Chapter I. General Provisions

Article 1. Relations Regulated by the Present Federal Law

1. The present Federal Law defines the legal status of a limited liability company, the rights and duties of its partners, the procedure for the creation, reorganisation or liquidation of a company in conformity with the Civil Code of the Russian Federation.

2. The specific features of the legal status, the procedure for the creation, reorganisation or liquidation of a limited liability company in the spheres of banking, insurance and investment, and also of the agricultural production shall be determined by federal laws.

Article 2. The Basic Provisions on Limited Liability Companies

1. A business company, founded by one or several persons whose authorized capital is divided into shares of the size determined by constituent documents shall be deemed to be a limited liability company (hereinafter referred to as a company); the company participants shall not be liable for its obligations and shall bear the risk of losses associated with the company's activity to the extent of the value of their contributions.

   The company participants who have made not full contributions to the company's authorized capital shall bear joint responsibility for its obligations within the limits of the value of the unpaid part of the contribution of each participant of the company.

2. The company shall own isolated property booked on its independent balance, may acquire and realize property and personal non-property rights, bear duties, sue and be held liable in court.

   The company may enjoy civil rights and bear civil duties necessary for the performance of any kind of activity that is not banned by federal laws, unless this contradicts the subject-matter and purposes of activity defined by the company's charter.

3. The company may engage in certain kinds of activity, the list of which is determined by federal law, only on the basis of a special permit (license). If the terms of a special permit (license) provide for a definite kind of activity as exclusive, the company shall be entitled during the period of the validity of the special permit (license) to carry out only such activity as provided for by this special permit (license), and related kinds of activity.

4. The company shall be deemed to be established as a legal entity from the time of its state registration in the procedure stipulated by the Federal Law on the state registration of legal entities.

   A company shall be set up for an indefinite period unless otherwise stipulated by its charter.

5. The company shall have a round stamp containing its full firm's name in Russian and indicating its location. The company's stamp may also contain the firm's name in any language of the peoples of the Russian Federation and/or in a foreign language.

   The company shall have the right to have stamps and letter heads with its firm's name, its own emblem, and also its trademark registered in the statutory order and other means of individualization.

Article 3. A Company's Liability

1. A company shall bear liability for its obligations to the extent of all the property that belongs to it.

2. The company shall not be liable for the obligations of its participants.

3. In the event of the company's insolvency (bankruptcy) through the fault of its participants or of other persons who have the right to give instructions binding on the company or in any other way determine its actions, subsidiary responsibility for its obligations may be attributed to the said participants or other persons, if the company's property is insufficient.

4. The Russian Federation, its subjects and the municipal entities shall not bear liability for the company's obligations, just as the company shall not bear liability for the obligations of the Russian Federation, its subjects and municipal entities.

Article 4. A Company's Trade Name and Its Location
1. A company shall have a full name and may have an abbreviated trade name in Russia. The company may also have a full and/or abbreviated trade name in the languages of the peoples of the Russian Federation and/or in foreign languages.

The full trade name of a company in Russian shall contain the full name of this company and the words "limited liability". The abbreviated trade name of a company in Russian shall contain the full or abbreviated name of this company and the word "limited liability" or the abbreviation 000.

The official designation of the company in the Russian language and in the languages of the peoples of the Russian Federation may contain foreign borrowed words in the Russian transcription or in the transcription of the languages of the peoples of the Russian Federation, with the exception of the terms and abbreviations reflecting the company organisational-legal form.

Different demands on the company official designation shall be established in the Civil Code of the Russian Federation.

2. The location of a company shall be determined by the place of its state registration.

Article 5. A Company's Branches and Representative Offices

1. A company sets up its branches and opens representative offices by decision of a general meeting of the company's participants, adopted by a two-thirds majority of votes of the company's participants, unless its charter provides for a larger number of votes for the adoption of such decision.

Branches shall be set up by the company and its representative offices shall be opened on the territory of the Russian Federation with the observance of this Federal Law and other federal laws, and beyond the confines of the Russian Federation also in conformity with the legislation of the foreign State on whose territory branches are set up or representative offices are opened, unless otherwise stipulated by the international treaties and agreements of the Russian Federation.

2. A company's branch shall be an isolated subdivision which is located outside the company's whereabouts and which discharges all its functions or a part thereof, including the functions of its representative office.

3. A company's representative office shall be an isolated subdivision which is located outside the company's whereabouts and which furthers the interests of the company and protects them.

4. A company's branch and representative office shall not be legal entities; they shall function on the basis of regulations approved by the company. The branch and the representative office shall be vested with property by the company which set up them.

The managers of the company's branches and representative office shall be appointed by the company and shall act on the basis of a power of attorney.

The company's branches and the representative offices shall carry out their activity on behalf of the company that set them up. The responsibility for the activity of its branch and representative office shall be borne by the company that set them up.

5. The company's charter shall contain information about its branches and representative offices. Data on changes in the company’s charter of information about its branches and representative offices shall be presented to the body that carries out the state registration of legal entities. The said changes in the company's charter shall take effect for third persons from the time of the notification of the body which effects the state registration of legal entities about such changes.

Article 6. Subsidiary and Dependent Companies

1. The company may have subsidiaries and dependent economic companies with the status of a legal entity, which are set up on the territory of the Russian Federation in accordance with the present Federal Law and other federal laws and beyond the confines of the territory of the Russian Federation also in conformity with the legislation of a foreign State on whose territory a subsidiary or a dependent economic company has been set up, unless otherwise stipulated by the international treaties and agreements of the Russian Federation.

2. A company shall be recognized as a subsidiary, if another (principal) company or partnership by virtue of the predominant participation on its authorized capital or in conformity with an agreement concluded between them, or in any other way, is able to determine decisions to be adopted by such company.

3. The subsidiary shall not be liable for the debts of the principal company (partnership).

The principal company (partnership), which has the right to give directions binding on its subsidiary, shall be liable jointly with the subsidiary for transactions concluded by the latter in pursuance of such directions.

In the event of the insolvency (bankruptcy) of the subsidiary through the fault of the principal company (partnership), the latter shall bear subsidiary liability for its debts, if the subsidiary's property is insufficient for this purpose.
The participants of the subsidiary shall have the right to demand compensation by the principal company (partnership) of the losses caused through its fault to the subsidiary.

4. A company shall be recognized as dependent, if another (prevailing, participating) company has over 20 percent of the former company's authorized capital.

A company which has acquired over 20 percent of the voting shares of a joint-stock company or over 20 percent of the authorized capital of another limited liability company shall be obliged to publish information about this in the press organ that publishes data on the state registration of legal entities.

Article 7. A Company's Participants.

1. Individuals and legal entities may be participants of a company.
A federal law may prohibit or restrict the participation of some categories of individuals in companies.

2. State bodies and local self-government bodies shall not have the right to be participants of a company, unless otherwise stipulated by federal law.

A company may be established by one person, who becomes its sole participant. Subsequently a company may become a company with one participant.

A company may not have another economic company consisting of one person as the only participant.

The provisions of this Federal Law shall extend to companies with one participant inasmuch as this Federal Law does not stipulate otherwise and inasmuch as this does not contradict the substance of appropriate relations.

3. The number of a company's participants shall not be more than 50.

If the number of the company's participants exceeds the limit established by this item, the company shall be transformed into a public company or a production cooperative during one year. If during the said time the company is not transformed and the number of the company's participants does not diminish to the limit fixed by this item, it shall be liquidated in due course of law at the demand of the body which carries out the state registration of legal entities, of other governmental bodies or local self-government bodies that have the right to make such demands on the basis of federal law.

Article 8. The Rights of the Company's Participants.

1. The company's participants shall have the right:
to take part in the management of the company in the Procedure prescribed by this Federal Law and the company's constituent documents;
to receive information about the company's activity and to study its account books and other documents in the Procedure established by its constituent documents;
to take part in the distribution of profit;
to sell or in any other way to surrender its share in the company's authorized capital or a part thereof to one or several participants of this company in the Procedure prescribed by this Federal Law and the company's charter;
to withdraw from the company at any time, regardless of the consent of its other participants;
to receive, in the case of the company's liquidation, that part of the property that has remained after settlements with creditors or its monetary equivalent.

The company's participants shall also have other rights provided for by this Federal Law.

2. In addition to the rights stipulated by this Federal Law the company's charter may provide for order rights (additional rights) of the company's participants. The said rights may be provided for by the company's charter at the time of its establishment or may be granted to the company's participants by decision of the general meeting of the company's participants taken by all the participants unanimously.

Additional rights granted to a concrete participant the company shall not pass to the acquirer of the share (or part thereof) in the event this share (or part thereof) has been alienated by.

The termination or limitation of the additional rights granted to all the company's participant shall be effected by decision of the general meeting of the company's participants, adopted by all its participants unanimously. The termination or limitation of the additional rights granted to a concrete participant of the company shall be effected by decision of the general meeting of the company's participants, adopted by a two-thirds majority of votes of the company's participants, provided that the participant who has such additional rights has voted for such decision or has given his written consent to this.

The company's participant to whom additional rights have been granted may surrender these rights by sending a written notice about this to the company. The additional rights of the company's participant shall cease since the time of the receipt by the company of the said notice.

Article 9. The Duties of a Company's Participants
1. A company's participants shall be obliged:
   to make contributions in the procedure, amounts, content and in the time-limits provided for by
   this Federal Law and the company's constituent documents;
   not to divulge confidential information about the company's activity.
   The company's participants shall have other duties provided for by the present Federal Law.
2. Apart from the duties stipulated by this Federal Law, the company's charter may provide for
   other duties (additional duties) of the company's participants. These duties may be stipulated by the
   company's charter at the time of its establishment or allocated to all its participants by decision of the
   general meeting of the company's participants, taken by all its participants unanimously. Additional duties
   shall be imposed on a specific participant by decision of the general meeting of the company's
   participants, taken by a two-thirds majority of votes of the company's participants, provided that the
   company's participant on whom such additional duties are placed has voted for the adoption of such
   decision or has given his written consent.
   Additional duties allocated to a specific partner of the company shall not pass to the acquirer of
   the share (or part thereof) in the event of the alienation of the share (or part thereof) of this participant.
   Additional duties may be terminated by decision of the general meeting of the company's
   participants, taken by all its participants unanimously.

Article 10. The Expulsion of a Participant from the Company

The company's participants whose shares in totality make up not less than 10 per cent of the
company's authorized capital shall have the right to demand through legal proceedings the expulsion from
the company of a participant who grossly neglects his duties or by his actions (or inaction) makes the
company's activity impossible or substantially hampers it.

Chapter II. The Establishment of a Company

Article 11. The Procedure for the Establishment of a Company

1. The company's founders shall conclude a memorandum of association and approve the
   company's charter. The memorandum of association and the company's charter shall be the company's
   constituent documents.
   If a company is established by one person, the charter approved by this person shall be the
   company's memorandum of association. If the number of the company's participants increases to two or
   more, a memorandum of association shall be concluded between them.
   The company's founders shall elect (appoint) the executive bodies of the company, and also
   approve the monetary valuation of non-cash contributions to the authorized capital of the company.
   A decision on the approval of the company's charter, and also a decision on the approval of the
   monetary valuation of the contributions made by the company's founders shall be taken by them
   unanimously. Other decisions shall be taken by the company's founders in the Procedure stipulated by
   the present Federal Law and the company's constituent documents.
2. The company's founders shall bear joint liability for the obligations associated with the
   establishment of the company and which emerged before its state registration. The company shall bear
   liability for the obligations of the company's founders associated with its establishment only in the event of
   the subsequent approval of their actions by the general meeting of the company's participants.
3. Specific features of the establishment of a company with the participation of foreign investors
   shall be determined by federal law.

Article 12. A Company's Constituent Documents

1. In the memorandum of association the company's founders shall undertake to set up a
   company and determine the order of joint activity for its establishment. The memorandum of association
   shall also determine the complement of the company's founders or participants, the size of its authorized
   capital and the size of the share of each company's founders or participant, the amount and composition
   of contributions and the time-limits for their payment to the company's authorized capital at the time of its
   establishment, the responsibility of the company's founders and participants for the breach of the duty of
   making contributions, the term and procedure of the distribution of profit among the company's founders
   or participants, the structure of the company's bodies, and the procedure for the withdrawal of participants
   from their company.
2. The company's charter shall contain:
   the full and abbreviated trade name of the company;
   information about the company's whereabouts;
information about the structure and competence of the company's bodies, including in matters comprising the exclusive competence of the general meeting of the company's participants, about the procedure of the adoption of decisions by the company's bodies, including in the matters in which decisions are taken unanimously or by a qualified majority of votes;
information about the size of the company's authorized capital;
information about the amount and the nominal value of the share of each company participant;
the rights and duties of the company's participants;
information about the procedure and consequences of the withdrawal of a participant from this company;
information about the procedure for the transition of a share (a part thereof) in the company's authorized capital to another person;
information about the procedure for keeping the company's documents and about the procedure of submission by the company of data to its participants and other persons;
other information provided for by this Federal Law.
The company's charter may also contain other provisions which are not inconsistent with this Federal Law and other federal laws.

3. At the request of a company participant, auditor or any interested person the company shall be obliged to provide them in reasonable time with the possibility of acquainting themselves with the company's constituent documents, including amendments to them. The company shall be obliged to give to a company participant copies of the effective memorandum of association and charter at his request. The charge collected by the company for granting the copies may not exceed the expenses on their production.

4. Amendments to the company's constituent documents shall be introduced by decision of the general meeting of the company's participants.
Amendments introduced to the company's constituent documents shall be subject to state registration in the order prescribed by Article 13 of this Federal Law for the company's registration.
Amendments introduced to the company's constituent documents shall acquire force for third persons from the time of their state registration and in cases stipulated by this Federal Law from the time of notifying the body that carried out state registration.

5. In the event of the inconsistency of the provisions of the memorandum of association with the provisions of the limited liability company's charter, the provisions of the charter shall have prevailing force for third persons and the company's participants.

Article 13. State Registration of a Company
A company shall be liable to state registration with the body that carries out the state registration of legal entities in the procedure established by the Federal Law on the State Registration of Legal Entities.

Chapter III. A Company's Authorized Capital. The Property of a Company


1. A company's authorized capital shall be formed from the nominal value of the shares of its participants.
The amount of the company's authorized capital shall not be less than 100 times the minimum wage, fixed by federal law on the date of the submission of documents for state registration of the company.
The amount of the company's authorized capital and the nominal value of the shares of the company's participants shall be expressed in roubles.
The company's authorized capital shall determine the minimum size of its property that guarantees the interests of its creditors.
2. The size of the share of a company's participant in its authorized capital shall be determined as a percentage or in the form of a fraction. The size of the share of the company's participant shall correspond to the ratio between the nominal value of his share and the company's authorized capital.
The actual value of the share of the company's participant shall correspond to the value of the company's net assets that is proportional to the size of his share.
3. The company's charter may limit the maximum amount of the size of its participants' shares. It may limit the possibility of a change in the correlation of the company's participants. Such limitations may not be established for particular participants. Said provisions may be provided for by the company's charter at the time of its establishment, and also may be included in its charter, changed and removed from the charter by decision of the general meeting of the company's participants, adopted by all its participants unanimously.
Article 15. Contributions to a Company's Authorized Capital

1. Cash, securities, other things or property rights or any rights measurable in terms of money may be a contribution to a company's authorized capital.

2. The monetary valuation of non-cash contributions to the company's authorized capital, made by its participants and by third persons accepted into the company, shall be endorsed by decision of the general meeting of the company's participants, adopted by all its participants unanimously.

   If the nominal value (the increased nominal value) of the share of a company participant in its authorized capital, paid by a non-cash contribution, comprises over 200 times the minimum wage, fixed by federal law on the date of the submission for state registration of the company or for subsequent amendments to the company's charter, such contribution shall be valued by an independent appraiser. The nominal value (increased nominal value) of the share of a company participant, paid by such non-cash contribution, may not exceed the amount of the valuation of said contribution estimated by the independent appraiser.

   In the event of making non-cash contributions to the company's authorized capital, its participants, and the independent appraiser shall jointly bear subsidiary liability for its obligations in the amount of fixing the value of non-cash contributions too high for three years from the time of the state registration of the company or of appropriate amendments to the company's charter, if the company's assets are insufficient.

   The company's charter may specify types of property that may not be a contribution to the company's authorized capital.

3. If the company's right of using assets is terminated before the expiry of the time for which such assets were transferred to the company for use as a contribution to the authorized capital, the company participant who contributed the assets shall be obliged to give to the company at its request monetary compensation that is equal to the charge for using such assets on similar conditions for the remaining time. The monetary compensation shall be submitted in a lump sum within a reasonable period of time from the time of the presentation by the company of the demand for its submission, unless a different procedure for the payment of compensation is adopted by the general meeting of the company's participants. Such decision shall be taken by the general meeting of the company's participants without account of the votes of the participant who transferred to the company as a contribution to the authorized capital his right to use assets that has terminated short of the term.

   The memorandum of association may provide for other methods and Procedure for the presentation by the company's participant of the compensation for the early termination of the right to use assets that he has transferred to the company for use as a contribution to the authorized capital.

4. The assets given to the company by a participant who has been expelled or has withdrawn from the company for use by this company as a contribution to its authorized capital shall remain in use by the company during the time for which they have been transferred, unless otherwise stipulated by the memorandum of association.

Article 16. Procedure for Making a Contribution to the Company's Authorized Capital at the Time of Its Establishment

1. Each founder of the company shall be obliged to make his full contribution to its authorized capital within the time that has been determined by the memorandum of association and which may not exceed one year from the time of the state registration of the company. In this case the value of the contribution of each participant shall not be less than the nominal value of his share.

   It shall be impermissible to release a company's founder from his duty of making a contribution to the company's authorized capital, including by way of offsetting his claims against the company.

2. At the time of the state registration of the company its authorized capital shall be paid up by its promoters by not less than fifty per cent.

Article 17. The Increase of a Company's Authorized Capital

1. A company's authorized capital may be increased only after it is fully paid up.

2. The increase of the company's authorized capital may be realized at the expenses of the company's assets and/or at the expense of additional contributions by its participants, and/or, unless this is forbidden by the company's charter, at the expense of the contributions of third persons to be accepted into the company.

Article 18. The Increase of a Company's Authorized Capital at the Expense of Its Assets
1. A company's authorized capital shall be increased at the expense of its assets by decision of the general meeting of the company's participants, adopted by a two-thirds majority of their votes, unless the company's charter provides for a greater number of votes for the adoption of such decision. A decision on the increase of the company's authorized capital at the expense of its assets may be taken only on the basis of the data of the company's accounting report for the year that precedes the year during which such decision has been taken.

2. The amount of the increasing authorized capital at the expense of the company's assets shall not exceed the difference between the value of the company's net assets and the amount of the company's authorized capital and reserve fund.

3. If the company's authorized capital is increased in accordance with the present Article, the nominal value of the shares of all the company's participants shall be increased in proportion without change of the ratio of their shares.

**Article 19. The Increase of a Company's Authorized Capital at the Expense of Additional Contributions by Its Participants and the Contributions of Third Persons to Be Admitted to the Company**

1. The general meeting of the company's participants by a two-thirds majority of their votes may take a decision on the increase of the company's authorized capital at the expense of additional contributions of its participants, unless the company's charter provides for a greater number of votes for the adoption of such decision. This decision shall determine the total value of the additional contributions, and also shall establish a single (for all the company's the participants) correlation between the value of the additional contribution of the company's participant and the amount by which the nominal value of his share is increased. The said correlation shall be established due to the fact that the nominal value of the share of the company's participant may increase by the amount that is equal to, or less than, the value of his additional contribution.

Each company participant shall have the right to make an additional contribution that does not exceed the part of the total value of the additional contributions that is proportional to the amount of the share of this participant in the company's authorized capital. Additional contributions may be made by the company's participants within two months of the adoption by the general meeting of the company's participants of the decision indicated in the first paragraph of this item, unless the company's charter or the decision of the general meeting of the company's participants establishes a different period of time.

Not later than a month from the end of the time for the payment of additional contributions, the general meeting of the company's participants shall take a decision on approval of the results of the deposition of the additional contributions by the company's participants and on the introduction into the company's constituent documents of amendments associated with the increase of the company's authorized capital and the increment in the nominal value of the shares of the company's participants who have made additional contributions and, if necessary, of amendments associated with the change in the size of the shares of the company's participants. In this case the nominal value of the share of each participant, who has made an additional contribution, shall be increased in keeping with the correlation indicated in the first paragraph of this item.

Documents for state registration of the amendments in the company's constituent documents, provided for by the present item, and also documents, which confirm the deposition of additional contributions by the company's partners, shall be presented to the body that carries out the state registration of legal entities, within a month of the day of the adoption of the decision of the approval of the results of the deposition of additional contributions by the company's partners and on the introduction of relevant amendments into the company's constituent documents. The said amendments to the company's constituent documents shall come into force for the company's participants and third persons from the day of their state registration by the body that carries out the state registration of legal entities.

If the time-limits provided for by the third and fourth paragraphs of this item are not observed, the increase of the company's authorized capital shall be recognized as invalid.

2. The general meeting of the company's participants may take a decision on the increase of its authorized capital on the basis of the statement of the company's participant or the statements of its participants on the making of an additional contribution and/or, unless the company's charter forbids this, of the statement of a third person or the statements of third persons on his admission to the company and the deposition of his contribution. Such decision shall be taken by all the company's participants unanimously.

The statement of the company's participant and the statement of a third person shall indicate the size and composition of the contribution, the procedure and the time of its deposition, and also the size of the share which the company's participant or third person would like to have in its authorized capital. The statement may also indicate other conditions for the deposition of contributions and for joining the company.
Simultaneously with the decision on the increase of the company's authorized capital on the basis of the statement of a company participant (or statements of company participants) on the deposition by him of an additional contribution it is necessary to take a decision on the introduction into the company's constituent documents of amendments associated with the increase of the amount of the company's authorized capital and the increase of the nominal value of the share of the company's participant (the company's participants), who has made a statement on depositing the additional contribution, and, if necessary, also of amendments associated with the change of the size of the shares of the company's participants. In this case the nominal value of the share of each participant who has filed his statement on the deposition of the additional contribution shall be increased by an amount that is equal to, or less than, the value of his additional contribution.

Simultaneously with the decision on the increase of the company's authorized capital on the basis of the statement of a third person (statements of third persons) on his or their admission into the company and the deposition of a contribution or contributions a decision shall be taken to introduce into the company's constituent documents the amendments associated with the acceptance of a third person (third persons) into the company, the estimation of the nominal value and the size of his share (their shares), the increase of the amount of the company's authorized capital and the change of shares of its participants. The nominal value of the share acquired by each third person to be admitted to the company shall be equal to, or less than, the value of his contribution.

Documents for state registration of amendments to the company's constituent instruments, provided for by this item, and also documents which confirm the deposition of additional contributions by the company's partners and of full contributions by third persons, shall be presented to the body that carries out the state registration of legal entities, within a month of the day of the deposition in full of additional contributions by all the participants of the company and of contributions by the third persons who filed their applications, but not later than six months from the adoption of the decision, stipulated by this item, by the general meeting of the company's participants. The said amendments in the constituent instruments shall become valid for the company's partners and third persons from the day of their state registration by the body that carries out the state registration of legal entities.

If the time-limits provided for by the fifth paragraph of this item are not observed, the increase of the company's authorized capital shall be recognized as not having taken place.

3. If the company's authorized capital has not been increased, the company shall be obliged to return within, the company shall be obliged to return within a reasonable period of time the contributions to its participants and the third persons who have made their contributions in cash, and in the event of the non-return of these contributions in the said period shall also be obliged to pay interest in the order and within the time-limits provided for by Article 395 of the Civil Code of the Russian Federation.

The company shall be obliged to return the contributions within a reasonable period of time to its participants and the third persons who have made contributions in non-cash form, and in the event of the non-return of these contributions shall be obliged to compensate for the lost profit within this period of time, if it is impossible to make use of the property deposited as a contribution.

**Article 20. The Diminution of the Company's Authorized Capital**

1. The company shall have the right to diminish its authorized capital and in cases provided for by this Federal Law shall be obliged to do so.

The company's authorized capital may be diminished by reducing the nominal value of the shares of all its participants in the company's authorized capital and/or by annulling the shares belonging to the company.

The company shall not have the right to diminish its authorized capital, if as a result of such diminution its size becomes less than the minimum size of the authorized capital determined in conformity with the present Federal Law on the date of submitting documents for the state registration of appropriate amendments to the company's charter and in cases when the company is obliged to reduce its authorized capital in keeping with this Federal Law, on the date of the state registration of the company.

The diminution of the company's authorized capital by reducing the nominal value of the shares of all the company's participants shall be effected with the preservation of the sizes of the shares of all the participants of the company.

2. If the company's authorized capital is not paid up in full within a year from the time of its state registration, the company shall announce that is has diminished its authorized capital up to its actually paid-up amount and have this diminution registered in the statutory order, or take a decision on the liquidation of the company.

3. If at the end of the second and each subsequent fiscal year the value of the company's net assets proves to be less than the authorized capital, the company shall announce that is has diminished its authorized capital to an amount not exceeding the value of the net assets and have this diminution registered in the statutory order.
If at the end of the second and each subsequent fiscal year the value of the company's net assets proves to be less than the minimum amount of the authorized capital fixed by this Federal Law on the date of the state registration of the company, the latter shall be subject to liquidation.

The value of the company's net assets shall be estimated in the order established by federal law and the normative acts issued in conformity with it.

4. Within 30 days of the date of adoption of a decision on the reduction of its authorized capital the company shall be obliged to notify in writing all the company's creditors known to it about the diminution in the company's capital and about its new size, and also to publish the information on the adopted decision in the press organ that publishes data on the state registration of legal entities. In this case the company's creditors shall have the right to demand in writing the early termination or performance of the company's relevant obligations and compensation for its losses within 30 days of the date of sending its notification or 30 days of the date of publishing the message about the adopted decision.

The state registration of the reduction of the company's authorized capital shall be carried out only upon the presentation of the proof of the notification of creditors in the order established by the present item.

5. If in cases provided for by this Article the company does not take a decision on the reduction of its authorized capital or on its liquidation within a reasonable period of time, the creditors shall have the right to demand that the company should terminate its obligations early or perform its relevant obligations and compensate their losses ahead of schedule. The body that carries out the state registration of legal entities and any other state bodies or local self-government bodies, entitled by federal law to present such a demand, shall have the right to make demand the liquidation of the company in a court of law.

Article 21. The Transfer of a Share (Part thereof) of a Participant of the Company in Its Authorized Capital to Other Participants of the Company and Third Persons

1. A participant of the company shall have the right to sell or in any other way surrender its share in the company's authorized capital or part thereof to one or several participants of this company. No consent shall be required from the company or any other participants of the company for the completion of such a transaction unless otherwise stipulated by the company's charter.

2. It shall be permissible for a participant of the company to sell or surrender in any other way his share or a part thereof to third persons, unless this is forbidden by the company's charter.

3. The share of a participant of the company may be alienated before its full payment only in the part which has already been paid.

4. The company's participants shall enjoy the preemptive right to buy the share or a part thereof of the company's participant at the price offered to a third person in proportion to the size of their shares, unless the company's charter or the agreement between its partners stipulates a different procedure for the implementation of this right. The company's charter may provide for the company's preemptive right to acquire the share or the part thereof sold by its participant, unless the company's other participants have used the preemptive right to buy the share or the part thereof.

The company participant who intends to sell his share or a part thereof to a third person shall be obliged to inform the other participants of the company or the company itself about this in writing with an indication of the price or any other terms of its sale. The company charter may provide for the dispatch of the notification of its participants through the company. If the company's participants and/or the company itself does not avail themselves of the preemptive right of buying the entire share (or the entire part of the share) offered for sale within a month of the day of such notification, unless a different term is stipulated by the company's charter or by the agreement of the company's participants, the share or a part thereof may be sold to a third person at the price and on the terms communicated to the company and its participants.

Provisions instituting the procedure for the implementation of the preemptive right of buying a share or a part thereof in disproportion to the amounts of the shares of the company's participants may be provided by the company's charter at its establishment, altered and excluded from the company's participants charter by a decision adopted by all its partners unanimously.

When a share or part thereof is sold with a breach of the preemptive right of purchase, any company participant and/or the company itself, if its charter provides for its preemptive right to acquire the share or a part thereof, shall have the right to demand through legal proceedings the transfer of rights and duties of the buyer to them within three months of the time when the company's participant or the company itself knew or should have known about such breach.

It shall be impermissible to surrender the said preemptive right.

5. The company's charter may provide for the need to receive the consent of the company or the company's other participants for the surrender of a share or a part thereof of a company participant to third persons in any other way than its sale.
6. The surrender of a share or a part thereof in the company's authorized capital shall be made in simple written form, unless the demand for the completion in a notarial form is stipulated by the company's charter. The non-observance of the form of a transaction of the surrender of a share or a part thereof in the company's authorized capital, established by this item or the company's charter, shall involve its invalidity.

The company shall be notified in writing about the actual surrender of a share or a part thereof in the company's authorized capital with the presentation of the proof of such surrender. The acquirer of the share or a part thereof in the company's authorized capital shall exercise the rights and duties of the participant from the time of notifying the company about said surrender.

All the rights and duties of the company's participant which have arisen from the surrender of the share or a part thereof, except for the rights and duties provided for by the second paragraph of Item 2 of Article 9 of the present Federal Law shall pass to the acquirer of the share (a part thereof) in the company's authorized capital. The company participant who has yielded his share or a part thereof in the company's authorized capital shall bear his duty jointly with its acquirer of making a contribution to its property, the duty of which arose before the surrender of said share or a part thereof.

7. The shares in the company's authorized capital shall pass to the heirs of individuals and to the legal successors of the legal persons that have been company participants.

In the event of the liquidation of a legal persons, a participant of the company, the share that belongs to it and that has remained after the completing its settlements with creditors shall distributed among the participants of the legal entity being liquidated, unless otherwise stipulated by the federal laws, other legal acts or the constituent instruments of the legal person being liquidated.

The company's charter may provide for the transition and the distribution of the share, stipulated by the first and second paragraphs of this item, only with the consent of the company's other participants.

Before the heir of the deceased partner of the company accepts the inheritance the rights of the deceased participant shall be realized, while his duties shall be implemented by the person indicated in the will, and, in the absence of such person, by the administrator of his estate to be appointed by a notary.

8. If the company's charter provides for the need to obtain the consent of its participants for the surrender of a share or a part thereof in the company's authorized capital to its participants or third persons and to its passage to the heirs or legal successors or to the distribution of the share among the participants of the legal entity being liquidated, such consent shall be deemed to be received, if within 30 days from the time of the application to the company's participants or within another period of time, stipulated by the company's charter, they have received the written consent of all the participants of the company or they have not received from any participant of the company a written refusal to give their consent.

If the company's charter provides for the need to obtain the company's consent to the surrender of a share or a part thereof in its authorized capital to the company's participants or to third persons, such consent shall be deemed to be received, if within 30 days from the time of the application to the company or within another period of time specified by the company's charter they have received written consent of the company or have not received from it a written refusal to express its consent.

9. When a share or a part thereof in the company's authorized capital is sold at a public auction in the cases stipulated by this Federal Law or by any other federal laws, the acquirer of said share or part thereof shall become a participant of the company, regardless of the company's consent or that of its participants.

**Article 22. The Pledge of Shares in a Company's Authorized Capital**

A company's participant shall have the right to put in pledge the share or a part thereof that belongs to him in the company's authorized capital to another partner of the company or to a third person with consent by decision of the general meeting of the company's participants taken by a majority of all its participants, unless the company's charter stipulates a greater number of votes for the adoption of such decision. The votes of the company participant who intends to put his share or a part thereof in pledge shall not be counted during the determination of the voting results.

**Article 23. The Acquisition by a Company of a Share or a Part of Thereof in Its Authorized Capital**

1. The company shall have no right to acquire shares or a part thereof in its authorized capital, except for in the cases provided for by this Federal Law.

2. If the company's charter forbids the surrender of a share or a part thereof by company participant to third persons, whereas other participants of the company refuse to acquire it, and also if there is no consent to the surrender of a share or a part thereof to a company participant or a third person, if the need to get such consent is stipulated by the company's charter, the company shall be
obliged to acquire the share or part thereof that belongs to the company participant at his demand. In this case the company shall be obliged to pay to the company's participant the actual value of this share or a part thereof, which shall be determined on the basis of the company's accounts over the last reporting period that precedes the day of the application of its participant with such demand or, with the consent of the participant, to issue him assets in kind of the same value.

3. The share of a company participant who failed to deposit his full contribution in the company's authorized capital at the time of its establishment, and also the share of a company participant who failed to provide in due course the monetary or other compensation, stipulated by Item 3 of Article 15 of this Federal Law, shall pass to the company. In this case the company shall be obliged to pay to the company participant the actual value of the part of his share proportional to the part of the deposited share (to the time during which property was used by the company), or with the consent of the company participant to give to him assets in kind of the same value. The actual value of a part of the share shall be determined on the basis of the company's accounts over the last reporting period that precedes the day of the expiry of the time for the deposition of the contribution or the granting of compensation.

The company's charter may provide for the passage to the company of the part of the share that is proportional to the unpaid part of the contribution or the amount or value of compensation.

4. The share of a participant who has been expelled from the company shall pass to the company. In this case the company shall be obliged to pay to the expelled participant the actual value of his share to be determined according to the data of the company's accounts over the last reporting period that precedes the date of the entry into legal force of the court decision on the expulsion, or to issue to the expelled participant with his consent assets in kind of the same value.

5. If the company's participants refuse to give their consent to the transition of a share or to its distribution in cases stipulated by Item 7 of Article 21 of this Federal Law, provided that such consent is necessary in keeping with the company's charter, this share shall pass to the company. In this case the company shall be obliged to pay to the heirs of the deceased participant and to the legal successors of the reorganized legal entity, a participant of this company, or to the participants of the liquidated legal entity, a participant of this company, the actual value of the share to be determined on the basis of the data of the company's accounts over the last reporting period that precedes the day of death, reorganisation or liquidation, or with their consent to give them assets in kind of the same value.

6. If in accordance with Article 25 of this Federal Law the company has paid the actual value of the share or a part thereof of the company's participant at the demand of his creditors, the part of the share whose actual value has not been paid by other participants of the company shall pass to the company, while the rest of the share shall be distributed among the company's participants in proportion to the charge paid by them.

7. The share or a part thereof shall pass to the company from the time of the presentation by the company's participant of a claim for its acquisition by the company or the time of the expiry of the time-limit of the deposition of the contribution, or the submission of compensation, or of the entry into legal force of the court decision on the expulsion of the participant from the company, or of the receipt from any participant of the company of the refusal to agree to the passage of the share to the heirs of the individuals (legal successors of legal entities) who were the company's partners or to the distribution of the share among the participants of the liquidated legal entity, the company's participant, or of the payment by the company of the actual value of the share or a part thereof of the company's participant at the request of his creditors.

8. The company shall be obliged to pay the actual value of the share or a part thereof or to give assets in kind of the same value within one year of the time of the passage to the company of the share or a part thereof, unless a lesser time has been provided for by the company's charter.

The actual value of the share or a part thereof shall be paid from the difference between the value of the net assets of the company and the size of its authorized capital. If such difference is insufficient, the company shall be obliged to reduce its authorized capital by the deficient amount.

**Article 24. The Shares Belonging to the Company**

The shares which belong to the company shall not be counted during the determination of the voting results at the company's general meeting of its participants, and also during the distribution of profit and assets of the company in the case of its liquidation.

The shares belonging to the company shall be distributed, within one year since it passed to the company by decision of the general meeting of the company's participants, among all the participants in proportion to their share in the company's authorized capital or sold to all or some participants of the company and/or to third persons, unless this is prohibited by the company's charter, and shall be fully paid. The non-distributed or unsold part of the shares shall be reimbursed with the respective reduction of the company's authorized capital. The sale of a shares to the company's participants, as a result of which the sizes of the shares of its partners change, the sale of a stake to third persons, and also the introduction of amendments into the company's constituent documents, connected with the sale of the
shares shall be effected by decision of the general meeting of the company's participants, taken by them unanimously.

Documents for state registration of the amendments to the company's constituent documents, provided for by the present Article, and also documents confirming the payment for the shares sold by the company in the event of the sale of the shares, shall be submitted to the body that carries out the state registration of legal entities, within one month of the day of the adoption of the decision on the approval of the results of the payment for the shares by the company's participants and on the introduction of appropriate amendments to the company's constituent documents. The said amendments to the company's constituent documents shall be become valid for the company's participants and third persons from the day of their state registration by the body that carries out the state registration of legal entities.

**Article 25. The Levy of Execution against the Share or a Part Thereof of a Company's Participant in the Company's Authorized Capital**

1. The levy of execution against the share or a part thereof of a company's participant in its authorized capital for the debts of the company's participant on the demand of creditors shall be allowed only on the basis of a court decision in the case of the insufficiency of the participant's other property to cover the debts.

2. In the event of the levy of execution against the share or a part thereof of a company's participant in its authorized capital for the debts of the company's participant, the company shall have the right to pay the creditors concerned the actual value of the share or a part thereof of the company's participant.

By decision of the general meeting of the company's participants, adopted by all the participants of the company unanimously, the actual value of the stake or a part thereof of the company's participant against whose property execution is levied may be paid to the creditors by the rest of the company's participants in proportion to their shares in the company's authorized capital, unless a different procedure for the determination of the charge is provided for by the company's charter or by decision of the general meeting of the company's participants.

By decision of the general meeting of the company's participants, adopted by all the participants of the company unanimously, the actual value of the stake or a part thereof of the company's participant against whose property execution is levied may be paid to the creditors by the rest of the company's participants in proportion to their shares in the company's authorized capital, unless a different procedure for the determination of the charge is provided for by the company's charter or by decision of the general meeting of the company's partners.

The actual value of the stake or a part thereof of the company's participant in its authorized capital shall be determined on the basis of the company's accounts over the last reporting period that precedes the date of the presentation of claim to the company for the levy of execution against the shares or a part thereof of the company's participant for his debts.

3. If within three months from the time of the presentation of a claim by creditors, the company or its participants fail to pay the actual value of the entire shares or of the entire part of the shares of the company's participant against which execution is levied, the levy of execution against the shares or a part thereof of the company's partner shall be effected by means of its sale at public auction.

**Article 26. The Withdrawal of a Company Participant from the Company**

1. A participant of the company shall have the right to withdraw from this company at any time, regardless of the consent of the other participants or of the company itself.

2. In the event of the withdrawal of a company's participant from the company his stake shall pass to the company from the time he files his application for the withdrawal from the company. In this case the company shall be obliged to pay to the company participant, who has filed his application for the withdrawal from this company, the actual value of his shares to be determined on the basis of the company's accounts over the year during which he has filed his application for withdrawal from the company or with the consent of the company's participant to issue him assets in kind of the same value, and, in the event of the incomplete payment of his contribution to the company's authorized capital, to issue the actual value of the part of his shares proportional to the paid part of the contribution.

3. The company shall be obliged to pay to its participant who has filed his application for the withdrawal from the company the actual value of his stake or to issue to him assets in kind of the same value within six months of the end of the fiscal year during which the application for the withdrawal was filed, unless a lesser time is provided for by the company's charter.

The actual value of the shares of the company's participant shall be paid at the expense of the difference between the value of the company's net assets and the amount of the company's authorized capital. If such difference is insufficient for the payment to the company participant who has filed his
application for the withdrawal from the company of the actual value of his shares, the company shall be
obliged to reduce its authorized capital by the shortfall sum of money.

4. The withdrawal of the company's participant from this company shall not release him from his
duty to the company of depositing his contribution to the company's assets, which had arisen before he
filed his application for the withdrawal from the company.

Article 27. Contributions to a Company's Assets

1. A company's participants shall be obliged to deposit their contributions to the company's
assets by decision of the general meeting of the company's partners, if this is stipulated by the company's
charter. Such duty of the company's participant may be provided for by the company's charter at the time
of the establishment of the company or by introducing amendments into the company's charter by
decision of the general meeting of the company's participants, adopted by all its participants unanimously.

A decision by the general meeting of the company's participants on the deposition of
contributions to the company's property may be adopted by a two-thirds majority of the votes of the
participants, unless the company's charter stipulates a greater number of votes for the adoption of such a
decision.

2. Contributions to the company's assets shall be made by all the company's participants in
proportion to their shares in the company's authorized capital, unless the company's charter stipulates a
different procedure for the determination of the size of contributions to the company's assets.

The company's charter may provide for a maximum value of contributions to the company's
assets made by all or some participants of the company, and also other limitations on the deposition of
contributions to the company's assets may be provided for. The limitations on the deposition of
contributions to the company's assets, established for a definite partner of the company, shall be invalid in
the event of the alienation of his shares or a part thereof in respect of the acquirer of the state or a part
thereof.

Provisions establishing the procedure for determining the size of contributions to the company's
assets disproportionate to the amounts of the shares of the company's participants, and also provision
stipulating limitations on the deposition of contributions, may be provided for by the company's charter at
the time of its establishment or by decision of the general meeting of the company's participants, adopted
by all its participants unanimously.

Changes in and the removal of, provisions of the company's charter, which establish the
procedure for determining the amounts of contributions to the company's assets disproportionate to the
size of the shares of the company's participants, and also limitations on the deposition of contributions to
the company's assets, established for all the company's participants, shall be realized by decision of the
general meeting of the company's participants, adopted by all its participants unanimously. Changes in,
and the removal of, provisions of the company's charter, which establish the said limitations for a definite
participant, shall be realized by decision of the general meeting of the company's participants, adopted by
a two-thirds majority of their votes, provided that the company participant, for whom such limitations were
established, has voted for this decision or has given his written consent.

3. Contributions to the company's assets shall be made in cash, unless otherwise stipulated by
the company's charter or the decision of the general meeting of its participants.

4. Contributions to the company's assets shall not alter the size and nominal value of shares of
the company's participants in the company's authorized capital.

Article 28. The Distribution of a Company's Profit Among Its Participants

1. Every quarter, once every six months or twelve months the company shall have the right to
take a decision on the distribution of its net profit among the company's participants. The decision on
fixing the part of the company's profit to be distributed among the company's participants shall be taken
by the general meeting of its participants.

2. The part of the company's profit intended for the distribution among its participants shall be
distributed in proportion to their shares in the company's authorized capital.

A different procedure for the distribution of profit among the company's participants may be
established by the company's charter or by the introduction of amendments into its charter on the basis of
the decision of the general meeting of the company's participants, adopted by all its participants
unanimously. Changes in, and the removal of, provisions of the company's charter, which establish such
procedure, shall be realized by decision of the general meeting of the company's participants, taken by all
its participants unanimously.

Article 29. Limitations on the Distribution of a Company's Profit Among Its Participants. Limitations on the
Payment of the Company's Profit to Its Participants
1. A company shall have no right to take a decision on the distribution of its profit among its participants:
   until the full payment of the company's entire authorized capital;
   until the payment of the actual value of the shares or a part thereof of the company's participant in cases stipulated by this Federal Law;
   if at the time of adoption of such decision the company is showing signs of insolvency (bankruptcy) in accordance with the Federal Law on Insolvency (Bankruptcy) or if such signs appear as a result of the adoption of such decision;
   if at the time of adoption of such decision the value of the company's net assets is less than its authorized capital and the reserve fund or would be less than this amount as a result of the adoption of such decision;
   in other cases provided for by federal laws.
2. The company shall have no right to pay the company's participants the profit, the decision on the distribution of which among its partners has been taken:
   if at the time of the payment the company shows signs of insolvency (bankruptcy) in keeping with Federal Law on Insolvency (Bankruptcy) or if the said signs appear in the company as a result of payment;
   if at the time of payment the value of the company's net assets is less than its authorized capital and reserve fund or becomes less than their size as a result of payment;
   in other cases stipulated by federal laws.
   Upon the disappearance of the circumstances indicated in this item the company shall be obliged to pay the company's participants the profit, the decision on the distribution of which among its participants has been taken.

Article 30. The Reserve Fund and Other Funds of a Company

A company may set up a reserve fund and other funds in the order and in the amounts stipulated by the company's charter.

Article 31. The Placement of Bonds by a Company
1. A company shall have the right to place bonds and other serial securities in the order prescribed by the legislation on securities.
2. Issuance of bonds by a company shall be allowable after paying in full for the authorized capital thereof.
   A bond must have the nominal value thereof. The nominal value of all bonds issued by a company must not exceed the amount of the company's authorized capital and (or) the amount of the security provided for this purpose to the company by third persons. In the absence of the security provided by third persons, bonds' issuance shall be allowed at earliest on the third year of the joint-stock company's existence and on condition of proper endorsement of the company's annual balance sheets for the last two complete financial years. The said restrictions shall not apply to issues of mortgage-covered bonds and in other cases established by the laws on securities.
3. Abolished.

Chapter IV. Management of a Company

Article 32. A Company's Bodies

1. The general meeting of a company's participants shall be its supreme body. The general meeting of the company's participants may be ordinary or extraordinary.
   All the company's partners shall have the right to attend the general meeting of its participants, take part in the discussion of the questions on its agenda and vote to take decisions.
   Provisions of the company's constituent documents or decisions of the company's bodies which restrict said participants' rights shall be void.
   Each participant shall have at the general meeting of the company's participants a number of votes which is proportional to his share in the company's authorized capital, except for the cases stipulated by this Federal Law.
   The company's charter adopted at the time of its establishment and the decision of the general meeting of the company's participants adopted to introduce amendments into the charter by all participants unanimously may establish a different procedure for the determination of the number of votes held by its participants. Changes in, and the exclusion of, provisions of the company's charter, which establish such procedure, shall be effected by decision of the general meeting of its participants, adopted by all the company's participants unanimously.
2. The company's charter may provide for the formation of a council of directors (supervision council) of the company.

The jurisdiction of the council of directors (supervisory council) shall be determined by the company's charter in keeping with this Federal Law.

According to the company's charter the jurisdiction of the council of directors or the supervisory council of the company covers the formation of its executive bodies, the early termination of their powers, the settlement of questions associated with the completion of major transactions in cases provided for by Article 46 of this Federal Law, the settlement of questions bearing on the transactions in which the parties are interested in cases provided for by Article 45 of this Federal Law, the settlement of questions associated with the preparation, convocation and holding of the general meeting of participants, and also the settlement of other questions stipulated by this Federal Law. If the settlement of questions associated with the preparation, convocation and holding of the general meeting of the company's participants is referred by the charter to the jurisdiction of the council of directors or the supervising council, the executive body of the company shall acquire the right to demand the holding of an extraordinary general meeting of the company's participants.

The procedure for the formation and the functioning of the council of directors or the supervisory council of the company, and also the procedure for the cessation of the powers of the members of the council of directors or the supervisory council of the company and the jurisdiction of the chairman of the council of directors or the supervisory council of the company shall be determined by its charter.

Members of the company's executive body may not constitute over one-fourth of the membership of the council of directors or the supervisory council of the company. The person who discharges the functions of the sole executive body of the company may not be simultaneously the chairman of the council of directors or the supervisory council of the company.

By decision of the general meeting of the company's participants the members of council of directors or the supervisory council may receive, during the time of the performance of their duties, remuneration and/or compensation for the expenses on the performance of said duties. The amount of said remuneration and compensation shall be fixed by decision of the general meeting of the company's participants.

3. The members of the council of directors or the supervisory council of the company, the person who discharges the functions of the sole executive body of the company, and the members of the collective executive body of the company who are not company's participants may attend the general meeting of the company's participants with the right of a deliberative vote.

4. The management of the company's current activity shall be exercised by the sole executive body or the collective executive body of the company. The company's executive bodies shall be subordinate to the general meeting of its participants and the council of directors or the supervisory council of the company.

5. It shall be impermissible to transfer the right to vote of a member of the company's council of directors or the supervisory council to other persons, including other members of the company's council of directors or supervisory council, and to other members of the collective executive body of the company.

6. The company's charter may provide for the formation of an audit commission or the election of an inspector. In a company with more than 15 participants the formation of its audit commission or the election of an inspector shall be compulsory. A person who is not a company participant may become a member of its audit commission or inspector.

If this is stipulated by the company's charter, the functions of its audit commission or inspector may be discharged by a professional auditor, endorsed by the general meeting of the company's participants, if he is not connected with the company by property interests, who is approved by the members of the council of directors or the supervisory council of the company, if he is not connected with the person discharging the functions of the company's sole executive body, and also by the members of the collective executive body of the company and its participants.

The members of the council of directors or the supervisory council of the company, the person who discharges the functions of the sole executive body of the company, and the members of the collective executive body of the company may not be members of the audit commission or the inspector of the company.

**Article 33. The Jurisdiction of the General Meeting of a Company's Participants**

1. The jurisdiction of the general meeting of the company's participants shall be determined by its charter in accordance with the present Federal Law.

2. The exclusive jurisdiction of the general meeting of the company's participants includes

1) the determination of the basic directions of the company's activity, and also the adoption of a decision on participation in associations and other formations of profit-making organisations;

2) the alteration of the company's charter, including a change of the amount of the company's authorized capital;
3) the introduction of amendments to the memorandum of association;
4) the formation of the company's executive bodies and the early cessation of their powers, and also the adoption of a decision on the transfer of the powers of the sole executive body of the company to a profit-making organisation or an individual businessman (hereinafter referred to as the manager), and the conformation of such manager and the term of the contract concluded with him;
5) the election and early cessation of the powers of the company's audit commission or inspector;
6) the approval of annual reports and annual balance-sheets;
7) the adoption of a decision on the distribution of the company's net profit among its participants;
8) the approval (adoption) of documents regulating the company's internal activity or the company's internal documents;
9) the adoption of a decision on the placement of bonds and other serial securities by the company;
10) the appointment of an audit, the confirmation of the auditor and the fixing the amount of payment for his services;
11) the adoption of a decision on the company's reorganisation or liquidation;
12) the appointment of a liquidation commission and the approval of liquidation balances;
13) the settlement of other questions provided for by this Federal Law.

Questions referred to the exclusive jurisdiction of the general meeting of the company's participants may not be transferred by it for decision by the council of directors or the supervisory body of the company, or for decision by the company's executive bodies, except for the cases stipulated by this Federal Law.

**Article 34. The Regular General Meeting of a Company's Participants**

A regular general meeting of the company's participants shall be held in the terms fixed by the company's charter, but at least once a year. A regular general meeting of the company's participants shall be convened by its executive body.

The company's charter shall specify the time of holding a regular general meeting of the company's participants for the approval of the annual results of its activity. The said general meeting of the company's partners shall be held not earlier than two months and not later than four months after the end of the fiscal year concerned.

**Article 35. The Extraordinary General Meeting of a Company's Participants**

1. An extraordinary general meeting of the company's participants shall be held in cases defined by the company's charter, and also in any other cases, if such general meeting is necessitated by the company's interests and those of its partners.

2. An extraordinary general meeting of the company's partners shall be convened by the company's executive body at its initiative and at the demand of the council of directors or the supervisory council, the audit commission (inspector), the company, the auditor, and also of the company's participants who possess in totality not less than one-tenth of the total number of the votes of the company's participants.

Within five days of the date of the receipt of the demand for holding an extraordinary general meeting of the company's participants the executive body of this company shall be obliged to consider this demand and take a decision on the holding of an extraordinary general meeting of the company's participants or on refusal to hold it. A decision on refusal to hold an extraordinary general meeting of the company's participants may be adopted by the company's execution body in the following cases:

- if the procedure for making a demand for the holding of an extraordinary general meeting of the company's participants, established by this Federal Law, has not been observed;
- if not a single question, proposed for the inclusion in the agenda of the company's extraordinary general meeting of participants, is within its jurisdiction and corresponds to the requirements of federal laws.

If one question or several questions, proposed for the inclusion in the agenda of the company's extraordinary general meeting of participants, are not covered by the jurisdiction of the general meeting and do not correspond to the requirements of federal laws, these question shall not be placed on the agenda.

The company's executive body shall not have the right to introduce changes in the formulations of questions proposed for the inclusion in the agenda of the company's extraordinary general meeting of participants, and also to modify the suggested form of holding an extraordinary general meeting of the company's participants.

Alongside with the questions proposed for the inclusion in the agenda of the extraordinary general meeting of the company's participants, the executive body of this company shall have the right to include in it additional questions at its own initiative.
3. In the event of the adoption of a decision on holding an extraordinary general meeting of the company's participants the said general meeting shall be held not later than 45 days from the receipt of the request to hold it.

4. If no decision has been taken on the holding of an extraordinary general meeting of the company's participants during the time fixed by this Federal Law, or if a decision has been taken to refuse to hold the meeting, an extraordinary general meeting of the company's partners may be convened by the bodies or persons demanding it.

In this case the company's executive body shall be obliged to give to the said bodies or persons the list of the company's participants with their addresses.

Expenditure on the preparation, convocation and holding of such general meeting may be compensated for by decision of the general meeting of the company's participants at the expense of the company's funds.

**Article 36. Procedure for the Convocation of a General Meeting of the Company's Participants**

1. The body and the persons convening a general meeting of the company's participants shall be obliged to notify every participant of the company about this not later than 30 days before the meeting and send the notification by registered mail at the address, indicated in the list of the company's participants, or in any other way stipulated by the company's charter.

2. The notification shall indicate the time and place of the general meeting of the company's participants, and also the offered agenda.

Any participant of the company shall have the right to table proposals on the inclusion of additional questions in the agenda of the general meeting of the company's participants not later than 15 days before its holding. Additional questions, except for questions which do not fall under the jurisdiction of the general meeting of the company's participants or do not meet the requirements of federal laws, shall be included in the agenda of the general meeting of the company's participants.

The body or the persons convening the company's general meeting shall have no right to introduce changes into the formulations of additional questions proposed for the inclusion in the agenda of the general meeting of the company's participants.

If upon the proposal of the company's participants changes are introduced into the original agenda of the general meeting of the company's participants, the body or the persons convening the general meeting of the company's participants shall be obliged not later than 10 days before its holding to notify all the participants about the changes introduced to the agenda by the method indicated in Item 1 of this Article.

3. Information and materials to be presented to the company's participants during the preparation of the general meeting include the following: the annual report of the company, the opinions of the audit commission or inspector of the company and the auditor concerning the results of the audit of the annual reports and annual balance-sheets of the company, information about a candidate or candidates to the company's executive bodies, to the council of directors or the supervisory council of the company and the audit commission or the inspector of the company, the draft of amendments and addenda to be introduced into the company's constituent documents or the drafts of a new version, of the company's constituent instruments, the drafts of the company's internal documents, and also other information or materials envisaged by the company's charter.

If the company's charter does not provide for a different procedure for the company's participants to familiarize themselves with information and materials, the body or the persons who convene the company's general meeting of participants shall be obliged to send to them information and materials together with the notice of the holding the company's general meeting of participants, and in the case of change of the agenda relevant information and materials shall be sent with the notice of such change.

For 30 days before the holding of the company's general meeting of participants, the said information and materials shall be presented to all the participants of the company for study in the premises of the company's executive body. The company shall be obliged to grant copies of said documents at the request of a company participant. The charge collected by the company for the presentation of these copies may not exceed the expenses on their manufacture.

4. The company's charter may provide for a shorter period of time than those indicated in this Article.

5. In the event of the violation of the procedure for holding the company's general meeting of participants such general meeting shall be deemed to be competent, if it is attended by all the company's participants.

**Article 37. Procedure for Holding the General Meeting of a Company's Participants**

1. The general meeting of the company's participants shall be held in the Procedure prescribed by this Federal Law, the company's charter and its internal documents. In respect of matters not regulated
by this Federal Law, the company's charter and its internal documents, the procedure for holding the
general meeting of the participants shall be established by decision of the company's general meeting.

2. The company's participants who have arrived shall be registered before the general meeting of
these participants is opened.

The company's participants shall have the right to attend the general meeting in person or send
their representatives. The representatives of the company's participants shall produce documents that
confirm their proper powers. The power of attorney given to the representative of a company's participant
shall contain information about the represented participant and his representative (name, place of
residence or location, passport data). It shall be completed in compliance with the requirements of Items
4 and 5 of Article 185 of the Civil Code of the Russian Federation and shall be notarized.

A non-registered participant or his representative shall have no right to take part in voting.

3. The company's general meeting shall be opened at the time indicated in the notification about
the holding of the general meeting of the company's participants or earlier, if all the company's
participants have already registered.

4. The company's general meeting of participants shall be opened by the person who discharges
the functions of the sole executive body of the company or by the person who heads the collective
executive body of the company. A company's general meeting of participants, convened by the council
of directors or the supervisory council, the audit commission or the inspector, auditor or by the company's
participants shall be opened by the chairman of the council of directors or the supervisory council, the
chairman of the audit commission or the inspector of the company, the auditor or one of the company's
participants who convened this general meeting.

5. The person who opens the general meeting of the company's participants shall hold the
election of the chairperson from among the company's partners. Unless the company's charter stipulates
otherwise, every participant in the general meeting shall have one vote during the procedure of voting on
the question of the election of the chairperson. A decision on this question shall be taken by a majority of
votes of the company's participants who have the right to vote at the given general meeting.

6. The company's executive body shall organize the keeping of the minutes of the general
meeting of the company's participants.

The minutes of all general meetings of the company's participants shall be filed in the book of
minutes, which shall be presented at any time to any partner for his acquaintance. Upon the demands of
the company's participants they are to be given extracts from the book of minutes, certified by the
company's executive body.

7. The general meeting of the company's participants shall have the right to take decisions only
on the questions of the agenda to be communicated to the company's participants in keeping with Items
1 and 2 of Article 36 of the present Federal Law, except for the cases, if all its participants attend the given
general meeting.

8. Decisions on the questions indicated in Subitem 2 of Item 2 of Article 33 of this Federal Law,
and also on other questions determined by the company's charter shall be taken by a two-thirds majority
of the votes of the company's total number of participants, unless the present Federal Law or the
company's charter provides for a greater number of votes for the adoption of such decision.

Decisions on the questions indicated in Subitems 3 and 11 of Item 3 of Article 33 of this Federal Law
shall be taken by all participants of a company unanimously.

The remaining decisions shall be taken by a majority of votes of the company's participants,
unless this Federal Law or the company's charter provides for a greater number of votes for the adoption
of such decisions.

9. The company's charter may provide for cumulative voting for questions of the election of the
members of the council of directors or the supervisory council of the company, the members of the
collective executive body of the company and/or the members of the company's audit commission.

In the case of cumulative voting the number of votes held by every partner of the company shall
be multiplied by the number if the persons to be elected to the company's body, and the company
participant shall have the right to use the full number of votes obtained in this way for one candidate or to
distribute them between two or more candidates. Candidates who received the greatest number of votes
shall be deemed to be elected.

10. The decision of the general meeting of the company's participants shall be taken by open
vote, unless the its charter provides for a different method of decision-making.

Article 38. A Decision of the General Meeting of the Company's Participants Taken by Voting in the
Absence of the Voting Participants (By Inquiry)

1. A decision of the general meeting of the company's participants may be taken without holding
a meeting (the joint presence of the company's participants for discussion of the questions on the agenda
and for the adoption of decisions on questions put to the vote) by conducting an absentee vote (by
survey). Such voting may be held by the exchange of documents through postal, telegraphic, teletype,
telephone, electronic or any other communication that ensures the authenticity of transferred and received messages and their documentary confirmation.

A decision of the general meeting of the company's participants on the questions, indicated in Subitem 6 of Item 2, Article 33 of this Federal Law may not be taken by holding an absentee vote (by survey).

2. Items 2, 3, 4, 5 and 7 of Article 37 of this Federal Law, and also the provisions of Items 1, 2 and 3 of Article 36 of this Federal Law shall not be applied in respect of the time-limits stipulated by them, when the general meeting of the company's participants takes a decision by holding an absentee vote (by survey).

3. The procedure for holding an absentee vote shall be determined by the company's internal documents, which shall provide for the compulsory communication of the proposed agenda to all the company's participants, for the possibility of all its partners familiarizing themselves with all essential information and materials before the vote, the possibility of tabling proposals on the inclusion of additional questions in the agenda, the compulsory familiaration of all its partners with the changed agenda before the vote, and also the time of the end of the voting procedure.

Article 39. The Adoption of Decisions on the Questions Relating to the Terms of Reference of the Meeting of the Company's Participants by the Sole Partner of the Company

Decisions on questions relating to the terms of reference of the general meeting of the participants of a company that consists of one participant shall be taken by its sole participant individually and in writing. In this case the provisions of Articles 34, 35, 36, 37, 38 and 43 of this Federal Law shall not be applied, except for the provisions dealing with the time of holding the annual general meetings of the company's participants.

Article 40. A Company's Individual Executive Body

1. The company's individual executive body (director general, president, etc.) shall be elected by the general meeting of its participants for a period defined by the company's charter. The company's individual executive body may also be elected from outside its participants.

   The agreement to be concluded between the company and the person who discharges the functions of the company's individual executive body shall be signed on behalf of the company by the chairperson of the general meeting of its participants, which has elected the person for the discharge of the functions of the individual executive body of the company, or by the company's partner authorized by the general meeting for this purpose.

2. Only a natural person may act as an individual executive body of the company with the exception of the case provided for by Article 42 of this Federal Law.

3. The company's individual executive body shall:
   1) act on behalf of the company without a power of attorney, represent its interests and complete transactions;
   2) issue powers of attorney for the right of representation on behalf of the company, including powers of attorney with the power of substitution;
   3) issue orders on the appointment of the company's employees to relevant offices, on their transfer and dismissal, apply measures of encouragement and impose disciplinary penalties;
   4) discharge other powers which are not assigned by this Federal Law or the company's charter to the jurisdiction of the general meeting of its participants, of the council of directors or the supervisory council of the company and the collective executive body of the company.

4. The procedure of the functioning of the individual executive body of the company and of its decision-making shall be established by the company's charter, its internal documents, and also by the agreement concluded between the company and the person who discharges the functions of its individual executive body.

Article 41. A Company's Collective Executive Body

1. If a company's charter provides for the establishment of a collective executive body of the company (a board, directorate, etc.) in addition to the individual executive body of the company, such collective body shall be elected by the company's general meeting of participants in the number of its numbers and for the period of time fixed by the company's charter.

   Only a natural person, who may not be a company participant, may become a member of the collective executive body of the company.

   The collective executive body of the company shall discharge the powers assigned by its charter to its jurisdiction.
The functions of the chairman of the company's collective executive body shall be performed by
the person who discharges the functions of the company's individual executive body, except for the case
when the powers of the company's individual executive body has been transferred to its manager.

2. The procedure for the functioning of the company's collective executive body and for its
decision-making shall be established by the company's charter and its internal documents.

Article 42. The Transfer of the Powers of the Individual Executive Body of a Company to Its Manager

A company shall be entitled to transfer the powers of its individual executive body to its manager
under a respective agreement, if such possibility is directly stipulated by the company's charter.
The agreement to be concluded with the manager shall be signed on behalf of the company by
the chairperson of the general meeting of its participants, which has endorsed the terms of the agreement
with the manager, or by the company participant who has been authorized by decision of the general
meeting of the company's participants.

Article 43. Appealing Against a Company's Management Bodies

1. A decision of the general meeting of the company's partners, taken in a breach of the
requirements of this Federal Law, other legal acts of the Russian Federation, the company's charter and
violating the rights and lawful interests of a company's participant, may be recognized by a court of law as
invalid upon the application of a participant who has not taken part in voting or voted against the
disputable decision. Such application may be filed within two months from the day when the company's
partner learned or should have learned about the adopted decision.

If the participant has taken part in the company's general meeting that adopted the decision to be
appealed against, said application may be filed within two months from the adoption of such decision.

2. The court of law shall be entitled to leave in force the appealed decision taking account of all
circumstances of a case, if the voting of the company's participant who has filed the application, could not
affect the results of the vote, if the admitted violations are not substantial and the decision has not
involved the infliction of damage on the company's participant.

3. A decision taken by the council of directors or the supervisory council, by the individual or
collective body of the company and the manager in the violation of the requirements of this Federal Law,
other legal acts of the Russian Federation, the company's charter and with a breach of the rights and
lawful interests of a company participant may be recognized by a court of law as invalid upon the
application of this participant.

Article 44. The Responsibility Held by the Members of a Company's Council of Directors or Supervisory
Council, the Individual Executive Body and the Members of the Collective Executive Body and the
Manager

1. The members of the council of directors or the supervisory body of a company, the individual
executive body of the company, the members of the collective executive body of the company, and also
the manager shall act reasonably and in the company's interests in the course of the exercise of their
rights and of the performance of their duties.

2. The members of the company's council of directors or supervisory council, the individual
executive body of the company, the members of the collective executive body of the company, and also
the manager shall bear liability to the company for the losses caused to the company by their
inappropriate actions (inaction), unless federal laws establish other grounds and extent of liability. In this
case the members of the council of directors or the supervisory council of the company and the members
of the collective executive body of the company who voted against the decision, that involved the infliction
of losses to the company, and who did not participate in the vote, shall bear no liability.

3. In determining the grounds and the extent of the liability of the members of the council of
directors or the supervisory council of the company, the individual executive body of the company and of
the members of the collective executive body of the company, and also the manager, it is necessary to
take into account the usual conditions of business and other circumstances of relevance to the case
concerned.

4. If several persons bear liability in keeping with the provisions of this Article, their liability to the
company shall be joint.

5. The company or a participant thereof shall have the right to lodge a claim in court for the
compensation of damages inflicted on the company by a member of the council of directors or the
supervisory council of the company, by the individual executive body of the company or by a member of
the collective executive body of the company, or by the manager.

Article 45. Interest in the Completion of a Transaction by the Company
1. Transactions, in the completion of which a member of the company's council of directors or supervisory council or a person who discharges the functions of the individual executive body, or a member of the company's collective executive body has an interest, and also a participant of the company having together with affiliated persons 20 and more percent of the votes of the company's total number of votes, who has an interest, may not be performed by the company without the consent of the general meeting of the company's participants.

The said persons shall be recognized as interested in the completion of a transaction in the following cases, if they, their spouses, parents, children, brothers, sisters and/or their affiliated persons:

- are a party to the transaction or act in the interest of third persons in their relations with the company;
- possess (each separately or in totality) 20 or more per cent of shares (stakes or unit shares) of a legal entity that is a party to a transaction or that acts in the interests of third persons in their relations with the company;
- hold offices in the management bodies of the legal entity that is a party to a transaction or that acts in the interests of thirds persons in their relations with the company;
- in other cases defined by the company's charter.

2. Persons indicated in the first paragraph of Item 1 of this Article shall bring to the notice of the general meeting of the company's partners the following information:

- about the legal persons in which they, their spouses, parents, children, brothers, sisters and/or their affiliated persons possess 20 and more percent of shares (stakes and unit shares);
- about the legal persons in which they, their spouses, parents, children, brothers, sisters and/or their affiliated persons hold offices in the management bodies;
- about the known transactions that are performed or are about to be performed, in the completion of which they may be recognized as interested.

3. A decision on the completion of a transaction in which participants take interest shall be taken by the general meeting of the company's participants by a majority of the votes from the total numbers of votes of the participants who are not interested in its completion.

4. The completion of the transaction in which participants have an interest (interested Party transaction) shall not require a decision to be taken by the general meeting of the company's participants as provided for by Item 3 of this Article, if the transaction is made in the process of the usual economic activity between the company and the other party, such as took place before the time when the person interested in the transaction shall be recognized as such in conformity with Item 1 of this Article (no decision is required before the date of holding the next general meeting of the company's participants).

5. A transaction, in which partners have an interest and which was completed with a breach of the requirements provided for by this Article, may be recognized as invalid upon the claim of the company or participant thereof.

6. The present Article shall not be applied to the companies consisting of one participant, who at the same time discharges the functions of the individual executive body of this company.

7. If the company has a council of directors or supervisory council, the adoption of a decision on the completion of interested Party transactions may be assigned by the company's charter to its jurisdiction, except for cases when the amount of payment in the transaction or the value of assets that are the subject-matter of the transaction exceeds 2 percent of the value of the company's property, estimated on the basis of the accounting data over the last reporting period.

**Article 46. Major Transactions**

1. A transaction or several interrelated transactions shall be deemed to be a major transaction, if it is associated with the acquisition or alienation or with possibility of the direct or indirect alienation by the company of assets whose value comprises over 25 percent of the value of the company's property, estimated on the basis of the accounting data over the last reporting period that precedes the day of the adoption of a decision on the completion of such transactions, unless the company's charter provides for a higher value for a major transaction. Transactions completed in the process of the company's usual economic activity shall not be deemed to be major transactions.

2. For the purposes of this Article the value of the assets alienated by the company as a result of a major transaction shall be estimated on the basis of its accounting data, whereas the value of the assets acquired by the company shall be estimated on the basis of the bid price.

3. A decision on the completion of a major transaction shall be taken by the general meeting of the company's participants.

4. If the company has a council of directors or a supervisory council, the decision-making on the completion of major transactions associated with the acquisition or alienation, or the possible direct or indirect alienation of assets whose value comprises from 25 to 50 percent of the value of the company's
property may be assigned by the company's charter to the jurisdiction of the company's council of directors or supervisory council.

5. A major transaction completed with a breach of the requirements provided for by this Article may be recognized as invalid upon the claim of the company or participant thereof.

6. The company's charter may stipulate that no decision is required from the general meeting of the company's participants or the company's council of directors or supervisory council for the completion of major transactions.

Article 47. The Company's Audit Commission or Inspector

1. The company's audit commission or its inspector shall be elected by the general meeting of this company for a period of time fixed by the company's charter.

   The number of the members of the company's audit commission shall be determined by the company's charter.

2. The audit commission or the inspector of the company shall be have the right to hold audits of the company's financial and economic activity at any time and to have access to all documents on the company's activity. At the request of the company's audit commission or inspector the numbers of the council of directors or the supervisory council, the person discharging the functions of the individual executive body of the company, the members of the collective executive body of the company, and also the company's employees shall be obliged to give the necessary explanations in oral and written form.

3. The company's audit commission or inspector shall carry out without fail audits of the annual reports and balance-sheets of the company before they are approved by the general meeting of the company's participants. The general meeting of the participants shall have no right to endorse the annual reports and balance-sheets of the company in the absence of the auditing commission's opinion or that of the company's inspector.

4. The procedure for the work of the company's audit commission or inspector shall determined by the company's charter and internal documents.

5. The present Article shall be applied if the formation of the company's audit commission or the election of its inspector is provided for by the company's charter or is compulsory in keeping with this Federal Law.

Article 48. An Audit of a Company

To audit and confirm the correctness of a company's annual reports and balance-sheets, and also to verify the present condition of the company's affairs, the company shall have the right, by decision of the general meeting of its participants, to attract a professional auditor who is not connected with the company by property interests, with the members of the council of directors or the supervisory council of the company, with the person who discharges the functions of the individual executive body of the company and with the members of the collective executive body of the company and its participants.

At the demand of any participant of the company an audit may be carried out by the professional auditor chosen by him. This auditor shall meet the requirements of the first part of this Article. If such an audit has been carried out, the auditor's services shall be paid at the expense of the company's participant who initiated this audit. The expenses incurred by the company's participant on the payment of the auditor's services may be compensated to him by decision of the general meeting of the company's participants at the expense of the company's funds.

The attraction of an auditor for auditing and confirming the correctness of the company's annual reports and balance-sheets shall be obligatory in cases provided for by the federal laws and other legal acts of the Russian Federation.

Article 49. A Company's Public Reporting

1. A company shall not be obliged to publish reports on its activity, except for the cases provided for by this Federal Law and other federal laws.

2. In the event of the public placement of bonds and other issued securities the company shall be obliged to publish every year its annual reports and balance-sheets, and also reveal other information about its activity, stipulated by federal laws and normative acts adopted in accordance with these laws.

Article 50. The Safe-keeping of a Company's Documents

1. A company shall be obliged to keep the following documents:

   the company's constituent documents, and also amendments and addenda introduced into its constituent instruments and registered in the statutory order;
the records of the meeting of the company's founders, which contain the decision on the establishment of the company and on the approval of the monetary appraisal of non-cash contributions to the company's authorized capital, and also other decision bearing on the establishment of the company; 
the document confirming the state registration of the company; 
documents confirming the company's rights to the assets held on its balance; 
the company's internal documents; 
the regulations for the company's branches and representative offices; 
the documents associated with the issue of bonds and other serial securities of the company; 
the minutes of the general meetings of the company's partners, of the sittings of the company's council of directors or supervisory councils, of the collective executive body and the audit commission of the company; 
the lists of the company's affiliated persons; 
the audit reports of the audit commission or the inspector of the company, of the professional auditor, of the state and municipal bodies of financial control; 
other documents stipulated by federal laws and other legal acts of the Russian Federation, the company's charter and internal documents, the decisions of the company of the company's partners, of the council of directors or the supervisory council and the company's executive bodies.

2. The company shall keep documents, provided for by Item 1 of this Article, at the location of its individual executive body or in any place which is known and accessible to the company's participants.

Chapter V. The Reorganisation or Liquidation of a Company

Article 51. The Reorganisation of a Company

1. A company may be reorganized on a voluntary basis in the Procedure provided for by this Federal Law.

Other grounds for the reorganisation of a company and the procedure thereof shall be determined by the Civil Code of the Russian Federation and other federal laws.

2. The reorganisation of a company may be effected in the form of merger, acquisition, division, separation and transformation.

3. A company shall be deemed to the reorganized, except for the case of reorganisation in the form of acquisition, from the time of the state registration of legal entities set up as a result of reorganisation.

When a company is reorganized in the form of acquisition by another company, the first shall be deemed to be reorganized from the time of entering the entry on the cessation of the acquired company's activity in the single state register of legal entities.

4. The state registration of companies set up as a result of reorganisation and the entry of records on the cessation of reorganized companies' activity, and also the state registration of amendments in their charters, shall be effected in the order established by federal laws.

5. Not later than 30 days from the date of the adoption of a decision on the company's reorganisation and in case of the reorganisation of the company in the form of merger or acquisition since the date of the adoption of a decision on this last company that participates in the merger or acquisition, the company shall be obliged to notify in writing about the reorganization all the creditors of the company known to it and publish a report on the adopted decision in the press medium, in which the data on the state registration of legal entities are published. In this case the company's creditors shall have the right to demand the early cessation or performance of the company's relevant obligations and the compensation of losses sustained within 30 days of the date of sending notices to them or within 30 days of the date of this publication of a message on the adopted decision.

The state registration of companies set up as a result of reorganisation and the entry of records on the cessation of the reorganized companies activities shall be effected only upon the presentation of proof of the notification of the creditors in the Procedure established by the present item.

If the division balance sheet makes it impossible to determine the legal successor of the reorganized company, the legal persons set up as a result of the reorganisation shall bear joint liability to the creditors for the reorganized company's obligations.

Article 52. The Merger of Companies

1. The establishment of a new company with the transfer to it of all the rights and duties of two or several companies and the dissolution of the latter shall recognized as the merger of companies.

2. The general meeting of the partners of each company that participates in a reorganisation in the form of merger shall take a decision on such reorganisation, on the approval of the agreement on the merger and of the charter of the company set up as a result of the merger, and also on the approval of the relevant deed of conveyance.
3. The agreement on the merger, signed by all the participants of the company being set up as a result of the merger, shall be together with its charter a constituent instrument and shall meet all the requirements of the Civil Code of the Russian Federation and the present Federal Law for the memorandum of association.

4. If the general meeting of the partners of each company that participates in the reorganisation in the form of merger, takes a decision on such reorganisation and on the approval of the agreement on the merger, the charter of the company being set up as a result of the merger and of the deed of conveyance, the executive bodies of the company being set up as a result of the merger shall be elected at the joint general meeting of the participants of the companies which take part in the merger. The time and the procedure for holding such general meeting shall be determined in the agreement on the merger.

The individual executive body of the company being set up as a result of the merger shall perform the actions associated with the state registration of this company.

5. In the case of the merger of companies all the rights and obligations of each of them shall pass to the company that has been set up as a result of the merger in conformity with the deeds of conveyance.

Article 53. The Acquisition of a Company

1. The dissolution of one or several companies with the transfer of all their rights and obligations to another company shall be deemed to an acquisition of the company concerned.

2. The general meeting of the partners of each company that participates in the reorganisation in the form of acquisition shall adopt a decision on such reorganisation, the approval of the agreement on the acquisition, while the general meeting of the partners of the company being joined shall also take a decision on the approval of the deed of conveyance.

3. The joint general meeting of the partners of the companies participating in the acquisition shall introduce into the constituent instruments of the company to which the other company joins the amendments, associated with the change of the company's complement of participants, with the estimation of the size of their stakes and other amendments, provided for by the agreement on the acquisition, and also in case of necessity shall settle other questions, including the questions of the election of the bodies of the company which is joined by the other company. The time and the procedure for holding such a general meeting shall be determined by the agreement on the acquisition.

4. When one company joins the other company, the latter shall take over all the rights and obligations of the joined company in conformity with the deed of conveyance.

Article 54. The Division of a Company

1. The dissolution of a company with the transfer of all its rights and obligations to the newly-established companies shall be deemed to be a division of the company concerned.

2. The general meeting of the partners of the company being reorganized in the form of a division shall take a decision on such reorganisation, on the procedure and the conditions of the division of the company, the creation of new companies and the approval of the division balance sheet.

3. The partners of each company to be set up as a result of the division shall sign their memorandum of association. The general meeting of the participants of each company to be set up as a result of the division shall endorse its charter and elect its management bodies.

4. When the company is divided, all its rights and obligations shall pass to the companies, which have been set up as a result of the division, in conformity with the division balance sheet.

Article 55. The Separation of a Company

1. The creation of one or several companies with the transfer to it or to them of the part of the rights and obligations of the company being reorganized without its dissolution shall be deemed to be a separation of the company concerned.

2. The general meeting of the partners of the company being reorganized in the form of a separation shall take a decision on such reorganisation, on the procedures and the conditions of the separation, the creation of a new company or new companies and on the approval of the division balance sheet, shall introduce into the constituent instruments of the company being reorganized in the form of separation the amendments associated with the change of the complement of the company's participants and an estimation of the size of their stakes, and other amendments, provided for by the decision on the separation, and also in the case of necessity shall settle other questions, including those of the election of the company's management bodies.

The participants of the company being separated shall sign a memorandum of association. The general meeting of the partners of the company being separated shall endorse its charter and elect the company's management bodies.
If the company being reorganized is the sole participant of the company being separated, the general meeting of the latter shall take a decision on the reorganization of the company in the form of the separation, on the procedure and the conditions for the separation, and also shall endorse the charter of the company being separated and the division balance sheet and shall elect the management bodies of the company being separated.

3. When one or several companies are separated from the company, each of them shall assume a part of the rights and obligations of the reorganized company in keeping with the division balance sheet.

**Article 56. The Transformation of a Company**

1. A company shall have the right to the transformed into a joint-stock company, a company with additional liability or a production cooperative.

2. The general meeting of the partners of the company being reorganized in the form of transformation shall take a decision on such reorganisation, on the procedure and the conditions of the transformation, the procedure for the exchange of the stakes of the company's participants for the shares of the joint-stock company, for the stakes of the participants of a company with additional liability or for the unit shares of the members of the production cooperative, and on the approval of the charter of the joint-stock company being set up as a result of its transformation, of the company with additional liability or the production cooperative, and also on the approval of the deed of conveyance.

3. The partners of the legal entity being set up as a result of transformation shall take a decision on the election of its management bodies in keeping with the requirements of the federal laws for such legal entities and shall instruct the respective body to perform the actions associated with the state registration of the legal entity being set up as a result of the transformation.

4. When a company is transformed, the legal entity set up as a result of the transformation shall assume all the rights and obligations of the reorganized company in accordance with the deed of conveyance.

**Article 57. The Liquidation of a Company**

1. A company may be liquidated on a voluntary basis in the order prescribed by the Civil Code of the Russian Federation subject to the requirements of this Federal Law and the company's charter. A company may be liquidated also by a court decision on the grounds stipulated by the Civil Code of the Russian Federation.

The liquidation of the company shall involve its dissolution without the transfer of the rights and obligations by way of legal succession to other persons.

2. The decision of the general meeting of the company's partners on the voluntary liquidation of the company and on the appointment of its liquidation commission shall be taken on the proposal of the company's council of directors or supervisory council, the executive body or a participant of the company.

The general meeting of the participants of the company being liquidated on a voluntary basis shall take a decision on the liquidation of the company and the appointment of its liquidation commission.

3. From the time of the appointment of the liquidation commission it shall assume all the powers of administering the company's affairs. The liquidation commission shall act in court on behalf of the company being liquidated.

4. If the Russian Federation, a subject thereof or municipal formation is a participant of the company being liquidated, the liquidation commission shall include representatives of the federal state property management body, the specialized agency selling federal property, the state property management body of a subject of the Russian Federation, the seller of the state property of this subject or the local self-government body.

5. The procedure for the liquidation of a company shall be determined by the Civil Code of the Russian Federation and by other federal laws.

**Article 58. The Distribution of the Assets of the Company Being Liquidated Among Its Participants**

1. The assets of a company being liquidated that remain after the completion of settlements with creditors shall be distributed by the liquidation commission among the company's participants in the following order of sequence:

   - in the first place the commission shall pay to the company's participants the distributed but unpaid part of the profit;
   - secondarily, it shall distribute the property of the company being liquidated among the company's participants in proportion to their stakes in the company's authorized capital.

   the claims of each level shall be satisfied after the full satisfaction of the claims of the previous level.
If the company's assets are insufficient for the payment of the distributed by unpaid part of the profit, the company's assets shall be distributed among its participants in proportion to their stakes in the company's authorized capital.

**Chapter VI. Concluding Provisions**

**Article 59. The Entry into Force of This Federal Law**

1. The present Federal Law shall enter into force from March 1, 1998.
2. From the time of the entry into force of this Federal Law the legal acts which operate on the territory of the Russian Federation shall be applicable in that part that does not contradict this Federal Law before they are brought into conformity with this Federal Law.

From the entry into force of this Federal Law the constituent documents of limited liability companies or of limited liability partnerships shall be applicable in that part that does not contradict this Federal Law.

3. The constituent documents of the limited liability companies or limited liability partnerships created prior to the putting into effect of this Federal Law shall be brought into conformity with this Federal Law not later than July 1, 1999.

Limited liability companies or limited liability partnerships, the number of whose participants exceeds 50 at the time of the entry into force of this Federal Law, shall be obliged, before July 1, 1999, to be transformed into joint-stock companies or production cooperatives or reduce the number of their participants up to the limit fixed by this Federal Law. In the case of the transformation of such limited liability companies or limited liability partnerships into joint-stock companies, they may be transformed into closed joint-stock companies without the restriction of the maximum numerical strength of a closed joint-stock company, fixed by the Federal Law on Joint-stock Companies. The provisions of the second and third paragraphs of Item 3 of Article 7 of the Federal Law on Joint-Stock Companies shall not be applied to the said closed joint-stock companies.

If limited liability companies or limited liability partnerships are transformed into joint-stock companies or production cooperatives in the procedure prescribed by this item, the provisions of Item 5 of Article 51 of this Federal Law shall not be applied to the latter either.

By the time the present Federal Law enters into force a Decision of the general meeting of participants in the limited liability company (limited liability partnership) on the transformation of the limited liability company (limited liability partnership) with a number of participants being more than fifty shall be made by a vote of no less than two thirds majority of participants in the limited liability company (limited liability partnership). Participants in the limited liability company (limited liability partnership) who voted against the motion on the transformation or who did not take part in the voting shall have the right to withdraw from the limited liability company (limited liability partnership) in the manner laid down in Article 26 of this Federal Law.

The limited liability companies or limited liability partnerships which have not brought their constituent documents into conformity with the present Federal Law or have not been transformed into joint-stock companies or production cooperatives may be liquidated through legal proceedings at the demand of the body carrying out the state registration of legal entities or of other state agencies or local self-government bodies that have received the right to make such a demand on the basis of federal law.

4. The limited liability companies or the limited liability partnerships indicated in Item 3 of this Article shall be exempted from the registration fee when they undergo the registration of the change of their legal status in connection with bringing it into conformity with the present Federal Law.

President of the Russian Federation

Boris Yeltsin