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Draft law on amendments to the Law on State Registration and the State Register of Legal Entities

According to this amendment, information regarding founders (participants) of commercial legal entities and amounts of founder's shares in charter capital of the commercial legal entities may now be disclosed to notary publics and founders' heirs as well.

Draft law on amendments to the Law on Anti-trust

The draft law introduces a notion of 'cartel' to the list of agreements leading to the creation of monopolies.

Pursuant to this Law, a cartel is an agreement made between competitors to control market prices and exclude entry of new competitors to the market. Participants of cartel restrict the competition by a way of division of market by territory, volume of sale, type of goods or customers or by any other ways restricting competition in the market. In other words, a cartel is a group of producers who cooperate with

each other to gain mutual advantage in the marketplace. We think drafting above mentioned amendment to the existing legislation is a step forward, which should foster development of the economy of Azerbaijan, as only under competitive market system consumers would pay reasonable amounts for the goods, works and services.

Draft law on amendments to the Criminal Code of the Republic of Azerbaijan

In order to adhere the Criminal Code to the draft amendment on Anti-trust law Milli Majlis also released on its official website a draft amendment to the Criminal Code of the Republic of Azerbaijan. Pursuant to the draft amendment cartel agreements between market participants or any other similar acts restricting healthy competition in the market will result in the following:

- A penalty in double amount of collected profit which are accompanied with deprivation from holding a certain position of carrying out a certain activity up to 2 years or deprivation of freedom up to 3 years which are accompanied or not accompanied with

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deprivation from holding a certain position of carrying out a certain activity up to 2 years.

- In case same actions are committed repeatedly, or performed by an organized criminal group, or brought profit in a great amount, or committed by a person abusing his/her power, such actions will result in deprivation of freedom from 3 to 7 years which is accompanied with deprivation from holding a certain position of carrying out a certain activity up to 3 years or with penalty in triple amount of collected profit”.

Draft law on amendments to the Law on Banks

The amendments introduce more precisely defined list of Bank related persons. This list now includes the following persons:

- persons related to the legal entity, as stipulated in the Civil Code;
- any persons having direct or indirect share in the bank, which entitles such person to impact adoption of bank’s resolutions;
- members of Audit Committee of the bank;
- employees of internal audit division of the bank;
- other employees of the bank participating in adoption of resolutions;
- chief accountants of bank and branches thereof;
- persons having family ties with any of the persons listed above, as per the Civil Code,
- persons having right to act on behalf of persons related to the bank,
- legal entities in which legal entities and individuals stipulated by the Civil Code owns more than 20% shares.

Draft law on amendments to the Law on Investment Funds

Pursuant to the newly proposed amendment, agreements between an investment fund and its related persons, amounting to 5% or more of the investment fund’s assets can be signed only with supervision of an auditor’s opinion and a resolution adopted by a simple majority vote of the shareholders of the investment fund. Agreements between an investment fund and its related persons, amounting less than 5% of of the investment fund’s assets, can be signed upon adoption of a resolution of either the shareholders, or the supervisory board, or the executive board investment fund, depending on relevant provisions of the Charter of the investment fund.