

**THE LAW OF THE AZERBAIJAN REPUBLIC
ON STATE REGISTRATION AND STATE REGISTER OF LEGAL ENTITIES**

Chapter One

General Provisions

Article 1. Subject of the Law

The present Law shall regulate state registration and keeping of state register of legal entities in the Azerbaijan Republic.

Article 2. Main Definitions

2.0. The following definitions shall be used in this Law:

2.0.1. legal entity – an institution, defined as such by the Civil Code of the Azerbaijan Republic;

2.0.2. foreign legal entity – a legal entity established outside the Azerbaijan Republic;

2.0.3. an institution intending to obtain the status of a legal entity – a person or a group of persons that apply to a relevant executive power body in the manner defined by the legislation, for being registered and entered into the state register as a legal entity;

2.0.4. representation – an institution, defined as such by the Civil Code of the Azerbaijan Republic;

2.0.5. affiliate - an institution, defined as such by the Civil Code of the Azerbaijan Republic;

2.0.6. founding documents – documents that constitute the legal basis for establishment and activity of a legal entity or other relevant institutions provided for in this Law;

2.0.7. state registration of legal entities – approval of legal capacity and determination of legal status of institutions within the Azerbaijan Republic, that intend to obtain the legal entity status, as well as the representations and affiliates of foreign legal entities within the Azerbaijan Republic, and entry of data (notes) about them into the single state register of legal entities;

2.0.8. state register of legal entities – collection of general information (records) about the legal entities registered within the Azerbaijan Republic, representations or affiliates of foreign legal entities, as well as the representations, affiliates and other structures of the legal entities registered within the Azerbaijan Republic;

2.0.9. commercial and non-commercial legal entities - institutions, defined as such by the Civil Code of the Azerbaijan Republic.

Article 3. Legislation on State Registration and State Register of Legal Entities

The Legislation on state registration and state register of legal entities shall consist of the Constitution of the Azerbaijan Republic, the present Law, the Civil Code of the Azerbaijan Republic, as well as other legal acts of the Azerbaijan Republic, and the international agreements the Azerbaijan Republic is a party to.

Article 4. General Regulations on State Registration and Keeping of State Register of Legal Entities

4.1. An institution that intends to obtain the legal entity status within the Azerbaijan Republic, or a representation or affiliate of a foreign legal entity should pass through the state registration and be entered into the state register. Commercial organizations, as well as representations or affiliates of foreign entities can carry out their activities only after passing through the state registration.

4.2. Representations or affiliates and other institutions of all legal entities registered in the Azerbaijan Republic, should be entered into the state register.

4.3. In order to carry out state registration of institutions intending to obtain the legal entity status, and representations or affiliates of foreign legal entities, a state duty shall be withheld taking into consideration characteristics of commercial and non-commercial legal entities, in the manner and amount provided for in the laws of the Azerbaijan Republic. 15% out of such duty shall be transferred to a special account of a relevant executive power body of the Azerbaijan Republic, in order to improve the practice of state registration and keeping of state register of legal entities, and to strengthen the logistical basis of the body engaged in state registration and keeping of state register of legal entities.

4.4. Legal entities, representations or affiliates of foreign legal entities passing state registration, as well as the representations or affiliates of legal entities registered in the Azerbaijan Republic shall be entered into the state register without paying any duties. Amendments to the state register shall be conducted duty-free.

Chapter Two State Registration of Legal Entities

Article 5. Application on State Registration of an Institution that Wishes to Obtain the Legal Entity Status

5.1. An application should be provided to a relevant executive power body of the Azerbaijan Republic, for state registration of an institution that wishes to obtain the legal entity status.

5.2. the application shall be signed by the founder (if several founders – by all of them) and his (their) representatives authorized in relevant order, and be notarized.

5.3. The application shall display the following:

5.3.1. if the founder(s) is (are) an individual(s) – his/her (their) name(s), surname(s), patronymic(s), place(s) of residence, serial number and date of issue of his/her (their) ID(s);

5.3.2. if the founder(s) is (are) a legal entity(-ies) – its (their) name(s), location(s) and registration number(s);

5.3.3. if the application is signed by an authorized person – also his/her name, surname, patronymic place of residence, serial number and date of issue of his/her ID and information on letter of attorney.

5.4. The following documents shall be enclosed to the application:

5.4.1. founding documents – charter of the institution intending to obtain the legal entity status, approved by its founder(s) or his/her (their) authorized representatives, and decision on establishment of that institution and verification of its charter (the purpose of establishing the institution intending to obtain the legal entity status by its founders, terms of reestablishment of a new legal entity when the institution is merged, separated or divided, verification of its charter, and when appointed, the legal representative and his/her responsibilities, as well as other issues considered to be relevant by the founders should be displayed in the decision and the decision be signed by all the founders);

5.4.2. document on payment of a state duty;

5.4.3. when the founder is a legal entity – notarized copies of its certificate on state registration (abstract of the state register) and its charter.

5.4.4. document indicating the information on name, surname, patronymic, place of residence of the legal representative and verifying his/her responsibilities for representation, as well as notarized copies of his/her signature;

5.4.5. document confirming the legal address of the institution that wishes to obtain the legal entity status;

5.4.6. other documents, if specifically provided for in the law.

5.5. An application for state registration of entities established as a result of re-establishment shall also include the following:

5.5.1. decision on re-establishment;

5.5.2. handover act or division balance;

5.5.3. information on publication of a relevant advertisement in press.

5.6. The application shall be submitted along with its copy. The original application shall be kept by the relevant executive power body of the Azerbaijan Republic, and the copy be returned to the applicant, together with the note indicating the time of acceptance of the original application by the relevant executive power body of the Azerbaijan Republic. Acceptance of the application can also be verified in any other form.

5.7. If a legal entity is re-established in cases specified by the laws of the Azerbaijan Republic in accordance with the court decision, the legally enforced court decision shall be considered the

basis for state registration of that legal entity, provided that requirements of Article 5.5 of this Law are followed. In such case, the state registration shall be performed within the period specified in Article 8 of this Law.

Article 6. Characteristics of State Registration of Representations or Affiliates of Foreign Legal Entities

6.1. The following should be provided in addition to the documents specified in article 5 of this Law, for state registration of a representation or affiliate of a foreign legal entity:

6.1.1. statute approved by the foreign legal entity establishing a representation or affiliate, or its authorized representative (the statute of a representation or affiliate shall display the name, location, registration number and date of the legal entity that establishes it, rights and responsibilities of the representation or affiliate, its rules of management or dissolution, as well as other information considered to be relevant by the founder);

6.1.2. decision on establishing of the representation or affiliate, by the legal entity founding it;

6.1.3. the document verifying the state registration of the legal entity which is the founder of the representation or affiliate – abstract of trade register (certificate on registration, etc). In this case, such document should be legalized by the diplomatic representation of the Azerbaijan Republic in the country where the legal entity is located, or diplomatic representations of other countries representing interests of the Azerbaijan Republic in that country (if there is none, by a relevant executive power body of the Azerbaijan Republic), in the manner specified by the legislation.

6.1.4. original or notarized copy of the letter of attorney provided by the foreign legal entity founding the representation or affiliate;

6.1.5. original or notarized copy of decision of the foreign legal entity founding the representation or affiliate, on appointing of a head of that representation or affiliate;

6.2. If the documents to be notarized are confirmed by a notary office in a foreign country, then the regulation provided for in Article 6.1.3. of this Law shall be fulfilled.

Article 7. Characteristics of State Registration of an Institution with Foreign Investment that Wishes to Obtain the Legal Entity Status

7.1. The following should be provided in addition to the documents specified in article 5 of this Law, for state registration of an institution with foreign investment that wishes to obtain the legal entity status:

7.1.1. if the founder is a foreign legal entity, then the document confirming its registration – abstract of trade register, certificate on registration, etc. (in this case, such document should be legalized by the diplomatic representation of the Azerbaijan Republic in the country where the legal entity is located, or diplomatic representations of other countries representing interests of the Azerbaijan Republic in that country (if there is none, by a relevant executive power body of the Azerbaijan Republic), in the manner specified by the legislation);

7.1.2. if the founder is a foreign or stateless person, a copy of his/her ID, or the document verifying that s/he is a citizen of or resides or performs activity in any third country, legalized in the manner specified by Article 7.1.1 of this Law.

7.2. For state registration of their institution with foreign investment, the foreign citizens or stateless persons that have obtained the right for permanent residence within the Azerbaijan Republic, shall submit the documents specified in Article 5 of this Law to the relevant executive body of the Azerbaijan Republic.

Article 8. Order of State Registration of the Institution that Wishes to Obtain the Legal Entity Status

8.1. State registration of an institution that wishes to obtain the legal entity status, or representation or affiliate of a foreign legal entity should, as a rule, be carried out within 40 days.

8.2. Application on state registration and documents to be enclosed thereto shall be accepted for consideration by the relevant executive power body of the Azerbaijan Republic, and within 30 days, their compliance with the Constitution of the Azerbaijan Republic, this Law and other legal acts of the Azerbaijan Republic be checked. In exceptional cases, when there is necessity for further investigation during the check, the period can be prolonged for additional 30 days.

8.3. If drawbacks that do not cause rejection of state registration of the institution that wishes to obtain the legal entity status, or representation or affiliate of a foreign legal entity are revealed, the relevant executive power body of the Azerbaijan Republic shall return those documents to the applicant and therewith provide additionally a 20-day period for elimination of such drawbacks. All drawbacks that give no reason for rejection should be found at the same time, and be presented to the applicant for further elimination.

8.4. After the submitted documents are checked and the drawbacks revealed in those documents are eliminated, the applicant shall within 10 days be provided with either a certificate on state registration or written information on rejection of state registration (providing that, the drawbacks causing rejection are indicated and explained) by the relevant executive power body of the Azerbaijan Republic.

8.5. If no response concerning rejection of state registration is provided to the institution that wishes to obtain the legal entity status, or representation or affiliate of a foreign legal entity within the period defined by this Law, that institution shall be considered to be registered. In such case, the relevant executive power body of the Azerbaijan Republic shall within 10 days provide the applicant with a certificate on state registration.

8.6. Non-working days should not be considered, when calculating the periods specified in this Law.

Article 9. Registration of Amendments to the Founding Documents and Further Changes in Facts Recorded

9.1. Any amendments to founding documents of legal entities and representations or affiliates of foreign legal entities, as well as further changes in the facts recorded should be registered.

9.2. For registration of a change, a written application should be made to the relevant executive power body of the Azerbaijan Republic, within 40 days from the moment the change is made. The change should be indicated in the application, and documents confirming the change be submitted. If the change does not contradict requirements of Article 11.3 of this Law, the relevant executive power body shall register the change within 5 days.

Article 10. Re-registration

10.1. When legal addresses of legal entities or representations or affiliates of foreign legal entities change from one administrative territory to another, it shall be entered in a register at the relevant executive power body of the Azerbaijan Republic and a new register number be specified, unless otherwise is provided for in the legislation.

10.2. Re-registration can also be carried out in other cases provided for in the legislation.

Article 11. Assurance of Legality in Implementation of the Law

11.1. Except for the cases specified in the Legislation of the Azerbaijan Republic, no cases of refusing the institutions that wish to obtain the legal entity status, or representations or affiliates of foreign legal entities in state registration or entry into the state registry, nor rejection of changes made in the state register shall be allowed.

11.2. Rejection of state registration or entry into the state register of correspondingly an institution that wishes to obtain the legal entity status, or representation or affiliate of a foreign legal entity, or representation or affiliate of a legal entity registered in the Azerbaijan Republic due to comments on irrationality of their establishment, shall not be allowed.

11.3. Rejection concerning either the state registration of an institution that wishes to obtain the legal entity status, or representation or affiliate of a foreign legal entity, or the entry of a representation or affiliate of a legal entity registered in the Azerbaijan Republic into the state register, or refusal from state registration of amendments to the founding documents and further changes in the facts recorded in the register shall be allowed in the following cases only:

11.3.1. when documents submitted to the relevant executive power body of the Azerbaijan Republic contradict the Constitution of the Azerbaijan republic, this Law and other legal acts;

11.3.2. when purposes, targets and forms of activity of the institutions that wish to obtain the legal entity status contradict the legislation;

11.3.3. when provisions of the legislation on protection of company names are violated, or a non-commercial organization with a similar name is registered;

11.3.4. if the drawbacks revealed in documents by the relevant executive power body of the Azerbaijan Republic, are not removed within the period specified in Article 8.3 of this Law.

11.4. Requesting of documents concerning state registration or entry into the state register of correspondingly an institution that wishes to obtain the legal entity status, or representation or affiliate of a foreign legal entity, or representation or affiliate of a legal entity registered in the Azerbaijan Republic, as well as the state registration of amendments to the founding documents

and further changes in the facts recorded in the register, which are not mentioned in this Law shall be allowed only when provision of such documents is provided for in other legal acts of the Azerbaijan Republic.

11.5. Complaints concerning illegal rejection of or evasion from state registration or entry into the state register of correspondingly an institution that wishes to obtain the legal entity status, or representation or affiliate of a foreign legal entity, or representation or affiliate of a legal entity registered in the Azerbaijan Republic, as well as the state registration of amendments to the founding documents and further changes in the facts fixed in the register, can be filed with the superior body or court in the manner specified by the legislation of the Azerbaijan Republic.

Chapter Three

State Register of Legal Entities

Article 12. Main Principles of the State Register of Legal Entities

12.1. State register of legal entities shall be kept by a relevant executive power body of the Azerbaijan Republic.

12.2. State register of legal entities shall be kept on the basis of common form, methods and principles.

12.3. State register of legal entities shall be a common information resource of the Azerbaijan Republic, and regulations on its security and use shall be determined and maintained by the relevant executive power body of the Azerbaijan Republic.

12.4. State register of legal entities shall be developed on paper (hardcopy) and electronically (softcopy).

12.5. If there are contradictions between hard and soft copies, the hardcopy shall supercede, unless otherwise is provided in the legislation.

12.6. Development of state register electronically, based on common organizational, methodological and software principles, shall ensure its interrelation and integration with other information systems and networks of the state.

12.7. With the purpose of state registration of legal entities and representations or affiliates of foreign legal entities, identification codes shall be received for such institutions by the relevant executive power body of the Azerbaijan Republic upon request of the body keeping the state register, and the institutions be entered in the register under those codes.

12.8. State register shall consist of the following:

12.8.1. information about establishment, registration, re-establishment or dissolution of legal entities and representations or affiliates of foreign legal entities;

12.8.2. information on amendments to the founding documents;

12.8.3. information on representations or affiliates, as well as other institutions of legal entities registered in the Azerbaijan Republic;

12.8.4. collection of documents specified by the legislation and provided to a registration body for keeping.

12.9. State register of legal entities shall be of common nature and be updated yearly for each administrative territorial unit (district or city) of the Azerbaijan Republic. Register of commercial and non-commercial legal entities shall be kept separately. Upon decision of the relevant executive power body of the Azerbaijan Republic, state register can also be kept on other criteria.

12.10. Territorial belonging for state registration shall be defined on the basis of legal address of a legal entity or representation or affiliate of a foreign legal entity.

12.11. The order of keeping a state register, and forms of a state register book, certificate on state registration, abstract of state register and signature samples submitted for keeping, as well as the application template shall be determined by the relevant executive power body of the Azerbaijan Republic.

Article 13. Document Confirming State Registration and Entry into State Register

13.1. The registered legal entity, as well as the representation or affiliate of a foreign legal entity shall be provided by the relevant executive power body of the Azerbaijan Republic with a certificate on state registration – a document confirming its state registration.

13.2. Information on the registered legal entity, as well as the representation or affiliate of a foreign legal entity entered into the state register, shall be verified by an abstract of the state register.

13.3. The certificate on state registration or abstract of the state register shall be the main documents for preparation of a seal, stamp, letterheads and trademark of the company, opening of a bank account and registration in the relevant executive power bodies of the Azerbaijan Republic, and no additional documents be requested for the above.

Article 14. Information Included into State Register

14.1. The records in the state register shall display the following information about the institutions entered into the state register:

14.1.1. name of the institution (company);

14.1.2. legal address of the institution;

14.1.3. organizational and legal form of the institution;

14.1.4. financial year;

14.1.5. identification code of the institution;

14.1.6. name, surname, patronymic, citizenship and place of residence of each founder of the institution; if the founder is a legal entity – its name, legal address and information on registration;

14.1.7. name, surname, patronymic, citizenship and place of residence of each legal representative of the institution;

14.1.8. information on location, organizational and legal form and registration of the institutions established by the legal entity within and outside the Azerbaijan Republic.

14.2. In addition to information specified in Article 14.1 of this Law for legal entities and representations or affiliates of foreign legal entities, the following data shall be indicated in the state register, depending on organizational and legal form of a legal entity:

14.2.1. in special partnership – volume of share of each partner;

14.2.2. in companies with limited liabilities or joint-stock companies – amount of chartered capital, volume of share of each founder, and if observation board is created - name, surname, patronymic and place of residence of each member of the board;

14.2.3. in non-commercial organizations – subject and purposes of activity, activity area; in foundations – information on members of the board of sponsors, chartered capital of the foundation and property shares of founders.

Article 15. Abstracts of State Register

15.1. After the information on each registered legal entity, representation or affiliate of a foreign legal entity, as well as institutions established by a legal entity registered in the Azerbaijan Republic are entered in the state register, the documents submitted for state registration and entry into state register shall be filed.

15.2. An abstract of state register should be sent by a relevant executive power body of the Azerbaijan Republic to each institution registered and/or entered into state register, within 3 days after it is registered or entered into the state register.

15.3. An applicant should be provided with an abstract of state register within 3 days after the state registration of amendments to the founding documents and changes in the facts recorded in the register.

15.4. Volume of information displayed in the abstract of state register shall be determined by the relevant executive power body of the Azerbaijan Republic.

15.5. The person receiving an abstract of state register, should check its accuracy and if finding a mistake, inform the relevant executive power body of the Azerbaijan Republic about the mistake within 3 weeks from the day the abstract is received. The relevant executive power body should check the information on revealing the mistake and make appropriate corrections in the state register.

15.6. If no information is provided on any mistake in the abstract of state register during the period provided for in article 15.5 of this Law, the records within the abstract of state register shall be published in an official newspaper of the Azerbaijan Republic.

15.7. Abstracts of state register shall be provided also to third parties, upon request.

15.8. Abstracts of state register can also be provided as copies of documents. Except for state bodies and founders, the copies of documents shall be given to other persons upon payment of a specific fee.

Article 16. Removing a Legal Entity, a Representation or Affiliate of a Foreign Legal Entity from Register

16.1. After a legal entity, or a representation or affiliate of a foreign legal entity is dissolved in the cases and manner specified in the legislation, and the actions of dissolution are realized, an application shall be made to the relevant executive power body of the Azerbaijan Republic on removing them from the register.

16.2. The following documents shall be attached to the application:

16.2.1. decision on dissolution;

16.2.2. balance or tax declaration, receipt of which is approved by a relevant executive power body of the Azerbaijan Republic;

16.2.3. information on results of the final tax inspection by the relevant executive power body of the Azerbaijan Republic;

16.2.4. original copies of the certificate on state registration and charter (statute), and stamp of the institution;

16.2.5. document confirming publication of the information on dissolution of the institution in press;

16.2.6. if the institution is dissolved after re-establishment, then except for the documents specified in Articles 16.2.2 and 16.2.3 of this Law, correspondingly copies of handover act or balance sheet;

16.2.7. other documents, if specified in the legislation.

16.3. The application shall be signed and submitted by either the founders, or members of the dissolution committee.

16.4. Application shall be submitted along with its copy. Original application shall be kept by the relevant executive power body of the Azerbaijan Republic, and copy be returned to the person that applies with a note verifying time of receipt of the application by the relevant executive power body of the Azerbaijan Republic. Receipt of application can also be verified in any other form.

16.5. After submission of the necessary documents for dissolution, the relevant executive power body of the Azerbaijan Republic shall check the documents for compliance with provisions of the legislation, and if no shortcomings are found, adopt within 7 days from receipt of the application a decision on removing the institution from the register.

16.6. If shortcomings are revealed in the presented documents, the applicants shall be informed about the matter in writing and be required to remove the shortcomings.

16.7. After the shortcomings are removed, the relevant executive power body of the Azerbaijan Republic shall within the period provided for in Article 16.5 of this Law, adopt a decision on removing the institution from the register, and inform the applicant about the matter. Relevant records concerning dissolution of the institution shall be made in the register.

16.8. If no information is provided on removal of shortcomings, the institution cannot be removed from the register within 60 days.

Article 17. Notification on State Registration

17.0. The relevant executive power body of the Azerbaijan Republic shall:

17.0.1. send a monthly report in determinate form to the relevant executive power bodies of the Azerbaijan Republic, after registering and entering into state register a legal entity or a representation or affiliate of a foreign legal entity;

17.0.2. inform the relevant executive power bodies of the Azerbaijan Republic, if legal entities with state registration are dissolved or records in state register are removed in the cases specified by the legislation.

Article 18. Clearness of State Register

18.1. Every person shall be entitled to get familiar with records within the state register, and require an abstract of state register and copies of documents submitted for registration. The relevant executive power body of the Azerbaijan Republic shall upon request of the interested person, provide him/her with information on registration or non-registration of a legal entity.

18.2. Other information concerning state registration and entry into state register of legal entities or representations or affiliates of foreign legal entities, as well as establishment and activity of legal entities, publication of which is specified in the legislation, shall be published in an official state newspaper for general information.

Chapter Four Final Provisions

Article 19. Liability for Breach of this Law

Breach of provisions of the present Law shall be subject to liability in the order provided for in the legislation of the Azerbaijan Republic.

Article 20. Entry into Force

20.1. This Law shall enter into force from the day of publication.

20.2. Provisions of this Law shall not be applied to the legal entities, rules on state registration and entry into state register of which are regulated by a specific legal act.

20.3. Registration documents of legal entities registered by other state bodies prior to validation of the Law of the Azerbaijan Republic "On State Registration of Legal Entities" # 17-IQ, dated February 6, 1996, should within 1 year from entry of this Law into force be delivered by the bodies that have registered them, to the relevant executive power body of the Azerbaijan Republic. Such documents can also be delivered by the mentioned legal entities or their founders.

20.4. Within 6 months after this Law enters into force, all the legal entities, representations or affiliates of foreign legal entities should submit information about their authorized representatives and samples of their signatures to the relevant executive power body of the Azerbaijan Republic, if such information has not been provided before.

20.5. The Law of the Azerbaijan Republic "On State Registration of Legal Entities" # 17-IQ, dated February 6, 1996, shall be considered invalid from the day the present Law enters into force.

Ilham Aliyev
President of the Azerbaijan Republic

Baku, December 12, 2003
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