rights and responsibilities of each of the companies having accessed due to accession of companies shall be transferred to the company expanded due to accession, in accordance with the transfer act.

5. The accession contract(s), transfer act(s) and and other required documents prescribed by law shall be submitted to the body implementing state registration of legal persons for state registration due to accession.

***(Article 50.2 supplemented by HO-46-N of 19 January 2021)***

**Article 50.3. Demerger of the Company**

1. Demerger of a Company shall be deemed to be the termination of a Company by transferring all the rights and responsibilities thereof to the newly established legal persons.

2. The decision on demerger must be adopted by the General Meeting of a demerging Company, which must also approve the procedure and terms for demerger, the division balance sheet, as well as the procedure for converting the shares and other securities of the participants of the Company being demerged into the shares and/or other securities of the newly established legal persons.

3. The Charters of the legal persons established due to demerging shall be approved by the Founding Meetings of those legal persons, where decisions shall also be adopted on other matters concerning the competence of the General Meeting.

4. In the case of demerger of a Company, the rights and responsibilities thereof shall be transferred to the newly established legal persons, in accordance with the division balance sheet.

5. The division balance sheet and other necessary documents required by law shall be submitted to the body implementing state registration of legal persons for state registration conditioned by demerger.

***(Artcle 50.3 supplemented by HO-46-N of 19 January 2021)***

**Article 50.4. Spin-off of the Company**

1. Spin-off of the Company shall be the establishement of a new legal person (persons) with the transfer of part of the rights and responsibilities of the reorganising Company without the termination of the reorganising Company.

2. The decision on spin-off must be adopted at the General Meeting of the Company being reorganised, which must also approve the procedure and terms for spin-off, the division (spin-off) balance sheet, as well as the procedure for converting the shares and other securities of the participants of the Company being reorganised into the shares and/or other securities of the newly established legal persons.

3. The Charters of legal persons being established as a result of spin-off shall be approved at the Founding Meetings of those legal persons, where decisions shall also be adopted on other matters concerning the competence of the General Meeting.

4. In the case of spin-off of a Company, the rights and responsibilities thereof shall be transferred to the newly established legal persons, in accordance with the division (spin-off) balance sheet.

5. The division (spin-off) balance sheet and other necessary documents required by law shall be submitted to the body implementing state registration of legal persons for state registration conditioned by the spin-off

***(Article 50.4 supplemented by HO-46-N of 19 January 2021)***

**Article 50.5. Restructuring of the Company**

1. Restructuring of the Company shall be deemed to be the change of the organisational and legal form thereof.

2. The Company may be restructured into a joint stock company or commercial cooperative.

3. The decision on restructuring must be adopted at the General Meeting of the Company being reorganised through restructuring, which must also approve the procedure and terms for restructuring, the procedure for converting the shares and other securities of the participants of the Company being reorganised through reconstructing into the shares (stocks) and/or other securities of the newly established legal person, as well as the trasfer act.

4. The Charter of a legal person being established as a result of restructuring shall be approved at the Founding Meeting of the newly established legal person, which shall also adopt decisions on other matters concerning the competence of the General Meeting.

5. In the case of restructuring of a Company, the rights and responsibilities thereof shall be transferred to the newly established legal person, in accordance with the transfer act.

***(Article 50.5 supplemented by HO-46-N of 19 January 2021)***

**Article 50.6. Merger (accession) agreement**

1. The merger (accession) agreement, approved through the procedure prescribed by Articles 50.1 and 50.2 of this Law, shall — along with other required documents prescribed by law — be submitted to the body implementing state registration of legal persons.

2. The merger (accession) agreement shall be concluded between the companies participating in the merger (accession), signed by the head of the executive body of a Company and be subject to approval by the General Meetings thereof.

The merger (accession) agreement shall contain the following:

(a) the trade name, place of location, information on state registration of the parties involved;

(b) the time limits of, procedure for and terms of merger (accession);

(c) the procedure of converting the shares and other securities of the the participants of the merging (acceding) company through formula or other standard form;

(d) the procedure and terms for receiving dividends for the shares of the participants of the merging (acceding) companies;

(e) the procedure for voting in the joint Meeting;

(f) the date of, the procedure for convening and holding the joint Meeting of the companies involved in the merger (accession);

(g) other information at the discretion of parties involved in the merger (accession).

***(Article 50.6 supplemented by HO-46-N of 19 January 2021)***

**Article 50.7. Transfer act and division balance sheet**

1. The transfer act and division balance sheet must contain provisions on the property of a reorganised company(ies) and the legal succession of all the responsibilities relating to the creditors and debtors, including the disputable responsibilities.

2. The division (spin-off) balance sheet must ensure proportionate distribution of the property and obligations between the legal persons established as a result of reorganisation, in compliance with the shares of the participants of the legal persons newly established in the statutory capital of a Company being reorganised.

3. Where the division (spin-off) balance sheet does not enable to determine the legal successor of the reorganised Company, the legal entities established due to reorganisation shall bear commensurate responsibility for the obligations of the reorganised Company for the creditors.

4. The failure to submit the transfer act and the division (spin-off) balance sheet together with the charters as well as the failure to include provisions on legal succession of the property and obligations of the reorganized company or the disproportionate distrubution of the property and obligations shall be the basis for refusing the state registrations conditioned by reorganisation.

***(Article 50.7 supplemented by HO-46-N of 19 January 2021)***

**Article 50.8. Rights of participants in case of reorganisation**

1. The shares (stocks) of the participants of a Company being established through reorganisation or being expanded as a result of accession shall be, by way of conversion, distributed amongst all the participants of legal persons having adopted the decision on reorganisation at the moment of adoption of that decision at the market value of shares (as of the day prescribed by the decision on reorganisation). Moreover, the ratio of conversion must be the same for each share (stock).

***(Article 50.8 supplemented by HO-46-N of 19 January 2021)***

**Article 50.9. Procedure for determining the market value of the property of the Company**

1. The market value of property, including the cost of shares and other securities of the Company, shall be the price at which a seller having all the necessary information concerning the price of property and not having an obligation to sell it would agree to sell the property and a buyer having all the necessary information concerning the price of property and not having an obligation to buy it would agree to acquire it.

2. The market value of the property shall be defined upon the decision of the General Meeting.

3. The market value of the property shall be defined by an independent appraiser in cases prescribed by law, as well as upon the decision of the General Meeting.

4. In case of necessity to determine the market value of shares or other securities of the Company, the information on the prices for acquisition of those shares, as well as the prices for their demand and supply regularly published in the mass media shall be taken into consideration. In case of determining the market value of the shares of the Company, it is necessary to take into

account the value of net assets of the Company, as wel as the price that the buyer having full information about the property of the Company would agree to pay for the shares of the Company, as well as other factors that the entity (person) determining the market value of the property of the Company will consider important. The market value of the shares determined by this point may not be less than the price which has been calculated based on the value of the net assets of the Company.

***(Article 50.9 supplemented by HO-46-N of 19 January 2021)***

### Article 51. Liquidation of the Company

1. Upon liquidation of the Company the activities thereof shall be terminated without transferring the rights and obligations to other persons by way of legal succession.

2. The Company may be voluntarily liquidated upon the decision of the General Meeting.

The Company may be compulsorily liquidated through judicial procedure only in the cases and under the procedure prescribed by law.

The Company may be liquidated also as a result of bankruptcy.

3. The liquidation of the Company shall be carried out under the procedure and conditions prescribed by the Code.

## CHAPTER 7

## *TRANSITIONAL PROVISIONS*

### Article 52. Transitional provisions

1. This Law shall enter into force from the moment of its official promulgation.

2. Prior to bringing the charters of the companies in compliance with the requirement of this Law, if they provide for norms other than those provided for by this Law, the norms of this Law shall apply.

3. The provisions of this Law shall apply to the relations, which, in accordance with this Law, may also be regulated by the Charter of the Company, but the charters of the companies do not contain provisions regulating them.

Relations referred to in this point may be regulated also by the General Meeting of participants of the Company through decisions adopted by two thirds of the total number of votes of participants.

4. ***(Point repealed by HO-136-N of 19 March 2012)***

***(Article 52 supplemented by HO-455-N of 4 November 2002, amended by HO-136-N of 19 March 2012)***

**President**
**of the Republic of Armenia** **R. Kocharyan**

Yerevan
21 November 2001
HO-252

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**Փոփոխման պատմություն**

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