

**The Law of Ukraine
“On Joint Stock Companies”**

Chapter I General Provisions

Article 1 Sphere of Application of the Law

1. This Law determines the procedure for the creation, activity, termination and spin-off of joint stock companies, their legal status, and the rights and obligations of shareholders.
2. The activity of state-owned joint stock companies and state-owned holding companies in which the sole founder and shareholder is the state as represented by authorized state bodies shall be regulated by this Law, taking into account the peculiarities provided by special Laws.

The peculiarities of the legal status, creation, activity, termination and spin-off of joint stock companies, which conduct activity on financial services markets, as well as state-owned joint stock companies, shall be established by laws.

3. The peculiarities of the creation of joint stock companies in the process of privatization and corporatization, their legal status and activity during the period before the performance of the privatization plan (placement of shares) shall be determined by the legislation on privatization and corporatization.

The administration of joint stock companies with corporate rights of the state or a territorial community within their charter capital shall be carried out taking into consideration the peculiarities established by law.

4. The creation and termination of a joint stock company, the receipt into ownership or administration of shares of stock, and the acquisition of the right of control in another manner over a company shall be carried out in adherence to the legislation on the protection of economic competition.

Article 2 Definitions

1. In this Law the terms below shall have the following meanings:

- 1) entities affiliated with each other (hereinafter – affiliated parties): legal entities, provided that one of them exercises control over the other or both are under the control of a third party;

Family members of natural persons – a husband (wife) and parents (foster parents), guardians (trustees), brothers, sisters, and children and their husbands (wives) who jointly conduct business activity;

Natural persons and their family members who jointly conduct business activity, and a legal entity if such natural person and/or their family members exercise control over such legal entity;

- 2) Buyout of shares of stock – acquisition by a joint stock company on a payment basis of shares placed thereby;
- 3) Voting share of stock – a share of stock, which grants to its owner the right to vote at the general assemblies of shareholders (hereinafter – General Assembly) for the resolution of issues provided by law and the charter of a joint stock company;
- 4) Significant transaction – a transaction (except a transaction involving the placement by a company of its own shares of stock), carried out by a joint stock company, provided that the market value of property (works, services), which is the subject thereof, is 10 or more percent of the value of assets of the company according to the information of the last annual financial reporting;
- 5) Significant block of shares – a block of shares which is 10 or more percent of the ordinary shares of a joint stock company;
- 6) Controlling block of shares – a block of shares which is 50 or more percent of the ordinary shares of a joint stock company;
- 7) Control – a decisive influence or the possibility of having a decisive influence on the business activity of a business entity, which is carried out, in particular, by way of the sale of the right to possess or use all assets or a significant portion thereof, the right of a decisive influence on the formation of the composition of, the results of the voting of and the taking of decisions by the management bodies of a business entity, as well as the carrying out of transactions which grant the possibility to determine the conditions of business activity, to issue mandatory instructions or to perform the functions of the management body of a business entity;
- 8) Corporate rights – the aggregate of proprietary and non-proprietary rights of a shareholder (owner of shares) of a company which arise from the ownership right to shares of stock, including the right to participate in the management of a joint stock company, to receive dividends and assets of a joint stock company in case of its liquidation pursuant to law, and other rights and legal capacity provided by law or statutory documents;
- 9) Accumulative voting – voting during the election of a company’s bodies, when the total amount of votes of a shareholder is multiplied by the amount of members of a joint stock company body which are being elected, and the shareholder has the right to grant all votes calculated in such manner to one candidate or divide them amongst several candidates;
- 10) Liquidation value of privileged shares of a certain class – the amount of funds which belong to an owner of such share during the liquidation of a joint stock company;
- 11) Mandatory buyout of shares of stock – the mandatory acquisition of shares placed by a company on a payment basis and at the demand of a shareholder;
- 12) Jointly acting parties – natural persons and/or legal entities, which act on the basis of a transaction between them and coordinate their activity for the achievement of a joint purpose;



- 13) Official publication body – one of the official publications of the Parliament of Ukraine, the Cabinet of Ministers of Ukraine or the State Commission for Securities and the Stock Market;
- 14) Shareholder notice – notice which contains information provided by the law and the charter of a joint stock company and which is sent to the addressee by letter with a description of the contents and notice on service;
- 15) Officers of joint stock company bodies – natural persons – chairman and members of the supervisory council, executive body, audit committee and auditor of a joint stock company, as well as the chairman and members of another company body, provided that the creation of such body is provided by the charter of the company;
- 16) Proportional buyout of shares of stock – the acquisition by a joint stock company of shares of stock placed thereby in proportion to the amount of shares of stock of a certain type and/or class offered to each shareholder for sale;
- 17) Simple majority of votes – more than 50 percent of the votes of shareholders which participated in General Assemblies;
- 18) Placement of securities – securities of a joint stock company alienated thereby in favor of other parties pursuant to the procedure established by legislation;
- 19) Charter capital – the capital of a company, which is formed from the nominal value amount of all shares of stock placed by a company;
- 20) Members of the executive body – officers – members of a collegial executive body. The person who carries out the authority of a one-person executive body of a company shall also bear the status of a member of an executive body.

Article 3 Legal Status of a Joint Stock Company

1. A joint stock company is a business entity with a charter capital divided into a specific quantity of shares of stock of equal nominal value and the corporate rights to which are certified by shares of stock.
2. A joint stock company is not responsible for the obligations of shareholders. No sanctions may be applied to the company and its bodies which limit their rights in case of the conducting of unlawful acts by the shareholders.

Shareholders are not responsible for the obligations of the company and bear the risk of losses connected with the activity of the company only within the limits of the shares of stock owned thereby. No sanctions may be applied to shareholders which limit their rights in case of the conducting of unlawful acts by the company or other shareholders.

Shareholders, who have not fully paid for their shares of stock, shall be responsible for the obligations of the company within the limits of the unpaid portion of the value of shares of stock owned thereby in cases provided by the charter of the company.

3. A joint stock company may be created by way of incorporation or merger, division, extraction or transformation of a business entity (business entities) and state-owned, municipal and other business entities into a joint stock company.

A company shall be created without a limitation of its term of activity, unless otherwise provided by its charter.

A company shall be deemed created and shall acquire the rights of a legal entity from the date of its state registration pursuant to the procedure established by legislation.

4. The full name of a joint stock company in the Ukrainian language must contain the name of its type (public or private) and organizational-legal form (joint stock company).

A company may have an abbreviated name in the Ukrainian language and a full and abbreviated name in a foreign language (languages).

Article 4 Shareholders of a Company

1. Natural persons and legal entities, as well as the state, as represented by a body authorized to administer state property, or a territorial community, as represented by a body authorized to administer municipal property, who are the owners of shares of stock of a company, shall be deemed the shareholders of a company.

A joint stock company may not have as a sole participant another business entity with one entity as its participant. A joint stock company may not have in its composition only shareholders – legal entities, the sole participant of which is one and the same entity.

2. Any obligations of shareholders, which contradict the law, shall not be established by the charter or other documents of a company.

Article 5 Types of Joint Stock Companies

1. Joint stock companies are divided into the following types: (i) public joint stock companies and (ii) private joint stock companies.

The amount of shareholders of a private joint stock company may not exceed 100 shareholders.

2. Public joint stock companies may conduct a public or private share placement.

A private joint stock company may only conduct a private share placement. In case of the taking by the General Assembly of a private joint stock company of a decision to conduct a public share placement, the corresponding amendments shall be introduced to the charter of the company, including the change of the type of company from private to public.

A change of the type of company from private to public or from public to private shall not be deemed its reorganization.

Article 6 A Joint Stock Company With One Shareholder

1. A joint stock company may be created by one entity or may be composed of one entity in case of the acquisition by one shareholder of all shares of stock of the company. Information in this regard shall be subject to registration and publication for general information pursuant to the procedure established by the State Commission for Securities and the Stock Market.

Article 7 Procedure of Alienation of Shares of Stock of a Joint Stock Company

1. The shareholders of a public joint stock company may alienate shares of stock belonging thereto without the consent of other shareholders and the company.

2. The charter of a private joint stock company may provide for the priority right of its shareholders and the company itself to acquire shares of stock of such company which are offered by their owner for sale to a third party. In case the charter of a private joint stock company provides for such priority right, such right shall be exercised pursuant to parts three to six of this Article.

3. The shareholders of a private joint stock company shall have the priority right to acquire shares of stock which are being sold by the other shareholders of such company at the price and pursuant to the conditions proposed by the shareholder to a third party in proportion to the amount of shares of stock which belongs to each shareholder. The priority right of shareholders to the acquisition of shares of stock, which are being sold by other shareholders of such company, shall be valid for a term of two months from the date of receipt by the company of notice of a shareholder on the intent to sell shares of stock, unless a shorter term is provided by the charter of the company.

The charter of a private joint stock company may provide for the priority right of the company to acquire shares of stock, which are being sold by its shareholders in case the shareholders do not exercise their priority right to acquire shares of stock.

The priority right of the company to acquire shares of stock, which are being sold by shareholders of such company, may be exercised within 10 days after the expiration of the validity term of the priority right to acquire such shares of stock by the shareholders of the company, unless a shorter term is provided by the charter of the company.

The term of the priority right provided by the charter of the company may not be less than 20 days from the date of receipt by the company of the corresponding notice. The term of the priority right shall terminate in case prior to its expiration written notices on the use or refusal to use the priority right to purchase shares of stock are received from all shareholders and the company.

4. A shareholder of a private joint stock company, who has the intention to sell its shares of stock to a third party, shall be obliged to notify the remaining shareholders of the company and

the company itself regarding such intention with an indication of the price and other sale conditions of the shares of stock. Notice of shareholders of the company shall be conducted via the company. After the receipt of written notice from a shareholder, who has the intention to sell its shares of stock to a third party, the company is obliged within two working days to send a copy of the notice to all of the other shareholders. Unless otherwise provided by the charter of the company, a notice of shareholders of the company shall be conducted at the expense of the shareholder who has the intention to sell its shares of stock.

In case the shareholders of a private joint stock company and/or the company do not exercise the priority right to acquire all of the shares of stock which are offered for sale within the term established by this law or the charter, the shares of stock may be sold to a third party at the price and pursuant to the conditions notified to the company and its shareholders.

5. In case of a violation of the priority right to acquire shares of stock mentioned in this Article, any shareholder of the company and/or the company itself, if the company charter provides for the priority right of the company to acquire shares of stock, shall have the right, within three months from the moment the shareholder or the company learned about or should have learned about such violation, to demand in a court procedure the transfer thereto of the rights and obligations of the purchaser of shares of stock.

6. The assignment of the aforementioned priority right to other parties shall be prohibited.

7. The aforementioned priority right of shareholders of a private joint stock company shall not apply in case of the transfer of ownership rights to securities of the company as a result of their inheritance or legal succession.

8. In case of the occurrence of the right to levy execution on shares of stock in connection with their pledge, the alienation of such shares of stock shall be carried out in adherence with the priority right of shareholders to such shares.

Article 8 Determination of the Market Value of Property

1. The market value of property in case of its valuation pursuant to this Law, other legislative acts or the charter of a joint stock company shall be determined on the basis of an independent appraisal conducted in accordance with the legislation on the valuation of property, property rights and professional appraisal activity.

A decision on the hiring of a subject of appraisal activity – business subject shall be taken by the supervisory council of a company (in the process of creation of the company – by the Constituents Meeting).

2. The market value of issued securities of a joint stock company shall be determined:

- 1) for issued securities which are not circulated on the stock markets – as the value of securities determined pursuant to the legislation on valuation of property, property rights and professional appraisal activity;



- 2) for issued securities which are circulated on stock markets – as the value of securities determined pursuant to the legislation on securities and the stock market;
3. The supervisory council of a joint stock company (or during the process of creation of the company – the Constituents Meeting) shall approve the market value of the property (securities).

Chapter II Incorporation of a Joint Stock Company

Article 9 Creation of a Joint Stock Company

1. The state, as represented by a body authorized to administer state property, a territorial community, as represented by a body authorized to administer municipal property, and natural persons and/or legal entities, who took a decision on a company's creation, shall be deemed the founders of a joint stock company.
2. One, two or more parties may be the founders of a joint stock company.
3. The founders may conclude a founders' agreement in which are determined the procedure of conducting joint activity regarding the creation of a joint stock company, the amount, type and class of shares of stock which are subject to acquisition by each of the founders, the nominal value and value of shares of stock acquired thereby, the term and form of payment for the value of shares of stock, and the term of validity of the agreement.

For the creation of a joint stock company, the founders must conduct a closed (private) placement of its shares, a constituents meeting and the state registration of the joint stock company.

A founders' agreement is not a founding document of the company and shall be valid until the date of registration of a report on the results of the closed (private) placement of shares by the State Commission for Securities and the Stock Market.

A founders' agreement shall be concluded in writing. In case a company is formed with the participation of natural persons, their signatures on the founders' agreement shall be subject to notarization.

In case of the establishment of a company by one entity, a founders' agreement shall not be concluded.

4. In case of the establishment of a joint stock company, its shares of stock shall be subject to placement exclusively amongst its founders by way of a private placement. The public placement of share of stock of a company may be carried out after the receipt of a certificate of registration of the first issuance of shares.

The peculiarities of the creation of a joint stock company by way of merger, division, extraction or reorganization of a commercial company (commercial companies), state-owned company

(companies) and municipal company (companies) into a joint stock company shall be determined by the State Commission for Securities and the Stock Market, and with the participation of state and/or municipal enterprises – the State Commission for Securities and the Stock Market with the consent of the State Property Fund of Ukraine.

5. The creation of a joint stock company shall be carried out in the following stages:
- 1) taking of a decision by the constituents meeting on the creation of a joint stock company and on a closed (private) placement of shares of stock;
 - 2) the submission of an application and all necessary documents for registration of a share issuance to the State Commission for Securities and the Stock Market;
 - 3) registration by the State Commission for Securities and the Stock Market of the share issuance and the issuance of a temporary certificate of registration of a share issuance;
 - 4) the assignment of an international identification number of securities to the shares of stock;
 - 5) the conclusion with a securities depository of an agreement on servicing a share issuance or the conclusion with a registrar of named securities of an agreement on the maintenance of a register of owners of named securities;
 - 6) a closed (private) placement of shares of stock amongst the founders of the company;
 - 7) payment by the founders of the full nominal value of shares of stock;
 - 8) approval by the constituents meeting of the company of the results of the closed (private) share placement amongst the founders of the company, approval of the charter of the company, and the taking of other decisions provided by law;
 - 9) registration of the company and its charter in the state registration bodies;
 - 10) the submission to the State Commission for Securities and the Stock Market of a report on the results of the closed (private) share placement;
 - 11) registration by the State Commission for Securities and the Stock Market of the report on the results of the closed (private) share placement;
 - 12) receipt of a certificate of state registration of the share issuance;
 - 13) issuance to the founders of the company of documents which confirm ownership rights to shares of stock.

Acts, which violate the procedure of the creation of a joint stock company established by this Law, shall be grounds for a decision by the State Commission for Securities and the Stock Market to refuse the registration of the report on the results of the closed (private) share placement. In case of such decision, the State Commission for Securities and the Stock Market shall appeal to a court with a claim on the liquidation of the joint stock company.

Article 10 Constituents Meeting of a Joint Stock Company

1. The constituents meeting of a joint stock company shall be conducted within three months from the date of the full payment for shares of stock by the founders.

The amount of votes of a founder at the constituents meeting of a joint stock company shall be determined by the amount of shares of stock of the company which are subject to acquisition by such founder.

2. The following issues shall be resolved at the constituents meeting:

- 1) establishment of the company;
- 2) approval of the valuation of property which is contributed by the founders as payment for shares of stock of the company;
- 3) approval of the charter of the company;
- 4) creation of the company's *[governing]* bodies;
- 5) authorization of the representative (representatives) to carry out the further activity in relation to the creation of the company;
- 6) election of the members of the supervisory council, the chairman of the collegial executive body (person, who carries out the authority of a one-person executive body of the company), and members of the audit committee (auditor);
- 7) confirmation of the results of the share placement;
- 8) execution of other acts necessary for creation of the company.

3. Decisions on issues set forth in points 1-3 of part two of this Article shall be deemed taken in case all founders of the joint stock company voted for them. Decisions on other issues shall be taken by a simple majority of votes of the founders, unless otherwise provided by a founders' agreement.

4. In case of the establishment of a joint stock company by one entity, the decisions set forth in part two of this Article shall be taken individually by such entity and shall be executed by a decision on the establishment of the company. In case the sole founder of the company is a natural person, such person's signature on the establishment decision shall be subject to notarization.



The non-approval by the constituents meeting of the charter of a joint stock company shall be deemed the refusal of the founders to create such company and shall be grounds for the return to the founders of contributions made thereby as payment for shares of stock. The return of contributions shall be carried out within 20 working days from the date of the conducting of the constituents meeting at which the decision was not taken to approve the charter of the joint stock company.

Article 11 Payment of the Value of Shares of Stock by the Founders of a Joint Stock Company

1. Payment of the value of shares of stock, which are placed during the establishment of a joint stock company, may be carried out in cash or by property, proprietary and non-proprietary rights with a valuation, and securities (except debt issuance securities issued by a founder and promissory notes).

2. The value of property, which is contributed by the founders of a joint stock company as payment for shares of stock of the company, shall correspond to the market value of such property established pursuant to Article 8 of this Law.

3. Each founder of a joint stock company shall pay the full value of acquired shares before the date of the approval of the results of the placement of the first issuance of shares. In case of non-payment (incomplete payment) of the value of acquired shares before the date of the approval of the results of the placement of the first issuance of shares, the joint stock company shall be deemed to not be established. Prior to the payment of 50 percent of the charter capital the company shall not have the right to carry out operations which are not connected with its establishment.

Prior to the registration of the report on the results of the share placement, a founder shall have all rights which are certified by shares of stock with the exception of the right to alienate the said shares and to encumber them by obligations.

4. The document, which certifies the ownership right of a founder of a joint stock company to shares of stock, shall be issued to such founder after the full payment of the value of such shares of stock within 10 working days from the date of the receipt by the company of a certificate of state registration of a share issuance.

Article 12 Liability of the Founders of a Joint Stock Company

1. The founders of a joint stock company shall bear joint liability for the obligations connected with the company's establishment which arose prior to its state registration.

2. A joint stock company shall be liable for the obligations of the founders connected with its establishment only in case of the approval of their acts by the General Assembly of Shareholders. The General Assembly of Shareholders, which approves such obligations of the company founders, may be held within six months after the state registration of the company.



Information regarding such obligations of the company shall be reflected in the charter of the company.

Article 13 Charter of a Joint Stock Company

1. The founding document of a joint stock company is its charter.
2. The charter of a joint stock company shall contain information on the following:
 - 1) the full and abbreviated name of the company in the Ukrainian language;
 - 2) the type of company;
 - 3) the amount of charter capital;
 - 4) the amount of reserve capital;
 - 5) the nominal value and total amount of shares of stock, the amount of each type of shares of stock placed by the company, including the amount of each class of privileged shares, and the consequences for the non-performance of the obligation to purchase shares of stock;
 - 6) the conditions and procedure of converting privileged shares of a certain class into simple shares of stock of the company or into privileged shares of another class in cases when the issuance of privileged shares is provided by the company;
 - 7) the rights of shareholders – founders of privileged shares of each class;
 - 8) the availability of the priority right of shareholders of a private company to acquire shares of such company which are offered by their owners for sale to a third party, and the procedure of exercising such right;
 - 9) the procedure of notifying shareholders regarding the payout of dividends;
 - 10) the procedure of convening and conducting general assemblies;
 - 11) the competence of the general assembly;
 - 12) the method of notifying shareholders regarding changes to the procedure of the agenda of general assemblies;
 - 13) the composition of the company bodies and their competence, the procedure of creation, election and dismissal of their members, and their decision-making procedure, as well as the procedure of changing the composition of company bodies and their competence;
 - 14) the procedure of introducing amendments to the charter;

- 15) the procedure of terminating the company.
3. The charter of a joint stock company may not provide for the granting of additional rights and authorities to the founders of the company.
4. The charter of a joint stock company may contain other provisions which do not contradict legislation.

Chapter III Capital of a Joint Stock Company

Article 14 Charter and Equity Capital of a Joint Stock Company

1. The minimum size of the charter capital of a joint stock company shall be 1,250 minimum salaries based on the rate of the minimum salary which is effective at the moment of the creation (registration) of the joint stock company. The charter capital of a company shall determine the minimum amount of property of the company which guarantees the interests of its creditors.
2. The equity capital (value of net assets) of a company is the difference between the aggregate value of company assets and the value of its obligations before other parties.
3. In case the value of net assets of a joint stock company turns out less than the amount of its charter capital after the end of the second and each subsequent financial year, the company shall be obliged to vote on a decrease of its charter capital and register the corresponding amendments to the charter pursuant to the procedure established by law. In case the value of net assets becomes less than the minimum amount of charter capital established by this Law, the company shall be obliged, within 10 months from the date of the occurrence of such non-correspondence, to correct the non-correspondence or take a decision on liquidation.
4. The procedure of increasing (decreasing) the charter capital of a joint stock company shall be established by the State Commission for Securities and the Stock Market.
5. The charter of a joint stock company may provide for the creation of a special fund for the payout of dividends for privileged shares. The procedure of formation and use of such fund shall be established by the State Commission for Securities and the Stock Market.

Article 15 Increase of Charter Capital

1. The charter capital of a company shall be increased by way of increasing the nominal value of shares of stock or placing additional shares of stock of the existing nominal value pursuant to the procedure established by the State Commission for Securities and the Stock Market.
2. A joint stock company shall have the right to increase charter capital after the registration of reports on the results of the placement of all previous share issuances.

3. The increase of the charter capital of a joint stock company with the receipt of additional contributions shall be carried out by way of a placement of additional shares of stock.

The priority right of shareholders to acquire shares, which are additionally placed by a company, shall be valid only during the process of a private placement of shares of stock and shall be established by legislation.

4. The increase of the charter capital of a joint stock company without the receipt of additional contributions shall be carried out by way of an increase of the nominal value of shares of stock.

A joint stock company shall not have the right to take a decision on the increase of charter capital by way of a public placement of shares of stock in case the amount of equity capital is less than the amount of its charter capital.

The increase of the charter capital of a joint stock company in case of the availability of shares of stock bought out by the company shall not be permissible.

5. The increase of the charter capital of a joint stock company for covering losses shall not be permissible.

A mandatory condition for the increase of the charter capital of a joint stock company is the compliance of the amount of charter capital after its increase with the requirements provided by part one of Article 14 of this Law on the date of registration of the changes to the company charter.

Article 16 Decrease of Charter Capital

1. The charter capital of a joint stock company shall be decreased pursuant to the procedure established by the State Commission for Securities and the Stock Market by way of a decrease of the nominal value of shares of stock or by way of annulment of shares of stock previously bought out by the company and the decrease of their total amount in case this is provided by the charter of the company.

2. After taking a decision on a decrease of the charter capital of a joint stock company, the executive body within 30 days shall notify regarding such decision in writing each creditor with a claim against the joint stock company which is not secured by pledge, guarantee or trust.

3. A creditor with a claim against a joint stock company which is not secured by pledge or trust agreement may, within 30 days after the receipt thereby of the notice mentioned above in part two of this Article, appeal to the company with a written demand to carry out within 45 days one of the following measures at the choice of the company: (i) secure the performance of obligations by way of concluding a pledge or trust agreement or (ii) premature termination or performance of obligations before the creditor, unless otherwise provided by the agreement between the company and the creditor.

In case the creditor fails to appeal within the term provided by this provision to the company with a written demand, it shall be deemed that the creditor does not claim from the company the execution of additional acts with respect to the obligations before the creditor.

4. A decrease of the charter capital by a joint stock company to an amount lower than established by law shall lead to the liquidation of the company.

Article 17 Annulment of Shares of Stock

1. Pursuant to the procedure established by the State Commission for Securities and the Stock Market, a joint stock company shall have the right to annul shares of stock bought out thereby and either decrease the charter capital or increase the nominal value of the remaining shares of stock without changing the charter capital.

Article 18 Consolidation and Split-Up of Shares

1. A joint stock company shall have the right to carry out a consolidation of all shares of stock placed thereby, as a result of which two or more shares of stock shall be converted into one new share of stock of the same type and class.

A mandatory condition of consolidation is the exchange of shares of stock of a previous (“old”) nominal value for an entire amount of shares of stock of a new nominal value for each of the shareholders.

2. A joint stock company shall have the right to split up all shares of stock placed thereby, as a result of which one share of stock shall be converted into two or more shares of stock of the same type and class.

3. The consolidation and split-up of shares of stock shall not lead to a change of the amount of the charter capital of the joint stock company.

4. In case of the consolidation or split-up of shares of stock, the corresponding amendments shall be introduced to the charter of the joint stock company with respect to nominal value and the amount of shares of stock placed.

5. The procedure of consolidating or splitting up shares of stock of a company shall be established by the State Commission for Securities and the Stock Market.

Article 19 Reserve Capital

1. A joint stock company shall have the right to form a reserve capital in the amount of no less than 15 percent of the charter capital, unless otherwise provided by the company charter. The reserve capital shall be formed by way of annual allocations from the net profit of the company or at the expense of undistributed profit. Prior to achieving the amount of reserve capital established by the charter, the annual allocations may not be less than 5 percent of the amount of net profit of the company per year.

2. The reserve capital shall be created for the covering of losses of the company and for increasing the charter capital, paying dividends on privileged shares, extinguishing indebtedness in case of liquidation, etc.

Chapter IV Securities of a Joint Stock Company

Article 20 Shares of Stock of a Joint Stock Company

1. The shares of stock of a company shall certify the corporate rights of a shareholder in relation to such joint stock company.

2. All shares of stock of a company shall be named shares. The shares of stock of companies shall exist exclusively in undocumented (electronic) form. (This provision of Article 20 shall come into force in two years from the date of the publication of this Law – see point 1 of Chapter XVII of this Law).

3. A joint stock company may conduct a share placement of two types – simple and privileged. The charter of the company may provide for the placement of one or several classes of privileged shares which grant to their owners various rights.

A company may not establish limitations in regard to the amount of shares of stock or the amount of votes per shares of stock belonging to one shareholder.

4. Simple shares of stock of a company shall not be subject to conversion into privileged shares or other securities of a joint stock company.

5. The portion of privileged shares in the charter capital amount of a joint stock company may not exceed 25 percent.

Article 21 Securities Issuance

1. A joint stock company may conduct a share issuance only pursuant to decisions of the general assembly.

A company may carry out a placement of securities other than shares of stock pursuant to decisions of the supervisory council, unless otherwise provided by the charter. A decision on the placement of securities for an amount exceeding 25 percent of the value of the assets of a company shall be taken by the general assembly of shareholders.

2. Joint stock companies are permitted to conduct an issuance of shares of stock and bonds for converting obligations into securities pursuant to the procedure established by the State Commission for Securities and the Stock Market.

Article 22 Price of Shares of Stock



1. A joint stock company shall conduct a placement or sale of each share of stock which it bought out at a price of no less than its market value, which shall be approved by the supervisory council, except in cases of:

- the placement of shares of stock during the establishment of the company at the price established by the founders' agreement;
- the placement of shares of stock during a merger, accession, division or split-up of the company;
- the placement of shares of stock with the participation of a securities trader with whom an underwriting agreement is concluded. In such case, the price of the share placement may be lower than the market value of such shares of stock in the amount of the remuneration of such trader, which may not exceed 10 percent of the market value of such shares of stock.

2. A joint stock company shall not have the right to place any shares of stock at a price lower than its nominal value.

Article 23 Payment of Securities

1. In case of a securities placement by a joint stock company, the payment for such securities shall be carried out in cash or, upon agreement between the company and investor, in proprietary rights and/or non-proprietary rights, which have a cash value, securities (except debt issuance securities issued by the acquirer and promissory notes), and other property.

An investor may not carry out payment for securities by way of taking upon itself obligations regarding the performance of works or the provision of services for the company.

The charter of a joint stock company may establish other limitations with respect to the form of payment for securities. The company may not establish a restriction or prohibition on the payment for securities in cash.

2. Placed shares must be fully paid for prior to the date of approval of the results of a share placement by the issuer's body authorized to take such decision.

3. In case of a securities placement of a public joint stock company or in case property, which is contributed as payment for securities, is under state or municipal ownership, the cash valuation of such property must be equal to its market value. The market value of the said property shall be established by a subject of appraisal activity and shall be subject to approval by the supervisory council. The approved value of property shall not vary more than 10 percent from the value of determined by the appraiser. Should the approved market value of property vary from the value determined by the appraiser, the decision of the supervisory council must mandatorily be substantiated in a corresponding manner.

A cash valuation of claims against a company which arose before a securities placement and which are paid in the securities of the company shall be conducted pursuant to the procedure established by the first paragraph of this provision for the valuation of property.

4. During the placement of securities, the ownership right to such securities shall arise with the purchaser pursuant to the procedure and within the term established by the legislation on the depository system of Ukraine.

5. A joint stock company may not grant a loan for the acquisition of its securities or guarantee under loans granted by a third party for the acquisition of its shares of stock.

Article 24 Peculiarities of the Circulation of Securities of Joint Stock Companies

1. A public joint stock company shall be obliged to complete a listing procedure and remain on the market register of at least one stock market.

The conclusion of sale-purchase agreements for share of stock of a public joint stock company, which has completed a listing on a stock market, shall be carried out only on that stock market taking into consideration of the provisions of part one of this Article.

2. The shares of stock of a private joint stock company may not be purchased and/or sold on a stock market with the exception of sale by way of an exchange auction.

3. A joint stock company shall not have the right to receive its own shares of stock as a pledge.

4. Transactions related to shares of stock shall be executed in writing.

Chapter V Rights and Obligations of Shareholders

Article 25 Rights of Shareholders – Owners of Simple Shares

1. Each simple share of stock of a joint stock company shall grant to its owner – shareholder an equal aggregate of rights, including the right to:

- 1) participate in the management of the joint stock company;
- 2) receive dividends;
- 3) to receive a portion of the company's property or value in case of its liquidation;
- 4) to receive information regarding the commercial activity of the joint stock company.

One simple share of stock of a company shall grant to a shareholder one vote for resolving each issue at the general assembly except in cases of conducting an accumulative vote.

A shareholder – owner of simple shares of a company may have other rights provided by legislative acts and the charter of the joint stock company.



Article 26 Rights of Shareholders – Owners of Privileged Shares

1. Each privileged share of one class shall grant to its owner – shareholder an equal aggregate of rights.

2. The charter of a joint stock company shall determine the volume of rights which are granted to a shareholder – owner of each class of privileged shares, including a determination of the following:

- 1) the amount and priority order of the payment of dividends;
- 2) the liquidation value and priority order of payment in case of liquidation of the company;
- 3) the cases and conditions of the conversion of privileged shares of one class into the privileged shares of another class, simple shares of stock or other securities;
- 4) the procedure for receiving information;

3. A joint stock company shall pay dividends under privileged shares in the amount established by the charter except in cases provided by part two of Article 31 of this Law.

4. Shareholders – owners of privileged shares of a company shall have the right to vote only in cases provided by part five of this Article and the charter of the joint stock company.

One privileged share of the company shall grant to a shareholder one vote for resolving each issue. The charter of a joint stock company may provide a special procedure of calculating votes – together or separately from the votes under simple shares of stock and/or other classes of privileged shares.

5. Shareholders – owners of privileged shares of a certain class shall have the right to vote during the resolution by the general assembly of the following issues:

- 1) termination of the company, which provides for the conversion of privileged shares of one class into privileged shares of another class, simple shares of stock or other securities;
- 2) the introduction of amendments to the charter of a company which provide for a limitation of the rights of shareholders – owners of such class of privileged shares;
- 3) the introduction of amendments to the charter of a company which provide for the placement of a new class of privileged shares, the owners of which will have priority regarding the order of receiving dividends or payouts in case of the liquidation of the company, or an increase of the rights of shareholders – owners of placed classes of privileged shares of stock which have priority regarding the order of receiving dividends or payouts in case of the liquidation of the company.

The charter of a private company may also grant to a shareholder – owner of privileged shares the right to vote on other issues.

6. A decision of the general assembly of a joint stock company which is taken with the participation of shareholders – owners of privileged shares, who pursuant to part five of this Article have the right to vote, shall be deemed accepted in case three fourths (3/4) of the votes of shareholders – owners of privileged shares, who participated in the voting on such decision, vote in favor of such decision, provided that the charter of a company with an amount of shareholders of 25 persons/entities and less does not provide for the requirement regarding a larger amount of votes of owners of privileged shares necessary for passing a decision.

During the voting of shareholders – owners of more than one class of privileged shares pursuant to part five of this Article, the votes under such shares shall be calculated together, unless otherwise established by the charter of the company.

7. In case of a change of the type of joint stock company from private to public, the granting of rights not provided by this Law for shareholders – owners of privileged shares of a public company shall terminate.

Article 27 Priority Right of Shareholders Upon An Additional Issuance of Shares

1. The priority right of shareholders shall determine:
 - the right of a shareholder – owner of simple shares of stock to acquire simple shares of stock placed by the company in proportion to the share of simple shares of stock owned thereby in the total amount of simple shares of stock;
 - the right of a shareholder – owner of privileged shares to acquire privileged shares of such class or another placed by the company in case the shares of shares of such class grant to their owners priority with respect to the order of receiving dividends or payouts in case of liquidation of the company, or in proportion to share of privileged shares of a certain class owned by the shareholder in the total amount of privileged shares of such class.
2. A priority right shall be mandatorily granted to a shareholder – owner of simple shares of stock during a private placement pursuant to the procedure established by legislation.

A priority right shall be granted to a shareholder – owner of privileged shares in case such is provided by the charter of a joint stock company.

No later than 30 days before the commencement of a share placement, granting a priority right to shareholders, a company shall notify in writing each shareholder, who has such right, regarding the possibility to exercise such right and shall publish a notice in this regard in an official publication body.

A notice shall contain information on the total amount of shares placed by the company, the placement price, the rules determining the amount of securities for which shareholders have the priority right to acquire, and the term and procedure of exercising the said priority right. In case of the placement of privileged shares, the notice shall contain information on the rights which are granted to the owners of such securities.

3. A shareholder, who has the intention to exercise its/his/her priority right, shall submit to the joint stock company within the established term a written application to acquire shares of stock and shall transfer to the corresponding account cash funds in the amount which is equivalent to the value of the securities being acquired thereby. The shareholder's application shall indicate its/his/her name, place of residence (place of location), and the amount of securities being acquired thereby. The application and the transferred cash funds shall be accepted by the company no later than the date which precedes the date of the commencement of the placement of securities. The company shall issue to the shareholder a written obligation to sell the corresponding amount of securities.

4. In case of a violation by a joint stock company of the procedure of realization of a priority right by shareholders, the State Commission for Securities and the Stock Market may pass a decision on the recognition of the issuance as unfair and the stoppage of the share placement of such issuance.

Article 28 Protection of Rights of Shareholders – Employees of a Company

1. Officers of the bodies of a joint stock company and other persons, who have labor relations with the company, shall not have the right to demand from a shareholder – employee of the company the provision of information with respect to how such employee voted or intends to vote at a general assembly, or information regarding the alienation by a shareholder – employee of the company of his/her shares of stock or his/her intention to alienate such shares of stock, or demand the granting of a power of attorney to participate in general assemblies.

In case of a violation of the requirements of this Article, an officer of the company shall be subject to administrative and proprietary liability, shall be dismissed from his/her occupied position, and the labor (civil-legal) agreement with such officer shall be terminated pursuant to the law.

Article 29 Obligations of Shareholders

1. Shareholders shall be obliged:
 - to adhere to the charter and other internal documents of a joint stock company;
 - to fulfill the decisions of the general assembly and other company bodies;
 - to perform their obligations before the company, including those connected with proprietary participation;

- to pay for shares of stock in the amounts and pursuant to the procedure and methods established by the charter of the joint stock company;
- to refrain from disclosing commercial secrets and confidential information on the activity of the company.

The charter of a company may provide for the possibility to conclude an agreement between shareholders according to which additional obligations may be imposed upon the shareholders, including the obligation to participate in general assemblies, and which provide for liability for the failure to adhere to the charter.

2. Shareholders may also have other obligations established by this and other laws.

Chapter VI **Dividends of a Joint Stock Company**

Article 30 Procedure of Paying Out Dividends

1. A dividend is a portion of the net profit of a joint stock company which is paid to a shareholder based on a calculation of one share of stock of a certain type and/or class belonging thereto. An equal amount of dividends shall be calculated for shares of stock of one type and class.

A company shall pay out dividends exclusively in cash form.

Dividends shall be paid out for shares of stock with a registered report on the results of a placement pursuant to the procedure established by legislation.

2. The payout of dividends shall be conducted from the net profit of the reporting year and/or undistributed profit *in the volume established by a decision of the general assembly of a joint stock company [this phrase is excluded for 2010 as per the 2010 State Budget]* within a term of no later than six months after the expiration of the reporting year.

[The following 2 paragraphs were added as per the 2010 State Budget for 2010:]

The payment of dividends shall be carried out by a joint stock company from net profit in the reporting year and/or from undistributed profit in the amount of no less than 30 percent.

The amount of payout of dividends may be increased by decision of the general assembly of a joint stock company.]

In case of the absence or insufficiency of net profit of a reporting year and undistributed profit of previous years, the payout of dividends for privileged shares shall be conducted at the expense of the reserve capital of the company.



3. A decision on the payout of dividends and their amount for ordinary shares of stock shall be taken by the general assembly of a joint stock company.

[For purposes of the 2010 State Budget, the above paragraph shall be set forth as follows:]

3. A decision on the payout of dividends in an amount greater than 30 percent under ordinary shares of stock shall be taken by the general assemblies of a joint stock company.

The amount of dividends for privileged shares of all classes shall be determined in the charter of a joint stock company.

4. For each payout of dividends, the supervisory council of a joint stock company shall establish the date of drafting the list of persons/entities, which have the right to receive dividends, and the procedure and term for the pay out. The date of drafting the list of persons/entities, which have the right to receive dividends, shall not precede the date of taking the decision to payout dividends.

The company shall notify persons/entities, which have the right to receive dividends, regarding the date, amount, procedure of and term for their payout. Within 10 days after taking the decision to payout dividends, a public company shall send notice regarding the date, amount, procedure of and term for the payout of dividends to the stock exchange (exchanges) on which the company is located in the exchange register.

In case of the alienation by a shareholder of shares of stock belonging thereto after the date of drafting the list of persons/entities, which have the right to receive dividends; however, earlier than the date of the payout of dividends, the right to receive dividends shall remain with the person/entity indicated in such list.

5. In case of the registration of shares of stock in the name of a nominal holder, the company, pursuant to the procedure established by the legislation on the depository system of Ukraine, shall independently payout dividends to owners of shares of stock or transfer them to a nominal holder, which shall ensure their payout to the owners of shares of stock on the basis of an agreement with the corresponding nominal holder.

Article 31 Restrictions on the Payout of Dividends

1. A joint stock company shall not have the right to take a decision to payout dividends and payout dividends on ordinary shares of stock in the following cases:

- 1) the report on the results of a share placement was not registered pursuant to the procedure established by legislation;
- 2) the equity capital of the company is less than the amount of its charter and reserve capital, and the amount the liquidation value of privileged shares exceeds their nominal value.



2. A joint stock company shall not have the right to payout dividends on ordinary shares of stock in the following cases:
 - 1) the company has the obligation to buyout shares of stock pursuant to Article 68 of this Law;
 - 2) the current dividends on privileged shares has not been paid in full.
3. A joint stock company shall not have the right to take a decision on the payout of dividends and payout dividends on privileged shares in the following cases:
 - 1) the report on the results of a share placement was not registered pursuant to the procedure established by legislation;
 - 2) the equity capital of a company is less than the amount of its charter capital and reserve capital, and the amount the liquidation value of privileged shares exceeds nominal value of privileged shares, the owners of which have priority with respect to the order of receiving payouts in case of liquidation.

A company shall not have the right to payout dividends on privileged shares of a certain class before the payout of current dividends on privileged shares whose owners have priority with respect to the order of receiving dividends.

Chapter VII **General Assembly of a Joint Stock Company**

Article 32 The General Assembly of a Joint Stock Company

1. The general assembly is the highest body of a joint stock company.
2. A joint stock company shall be obliged to annually convene the general assembly (annual general assembly).

The annual general assembly of a company shall take place no later than April 30 of the year following the reporting year.

The issues set forth in points 11, 12 and 22 of part two of Article 33 of this Law shall mandatorily be included in the agenda of the day of the annual general assembly.

The issues set forth in points 17 and 18 of part two of Article 33 of this Law shall be introduced to the agenda of the day of the general assembly no less than once per three years.

All other general assemblies, except the annual general assembly, shall be deemed extraordinary.

3. The general assembly shall take place at the expense of the funds of a joint stock company. In case a general assembly is conducted at the initiative of shareholders or the



supervisory council, documentary confirmed expenses for its organization, preparation and conducting may be compensated at the expense of company funds, provided that the general assembly, which is conducted in such case, will take a decision to compensate the expenses for the organization, preparation and conducting of the general assembly.

Article 33 Competence of the General Assembly

1. The general assembly may resolve any issue regarding the activity of a joint stock company.
2. The following shall fall under the competence of the general assembly:
 - 1) the determination of the principal directions of activity of a joint stock company;
 - 2) the introduction of amendments to the charter of the company;
 - 3) the taking of decisions on the annulment of bought out shares of stock;
 - 4) the taking of decisions on a change of the type of company;
 - 5) the taking of decisions on the placement of shares of stock;
 - 6) the taking of decisions on an increase of the charter capital of the company;
 - 7) the taking of decisions on a decrease of the charter capital of the company;
 - 8) the taking of decisions on the division or consolidation of shares of stock;
 - 9) the approval of the regulations on the general assembly, supervisory council, executive body and audit commission (auditor) of the company, as well as approval of amendments thereto;
 - 10) the approval of other internal documents of the company, unless otherwise provided by the charter of the company;
 - 11) the approval of the annual report of the company;
 - 12) the distribution of profits and losses of the company *[per the 2010 State Budget, the following words shall be added: "taking into account the requirements established by this and other laws"]*;
 - 13) the taking of decisions on the buyout by the company of shares placed thereby;
 - 14) the taking of decisions on the form of existence of shares of stock;
 - 15) the approval of the amount of annual dividends *[per the 2010 State Budget, this point shall be set forth as follows: "15) the approval of annual dividends in an*



amount which exceeds their volume established by the second paragraph of part two of Article 30 of this Law;”];

- 16) the taking of decisions regarding issues related to the procedure for conducting general assemblies;
 - 17) the election of members of the supervisory council, the approval of the terms and conditions of civil-legal or labor agreements which will be concluded with such persons, the establishment of the amount of their remuneration, and the election of persons who are authorized to sign civil-legal agreements with members of the supervisory council;
 - 18) the taking of decisions on terminating the authorities of members of the supervisory council;
 - 19) the election of the chairman and members of the audit commission (auditor) and the taking of decisions on the premature termination of their authorities;
 - 20) the approval of conclusions of the audit commission (auditor) and the taking of decisions on the premature termination of their authorities;
 - 21) the taking of decisions on the split-up and termination of the company except in the case set forth in part four of Article 84 of this Law regarding liquidation of a company, the election of a liquidation commission, the approval of the procedure and term of liquidation, the procedure of division amongst the shareholders of property which remains after the satisfaction of creditor claims, and the approval of the liquidation balance;
 - 22) the taking of decisions regarding the results of the consideration of reports of the supervisory council, reports of the executive body and reports of the audit commission (auditor);
 - 23) approval of the principles (codex) of the corporate administration of the company;
 - 24) election of the liquidation commission of the joint stock company;
 - 25) the resolution of other issues which are under the exclusive competence of the general assembly pursuant to the charter or regulations on the general assembly of the company.
3. The authorities to resolve issues under the exclusive competence of the general assembly may not be delegated to other company bodies.
4. The resolution of other issues may be ascribed to the exclusive competence of the general assembly by the company charter or by law.

Article 34 Right to Participate in General Assemblies



1. Persons/entities included into the list of shareholders, which have the right to such participation, or their proxies may participate in the general assemblies of a joint stock company. A representative of the auditor of the company, company officials, regardless of whether they own shares of stock of the company, and a representative of the body, which pursuant to the charter represents the rights and interests of the labor collective, also may be present at general assemblies upon invitation of the persons/entities, which convene the general assemblies.

The list of shareholders, who have the right to participate in the general assemblies, shall be drawn up pursuant to the procedure established by the legislation on the depository system of Ukraine.

At the demand of a shareholder, the joint stock company or a the person/entity, which maintains the ledger of ownership rights to the shares of stock of the company, shall be obliged to provide information about his/her/its inclusion into the list of shareholders who have the right to participate in general assemblies.

2. Amendments to the list of shareholders, who have the right to participate in general assemblies of a joint stock company, after its composition may be introduced by the person/entity or company body provided by the charter or by the regulations on the general assembly of a joint stock company.

Limitations on the right of a shareholder to participate in general assemblies shall be established by law.

Article 35 Notice on the Convocation of General Assemblies

1. Written notice on the convocation of general assemblies of a joint stock company and their agenda of the day shall be sent to each shareholder indicated in the list of shareholders drawn up pursuant to the procedure established by the legislation on the depository system of Ukraine on the date established by the supervisory council, and in case of the convocation of extraordinary general assemblies at the demand of shareholders in the cases set forth in part six of Article 47 of this Law – by the shareholders who demand such convocation. The established date may not precede the day of the decision on the convocation of general assemblies and may not be established earlier than 60 days before the date of the convocation of general assemblies.

Written notice on the convocation of general assemblies and their agenda of the day shall be sent to shareholders personally (taking into account part two of this Article) by the person/entity, which calls the general assembly, pursuant to the method established by the charter of the joint stock company and within a term of no later than 30 days before the date of their occurrence. The person/entity, which calls the general assembly, or the person/entity, which maintains the register of ownership rights to the shares of stock of the company, shall send out the notice in case of the convocation of general assemblies of shareholders.

A company with a quantity of shareholders – owners of ordinary shares of stock of over 1,000 persons/entities shall also publish a notice on the holding of general assemblies in the official publication body no later than 30 days before the date of holding the general assemblies. A

public joint stock company shall send notice on the holding of general assemblies and their agenda of the day to the stock exchange on which such company underwent the procedure of listing.

2. In case of the registration of shares of stock in the name of a nominal holder, notice on the holding of general assemblies and the agenda of the day shall be sent to the nominal holder, which shall ensure the personal notification of the shareholders which it services.

3. Notice on the holding of general assemblies of a joint stock company shall contain the following information:

- 1) the full name and location of the company;
- 2) the date, time and place (with indication of the room number, office or hall where the shareholders must arrive) of holding general assemblies;
- 3) the time of commencement and closing of the registration of shareholders for participation in general assemblies;
- 4) the date of drawing up the list of shareholders, who have the right to participate in general assemblies;
- 5) the list of issues which are subject to voting;
- 6) the procedure of familiarization of shareholders with the materials with which they may familiarize themselves during preparation for general assemblies.

General assemblies of shareholders shall be conducted on the territory of Ukraine within a populated area at the place of location of the company except in cases when on the day of convoking general assemblies foreign citizens, stateless persons, foreign legal entities and international organizations own 100 percent of the shares of stock of the company.

Article 36 Documents, Which Are Sent To Shareholders, and Documents With Which Shareholders May Familiarize Themselves During Preparation for General Assemblies

1. From the date of sending notice on the holding of general assemblies until the date of holding general assemblies a joint stock company must provide shareholders with the possibility to familiarize themselves with the documents necessary for taking decisions on issues on the agenda of the day at the place of location of the company during working days, working hours and in an accessible place, and on the day of holding general assemblies – also at the place of their holding. The precisely appointed place for familiarization (room number, office, etc.) and the official of the company responsible for the procedure of familiarization of shareholders with documents shall be indicated in the notice on the holding of general assemblies.

2. The charter of a joint stock company with a quantity of shareholders – owners of ordinary shares of stock of over 100 persons/entities may provide for another procedure for providing

shareholders the documents with which they may become familiarized during preparation for general assemblies. Such documents may be provided in electronic form or in another method provided by the charter.

3. After sending the notice on the holding of general assemblies to shareholders, the joint stock company shall not have the right to introduce amendments to the documents provided to shareholders or with which they have the possibility to familiarize themselves, except amendments to the said documents in connection with amendments to the agenda of the day or in connection with the correction of errors. In such case, amendments shall be introduced no later than 10 days before the date of holding the general assemblies.

Article 37 Agenda of the Day of General Assemblies

1. The agenda of the day of general assemblies of a joint stock company shall be preliminarily approved by the supervisory council of the company, and in case of the convocation of extraordinary general assemblies at the demand of shareholders in cases provided by part six of Article 47 of this Law – by the shareholders who demand such convocation.

2. A shareholder, at its request, shall have the possibility to become familiarized with the draft (drafts) of decisions on issues in the agenda of the day before the holding of assemblies pursuant to the procedure set forth in Article 36 of this Law.

Article 38 Propositions to the Agenda of the Day of General Assemblies

1. Each shareholder shall have the right to introduce propositions regarding issues included in the agenda of the day of general assemblies of a joint stock company, as well as issues regarding new candidates of the composition of company bodies, the amount of which may not exceed the quantitative composition of each of the bodies. Propositions shall be introduced no later than 20 days before the holding of general assemblies.

2. A proposition to the agenda of the day of general assemblies of a joint stock company shall be submitted in writing with an indication of the surname (name) of the shareholder which submitted such proposition, the quantity, type and/or class of shares of stock belonging thereto, the contents of the proposition to the issue and/or the draft decision, as well as the quantity, type and/or class of shares of stock which belong to the candidate which is proposed by such shareholder to the composition of company bodies.

3. The supervisory council of a joint stock company, and in case of the convocation of extraordinary general assemblies of such company at the demand of shareholders in cases provided by part six of Article 47 of this Law, - the shareholders, who have demanded such convocation shall take the decision on including propositions into the agenda of the day no later than 15 days before the date of holding the general assemblies.

4. Propositions of shareholders (a shareholder), who in aggregate are owners of 5 or more percent of ordinary shares of stock, shall be subject to mandatory inclusion into the agenda of the day of general assemblies. In such case, the decision of the supervisory council on the inclusion of issues into the agenda of the day shall not be required, and the proposition shall be deemed

included into the agenda of the day provided that it was submitted in adherence to the requirements of this Article.

Amendments to the agenda of the day of general assemblies shall be introduced only by way of inclusion of new issues and draft decisions from the proposed issued. The company shall not have the right to include amendments to issues proposed by shareholders or draft decisions. In case shareholders introduce a draft decision which differ from those indicated in the agenda of the day, such draft shall also be subject to inclusion into the agenda of the day.

5. A decision on the refusal to include propositions into the agenda of the day of general assemblies of a joint stock company may be taken only in the following cases:

- Non-adherence by shareholders to the term established by part one of this Article;
- Incompleteness of information provided by part two of this Article.

6. A substantiated decision to refuse the inclusion of a proposition to the agenda of the day of general assemblies of a joint stock company shall be sent by the supervisory council to a shareholder within three days from the date of such decision.

7. A joint stock company must notify shareholders, pursuant to the charter, regarding amendments to the agenda of the day no later than 10 days before the date of holding general assemblies.

A public company shall also send notice on amendments in the agenda of the day of general assemblies to the stock exchange (exchanges) on which such company has undergone the procedure of listing.

An appeal by a shareholder of a decision of a company to refuse the inclusion of his/her/its proposition into the agenda of the day to a court shall not suspend the holding of general assemblies. A court, according to the results of the consideration of the matter, may issue a decision to oblige the company to conduct a general assembly on an issue whose inclusion was refused to the shareholder without grounds.

Article 39 Representation of Shareholders

1. The representative of a shareholder at general assemblies of a joint stock company may be a natural person or authorized person of a legal entity, as well as an authorized person of the state or territorial community.

Officials of the bodies of a company and their affiliated persons may not be representatives of other shareholders of a company at general assemblies.

The representative of a shareholder – natural person or legal entity at general assemblies of a joint stock company may be another natural person or authorized person of a legal entity, and the representative of a shareholder – of the state or territorial community shall be the authorized person of the body, which administers state or municipal property.

2. A shareholder shall have the right to appoint its representative permanently or for a specific term. A shareholder shall have the right at any moment to substitute its representative by notifying the executive body of the joint stock company about such substitution.

3. A power of attorney for the right to participate and vote at general assemblies may be certified by a registrar, depository, custodian, notary and other officials who undertake notary acts or pursuant to another procedure established by legislation.

A power of attorney for the right to participate and vote at general assemblies of a joint stock company may contain tasks regarding voting, i.e., the list of issues of the agenda of the day of general assemblies with an indication of how and for which (against which) decision it is required to vote. During voting at general assemblies, the representative must vote as provided by the tasks regarding voting. Should the power of attorney not contain a task regarding voting, the representative shall resolve all issues regarding voting at the general assemblies of shareholders at his/her discretion.

A shareholder shall have the right to issue a power of attorney for the right of participation and voting at general assemblies to several of its representatives.

A shareholder shall have the right at any time to recall or substitute its representative at general assemblies of a joint stock company.

The issuance of a power of attorney for the right of participation and voting at general assemblies shall not exclude the right of participation at such general assemblies of the shareholder which issued such power of attorney in place of his/her/its representative.

Article 40 Procedure for Conducting General Assemblies

1. The procedure for conducting general assemblies of a joint stock company shall be established by its charter, and in case it is not established by the charter, by decisions of the general assemblies.

The head of the supervisory council, a member of the supervisory council or another person authorized by the supervisory council shall preside over general assemblies, unless otherwise provided by the charter.

2. The general assemblies of a joint stock company may not commence earlier than indicated in the notice on holding general assemblies.

3. The registration of shareholders (their representatives) shall be conducted on the basis of the list of shareholders, who have the right to participate in general assemblies, drawn up pursuant to the procedure established by the legislation on the depository system of Ukraine with an indication of the amount of votes of each shareholder. The registration commission, which is appointed by the supervisory council, shall conduct the registration of shareholders (their representatives) and, in case of the convocation of extraordinary general assemblies at the demand of shareholders in cases provided by part six of Article 47 of this Law, the shareholders who have demanded such convocation shall conduct registration.

The registration commission shall have the right to refuse the registration of a shareholder (his/her/its representative) only in case the shareholder (its representative) does not have the necessary documents which grant the right thereto to participate in general assemblies of shareholders pursuant to legislation.

The list of shareholders, who are registered for participation in general assemblies, shall be signed by the head of the registration commission, who shall be elected by a simple majority of votes of its members before the commencement of registration. A shareholder, who is not registered, shall not have the right to participate in general assemblies.

The authorities of the registration commission pursuant to an agreement may be transferred to the registrar or depository of the company. In such case, the head of the registration commission shall be the representative of the registrar or depository.

The list of shareholders, who are registered for participation in general assemblies, shall be annexed to the protocol (minutes) of the general assemblies.

A substantiated decision of the registration commission to refuse the registration of a shareholder or its representative for participation in general assemblies shall be signed by the head of the registration commission, annexed to the protocol (minutes) of general assemblies, and issued to the persons who were refused registration.

Before the end of the term allocated for the registration of participants of assemblies, a shareholder shall have the right to substitute its representative by notifying the body of the joint stock company about such substitution or to personally participate in general assemblies.

In case several representatives of a shareholder appear for participation in general assemblies, that representative which was granted a power of attorney latest shall be registered.

In case a share of stock is under joint ownership of several persons/entities, the authorities regarding voting at general assemblies shall be carried out pursuant to their agreement by one of the joint owners or their general representative.

4. Shareholders (a shareholder), which on the date of drawing up the list of shareholders who have the right to participate in general assemblies of a joint stock company, aggregately own 10 or more percent of ordinary shares of stock as well as the State Commission of Securities and the Stock Market may appoint their representatives for supervision over the registration of shareholders, the conducting of the general assemblies, voting and summing up its results. The company shall notify in writing regarding the appointment of such representatives before the commencement of the registration of shareholders.

Officials of a joint stock company shall be obliged to ensure free access of the representatives of shareholders (a shareholder) and/or the State Commission for Securities and the Stock Market to supervision over the registration of shareholders, the conducting of general assemblies, voting and the summing up of its results.

5. The process of general assemblies or the consideration of certain issues may be recorded by technical means at the decision of the initiators of general assemblies or the assemblies themselves and the corresponding recordings shall be annexed to the protocol (minutes) of the general assemblies.

Article 41 Quorum of General Assemblies

1. The presence of a quorum of general assemblies shall be determined by the registration commission at the moment of the completion of the registration of shareholders for participation in general assemblies of the joint stock company.

2. The general assemblies of a joint stock company shall reach a quorum on the condition of the registration for participation therein of shareholders, who aggregately are the owners of no less than 60 percent of voting shares.

For the resolution of issues, the right to vote on which is granted pursuant to part five of Article 26 of this Law to owners of privileged shares, or issues during the consideration of which the votes of owners of privileged shares of the company is calculated separately pursuant to paragraph two of part four of Article 26 of this Law, the general assemblies shall be deemed as those with a quorum on such issues on the condition of the registration for participation in general assemblies of those shareholders, who aggregately are the owners of no less than 60 percent of the privileged shares (each class of privileged shares) that are voting on such issue.

Article 42 Decision-making Procedure of General Assemblies

1. One voting share shall grant to a shareholder one vote for resolution of each of the issues submitted for voting at general assemblies of a joint stock company except for the conducting of an accumulative voting.

2. Shareholders- owners of ordinary shares of the company shall have the right to vote at general assemblies of a joint stock company, and in cases provided by Article 26 of this Law, shareholders – owners of privileged shares of the company, who own shares on the date of the composition of the list of shareholders, who have the right to participate in general assemblies, shall also have the right to vote.

A shareholder may not be deprived of the right to vote.

3. A decision of the general assembly of a joint stock company on an issue submitted for voting shall be taken by a simple majority of votes of shareholders, who are registered for participation in general assemblies and who are owners of voting shares related to such issue, except in cases when this Law establishes otherwise. The charter of a private company may provide for a larger quantity of votes of shareholders necessary for taking decisions on issues in the agenda of the day, except for the following issues:

- on the premature termination of the authorities of officers of the company's bodies;
- on the appeal to officers of the company's bodies with a claim related to the compensation of damages incurred by the company;

- on the appeal with a claim in case of the failure to adhere to the requirements of this Law upon the conclusion of a significant transaction.
4. Candidates, who have received the most votes amongst those who received more than 50 percent of the votes, shall be deemed elected to the composition of the body of a joint stock company.
 5. A decision of the general assembly on issues provided by points 2-7 and 21 of part two of Article 33 of this Law shall be taken by more than three-fourths (3/4) of the votes of shareholders from the total amount of shareholders. The charter of a private company may provide for other issues, which shall be resolved by three-fourths (3/4) of the votes of shareholders from the total amount of shareholders with the exception of issues provided by paragraph two of part three of this Article.
 6. General assemblies may not take decisions on issues not included in the agenda of the day.
 7. In regard to an issue submitted for voting, the right to vote on which belongs to shareholders – owners of ordinary and privileged shares, the votes shall be calculated together with all voting shares on such issue except in cases provided by the charter of a company and part four of Article 26 of this Law.
 8. During general assemblies a break may announced until the following day. A decision on the announcement of a break until the following day shall be taken by a simple majority of the votes of shareholders, who are registered for participation in general assemblies and who are owners of voting shares on at least one issue, which will be considered on the following day. A repeat registration of shareholders (their proxies) shall not be conducted on the following day.

The amount of votes of shareholders, who are registered for participation in general assemblies, shall be determined on the basis of the registration data of the first day.

After the break the general assembly shall be conducted in the same place which was appointed in the notice on the convocation of a general assembly.

The amount of breaks during a general assembly may not exceed three.

9. All issues in the agenda of the day submitted for voting shall be voted on at general assemblies.

Article 43 Voting Method

1. Voting at general assemblies of a joint stock company on issues in the agenda of the day may be conducted with the use of ballots for voting.

In a company, which carried out a public placement of shares, the voting on issues in the agenda of the day of general assemblies shall be conducted only with the use of ballots for voting.

In a company with an amount of shareholders – owners of ordinary shares of the company over 100 persons, the voting on issues in the agenda of the day of general assemblies shall be conducted only with the use of ballots for voting.

In case of voting on the issues set forth in Article 68 of this Law, the use of ballots shall be mandatory.

2. A voting ballot must contain the following:
 - 1) the full name of the joint stock company;
 - 2) the date and time of the general assembly;
 - 3) the list of issues submitted for voting and the draft decisions on such issues;
 - 4) the voting options for each draft decision (entries “for”, “against”, “abstained”);
 - 5) notice that a ballot must be signed by the shareholder (shareholder’s proxy) and that in case of the absence of such signature the ballot shall be deemed invalid;
 - 6) indication of the amount of votes belonging to each shareholder.

In case of conducting a vote on issues related to the election of members of the executive body, supervisory council or audit commission (revision) of the company, the voting ballot shall contain the surname, name and patronymic of the candidate (candidates).

3. The form and text of a voting ballot shall be approved by the supervisory council no later than 10 days before the date of the general assembly, and in case of the convocation of extraordinary general assemblies at the demand of shareholders in cases set forth in part six of Article 47 of this Law – by the shareholders who demanded such convocation. Shareholders shall have the right to familiarize themselves with the form of the voting ballot before the holding of general assemblies pursuant to the procedure established by Article 35 of this Law.

4. A voting ballot shall be deemed invalid in case it differs from the sample form officially prepared by the company or the signature of the shareholder (proxy) is absent.

In case a voting ballot contains several issues submitted for voting, the recognition of such ballot as invalid in relation to one issue shall be grounds for the recognition of it as invalid in relation to the other issues.

A voting ballot recognized as invalid on the grounds set forth in this Article shall not be considered during the calculation of votes.

Article 44 Counting Commission

1. An explanation regarding the voting procedure, the calculation of votes and other issues connected with ensuring the conducting of voting at general assemblies shall be provided by a

counting commission, which shall be elected by the general assembly of shareholders. The authority of the counting commission may be transferred to the registrar or depository of the company under an agreement. The terms and conditions of the agreement shall be approved by the general assemblies.

2. In a joint stock company with an amount of shareholders – owners of ordinary shares of over 100 persons, the quantitative composition of the counting commission may not be less than three persons. Individuals, who are members of or candidates for membership of a company's bodies, may not be included into the composition of the counting commission.

Article 45 Protocol on Voting Results

1. A protocol, which is signed by all members of the counting commission of a joint stock company who participated in the calculation of votes, shall be drawn up as a result of voting.

In case of the transfer of authority of the counting commission to the registrar or depository, the protocol on the voting results shall be signed by the representative of the registrar or depository.

2. The following shall be indicated in the protocol on voting results:

- 1) the date of holding the general assembly;
- 2) the list of issues which were resolved by the general assembly;
- 3) the decision and amount of votes “for”, “against” and “abstained” with respect to each draft decision regarding each issue of the agenda of the day submitted for voting.

3. A decision of the general assembly of a joint stock company shall be deemed to have been accepted from the date of the composition of the protocol on voting results.

The results of voting shall be announced at general assemblies during which the voting was conducted. After the closing of general assemblies the results of voting shall be made known to the shareholders within 10 working days according to the method determined by the charter of the joint stock company.

4. The protocol on voting results shall be annexed to the minutes of the general assembly of a joint stock company.

After drawing up the protocol on voting results, the voting ballots shall be sealed up by the counting commission (or the party to which the authority of the counting commission was transferred) and stored in the company for the duration of its activity, but no more than four years.

Article 46 Minutes of the General Assembly



1. The minutes of the general assembly of a joint stock company shall be drawn up within 10 days from the date of the closing of a general assembly and shall be signed by the chairman and secretary of the general assembly.
2. The following information shall be introduced into the minutes of the general assembly:
 - 1) the date, time and place of holding the general assembly;
 - 2) the date of drawing up the list of shareholders who have the right to participate in the general assembly;
 - 3) the total amount of persons included into the list of shareholders with the right to participate in the general assembly;
 - 4) the total amount of votes of shareholders – owners of voting shares of the company, which are registered for participation in the general assembly (if certain shares are voting shares but not for all issues in the agenda of the day – the amount of voting shares for each issue shall be indicated);
 - 5) the quorum of the general assembly (if certain shares are voting shares but not for all issues in the agenda of the day – the quorum of the general assembly for each issue shall be indicated);
 - 6) the chairman and secretary of the general assembly;
 - 7) the members of the counting commission;
 - 8) the agenda of the day of the general assembly;
 - 9) the principle theses of reports;
 - 10) the voting procedure at the general assembly (open, by ballot, etc.);
 - 11) the voting results with an indication of the results of voting on each issue in the agenda of the day of the general assembly and the decisions taken by the general assembly.

The minutes of the general assembly signed by the chairman and the secretary of the general assembly shall be bound and affixed with the seal of the company and signature of the head of the executive body of the company (in case of a collegial executive body) or signature of the one-person executive body.

Article 47 Extraordinary General Assemblies

1. Extraordinary general assemblies of a joint stock company shall be called by the supervisory council:



- 1) at its own initiative;
- 2) at the demand of the executive body – in case of a violation of a proceeding on the recognition of the company as bankrupt or the necessity to conclude a significant transaction;
- 3) at the demand of the audit commission (revision commission);
- 4) at the demand of shareholders (a shareholder), which on the day of submitting the demand aggregately are owners of 10 or more percent of ordinary shares of the company;
- 5) in other cases established by law or the charter of the company.

A demand on the convocation of an extraordinary general assembly shall be submitted in writing to the executive body at the address of the place of location of the joint stock company with an indication of the body or surnames (names) of the shareholders, which demand the convocation of the extraordinary general assembly, the grounds for convocation and the agenda of the day. In case of the convocation of an extraordinary general assembly at the initiative of shareholders, the demand must also contain information on the quantity, type and class of shares belonging to such shareholders and must be signed by all shareholders which submit such demand.

2. The supervisory council shall take a decision on convocation of an extraordinary general assembly of a joint stock company or on the refusal of such convocation within 10 days from the date of receipt of the demand for its convocation.

3. A decision to refuse the convocation of an extraordinary general assembly of a joint stock company may be taken only in the following cases:

- in case the shareholders on the date of submission of the demand are not the owners of the amount of ordinary shares of the company provided by paragraph one of part one of this Article;
- incomplete information provided by paragraph two of part one of this Article.

A decision of the supervisory council on the convocation of an extraordinary general assembly or a substantiated decision on the refusal of such convocation shall be sent to the corresponding management body of the company or to the shareholders which demanded its convocation no later than three days from the date of such decision.

The supervisory council shall not have the right to introduce amendments to the agenda of the day of general assemblies, which are contained in the demand for the convocation of extraordinary general assemblies, except for the inclusion of new issues or draft decisions to the agenda of the day.

4. An extraordinary general assembly of a joint stock company must be conducted within 30 days from the date of the submission of the demand for its convocation.



5. If the interests of a joint stock company so demand, the supervisory council shall have the right to take a decision on the convocation of an extraordinary general assembly with written notice to the shareholders about the conducting of the extraordinary general assembly and the agenda of the day pursuant to this Law no later than 15 days prior to the date of its conducting with the deprivation of the shareholders' right to introduce proposals to the agenda of the day.

In such case, in the absence of a quorum of the extraordinary general assembly a repeat general assembly will not be conducted.

The supervisory council may not take the decision set forth in paragraph one of this section, if the agenda of the day of the extraordinary general assembly includes the issue on the election of members of the supervisory council.

6. In case, within the term established by part two of this Article, the supervisory council did not take a decision on the convocation of an extraordinary general assembly of a joint stock company, such assembly may be convened by the shareholders who demanded its convocation. A decision of the supervisory council to refuse convocation of an extraordinary general assembly may be disputed by the shareholders in a court of law.

7. The company or person, which maintains the register of ownership rights to shares of the company, shall be obliged within five working days to provide information on the list of owners of shares of the company and other information necessary for the organization of an extraordinary general assembly of a joint stock company upon the request of the supervisory council of the company.

In case of the convocation of a general assembly by shareholders, the notice on such convocation and other materials shall be sent to all shareholders of the company by the person who maintains the register of ownership rights to shares of the company.

Article 48 The General Assembly of Shareholders in the Form of Absentee Voting

1. In cases provided by the charter of a joint stock company with over 25 shareholders, decisions may be taken by a polling method. In such case, the draft decision or issue for voting shall be sent to the shareholders – owners of voting shares, who shall inform in writing their thoughts in this regard. Within 10 days from the date of receipt of notice from the last shareholder – owner of voting shares all shareholders – owners of voting shares shall be informed in writing by the chairman of the assembly regarding the decision taken. A decision shall be deemed taken in case all shareholders – owners of voting shares vote in favor of such decision.

Article 49 Peculiarities of Holding General Assemblies by a Company Composed of One Entity

1. In case a joint stock company is composed of one person/entity, the provisions of Articles 33-48 of this Law regarding the procedure for convening and conducting general assemblies of the joint stock company shall not be applied to such company.

2. The authorities of general assemblies of a company set forth in Article 33 of this Law as well as the internal documents of the company shall be carried out by the shareholder personally.

The decisions of the shareholder which are under the competence of the general assembly shall be executed by the shareholder in writing (in the form of a decree) and certified by the stamp of the company or by a notary.

3. The election of the members of the supervisory council and audit commission (in case of their creation) shall be carried out without application of an accumulative vote.

Article 50 Appeal of Decisions of General Assemblies

1. In case a decision of the general assembly or the procedure for taking such decision violate the requirements of this Law, other legislative acts, the charter or the regulations on the general assemblies of a joint stock company, the shareholder whose rights and interests protected by law were violated by such decision may appeal such decision in a court of law within three months from the date of the taking of such decision.

A court shall have the right, taking into account all circumstances of the case, to uphold the appealed decision in force if the violations made do not violate the legal rights of the shareholder who appealed the decision.

2. A shareholder may appeal a decision of the general assembly on issues provided by part one of Article 68 of this Law only after receipt of a written refusal to realize the right of demand of carrying out the mandatory buyout by the company of the voting shares belonging to such shareholder or in case of non-receipt of a response to its demand within 30 days from the date of its sending to the address of the company pursuant to the procedure established by this Law.

CHAPTER VIII THE SUPERVISORY COUNCIL OF A JOINT STOCK COMPANY

Article 51 The Creation of the Supervisory Council of a Joint Stock Company

1. The supervisory council of a joint stock company is the body which carries out protection of the rights of company shareholders and, within the limits of the competence established by the charter and this Law, controls and regulates the activity of the executive body.

2. In joint stock companies with 10 or more shareholders – owners of ordinary shares the creation of a supervisory council is mandatory. In a company with 9 or less shareholders – owners of ordinary shares, in case of the absence of a supervisory council, its authority shall be carried out by the general assemblies.

In such case, the authorities of the supervisory council provided by this Law in relation to the preparation and conducting of general assemblies shall be carried out by the executive body, unless otherwise established by the charter of the joint stock company.



3. The work procedure, remuneration payment and liability of members of the supervisory council shall be determined by this Law, the charter of the company, the regulations on the supervisory council of a joint stock company and the agreement which is concluded with a member of the supervisory council. Such agreement shall be signed on behalf of the company by the head of the executive body or other person authorized by the general assembly on the conditions approved by the decision of the general assembly. Such civil-legal agreement may either be on a payment basis or on a gratuitous basis.

4. A member of the supervisory council, who is a representative of a shareholder – legal entity or the state, may not transfer his or her authorities to other persons.

The members of the supervisory council shall have the right to payment for their activity at the expense of the company. The determination of payment conditions shall be the responsibility of the general assembly upon approval by the assembly of a budget estimate.

Article 52 Competence of the Supervisory Council

1. The resolution of issues provided by this Law, the charter and those transferred for resolution of the supervisory council by the general assembly shall fall under the competence of the supervisory council.

2. The following shall fall under the exclusive competence of the supervisory council:

- 1) approval within its competence of the regulations which regulate issues connected with the activity of the company;
- 2) preparation of the agenda of the day of general assemblies, taking of decisions on the date of their convocation and on the inclusion of proposals to the agenda of the day except the calling of extraordinary general assemblies by shareholders;
- 3) taking of decisions on conducting regular and extraordinary general assemblies at the demand of shareholders or upon the proposal of the executive body;
- 4) taking of decisions on the annulment of shares or the sale of previously bought out shares by the company;
- 5) taking of decisions on the placement by the company of other securities with the exception of shares;
- 6) taking of decisions on the buyout of other securities placed by the company with the exception of shares;
- 7) approval of the market value of property in cases provided by this Law;



- 8) election and recall of the authorities of the head and members of the executive body;
- 9) approval of the terms and conditions of civil-legal and labor agreements which will be concluded with members of the executive body and the establishment of their remuneration;
- 10) taking of decisions on the suspension of the head of the executive body from the performance of his/her duties and the election of a person who will temporarily carry out the authorities of the head of the executive body;
- 11) election and termination of the authorities of the head and members of other company bodies;
- 12) election of the registration commission except in cases established by this Law;
- 13) choosing of an auditor of the company and the determination of the conditions of the agreement which will be concluded with such auditor, and the determination of the payment amount for the auditor's services. In case of the absence of a supervisory council, this issue shall fall under the competence of the executive body, unless otherwise established by the charter;
- 14) determination of the date for composing the list of persons/entities, which have the right to receive dividends, and the procedure and terms for the payout of dividends within the limited term set forth in part two of Article 30 of this Law;
- 15) determination of the date for composing the list of shareholders, who must be informed about the holding of general assemblies pursuant to part one of Article 35 of this Law and who have the right to participate in general assemblies pursuant to Article 34 of this Law;
- 16) resolution of issues on the participation of the company in industrial-financial groups and other associations, and on the establishment of other legal entities;
- 17) resolution of issues provided by part four of Article 84 of this Law in case of the merger, accession, division, extraction or transformation of the company;
- 18) taking of decisions on the conclusion of significant transactions in cases provided by part one of Article 70 of this Law;
- 19) determination of the possibility of the recognition of the company as insolvent as a result of obligations undertaken thereby or their performance, including as a result of the payout of dividends or the buyout of shares;
- 20) taking of decisions on the choosing of an appraiser of property of the company and approval of the terms and conditions of the agreement which will be



concluded with such appraiser, and establishment of the payment amount for the appraiser's services;

- 21) taking of decisions on the choosing (replacement) of the registrar of owners of named securities of the company or the depository of securities and approval of the terms and conditions of the agreement to be concluded therewith, and establishment of the payment amount for the services of such registrar or depository;
- 22) the sending of proposals, pursuant to the procedure set forth in Article 65 of this Law, to shareholders regarding the acquisition by a party (parties acting jointly) of a significant block of shares pursuant to Articles 64 and 65 of this Law;
- 23) resolution of other issues which fall under the exclusive competence of the supervisory council pursuant to law or the charter of the joint stock company.

3. Issues falling under the exclusive competence of the supervisory council of a joint stock company may not be resolved by other company bodies except the general assembly and except in cases established by this Law.

4. The officials of the bodies of a joint stock company shall ensure access for the members of the supervisory council to information within the limits provided by this Law and the charter of the company.

Article 53 Election of Members of the Supervisory Council

1. The members of the supervisory council shall be elected from natural persons with full legal capacity.

A shareholder may have an unlimited number of representatives in the supervisory council. The procedure of the activity of a representative of a shareholder in the supervisory council shall be determined solely by the shareholder. The general assemblies of a company may establish the dependence of membership in the supervisory council on the amount of shares owned by a shareholder.

2. The authorities of a member of the supervisory council are valid from the date of such member's approval by decision of the general assembly of the company.

3. The election of members of the supervisory council of a public company shall be carried out exclusively by way of accumulative voting.

The election of members of the supervisory council of a private company shall be carried out under the principle of proportionality of representation in its composition of representatives of shareholders according to the amount of voting shares owned by shareholders or by way of accumulative voting. The specific method of the election of members of the supervisory council of a private company shall be determined by its charter.

4. One and the same person may be elected to the supervisory council several times.
5. A member of the supervisory council may not be simultaneously a member of the executive body and/or member of the audit commission (revision) of the same company.
6. The amount of members of the supervisory council shall be established by the general assembly.

The number of members of the supervisory council in companies with 100 to 1,000 shareholders – owners of ordinary shares must be no less than five persons, and with over 1,000 – no less than seven persons, and in companies with over 10,000 shareholders – owners of ordinary shares – no less than nine person.

7. In case the number of members of the supervisory council becomes less than half of its required composition, the company within three months must call an extraordinary general assembly for election of the remaining members of the supervisory council, and in case of the election of members of the supervisory council by way of accumulative voting – for election of the entire membership of the supervisory council.

8. A member of the supervisory council shall perform its authorities on the basis of an agreement with the company.

The person authorized by the general assembly shall sign the agreement on behalf of the company.

The agreement with a member of the supervisory council of a company must provide for payment of remuneration to such member and the possibility of payment by the company for the member's contributions for mandatory state pension insurance.

The validity of an agreement with a member of the supervisory council shall terminate in case of the termination of his/her authorities.

The performance of the authorities of a member of the supervisory council by a state official shall be carried out in cases and pursuant to the procedure established by law. The performance of the authorities of a member of the supervisory council by persons, who serve in bodies of local self-governance, shall be carried out pursuant to legislation.

Article 54 Chairman of the Supervisory Council

1. The chairman of the supervisory council of a joint stock company shall be elected by the members of the supervisory council from their membership by a simple majority of votes from the total membership of the supervisory council, unless otherwise provided by the charter of the company or the regulations on the supervisory council.

The supervisory council shall have the right at any time to re-elect the chairman of the supervisory council.

2. The chairman of the supervisory council shall organize its work, convene the sessions of the supervisory council and lead such sessions, open the general assembly, organize the election of a secretary of the general assembly, unless otherwise provided by the charter of the joint stock company, and performs other authorities provided by the charter and regulations on the supervisory council.

3. In case of the chairman of the supervisory council is unable to perform his/her authorities, such authorities shall be carried out by one of the members of the supervisory council pursuant to its decision, unless otherwise provided by the charter or regulations on the supervisory council of a joint stock company.

Article 55 Sessions of the Supervisory Council

1. The sessions of the supervisory council shall be convened at the initiative of the chairman of the supervisory council or at the demand of a member of the supervisory council.

The sessions of the supervisory council shall also be convened at the demand of the audit commission, the executive body or a member thereof, and other persons provided by the charter of the joint stock company who participate in the sessions of the supervisory council.

Members of the executive body and other persons appointed thereby pursuant to the procedure established by the regulations on the supervisory council shall participate in the sessions of the supervisory council or in the consideration of certain issues in the agenda of the day.

The sessions of the supervisory council shall be conducted as necessary with a periodicity established by the charter, but no less than one time per quarter.

The charter or regulations of the supervisory council of a joint stock company may provide for a decision-making procedure of the supervisory council by way conducting absentee balloting (polling, survey).

Representatives of the labor union or other body authorized by the labor collective, which signed the collective agreement on behalf of the labor collective, may participate in the sessions of the supervisory council at its invitation with the right of an advisory vote.

2. The sessions of the supervisory council shall be authorized if no less than half of its membership participates therein. The charter or regulations of the supervisory council may establish a larger membership of the supervisory council necessary for recognition of its sessions as authorized.

3. Members of the executive body shall participate upon demand of the supervisory council in the supervisory council's sessions.

4. A decision of the supervisory council shall be taken by a simple majority of votes of the members of the supervisory council, who participate in a session and have the right to vote, unless the charter or regulations of the supervisory council of a joint stock company otherwise establish a larger quantity of votes for taking decision.

5. Each member of the supervisory council shall have one vote at the sessions of the supervisory council.

The charter or regulations of the supervisory council of a company may provide for the right of a deciding vote of the chairman of the supervisory council in case of an equal division of votes of members of the supervisory council during the taking of a decision.

6. The minutes of a session of the supervisory council shall be executed no later than within five days after the session was held.

The minutes of a session of the supervisory council shall indicate the following:

- the place, date and time of the session;
- the persons who participated in the session;
- the agenda of the day of the session;
- the issues submitted for voting and the results of voting with an indication of the surname of the members of the supervisory council who voted “for” or “against” (or abstained from voting) on each issue;
- the contents of accepted decisions.

The minutes of a session of the supervisory council shall be signed by the chairman at the session.

7. A session of the supervisory council or the consideration of separate issues at its decision may be recorded by technical means.

Article 56 Committees of the Supervisory Council. The Corporate Secretary

1. The supervisory council of a joint stock company may create permanent or temporary committees from amongst its members for the study and preparation of issues which fall under the competence of the supervisory council.

Committees on audit issues and on informational policy issues of the company may be created in a joint stock company. Members of the supervisory council elected pursuant to the proposition of a shareholder, who does not control the activity of the company, may head the committees.

For the purpose of ensuring the activity of a committee on audit issues, the supervisory council may take a decision regarding the introduction into the company of the position of internal auditor (the creation of an internal audit service). The internal auditor (internal audit service) shall be appointed by the supervisory council and shall be subordinate and responsible directly to the member of the supervisory council – head of the committee on audit issues.

The procedure of the creation and activity of committees shall be established by the charter or regulations of the supervisory council of the company.

2. A decision on the creation of a committee and on the list of issues, which shall be transferred to such committee for study and preparation, shall be taken by a simple majority of

votes of the members of the supervisory council, unless the charter or regulations of the supervisory council otherwise establish a larger amount of votes necessary for taking such decision.

3. The conclusions of committees shall be considered by the supervisory council pursuant to the procedure established by this Law for the taking of decisions by the supervisory council.

4. The supervisory council, upon the proposition of the chairman of the supervisory council pursuant to the established procedure, shall have the right to elect a corporate secretary. A corporate secretary is a person, who is responsible for the mutual cooperation of the joint stock company with shareholders and/or investors.

The work of a corporate secretary shall be paid from the total budget of the supervisory council.

Article 57 Premature Termination of the Authorities of Members of the Supervisory Council

1. The general assembly of a joint stock company may take a decision to prematurely terminate the authorities of members of the supervisory council and simultaneously elect new members. The charter or regulations of the supervisory council of a company shall provide for the cases when the authorities of members of the supervisory council terminate and new members are elected.

The authorities of a member of the supervisory council together with the simultaneous termination of the agreement without a decision of the general assembly shall terminate in the following cases.

- 1) upon such member's desire on the condition of a two week's prior written notice regarding such termination to the company;
- 2) in case of the impossibility of the performance of obligations of a member of the supervisory council due to health condition;
- 3) in case of the coming into legal force of a sentence or decision of a court, which sentences such member to punishment and which excludes the possibility of the performance of the duties of a member of the supervisory council;
- 4) in case of death or recognition as legally incapacitated, limited in legal capacity, missing or deceased.

The charter of a company may provide for additional grounds for terminating the authorities of a member of the supervisory council.

2. In case the election of members of the supervisory council took place by way of accumulative voting, the decision of the general assembly on the premature termination of authorities may only be taken in relation to all members of the supervisory council.

CHAPTER IX THE EXECUTIVE BODY OF A JOINT STOCK COMPANY

1. The executive body of a joint stock company shall carry out the administration of the day-to-day (current) activity of the company.

The resolution of all issues connected with the management of the day-to-day activity of the company, except issues which fall under the exclusive competence of the general assembly and supervisory council, shall fall under the competence of the executive body.

2. The executive body of a joint stock company shall be subordinate to the general assembly and supervisory council and shall organize the performance of their decisions. The executive body shall act on behalf of a joint stock company within the limits established by the charter of the joint stock company and the law.

3. The executive body of a joint stock company may be collegial (board, directorate) or a single person (director, general director).

4. Any natural person, who has full legal capacity and is not a member of the supervisory council or audit commission, may be a member of the executive body of a joint stock company.

5. The rights and obligations of members of the executive body of a joint stock company shall be determined by this Law, other legislative acts, the company charter or the regulations of the executive body of the company, as well as by a labor agreement, which is concluded with each member of the executive body. A labor agreement shall be signed on behalf of the company by the supervisory council or person authorized to sign by the supervisory council.

6. The executive body, at the demand of bodies and officers of the company, shall be obliged to grant the possibility to become familiar with the information about the activity of the company within the limits established by law, the charter and the internal regulations of the company.

Persons, who in such case obtain access to information with limited access, shall bear liability for its unlawful use.

Article 59 Collegial Executive Body of a Joint Stock Company

1. The number of members of the executive body and the procedure of appointing its members shall be determined by the charter of a company. The procedure for calling and conducting sessions of a collegial executive body shall be established by the charter or regulations of the executive body of a joint stock company.

2. Each member of a collegial executive body shall have the right to demand the holding of a session of the collegial executive body and to introduce issues to the agenda of the day of the session.

3. The members of the executive body, as well as the representative of the labor union or other authorized body of the labor collective which signed the collective agreement on behalf of the labor collective, shall have the right to be present at the sessions of a collegial executive body. The charter may grant the right to other persons to be present at the sessions of a collegial executive body.

4. Minutes shall be maintained at the sessions of a collegial executive body. The minutes of a session of a collegial executive body shall be signed by the chairman and shall be granted for familiarization at the demand of a member of the collegial executive body, a member of the supervisory council or a representative of the labor union or other authorized body of the labor collective which sign the collective agreement on behalf of the labor collective. The charter of a joint stock company may grant the right to other persons to receive the minutes of a session of a collegial executive body for familiarization.

5. The chairman of a collegial executive body shall be elected by the supervisory council of the company, unless otherwise provided by the charter of the company, pursuant to the procedure established by the charter or regulations of the executive body of a joint stock company.

The chairman of a collegial executive body shall organize the work of the collegial executive body, convene the sessions and ensure the maintenance of the minutes of the sessions.

The chairman of a collegial executive body shall have the right without a power of attorney to act on behalf of the company pursuant to the decisions of the collegial executive body, including the right to represent the interests of the company, conclude transactions on behalf of the company, and issue orders and provide instructions mandatory for performance by all employees of the company. Another member of a collegial executive body, pursuant to the procedure provided by the legislation of Ukraine, also may be endowed with such authorities if so provided by the charter of the company.

6. In case of the impossibility of the performance by the chairman of a collegial executive body of its authorities, one of the members of the collegial executive body, pursuant to the decision of such body, shall carry out the authorities, unless otherwise provided by the charter or regulations of the executive body of a joint stock company. Other persons may act on behalf of the company pursuant to the procedure of representation provided by the Civil Code of Ukraine.

Article 60 One-person Executive Body

1. The decision-making procedure by a person, who carries out the authorities of a one-person executive body, shall be established by the charter or regulations of the executive body of a joint stock company.

2. The person, who carries out the authorities of a one-person executive body, shall have the right without a power of attorney to act on behalf of a joint stock company, including the right to represent the company's interests, conclude transactions on behalf of the company, and issue orders and provide instructions mandatory for performance by all employees of the company.

3. In case of the impossibility of the performance by the person, who carries out the authorities of a one-person executive body, of his/her authorities, then such authorities shall be carried out by a person appointed thereby, unless otherwise provided by the charter or regulations of the executive body.

Article 61 Termination of the Authorities of the Chairman and Members of the Executive Body

1. The authorities of the chairman of a collegial executive body (person who carries out the authorities of a one-person executive body) shall be terminated pursuant to the decision of the supervisory council, unless the charter of a joint stock company otherwise places this issue under the competence of the general assembly.

The authorities of a member of the executive body shall terminate pursuant to the decision of the supervisory council, unless the charter of the company places this issue under the competence of the general assembly.

The grounds for termination of the chairman and members of the executive body shall be established by legislation, the charter and the agreement therewith.

2. In case, pursuant to the charter of the company, the election and termination of the authorities of the chairman of a collegial executive body (person who carries out the authorities of a one-person executive body) is under the competence of the general assembly, the supervisory council shall have the right to relieve from the performance of authorities the chairman of a collegial executive body (person who carries out the authorities of a one-person executive body), the acts or omissions of which violate the rights of shareholders or the company itself prior to the resolution by the general assembly of the issue on the termination of his/her authorities.

Prior to the resolution by the general assembly of the issue on the termination of the authorities of the chairman of a collegial executive body (person who carries out the authorities of a one-person executive body), the supervisory council shall be obliged to appoint a person, who will temporarily carry out the authorities of the chairman of a collegial executive body (person who carries out the authorities of a one-person executive body) and to convene an extraordinary general assembly.

3. In case of the removal of the chairman of the executive body or person, who carries out its authorities, the supervisory council shall be obliged, within 10 days from the date of the relevant decision, to announce the convocation of a general assembly of the company with an agenda of the day including the issue on the election of a new chairman of the executive body of the company.

CHAPTER X OFFICERS OF THE BODIES OF A JOINT STOCK COMPANY

Article 62 Requirements of Officers of the Bodies of a Joint Stock Company



1. The officers of the bodies of a joint stock company may not be people's deputies of Ukraine, members of the Cabinet of Ministers of Ukraine, directors of central and local bodies of the executive branch and bodies of local self-governance, military personnel, **notaries [added per amendment of 06/07/2010 per Law No. 2435]**, and officers of the prosecutor's office, judicial bodies, security service, internal affairs bodies and state personnel, except in cases when they perform the function of management of corporate rights of the state and represent the interests of the state or territorial community in the supervisory council or audit commission of a company.
2. Officers of the bodies of a joint stock company shall not have the right to disclose commercial secrets and confidential information regarding the activity of a company except as provided by law.
3. Officers of the bodies of a company, at the demand of the audit commission (revision) or auditor, shall be obliged to provide documents regarding the financial and commercial activity of a company.
4. Officers of the bodies of a joint stock company shall be paid remuneration only on the conditions which are established by civil-legal agreements or a labor agreement concluded with such officers.

Article 63 Liability of Officers of the Bodies of a Joint Stock Company

1. Officers of the bodies of a joint stock company shall act in the interests of the company and shall adhere to the requirements of legislation, the provisions of the charter and other company documents.
2. Officers of the bodies of a joint stock company shall bear liability before the company for damages incurred by the company as a result of their acts (omissions) pursuant to the law.
3. In case liability according to this Article is borne by several persons, then their liability before the company shall be joint liability.

CHAPTER XI ACQUISITION OF A SIGNIFICANT OR CONTROLLING BLOCK OF SHARES OF A JOINT STOCK COMPANY

Article 64 The Acquisition of a Significant Block of Shares of a Company

1. A party (parties who act jointly), who has the intention to acquire shares, which taking into account the quantity of shares belonging thereto and its affiliated entities/persons becomes 10 or more percent of the ordinary shares of the company (hereinafter – significant block of

shares), shall be obliged, no later than 30 days prior to the date of the acquisition of a significant block of shares, to submit to the company a written notice on its intention and to publish such intention.

The notice shall indicate the quantity, type and/or class of shares of the company which belong to the party (each of the parties which act jointly) and each of its affiliated entities/persons, as well as the amount of ordinary shares of the company which the party (parties which act jointly) has the intention to acquire.

2. The company, whose block of shares is being acquired, shall not have the right to take measures aimed at the hindrance of such acquisition.

Article 65 The Acquisition of Shares of a Company as a Result of the Acquisition of a Controlling Block of Shares

1. A party (parties who act jointly), which acquired 50 or more percent of the ordinary shares of a company (hereinafter – controlling block of shares), within 20 days from the date of acquisition of a controlling block of shares, shall be obliged to propose to all shareholders to acquire from them the ordinary shares of the company except in cases of the acquisition of a controlling block of shares during the process of privatization.

The aforesaid party (parties who act jointly) shall send to the company a public irrevocable proposition (offer) for all shareholders – owners of ordinary shares of the company regarding the acquisition of shares to the address at the place of location of the company in the name of the supervisory council or executive body (if the creation of a supervisory council is not foreseen by the charter of the company) and shall inform regarding the same the State Commission of Securities and the Stock Market and each stock exchange (exchange) on which the company has undergone a listing procedure. The supervisory council (or executive body in case the creation of a supervisory council is not foreseen by the charter of the company) shall be obliged to send the said written proposition to each shareholder pursuant to the register of shareholders of the company within 10 days from the date of the receipt of the corresponding documents from the party (parties who act jointly).

2. The proposition to the shareholders on the acquisition of the shares owned thereby shall contain the following information about:

- 1) the party (each of the parties who act jointly) who acquired the controlling block of shares of the company and its affiliated persons/entities – the surname (name), place of residence (place of location), and the quantity, type and/or class of shares of the company owned by each of the aforesaid parties;
- 2) the proposed price for the acquisition of shares and the procedure of its determination;
- 3) the term during which shareholders may inform about the acceptance of the proposition regarding the acquisition of shares;

- 4) the payment procedure for the shares which are being acquired.
3. The term during which the shareholders may inform the party (parties who act jointly), which acquired the controlling block of shares, regarding the acceptance of the proposition on the acquisition of shares shall be from 30 to 60 days from the date of the receipt of the proposition.
4. The price for the acquisition of shares may not be less than the market price established pursuant to part three of Article 8 of this Law.
5. Within 30 days after the expiration of the term indicated in the proposition the party (parties who act jointly), which acquired the controlling block of shares, must pay to the shareholders, who accepted the proposition, the value of their shares based on the acquisition price indicated in the proposition.

CHAPTER XII BUYOUT AND MANDATORY BUYOUT BY A JOINT STOCK COMPANY OF SECURITIES PLACED THEREBY

Article 66 Buyout by a Joint Stock Company of Securities Placed Thereby

1. A joint stock company shall have the right, upon the decision of the general assembly, to buyout from shareholders shares upon the consent of the owners of such shares. The procedure for realizing this right shall be determined in the charter of the company and/or decision of the general assembly. A decision of the general assembly must contain:
 - 1) the buyout procedure which must include the maximum amount, type and/or class of shares subject to buyout;
 - 2) the buyout term;
 - 3) the buyout price (or procedure of its determination);
 - 4) the acts of the company in relation to the bought out shares (their annulment or sale).

The buyout term shall include the term for accepting written propositions of shareholders regarding the sale of shares and the term for paying their value. The buyout term of shares may not exceed one year. A written proposition of a shareholder regarding the sale of shares to the company shall be irrevocable.

The buyout price of shares may not be less than their market value as determined pursuant to Article 8 of this Law. The payment for shares, which are subject to buyout, shall be carried out in cash form.

The company shall be obliged to acquire shares from each shareholder, who accepted (acceptance) the proposition (offer) on the buyout of shares, at the price indicated in the decision of the general assembly.

A transaction related to the transfer of ownership rights to shares to the company concluded within the term set forth in the decision of the general assembly at a price other than the price indicated in such decision shall be deemed null and void.

2. In case the general assembly took a decision on the proportionate buyout of shares, the company shall send to each shareholder a written notice on the amount of shares, which are subject to buyout, their price and the buyout term. For companies with a number of shareholders – owners of ordinary shares of over 1,000, the acceptance of shareholder propositions regarding the sale to the company of shares shall be carried out within no less than a 30-day term from the date of the sending to the shareholders of the aforementioned notice.

The general assembly may take a decision on the buyout of the indicated amount of shares of a certain type and/or class from separate shareholders upon their consent. In such case, the decision must contain the surname (name) of the shareholders from which shares are being bought out and the amount of shares of a certain type and/or class which are subject to buyout from such shareholders.

3. Bought out shares by a joint stock company shall not be taken into account in case of the distribution of profit, voting and the determination of a quorum of the general assembly. The company must within one year from the date of the buyout sell the shares bought out by the company or annul them pursuant to a decision of the general assembly by which the buyout of the company's own shares was provided.

The sale price of shares bought out by the company may not be less than their market value determined pursuant to part three of Article 8 of this Law.

The transaction regarding the transfer of ownership rights to the shares bought out by the company concluded in violation of the requirements of this Article shall be null and void.

4. A joint stock company shall have the right, pursuant to the decision of the supervisory council, to buyout securities placed thereby other than shares upon the consent of the owners of such securities, unless otherwise provided by the charter of the company and the prospectus of the issuance of such securities.

Article 67 Limitations on the Buyout of Shares by a Joint Stock Company

1. A joint stock company shall not have the right to take a decision on the buyout of shares in the following cases:

- 1) on the date of the buyout of shares the company has the obligation regarding the mandatory buyout of shares pursuant to Article 68 of this Law;



- 2) the company is insolvent or will become insolvent as a result of the buyout of shares;
- 3) the equity capital of the company is less than the amount of its charter capital, reserve capital and the excess amount of the liquidation value of privileged shares over their nominal value or will become less as a result of such buyout.

2. A joint stock company shall not have the right to buyout ordinary shares placed thereby prior to the full payout of current dividends under privileged shares.

A joint stock company shall not have the right to buyout privileged shares placed thereby prior to the payout of current dividends under privileged shares with owners that have priority in relation to the order of priorities of the receipt of dividends.

3. A joint stock company shall not have the right to take a decision, which foresees the buyout of shares of the company without their annulment if, after the buyout, a portion of shares of the company which are in circulation will become less than 80 percent of the charter capital.

Article 68 Mandatory Buyout by a Joint Stock Company of Shares at the Demand of Shareholders

1. Each shareholder – owner of ordinary shares of a company shall have the right to demand the mandatory buyout by a joint stock company of voting shares owned thereby if such shareholder is registered for participation in the general assemblies and voted against a decision taken by the general assembly on the following:

- 1) the merger, accession, division, transformation or separation of the company and a change of its type from public to private;
- 2) the conclusion by the company of a significant transaction;
- 3) a change of the amount of the charter capital.

2. Each shareholder – owner of privileged shares shall have the right to demand the mandatory buyout by the company of privileged shares owned thereby if such shareholder is registered for participation in general assemblies and voted against a decision taken by the general assembly on the following:

- 1) the introduction of changes to the charter of the company which provide for the placement of a new class of privileged shares, the owners of which will have priority related to the priority order of dividends or payouts during liquidation of the joint stock company;
- 2) the expansion of the volume of rights of shareholders – owners of placed classes of privileged shares, who have priority in relation to the priority order of the receipt of dividends or payouts during liquidation of the joint stock company.

3. A joint stock company shall be obliged to buyout the relevant shareholder shares in the cases provided by parts one and two of this Article.

4. The list of shareholders, who have the right to demand the mandatory buyout of shares owned thereby pursuant to parts one and two of this Article shall be composed on the basis of the list of shareholders, who are registered for participation in the general assemblies at which the decision was taken that became the grounds for the demand of the mandatory buyout of shares.

Article 69 The Procedure of the Exercise by Shareholders of the Right to Demand the Mandatory Buyout of Shares Owned Thereby by a Joint Stock Company

1. The price of a share buyout may not be less than the market value of such shares.

The price of a share buyout shall be calculated as of the day which precedes the day of the publication pursuant to the established procedure of the notice on the convocation of a general assembly at which the decision was taken that became the grounds for the demand of the mandatory buyout of shares.

The market value of shares shall be determined pursuant to the procedure established by Article 8 of this Law.

The agreement between the joint stock company and the shareholder on the mandatory buyout of shares owned by such shareholder by the company shall be concluded in writing.

2. Within 30 days after the decision taken by the general assembly which became grounds for the demand of the mandatory buyout of shares, a shareholder, who has the intention to exercise the said right, shall submit to the company a written demand. The shareholder's demand for the mandatory buyout of shares shall indicate the surname (name) of the shareholder, place of residence (place of location), quantity, type and/or class of shares, the mandatory buyout of which the shareholder is demanding.

3. Within 30 days after receipt of a demand of a shareholder on the mandatory buyout of shares, the company shall pay the value of the shares at the buyout price indicated in the notice on the right to demand the mandatory buyout of shares belonging to such shareholder.

Payment for the shares shall be carried out in cash, unless the parties within the terms established by this Article reached consent on another form of payment.

NOTE: If you wish to see the rest of this translation, please let us know and we will be happy to send it to you.