

**Secretariat of the Foreign Investors Council  
under the President of the Republic of Uzbekistan**

**Annual Report 2021**

**1. Introduction**

Further a number of discussions between the EBRD and the Government of Uzbekistan, including by the both Presidents, the Memorandum of Understanding was signed between the State Committee for Investments of Uzbekistan (SCI) and the EBRD on 8 October 2018 in Paris. The MoU envisages setting up a Foreign Investors Council (FIC) and lays out its foundations as well as parties' cooperation points. In January 2019, the SCI was transformed into the Ministry for Investment and Foreign Trade (MIFT).

In April 2019 Head of FIC Secretariat was appointed through a competitive selection process.

Resolution of the President of the Republic of Uzbekistan "On measures for the establishment and organization of activities of the Foreign Investors Council under the President of the Republic of Uzbekistan" dated 13 November 2019 No. PP-4519 endorsed the status and structure of the FIC.

In December 2020 Economic Expert was appointed through a competitive selection process.

The main objective of this report is to present an overview of the work performed by the FIC Secretariat during the period of January 2020 – December 2020 in view of the accomplishment of the tasks as specified in:

- Memorandum of Understanding signed between the Government of Uzbekistan and EBRD on 8 October 2018;
- Terms of the Reference related to the Head of the Secretariat of the Foreign Investors Council position;
- Resolution of the President of the Republic of Uzbekistan "On measures for the establishment and organization of activities of the Foreign Investors Council under the President of the Republic of Uzbekistan" dated 13 November 2019 No. PP-4519.

## 2. About FIC

Foreign Investors Council under the President of the Republic of Uzbekistan (hereinafter – the “Council” or “FIC”) operates in accordance with the **Resolution of the President of the Republic of Uzbekistan “On measures for the establishment and organization of activities of the Foreign Investors Council under the President of the Republic of Uzbekistan” dated 13 November 2019 No. PP-4519** (hereinafter - the “Resolution”). The full text of the Resolution is available at the following link: <http://lex.uz/docs/4593913>

The FIC is an institutional platform for **direct dialogue between the Government of Uzbekistan and investors** (including international financial institutions) doing business or investing in Uzbekistan.

The work of the FIC is focused on identifying and analyzing key impediments to the investment attraction and investors’ activity, developing solutions to address those impediments in cooperation with the government authorities, ensuring favorable business environment and investment climate in Uzbekistan. The tasks of the Council are described in detail in the Annex No.1 to the Resolution - the Regulation on the Council (hereinafter - the Regulation).

**The Chairman of the FIC is the President of the Republic of Uzbekistan.** FIC **plenary session** chaired by the President of the Republic of Uzbekistan shall be held **once a year**. **Interim session headed by the Minister of Investments and Foreign Trade of the Republic of Uzbekistan** shall be held **at least twice a year**.

**FIC working groups** is the main structure for preparing recommendations and providing expert support to the activities of the FIC. Working groups are analysing suggestions of FIC members, conduct research, prepare analytical reports, recommendations, assessments and summarize opinions in order to prepare detailed proposals for the FIC interim and plenary sessions. FIC working groups consist of representatives of government authorities and investors, as well as representatives of wider business community, local companies and business associations.

FIC carries out its activities under the coordination of the **Ministry of Investments and Foreign Trade of the Republic of Uzbekistan with the assistance of the European Bank for Reconstruction and Development**.

Overall coordination, organizational and practical support of the work of the FIC is carried out by the **FIC Executive Committee**, which consists of:

- The Minister of Investments and Foreign Trade of the Republic of Uzbekistan – Head of the FIC Executive Committee;

- Head of the Representative Office of the European Bank for Reconstruction and Development in the Republic of Uzbekistan;
- Head of the FIC Secretariat.

The **FIC Secretariat**, set up with the assistance of the European Bank for Reconstruction and Development, is a standing body, which provides **technical support to the daily activities of the FIC**. The FIC Secretariat organizes the work of the FIC plenary and interim sessions, working groups and other activities of the FIC (consultations with FIC members, collection and summarizing proposals, etc.). The FIC Secretariat shall be staffed by full-time head of the secretariat, and economic and legal experts (currently only head of secretariat and an economic expert, with further experts being recruited).

Presidential Decree No. UP-6264 dated 19 July 2021 “On measures for establishment of the Strategic Development Agency of the Republic of Uzbekistan” defined the Strategic Development Agency as the government body responsible for organization of work of the FIC Secretariat.

Resolutions (recommendations) of the FIC plenary and interim sessions are subject to **monitoring by the FIC Secretariat**. Responsible government authorities on a monthly basis provide to the FIC Secretariat information on the implementation of the recommendations of the FIC plenary and interim sessions.

**Uzbek part of the Council** consists of Advisor to the President, Head of Department for Legal Expertise and Comprehensive Analysis of the Administration of the President, Deputy Prime Minister, Minister of Finance, Commissioner of the President for Protection of Rights and Interests of Business Entities, Chairman of the Central Bank, Minister and First Deputy Minister of Investments and Foreign Trade, Minister of Economy and Industry, Minister of Foreign Affairs, Minister of Justice, Minister of Innovative Development, Chairman of the Chamber of Commerce and Industry, Director of the Foreign Investments Promotion Agency.

Both **legal entities** and **individuals** are eligible to become FIC members.

To become a member, the applicant is required to meet:

- (1) at least **one of the main (technical) criteria**; and
- (2) at least **two of the additional (qualitative) criteria**.

**(1) Main (technical) criteria.**

To meet main (technical) criteria a **legal entity** shall be either:

- a foreign enterprise; and/or
- a joint enterprise with a share of foreign capital of more than 30 percent;

and/or

- a branch or representative office of a foreign company in the Republic of Uzbekistan; and/or
- an enterprise employing at least 15 professionals, providing consulting services primarily to foreign investors in the territory of the Republic of Uzbekistan; and/or
- an international financial institution / foreign governmental financial organization (IFI/FGFO), a foreign association, representation or educational institution, which through their activities contributes to the development of international economic cooperation and accepts the goals of the Council.

To meet main (technical) criteria an **individual** (public figure, scientist, diplomat etc.) shall be able to make a significant contribution to the creation of favorable conditions for increasing foreign direct investments in Uzbekistan and overall development of the country.

## **(2) Additional (qualitative) criteria.**

**In addition** to the main (technical) criteria, a legal entity or an individual must meet **at least two of the additional (qualitative) criteria:**

- have significant experience and excellent business reputation;
- carry out activities significant for the economic and social development of the Republic of Uzbekistan;
- invest actively, including in the Republic of Uzbekistan, and be willing to strategically expand investment activities in the country;
- participate actively in the promotion of a positive investment image of the Republic of Uzbekistan abroad;
- participate actively in the work of FIC working groups.

When choosing potential FIC members, the FIC Executive Committee is guided by the principle of **wide representation so that each strategic industry and country of origin of investments are represented by one or more members**. FIC members should be guided by the interests of the entire industry and a wider community of investors, rather than the interests of their company or personal gain.

Applications shall be reviewed by the FIC Executive Committee within 15 calendar days. Based on the submitted applications, the FIC Executive Committee chooses initial pool of candidates for subsequent submission for the approval of the Chairman of the Council.

**The final composition of the Council is approved by the Chairman of the Council based on the proposals of the FIC Executive Committee.**

The FIC Executive Committee may submit for approval of the Chairman of the

Council a member rotation scheme after two years from the first plenary or interim session, based on the need to include new members, as well as on the results of activities of current members and the level of their contributions to the effectiveness of the FIC.

### 3. FIC – quick facts

**Two FIC Interim Sessions** chaired by the Deputy Prime-Minister for Investments and Foreign Economic Affairs – Minister of Investments and Foreign Trade of the Republic of Uzbekistan **attended by 100+ foreign investors and representatives of the government;**

**Three FIC working groups** have been formed following the previous interim sessions: (a) on improvement of the **banking system**; (b) on **privatization and valuation** activities; (c) on improvement of **corporate legislation**. **Twelve meetings of the working groups** produced specific policy recommendations and draft laws and regulations.

To date, **a total of ten laws and regulations** endorsing recommendations of the previous FIC Interim Sessions have been adopted by the Government, and another **four laws and regulations**, developed or commented by the FIC working groups, have yet to be approved.

In addition, **dozens of recommendations** communicated by the investment community to the Government through the FIC Secretariat have been addressed by the Government even prior to discussion at the FIC sessions or working group meetings. Those, inter alia, include problems and recommendations communicated during tough times caused by COVID-19 pandemic and lockdowns.

The Government also utilizes FIC platform to **source feedback from the investment community** in relation to certain laws and regulations initiated by the Government, and, once again, I thank all those who returned with comments;

Laws and regulations adopted based on recommendations of the FIC improved legal and institutional framework in such areas as **taxation, privatization, valuation, banking, employment and corporate relations**.

A total of **83 applications for participation in the FIC** have been submitted by foreign investors to date, and we continue to receive applications

#### **4. Summary of achieved results in 2021**

Covid-19 has had a major impact on the activities of the FIC. Prior to the lockdown, the preparations were full speed ahead for the plenary FIC session to be chaired by the President of the Republic of Uzbekistan. Lockdown pushed back those plans, with the new date for the plenary session preliminary set for March 2022. Nevertheless, the work on pushing forward the reforms and suggestions from the previous session (Interim Session held in November 2019) was ongoing during the lockdown.

There are two key achievements:

- 1) Resumed work for preparation for the FIC interim and plenary sessions to be held in 2022.
- 2) Five major policy recommendations formally endorsed by Government authorities in 2022 (laws and regulations adopted or amended following discussion at FIC). This results in a total of ten major policy recommendations formally endorsed since inception of the FIC in April 2019.

#### **5. FIC sessions**

Due to Covid-19 restrictions, the first plenary session, planned for March 2020, was rescheduled to November 2020. As Covid-19 related restriction continued beyond 2020 and 2021, the session was rescheduled again with the aim to hold the first plenary session in-person, rather than online due to the importance of the event.

Based on discussions with the Government preparations for the upcoming interim and plenary sessions of the FIC, to be held in 2022, have been started including:

- preparing action plan;
- preparing the list of invitees;
- consultations with foreign investors and preparatory working group meetings;
- collecting proposals from investors;
- preparing agenda of the session;

The plenary session to be chaired by the President of the Republic of Uzbekistan is currently planned for March 2022

A number of documents in relation to the upcoming sessions have been prepared and submitted for approval.

The Secretariat conducted a number of individual meetings and consultations with investors and representatives of the government.

## **6. Policy recommendations formally endorsed by Government authorities.**

Laws and regulations, endorsing recommendations of FIC, adopted or amended in 2021 include:

1. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan “On introduction of amendments to the Regulation on attraction and use of foreign labour force in the Republic of Uzbekistan” dated 8 January 2021 No. 5. The resolution enables employment of foreign directors by foreign and joint enterprises without obtaining permit for attracting foreign labour force during the initial 3 months of employment.

2. Presidential Decree dated 11 February 2021 No. UP-6167 promoting ongoing privatization processes in the country. Specifically, the decree aims to put up for sale two sets of state assets to be sold through a bidding process starting in March and April 2021. Furthermore, the decree widens the competence of the State Tender Commission (STC), a ministerial collective body in charge of the privatization of state assets of special importance, and sets pricing mechanisms by STC.

3. Decree of the President of the Republic of Uzbekistan UP-6207 dated 13 April 2021 “On measures of further development of capital markets” provides that in 2022-2023, the shares of 15 large state-owned enterprises will be listed on the stock exchange and separate roadmaps for privatization through secondary public offering will be approved.

4. Resolution of the Central Bank of the Republic of Uzbekistan “On approval of the regulation on procedure of digital identification of clients”, registered with the Ministry of Justice on 30 September 2021 No.3322.

5. Resolution of the President of the Republic of Uzbekistan No.PP-72 dated 30 December 2021 “On approval of the investment program of the Republic of Uzbekistan for 2022-2026, and introduction of new approaches and mechanisms of investment projects management”. The Resolution in particular endorses the following recommendations of the FIC Interim Session of 20 November 2019:

- introduction of the project management system for strategic investment projects;
- project managers within all government authorities and state-owned enterprises (50%+ owned by the government) for each investment project;
- project teams within the Ministry of Investments and Foreign Trade responsible, among other things, for assisting foreign investors with preparation of feasibility studies and assisting foreign investors on each stage of implementation of the investment project;
- establishment of the training center under the Ministry of Investments and Foreign Trade for training of investment projects managers;

- finalization of input of all data on investment projects to the automated information system “Control and monitoring of investment projects implementation”.

This results in a total of ten major policy recommendations formally endorsed since inception of the FIC in November 2019.

Promoting each of the above and other initiatives could take a long time (normally years) from businesses initiating the request for reform, to research of the sector and preparing the recommendations, consensus-building for support of these among the Government authorities and the businesses. Achievement of the results mentioned above during initial years from the establishment of the FIC in Uzbekistan, demonstrates that the mechanism works.

The work on pushing forward the reforms and suggestions from the previous session (Interim Session held in November 2019) was ongoing. FIC Secretariat has conducted monitoring of the implementation of recommendations of the Interim Session of 20 November 2019 (Annex to this Report). While most of the resolutions and recommendations have been implemented, there are certain laws and resolutions developed by or with participations of FIC working groups are still subject to approval by the government. The following laws and regulations have been prepared by or with participation of FIC working groups, but are under consideration now:

1. Draft Law on Valuation Activities (new edition);
2. Draft Law introducing amendments to the Civil Code. Our proposals introduce international concepts familiar to foreign investors, such as indemnities, warranties, escrow accounts and agreements, put and call options, irrevocable PoA. The latest draft Civil Code prepared by the Ministry of Justice incorporates most of the recommendations proposed by the FIC working group.
3. Draft Law “On introduction of amendments to the Law on Limited and Additional Liability Companies”, enabling various types of shares in LLC, excluding foundation agreement from the list of founding documents of LLC to provide greater flexibility to foreign investors in structuring their investments and entering into JV agreements. In addition, some of our proposals are reflected in the draft Presidential Decree “On measures for further improvement of the legal basis of corporate relations” dated 29 November 2021. In particular, the draft provides for development of legal framework for classification of enterprises as public and private, introduction of the corporate agreement concept, and preparation of the draft Law “On Business Enterprises”.
4. Draft Resolution of the Cabinet of Ministers “On approving Regulation on accreditation and activities of representative offices and branches of foreign commercial legal entities in the territory of the Republic of Uzbekistan”, enabling accreditation of branches.



## 7. Applications for FIC Membership

Following formal establishment of the FIC through the Presidential Resolution from November 2019, which, inter alia, established procedure for submission and review of applications for FIC membership, FIC Secretariat has prepared Application Guidelines for prospective members. Application Guidelines (<https://drive.google.com/file/d/13ppGymA7vU4mHcD1RiW56ZltwQAwBNOi/view?usp=sharing>). The guidelines were distributed among foreign investors, including through social media channels of the FIC (<https://t.me/ficsuz>, <https://www.facebook.com/fics.uz>), and published on the FIC website at [fics.uz](https://fics.uz).

As a result, a total of 83 applications for FIC membership were received and reviewed by the FIC Secretariat during the period from November 2019 – February 2022.

The final composition of the Council shall be approved by the Chairman of the Council – President of the Republic of Uzbekistan based on the proposals of the FIC Executive Committee.

## INFORMATION

on the results of implementation of resolutions/recommendations approved at the Interim Session of the Foreign Investors Council under the President of the Republic of Uzbekistan on November 20, 2019  
(as of 22 February 2022)

No.	Resolution	Implementation results
1	<p><b>FIC Secretariat (A. Klimenko) jointly with the EBRD International Advisor (G. Kvirikashvili):</b></p> <p>- develop the official website of the FIC, ensure the launch and maintenance of social media channels to disseminate information about the FIC activities, including information on the criteria for participation and the procedures for applying for participation in the FIC;</p>	<p><b>Implemented:</b></p> <ul style="list-style-type: none"> <li>• FIC website has been developed (<a href="http://www.fics.uz">www.fics.uz</a>);</li> <li>• FIC social media channels launched (Facebook, Telegram, Twitter, Instagram);</li> <li>• the website and social media channels contain information on the eligibility criteria and the application procedure, relevant guidelines on application process have been prepared by the FIC Secretariat;</li> <li>• there is a plan to significantly increase FIC publicity in social and traditional media in 2022 by hiring a dedicated professional for the FIC Secretariat.</li> </ul>
1.1	<p>- create working groups to develop proposals for improving the banking system, privatization, corporate legislation and organize a discussion of issues presented during the interim session in order to develop specific proposals and draft legal acts to be submitted for approval to the next plenary session of the Council;</p>	<p><b>Implemented:</b></p> <ul style="list-style-type: none"> <li>• 3 working groups have been formed: (a) on improvement of the banking system; (b) on privatization and valuation activities; (c) on improvement of corporate legislation;</li> <li>• during the meetings of the working groups, specific policy recommendations and draft law and regulations have been developed (see below information on specific proposals and draft regulatory legal acts, including their current status).</li> </ul>

<p>1.2</p>	<p>- ensure timely review of applications from prospective FIC members.</p>	<p><b>Implemented:</b></p> <ul style="list-style-type: none"> <li>• received and reviewed 83 applications of international financial institutions, foreign investors, joint enterprises, business associations;</li> <li>• a draft of the preliminary list of FIC members has been prepared (the final list of FIC members is subject to approval by the FIC Chairman based on recommendation of the FIC Executive Committee)</li> </ul>
<p>2</p>	<p><b>The Ministry of Investments and Foreign Trade of the Republic of Uzbekistan (L. Kudratov, A. Sim) to take measures for accelerated approval of the draft resolution of the President, providing for:</b></p> <ul style="list-style-type: none"> <li>- introduction of positions of deputy heads for investment and foreign trade in sectoral ministries, agencies, associations, state owned companies and commercial banks;</li> <li>- creation of a unified round-the-clock service center for foreign investors under the MIFT;</li> <li>- the introduction of project managers for the effective implementation of investment projects worth more than 5 million US dollars;</li> <li>- creation of a Center for advanced training in the field of foreign economic activity;</li> <li>- creation of the Unified automated information system "Control and monitoring of the implementation of investment projects" with the connection of all structures interacting with investors.</li> <li>- strengthening the functions of the Center for the Development of Investment Projects and the Investment Promotion Agency under the MIFT with the creation of an institution of professional negotiators.</li> </ul>	<p><b>Implemented:</b></p> <p>Resolution of the President of the Republic of Uzbekistan No.PP-72 dated 30 December 2021 "On approval of the investment program of the Republic of Uzbekistan for 2022-2026, and introduction of new approaches and mechanisms of investment projects management" endorses the following recommendations of the FIC Interim Session of 20 November 2019:</p> <ul style="list-style-type: none"> <li>• introduction of the project management system for strategic investment projects;</li> <li>• project managers within all government authorities and state-owned enterprises (50%+ owned by the government) for each investment project;</li> <li>• project teams within the Ministry of Investments and Foreign Trade responsible, among other things, for assisting foreign investors with preparation of feasibility studies and assisting foreign investors on each stage of implementation of the investment project;</li> <li>• establishment of the training center under the Ministry of Investments and Foreign Trade for training of investment projects managers;</li> </ul>

		<ul style="list-style-type: none"> <li>• finalization of input of all data on investment projects to the automated information system “Control and monitoring of investment projects implementation”.</li> </ul>
3	<p><b>Recommend to the Agency for State Assets Management (S. Bekenov) together with the working group on the effective privatization of state assets:</b></p> <p>- to define privatization models for each privatized asset (IPO, SPO, direct sale, tender, etc.) taking into account the recommendations of international experts and the Council;</p>	<p><b>Implemented:</b></p> <ul style="list-style-type: none"> <li>• Presidential Decree “On accelerated transformation of enterprises with state participation and privatization of state-owned assets” dated 21 October 2020 No. UP-6096, adopted following discussion of this topic on FIC Interim Session of 20 November 2019, created legal and regulatory framework for the massive privatization program: <ul style="list-style-type: none"> <li>(i) 479 SOEs to be fully sold to private companies;</li> <li>(ii) 62 state assets for public auction by pre-privatization program;</li> <li>(iii) 39 SOEs to introduce corporate governance and financial audit</li> <li>(iv) 32 SOE to undergo radical transformation</li> <li>(v) 15 state real estate assets to be sold to private investors</li> </ul> </li> <li>• Decree of the President of the Republic of Uzbekistan UP-6167 dated 11 February 2021 “On measures to further accelerate the processes of privatization of state assets” provides for further acceleration of the privatization process with the assistance of international consulting companies and investment banks;</li> <li>• Decree of the President of the Republic of Uzbekistan UP-6207 dated 13 April 2021 “On measures of further development of capital markets” provides that in 2022-2023, the shares of 15 large state-owned enterprises will be listed on the stock exchange and separate roadmaps for privatization through secondary public offering will be approved.</li> </ul>

		<ul style="list-style-type: none"> <li>• One of the notable examples of a successful privatization is acquisition on 6 August 2021 by Coca-Cola CCI (Coca Cola İçecek of Turkey) of 57.118% stake in Coca-Cola Bottlers Uzbekistan (CCBU) for US\$252.28 million after winning an open bidding as part of the government's privatization plans. The remaining stake in CCBU is held indirectly by The Coca-Cola Company.</li> <li>• On 20.01.2022 the President instructed the Government:             <ul style="list-style-type: none"> <li>(i) to put on sale 266 enterprises of the road, transport, oil and gas, energy and automotive industries;</li> <li>(ii) to sell 23 joint stock companies through IPO;</li> <li>(iii) to sell, with the right of ownership, 33,000 land plots previously put up for auction, as well as to put up for auction another 25,000 plots before 1 July 2022;</li> <li>(iv) to conduct a complete inventory of the relevant facilities in the Uzavtosanoat, Uzbekiston Temir Yollari, Uzbekneftgaz, Regional Power Network and other sectors, and to make proposals for their privatization.</li> <li>(v) a 2022 privatization program by regions and industries will be approved based on these instructions.</li> </ul> </li> <li>• The Government is committed to continue a massive privatization program in 2022 and beyond.</li> </ul>
3.1	- provide recommendations on the unification of legislation in the field of privatization;	<p><b>Being implemented / relevant laws has yet to be approved:</b></p> <ul style="list-style-type: none"> <li>• Presidential Decree “On accelerated transformation of enterprises with state participation and privatization of state-owned assets” dated 21 October 2020 No. UP-6096 provides for:             <ul style="list-style-type: none"> <li>(i) Preparation and submission to the Parliament of the draft Law “On state assets management” by 1 December 2021;</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>(ii) Preparation and submission to the Parliament of the draft Law “On privatization” by 1 March 2021;</li> <li>(iii) Review of privatization legislation and approval of renewed regulations on privatization with their unification by 1 July 2022.</li> </ul> <ul style="list-style-type: none"> <li>• Relevant laws and regulations are being drafted with the assistance by international experts</li> </ul>
3.2	<p>- analyze the new "Unified valuation standards" currently being developed and make proposals for improving the valuation standards and bringing national valuation standards in line with international valuation standards (IVS);</p>	<p><b>Implemented:</b></p> <ul style="list-style-type: none"> <li>• Order of the Director of the State Asset Management Agency “On approval of the Unified National Valuation Standard of the Republic of Uzbekistan”, registered with the Ministry of Justice on 4 June 2020 under the No. 3239 (entered into force on 4 September 2020). The adopted Unified National Valuation Standard, although still requires further improvement, incorporates major recommendations of the FIC working group aimed at harmonization with the International Valuation Standards.</li> <li>• The Ministry of Finance and State Assets Management Agency continues the work to further improve the Unified National Valuation Standard with the assistance of the World Bank and international advisers.</li> </ul>

<p>3.3</p>	<p>- expand the list of professional services provided by valuation companies to include the following services: valuation in accordance with the International Valuation Standards by licensed valuation companies, cost analysis and negotiation support, industry analysis, development of a feasibility study, jointly with technical consultants, financial expertise (Financial Due Diligence), assets inventORIZATION;</p> <p>- develop measures aimed at strengthening the independence of the appraiser;</p> <p>- consider removing the ban on issuing a valuation report without obtaining a positive review from another appraiser within the framework of certain national property valuation standards (NPVS);</p> <p>- consider allowing cancellation of valuation assignment and receiving payment for the accomplished work in case of influencing the independence of the appraiser;</p> <p>- eliminate the practice of transferring responsibility to the appraiser for the decision made by the management on the basis of the appraisal report;</p> <p>- introduce at the legislative level the concept of "Self-Regulatory Organizations" (SROs);</p> <p>- to consider the possibility of transition in the medium term to the SRO to establish a system of checks and balances in the valuation market in the country, to shift supervisory and control functions from the state to market participants.</p>	<p>Recommendations provided by the FIC working group / In progress / Relevant law has yet to be approved:</p> <ul style="list-style-type: none"> <li>• The FIC working group has prepared and provided relevant recommendations for the draft Law of the Republic of Uzbekistan “On Valuation Activities”, developed by the State Assets Management Agency (recommendations on 31 pages) - sent to the SAMA through the MIFT;</li> <li>• A new draft Law of the Republic of Uzbekistan “On Valuation Activities” has been prepared by the SAMA.</li> </ul>
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<p>4</p>	<p><b>Recommend to the State Assets Management Agency (S. Bekenov), the State Tax Committee (B. Musaev), the Ministry of Justice (R. Davletov), the State Statistics Committee (B. Begalov) jointly with the working group on improvement of corporate legislation:</b></p> <p>to provide recommendations for amending the Tax Code, the Civil Code, the legislation on joint-stock companies and limited liability companies and other legislative acts,</p> <p>providing for a clear definition of a holding company, the concept of pass-through taxation,</p> <p>different classes of shares, unification of the concept of shares in a joint-stock company and shares in limited liability companies,</p> <p>drag-along / tag-along (obligation/right of joint sale), put and call options, irrevocable power of attorney, total pledge, representations and guarantees, indemnity, lock-in (restriction on the participant’s withdrawal from the company), escrow accounts, preliminary agreements, etc.;</p>	<p><b>Implemented:</b> Article 345 of the Tax Code provides for the proposed concept of pass-through taxation of dividends (for all legal entities, not only holding companies)</p> <p><b>Implemented (recommendations provided) / relevant law/regulation has yet to be approved:</b> FIC working group has developed draft Law “On introduction of amendments to the Law on Limited and Additional Liability Companies”, enabling various types of shares in LLC, excluding foundation agreement from the list of founding documents of LLC to provide greater flexibility to foreign investors in structuring their investments and entering into JV agreements. In addition, some of our proposals are reflected in the draft Presidential Decree “On measures for further improvement of the legal framework of corporate relations” dated 29 November 2021. In particular, the draft provides for development of legal framework for classification of enterprises as public and private, introduction of the corporate agreement concept, and preparation of the draft Law “On Business Enterprises”.</p> <p><b>Implemented (recommendations provided) / relevant law has yet to be approved:</b> FIC working group has developed draft Law introducing amendments to the Civil Code. FIC proposals introduce international concepts familiar to foreign investors, such as indemnities, warranties, escrow accounts and agreements, put and call options, irrevocable PoA. The latest draft Civil Code prepared by the Ministry of Justice incorporates most of the recommendations proposed by the FIC working group.</p>
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4.1	- provide recommendations on development of regulation on the registration of branches of foreign commercial legal entities in Uzbekistan;	<b>Implemented (recommendations provided) / relevant regulation has yet to be approved:</b> FIC working group has developed draft Resolution of the Cabinet of Ministers “On approving Regulation on accreditation and activities of representative offices and branches of foreign commercial legal entities in the territory of the Republic of Uzbekistan”, enabling accreditation of branches. The draft has been submitted to the Cabinet of Ministers after obtaining comments and required consents from relevant government bodies, including the Ministry of Justice.
4.2	- provide recommendations on merging existing public registries of legal entities ( <a href="https://stat.uz/ru/uslugi-1/svedeniya-iz-egrpo">https://stat.uz/ru/uslugi-1/svedeniya-iz-egrpo</a> , <a href="https://fo.birdarcha.uz/pub/search">https://fo.birdarcha.uz/pub/search</a> etc.).	<b>Implemented:</b> <ul style="list-style-type: none"> <li>• Decree of the Cabinet of Ministers of the Republic of Uzbekistan No. 539 dated 4 September 2020 "On measures to further improve the mechanisms for collecting, processing and storing information on foreign legal entities and individuals engaged in entrepreneurial activities, carrying out their activities through a representative office, branch or permanent establishment" provides for the creation of unified registry of legal entities by State Tax Committee.</li> <li>• Decree of the Cabinet of Ministers No. 763 dated 2 December 2020 provides for the requirement for newly incorporated legal entities to provide information on the ultimate beneficial owner upon registration.</li> </ul>
5	<b>Recommend to the Central Bank (S. Kholkhuzhaev) jointly with the working group on improvement of the banking system:</b> <ul style="list-style-type: none"> <li>- analyze and submit proposals to the FIC Executive Committee for the privatization of state-owned commercial banks by selling larger share (up to 100%);</li> </ul>	<b>Implemented:</b> <ul style="list-style-type: none"> <li>• Decree of the President of the Republic of Uzbekistan UP-5992 dated 12 May 2020 “On the strategy for reforming the banking system of the Republic of Uzbekistan for 2020-2025” provides for the phased privatization of the state’s share in JSCB “Ipoteka bank”, JSCB “Uzpromstroybank”, JSCB “Asaka”, JSC “Aloqabank”, JSCB “Qishloq Qurilish Bank” and JSCB “Turonbank” with the assistance of international financial institutions, with their institutional transformation (transformation of activities) at the first stage and the sale of the state share at the second stage.</li> </ul>

		<ul style="list-style-type: none"> <li>Decree of the President of the Republic of Uzbekistan UP-6207 dated 13 April 2021 “On measures of further development of capital markets” provides for approval of roadmaps for public offering of shares of "Xalq Bank", "Qishloq Qurilish Bank", "Microcreditbank", "Agro Bank", "National Bank" through the stock exchange until 2023</li> </ul>
5.1	- consider consolidation of smaller banks to provide greater opportunities for their competition with large state-owned banks;	<p><b>Implemented:</b></p> <ul style="list-style-type: none"> <li>Decree of the President of the Republic of Uzbekistan UP-5992 dated 12 May 2020 “On the strategy for reforming the banking system of the Republic of Uzbekistan for 2020-2025” provides for transformation and privatization of Qishloq Qurilish Bank and Turon Bank with the assistance of international financial institutions and consulting companies considering possibility of merging these banks.</li> </ul>
5.2	- consider further abolishment of unnecessary paperwork in the provision of banking services, creation of conditions for the development of ICT infrastructure and digitalization of the process of providing banking services;	<p><b>Implemented:</b></p> <ul style="list-style-type: none"> <li>Decree of the President of the Republic of Uzbekistan UP-5992 dated 12 May 2020 “On the strategy for reforming the banking system of the Republic of Uzbekistan for 2020-2025” provides for the introduction of modern information technologies: increasing the number and coverage of remote banking services, including contactless payments; widespread use of an automated scoring system; digital identification; improving the information security of banking data and systems; introduction of new concepts and technologies in the banking sector (fintech, marketplace, digital banking)</li> <li>Resolution of the Board of the Central Bank of the Republic of Uzbekistan “On approval of the regulation on the procedure for digital identification of customers”, registered by the Ministry of Justice of the Republic of Uzbekistan on September 30, 2021 No. 3322.</li> </ul>

5.3	- in order to increase confidence in the banking system, develop measures to strengthen the protection of banking secrecy and ensure strict compliance with the requirements of the legislation on banking secrecy;	<p><b>Implemented:</b></p> <ul style="list-style-type: none"> <li>Decree of the President of the Republic of Uzbekistan UP-5992 dated 12 May 2020 “On the strategy for reforming the banking system of the Republic of Uzbekistan for 2020-2025” provides for optimizing business processes and introduction international management quality standards, improving the information security of banking data and systems.</li> </ul>
5.4	- consider introduction of new banking services to enable treasury operations, including overnight deposits and loans, currency risk hedging, currency swaps, etc., creating conditions for opening and using the mechanism of escrow accounts, developing trade and pre-export financing.	<p><b>Partially implemented (recommendations provided) / relevant law/regulation has yet to be approved:</b></p> <ul style="list-style-type: none"> <li>FIC working group has developed draft Law introducing amendments to the Civil Code. FIC proposed the legal framework for escrow accounts and agreements. The latest draft Civil Code prepared by the Ministry of Justice incorporates the recommendations proposed by the FIC working group.</li> </ul>
5.5	- to revise the concept of residence / non-residence in banking legislation in order to simplify the receipt of banking services by non-residents permanently residing in Uzbekistan.	<p><b>Partially implemented:</b></p> <ul style="list-style-type: none"> <li>We receive reports that some (but not all) banks allow foreign individuals to convert currency via digital channels, i.e. mobile apps (previously this was available only in banks’ physical branches).</li> </ul>