

THE REPUBLIC OF ARMENIA

LAW

ON JOINT-STOCK COMPANIES

Adopted September 25, 2001

CHAPTER I

GENERAL PROVISIONS

Article 1. Objectives and Scope of Law

1. In accordance with the Civil Code of the Republic of Armenia (hereinafter, the Code), this Law stipulates the legal status of joint-stock companies, the procedure of their creation, operation, and termination, the rights and responsibilities of shareholders, as well as the protection of the rights and lawful interests of shareholders and creditors.

2. The scope of this Law extends to joint-stock companies that were established or are being established in the Republic of Armenia.

3. The activities of joint-stock companies are regulated by the Code, this Law, other laws, and legal acts.

4. Peculiarities of the joint-stock company creation procedure and legal status in the areas of banking, investment, insurance, and others shall be stipulated in other laws and legal acts.

5. Laws and other legal acts regulating privatization shall define the peculiarities of reorganization of state-owned joint-stock companies, their creation, as well as the emission of new shares and bonds of such companies.

6. If international treaties of the Republic of Armenia regulate joint-stock company activities by norms other than those in this Law, then the norms of the international treaty shall prevail.

Article 2. Legal Status of a Joint-Stock Company

1. A joint-stock company (hereinafter, "a Company") is a business company, a commercial organization, the equity of which is split into a certain number of shares certifying the responsible right of shareholders in relation to the Company.

2. A Company is a legal entity, which has property that is separated from that of its shareholders and is accounted in its own balance sheet.

A Company may obtain and realize, on its behalf, property and personal non-property rights, bear responsibilities, and act as a claimant or respondent in court.

3. A Company may have civil rights and bear civil responsibilities necessary to implement any activity not forbidden by law.

To engage in certain types of activities defined by law, a Company shall obtain and possess a license.

4. A Company is deemed created from the moment of its state registration. It is created without any time limitation, unless otherwise stipulated by the Charter of a Company.

5. A Company may open bank accounts in banks of the Republic of Armenia and abroad in the manner stipulated by law.

6. A Company shall have a round seal bearing its business name and other requisites defined by the Government of the Republic of Armenia (hereinafter, the GoA). This seal may also contain the business name of the Company in other languages and a brand image or logo.

7. A Company may have stamps and blanks bearing its business name, as well as a logo, trademarks, and other brand marks registered in the manner foreseen by law.

(Article 2 amended AL-40-N, 26.12.08)

Article 3. Liability of Company and Other Persons

1. A Company shall be liable for its obligations with all the property it owns.

2. A Company shall not be liable for the obligations of its shareholders.

3. The shareholders of a Company shall not be liable for the Company's obligations; the shareholders shall bear the risk of damage associated with Company activities to the extent of the value of their shares.

4. If the reason for Company insolvency (bankruptcy) is the activities (inaction) of shareholders or other persons that have either the right to give compelling instructions to the Company or an opportunity to determine the activities of the Company in advance, then these shareholders or other persons may be exposed to additional/subsidiary liability for the Company's obligations in an amount that cannot be covered sufficiently by the Company's property.

The activities (inaction) of shareholders or other persons are deemed causes to Company insolvency (bankruptcy) only if they used their rights or opportunities to compel the Company to carrying out or refraining from carrying out certain activities, knowing in advance that it would lead the Company to a state of insolvency (bankruptcy).

5. The Republic of Armenia and the communities do not bear liability for the obligations of a Company. Likewise, a Company does not bear liability for the obligations of the Republic of Armenia and the communities.

Article 4. Company Name and Place of Location

1. A Company has a business name in Armenian, which shall contain a special, ordinary, and/or other name of a distinctive significance, alongside with the words "open joint-stock company" or "closed joint-stock company".

The Company business name may contain words characteristic of the Company activities, its place of location, as well as other information deemed necessary by the Company or its founders.

2. A Company may also have its full business name and/or its abbreviation in other languages.

3. The procedure of Company business name registration, utilization, and legal protection shall be defined by laws and other legal acts.

4. The place of location of a Company is that of a permanently active body of the Company—one of the executive bodies stipulated by the Company Charter. A Company shall undergo state registration with this place of location.

5. A Company may have a mailing address for communication purposes. Delivery of mail and other correspondence to the Company's mailing address or its place of location shall be deemed due delivery.

Article 5. Company Branches and Representative Offices

1. A Company may create separated subdivisions, branches and representative offices, in accordance with laws and other legal acts.

A Company branch is a separated subdivision of the Company located outside of the Company's place of location, which implements all or a part of the Company's functions, including functions of representation.

A Company representative office is a separated subdivision of the Company located outside of the Company's place of location, which represents the interests of the Company and implements their protection.

The creation of Company branches and representative offices abroad shall be carried out in line with the laws and legal acts of the host country, unless otherwise stipulated by the international treaties of the Republic of Armenia.

2. Decisions on founding Company branches and representative offices shall be adopted by the Company's Board of Directors (hereinafter, the Board). A Company branch or representative office shall be deemed created from the time a decision thereon is adopted.

3. Company branches and representative offices are not legal entities; they act on the basis of charters approved by the Company.

The property of branches and representative offices is made available by the establishing Company. The property of branches and representative offices is accounted both in their separate balance sheets and in the Company balance sheet.

Branch and representative office managers are appointed by the Company; they act on the basis of powers of attorney issued by the Company.

4. The Company Charter may contain information on its separated subdivisions.

5. Branches and representative offices act on behalf of the founding Company. The founding Company shall bear liability for the activities of branches and representative offices.

Article 6. Company Institutions

1. A Company may establish institutions in accordance with laws and other legal acts.

A Company institution is an organization established by the Company to implement managerial, social-cultural, educational, or other non-commercial activity.

The creation of institutions abroad shall be carried out in line with the laws and legal acts of the host country, unless otherwise stipulated by the international treaties of the Republic of Armenia.

2. Decisions on founding Company institutions shall be adopted by the Company's Board. A Company institution shall be deemed created from the time a decision thereon is adopted.

3. Company institutions are not legal entities; they act on the basis of charters approved by the Company.

The property of institutions is made available by the establishing Company. In the frameworks of the law, an institution shall possess, use, and manage the property in line with the objectives of its activities, Company assignments, and the purpose of such property. The property of institutions is accounted both in their separate balance sheets and in the Company balance sheet. Institution managers shall be appointed by the Company.

4. The Company Charter may contain information on institutions.

5. Institutions act on behalf of the founding Company. The founding Company shall bear liability for the activities of its institutions.

Article 7. Daughter and Dependent Companies

1. The creation of daughter and dependent companies abroad shall be carried out in line with the laws and legal acts of the host country, unless otherwise stipulated by the international treaties of the Republic of Armenia.

2. A company is considered a daughter company if the other (principal) company or affiliation has the opportunity of pre-determining the actions of the daughter company either by means of its majority equity share, or under an agreement between the two companies, or in any other way not forbidden by law.

A company shall be considered dependent on the other (principal) company or affiliation if the latter (the dominant, participating) company or affiliation has more than twenty percent of the voting shares of the dependent company.

3. If a company is a daughter or dependent company of another company, which in its turn is a daughter or dependent company of a third company or business affiliation, then the first company is recognized as daughter of or dependent on the third company, too. This provision applies to all the consecutive cases of relationships emerging at a later point between the principal company (affiliation) and a daughter or dependent company.

4. A daughter company shall not bear liability for the obligations of the principal company (affiliation).

A principal company (affiliation) that has the right to deliver compelling instructions to the daughter company shall share with the daughter company the liability for transactions carried out at its instruction.

A principal company (affiliation) is deemed to have the right to deliver compelling instructions to the daughter company if this right is granted by an agreement between the companies or emanates in another way not forbidden by law.

5. The shareholders of (participants in) a daughter company may claim that the principal company (affiliation) compensate the damage caused to the daughter company at the fault of the principal company (affiliation).

Losses shall be deemed to have been caused at the fault of the principal company (affiliation) if they emanated out of the daughter company's carrying out the compelling instructions received from the principal company (affiliation).

6. In case of daughter company bankruptcy caused by the principal company (affiliation), the latter shall bear subsidiary liability for daughter company debt. Daughter company bankruptcy shall be deemed to have been caused by the principal company (affiliation) if such bankruptcy emanated out of carrying out the compelling instructions of the principal company (affiliation).

7. In cases stipulated by paragraphs 4-6 of this Article, the principal company (affiliation) shall be subject to liability if it knew or could have known about the emanation of respective consequences.

8. An economic company or affiliation that has acquired more than twenty percent of the voting shares in the equity of a limited liability company or a joint-stock company shall disclose information thereon in the manner stipulated by law.

Article 8. Types of Companies

1. There may be open or closed companies, such fact to be reflected in the Company Charter and business name.

2. A Company is deemed an open company if its shareholders have the right to alienate their shares without the consent of the other shareholders. A Company of this type may have an open subscription for and sell shares under the conditions defined by laws and other legal acts. An open Company may also carry out a closed subscription for its shares.

The number of shareholders in an open Company is not limited.

3. A Company is deemed closed if its shares are distributed only amongst its shareholders (including, founders) or pre-decided persons. A closed Company may not hold an open subscription for its shares or otherwise offer them to an unlimited number of persons.

A closed Company shall have no more than 49 shareholders. If the number of shareholders exceeds 49, the Company shall either reorganize within one year or

reduce the number of its shareholders. Otherwise, the Company shall be liquidated by court.

A closed Company shareholder has the right to first refusal in relation to shares being sold by other shareholders of the Company. If none of the shareholders invokes the rights of first refusal in the period stipulated by the Company charter, then the Company shall exercise its right to acquire these shares at a price agreed upon with the shareholder. If the Company refuses to acquire the shares or does not reach agreement on prices with the shareholder in question, then the shares may be alienated to a third person. The decision that the Company will acquire the shares or refuse them is adopted by the Company's General Assembly of Shareholders (hereinafter, the General Assembly), unless otherwise stipulated by the Company's Charter.

The procedure and timeframe for exercising the right of first refusal in relation to shares sold by shareholders of a closed Company are defined by the Company Charter. This timeframe shall not be less than 30 and more than 60 days after the shares are offered for sale.

CHAPTER II

COMPANY CREATION, REORGANIZATION AND LIQUIDATION

Article 9. Company Creation

A Company may be created as a new company or by means of reorganizing an existing legal entity (merger, acquisition, separation, reformation).

A Company is deemed created from the time of its state registration.

Article 10. Company Establishment

1. Company creation via establishment is carried out by a decision of the Company's General Assembly.

A Company may be created by one person or comprise one person (one shareholder) if the latter acquires all the shares of the Company, provided that information thereon is reflected in the Company Charter and be registered and disclosed. If one person establishes a Company, the person shall unilaterally make a decision (in writing) about company establishment.

2. Company founders sign a written agreement on Company creation, to contain:

a) information on the founders:

- for individuals, their name, passport information, place of residence, telephone number, and other contact details;
- for legal entities, their full business name, state registration information, place of location (mailing address), name of manager or representative, telephone numbers, and other contact details;

b) a procedure of founders' joint activities pertaining to Company creation;

c) the size of Company equity;

d) types and classes of shares to be distributed amongst the shareholders, as well as the amount of payment and the payment procedure;

e) the number of shares acquired by each founder;

f) the rights of responsibilities of founders in connection with Company creation;

- g) the names of individuals authorized to represent the founders before the Company General Assembly takes place;
- h) a division of responsibilities that founders may face as a consequence of the activities of the founders aimed at Company creation, if the Company does not get established or if the General Assembly does not approve the activities of the Founders;
- i) the procedure of refunding to the Founders the payments they made for shares, if the Company does not get established or if the General Assembly does not approve the activities of the Founders.

The agreement on Company creation is not a founding document.

3. At the time of Company creation, all of its shares have to be distributed between the Founders.

4. Establishment of a Company with shares owned by the Republic of Armenia or a community shall be carried out, respectively, either by a decision of the Government or by a decision of the community leader, with the agreement of the Community seniors.

Article 11. Company Founders

1. Individuals and legal entities that made a decision on founding the Company may be Company Founders, except for those whose participation is prohibited or limited under the law.

2. The Republic of Armenia and the communities may be Company shareholders on the same grounds as citizens and legal entities.

Central and local government agencies may not act as Company shareholders.

3. Company Founders are respectively liable for the obligations of the Company that arose in connection with Company creation before its state registration.

A Company is liable for the obligations of its Founders related to its creation only if the activities of the Founders aimed at Company creation are approved by the Company's General Assembly of Shareholders.

4. Foreign persons/entities may found companies and participate in them on the same grounds as Armenian citizens and legal entities. The specifics of company creation and operation with the participation of foreign persons/entities are defined by laws and other legal acts.

Article 12. Company General Assembly of Shareholders

1. The Company General Assembly of Shareholders (hereinafter, the General Assembly) is assembled within 3 months after share allocation and shareholder payment for shares.

2. The General Assembly shall have legal capacity if 3/4s of both the votes of outstanding shares and shareholders participate in it.

3. The General Assembly:

- a) approves the results of share allocation;
- b) adopts a decision on founding the Company;
- c) approves the size of Company equity;
- d) approves the Company Charter;
- e) elects the Company Board
- f) elects the Company Control Committee (the Controller);
- g) establishes the executive office, unless the Board is authorized to so;
and
- h) hears the report of Founders and/or persons authorized by them.

Decisions on matters stipulated under paragraphs (a), (c), and (h) hereof shall be made by a 3/4s vote of the General Assembly participants.

Decisions on matters stipulated under paragraphs (b) and (d) hereof shall be made by an unanimous vote of the General Assembly participants.

Decisions on all the remaining matters shall be made by a simple majority vote of the General Assembly participants.

The General Assembly may also discuss and adopt decisions on matters that are to be dealt with by the General Assembly of the Company, as per the Company Charter.

4. If a Company is founded by one person, the written decision of the Founder shall contain provisions on the matters stipulated by paragraphs 3a-3g of this Article.

5. A Government decree on founding a company with shares owned by the Republic of Armenia shall contain provisions on Company foundation, the public administration body (bodies) acting on behalf of the Founder, and the package of shares delivered to each of them for disposal. The other rights stipulated by paragraph 3 of this Article may be entrusted to an appropriate public administration body (bodies).

6. A decision of a community head on founding companies with community-owned shares shall contain provisions on the matters stipulated by paragraphs 3a-3g of this Article.

7. The General Assembly of Company founded due to reconstruction (merger, split, separation, reformation) is deemed competent, if the shareholders owning more than 50 percent of the shares of the newly-created company are present. In such case, the General Assembly of Company founded due to reconstruction (merger, split, separation, reorganization) shall not be competent to adopt decisions on issues defined in clause 3 "b" and "h" hereof.

Decision on issues defined in clause 3 "a", "c" and "d" hereof, may be adopted by the three-fourth of voices of the General Assembly participants.

(Article 12 amended AL-167-N, 09.04.07; AL-40-N, 26.12.08; AL-119-N, 19.05.09)

Article 13. Uncompleted Company

1. A Company is deemed uncompleted if:

- a) a General Assembly was not assembled in the time period foreseen by paragraph 1 of Article 12 of this Law;
- b) the Company was not properly registered within 6 months after adopting the decision on founding the Company;
- c) Company state registration was refused, and the refusal was not appealed to court within 3 months, or the appeal was turned down, and the initial court decision came into legal force.

2. Share payments made by Founders of an uncompleted Company shall be returned to them after the liability for obligations related to Company creation has been split between the shareholders in accordance with the Company creation agreement.

Article 14. Company Charter

1. The Company Charter is the founding document of the Company. A Company created by one Founder according to this Law shall operate on the basis of the Charter approved by the sole Founder.

Company Charter (hereinafter, Charter) provisions are compulsory for the shareholders and bodies of the Company.

2. The Charter contains:

- a) Company business name (full and abbreviated);
- b) Company place of location;
- c) Size of Company equity;

- d) Types of shares outstanding by the Company (ordinary, preferred), the volume, nominal price, and classes of preferred shares;
- e) Types of [declared] shares to be outstanding by the Company (ordinary, preferred), the volume, nominal price, and classes of preferred shares;
- f) The rights ascertained by each type and class of shares;
- g) The rights of shareholders of each type and class of shares;
- h) The procedure of forming Company management bodies, their composition and rights, their decision-making procedure, including on matters requiring a unanimous or qualified majority vote;
- i) The procedure of General Assembly preparation and implementation; and
- j) Other provisions stipulated by this Law.

3. If requested by a shareholder, the Company shall provide to the shareholder an opportunity to learn about the amendments and modifications in the Company Charter within a period of 5 days after such request is made. The Company shall, at the request of the shareholder, provide the latter with a copy of the current Charter. The fee charged for providing a copy of the Charter cannot exceed the cost of making the copy.

Article 15. Charter Amendments and Modifications. Approval of Edited Charter

1. Charter amendments and modifications, as well as the approval of an edited Charter shall be carried out by a decision of the General Assembly, which is adopted by a 3/4s vote of the shareholders or owners of voting shares participating in the General Assembly, and if equity is being increased, then by either a majority vote of the shareholders or owners of voting shares in the General Assembly, or by a unanimous decision of the Board.

2. If Charter amendments and modifications, as well as approval of an edited Charter limit the rights of shareholders, then the shareholders that voted against the decision or did not participate in the vote may put their shares back to the Company in the manner stipulated by Article 58 hereof.

Article 16. Company State Registration

A company is subject to state registration by the body carrying out state registration legal entities in the manner stipulated by the Republic of Armenia "Law on State Registration of Legal Entities" and this Law.

Article 17. State Registration of Charter Amendments, Modifications, and Edited Company Charter

1. Amendments and modifications in the Charter, as well as an edited Charter of the Company are subject to state registration in the manner stipulated by the Republic of Armenia "Law on State Registration of Legal Entities" and this Law.

2. Charter amendments and modifications, as well as the approved new edition of the Company Charter come into force in relation to third parties from the time of their state registration.

Article 18. Company Reorganization

1. Company reorganization (merger, acquisition, division, separation, and reformation) is carried out by a decision of the General Assembly.

2. Company reorganization by means of Company division or separation of one or several legal entities from the Company in cases stipulated by Law shall be carried out on the basis of a court decision.

Company reorganization by means of Company merger or acquisition in cases stipulated by law may be implemented only with the permission of the authorized state body.

3. Except for reorganization in the form of acquisition, a Company is deemed reorganized from the time of state registration of the newly created legal entities.

When a Company is reorganized by means of acquisition by another one, they will be deemed reorganized when termination of the acquired Company is registered by the state.

4. Within 30 days after deciding to reorganize a Company, the Company shall provide written notice thereon to all of its creditors. The notice shall contain information on the date the reorganization decision was passed, the type of reorganization, the parties involved, and the legal succession of the Company's obligations.

5. A creditor of such Company may demand either that the Company provide additional guarantees that the obligations will be met, or early fulfillment or termination of obligations, as well as [written notice on] compensation of losses:

- a) within 30 days of the notice, in case of merger, acquisition, or reformation; or
- b) within 60 days of the notice, in case of division or separation.

Article 19. Company Merger

1. Company merger is the creation of a new company that will obtain the rights and responsibilities of two or more merging companies, while the latter terminate.

2. Merging companies sign an agreement on merger. A decision on reorganization in the form of merger shall be adopted by the General Assemblies of each of the merging companies, which will also approve the merger agreement, the transfer act, the procedure and terms of merger, as well as the procedure of converting the shares and other securities of each of the merging companies into shares and/or other securities of the newly created company.

3. The joint General Assembly of Shareholders of the merging companies shall be deemed the General Assembly of newly created company, which will be assembled by the body and in the timeframe mentioned in the merger agreement, and will adopt decisions on the matters listed in paragraph 3 of Article 12 hereof.

4. In the case of company merger, the rights and responsibilities of each of them shall be transferred to the newly created company in accordance with the transfer act.

5. To carry out state registration necessary for merger, the merger agreement, the transfer acts, and the other documents required by law shall be submitted to the body carrying out state registration of legal entities.

(Article 19 amended AL-40-N, 26.12.08)

Article 20. Company Acquisition

1. Company acquisition is the termination of one or several companies, the rights and responsibilities of which are transferred to another company.

2. The Companies participating in the acquisition sign an acquisition agreement. A decision on reorganization in the form of acquisition shall be adopted by the General Assembly of each of the merging companies, which will also approve the merger agreement, the transfer act, the procedure and terms of acquisition, as well as the procedure of converting the shares and other securities of each of the acquired companies into shares and/or other securities of the acquiring company.

3. The General Assembly of Shareholders of the acquiring company (the joint General Assembly of Shareholders of the companies involved in the acquisition)

shall adopt decisions on making necessary amendments and modifications to the Charter of the acquiring company, approving the acquisition agreement and transfer act, and if necessary, on other issues, as well.

4. In the case of company acquisition, the rights and responsibilities of each of the acquired companies shall be transferred to the acquiring company in accordance with the transfer act.

5. To carry out state registration necessary for acquisition, the acquisition agreement, the transfer act/-s, and the other documents required by law shall be submitted to the body carrying out state registration of legal entities.

Article 21. Company Division

1. Company division is the termination of a Company, with all of its rights and responsibilities transferred to newly created companies.

2. A decision on reorganization in the form of division shall be adopted by the General Assembly of the company being divided, which will also approve the division terms and conditions, the division balance sheet, as well as the procedure of converting the shares and other securities of the company into shares and/or other securities of the newly created companies.

3. The General Assemblies of the companies emerging out of division shall approve the charters of these companies and adopt decisions on the matters listed in paragraph 3 of Article 12 hereof.

4. In the case of company division, the rights and responsibilities of the company shall be transferred to the newly created companies in accordance with the division balance sheet.

5. To carry out state registration necessary for division, the division balance sheet and the other documents required by law shall be submitted to the body carrying out state registration of legal entities. State registration of the termination of activities of the ceasing Company shall be carried out following state registration of the newly emerging companies.

(Article 21 amended AL-40-N, 26.12.08)

Article 22. Company Separation

1. Company separation is the creation of a new company (companies) inheriting a part of the rights and responsibilities of the Company being separated, without the latter ceasing.

2. A decision on reorganization in the form of separation shall be adopted by the General Assembly of the company subject to separation, which will also approve the separation terms and conditions, the division balance sheet, as well as the procedure of converting the shares and other securities of the company into shares and/or other securities of the newly created companies.

3. The General Assemblies of the companies emerging out of separation shall approve the charters of these companies and adopt decisions on the matters listed in paragraph 3 of Article 12 hereof.

4. In the case of company separation, a part of the rights and responsibilities of the original company shall be transferred to the newly created companies in accordance with the division balance sheet.

5. To carry out state registration necessary for separation, the division balance sheet and the other documents required by law shall be submitted to the body carrying out state registration of legal entities.

(Article 22 amended AL-40-N, 26.12.08)

Article 23. Company Reformation

1. Company reformation is the change of its organizational-legal type.
2. A company may be reorganized to a limited liability company or a commercial cooperative.
3. A decision on reorganization in the form of reformation shall be adopted by the General Assembly of the company subject to reformation, which will also approve the reformation terms and conditions, the transfer act, as well as the procedure of converting the shares and other securities of the company into shares and/or other securities of the newly created companies.
4. The General Assembly of the legal entity emerging out of separation shall approve the charter of this entity and adopt decisions on other matters pertaining to the legal capacity of the General Assembly.
5. In the case of company reformation, its rights and responsibilities shall be transferred to the newly created legal entity in accordance with the transfer act.
6. To carry out state registration necessary for reformation, the transfer act and the other documents required by law shall be submitted to the body carrying out state registration of legal entities.

Article 24. Merger (Acquisition) Agreement

1. The merger (acquisition) agreement approved in the manner stipulated by Articles 19 and 20 hereof, together with other documents required by law, shall be submitted to the body carrying out state registration of legal entities.
2. The merger (acquisition) agreement shall be concluded between the companies involved in the merger (acquisition), signed by the head of the Company's executive body, and verified by the Companies' General Assembly of Shareholders.

The merger (acquisition) agreement shall contain:

- a) the business names of the parties involved, their places of location, and information on their state registration;
- b) the timeframe, procedure, and terms of merger (acquisition);
- c) the procedure (formula or other standard) used to convert the shares and other securities of the merging (acquired) company;
- d) the terms and conditions of receipt of dividends for shares of the merging (acquired) companies;
- e) the procedure of voting in the Joint General Assembly of Shareholders;
- f) the dates and procedure of preparation and implementation of the Joint General Assembly of Shareholders of the companies involved in merger (acquisition); and
- g) other information, as the parties involved in the merger (acquisition) find necessary.

Article 25. Transfer Act and Division Balance Sheet

1. The transfer act and the division balance sheet shall contain provisions on the legal succession of all the obligations of the reorganized company (companies) related to property, creditors, and debtors, including disputed obligations.
2. The division balance sheet shall secure that the shareholders of the newly created companies get a proportionate distribution of the property and obligations of the reorganized company in accordance with their share in equity.
3. If the division balance sheet does not make it possible to determine the legal successor of the reorganized Company, then the legal entities emerging out of reorganization shall bear commensurate liability towards the creditors of the reorganized Company in terms of the obligations of the latter.

4. State registration pertaining to reorganization may be refused if the transfer act or the division balance sheet is not presented together with the charters, or if they do not contain provisions on the legal succession of property and obligations of the reorganized company, or if the property and obligations are divided disproportionately.

Article 26. Rights of Shareholders in the Case of Reorganization

1. The shareholders of the company that vote against Company reorganization or do not take part in the vote may demand that the market price of the shares be determined and put a part or all of their shares back to the company in the manner stipulated by Articles 57 and 58 hereof. A shareholder may not demand that the market price of the shares be determined if the notice stipulated by Paragraph 1 of Article 58 hereof contains a provision on the buyback price defined in the manner established hereby.

2. The buyback claim on grounds stipulated in paragraph 1 of this Article shall be submitted to the reorganized Company, which will submit it to the legal successor defined by the reorganization decision, for the latter to buy the shares back.

3. Shares of the company that was established due to reorganization or merger shall be proportionally allocated to the shareholders of the legal persons that voted for reorganization of the Company through conversion at their market price. The conversion rate for each type (class) of shares shall be the same. If there are more than 50 shareholders for the same type (class) of shares of the reorganized company, the company shall establish market price irrespective of their valuation by independent evaluator.

(Article 26 amended AL-96-N, 08.06.04)

Article 27. Company Liquidation

1. Liquidation is Company termination, when the rights and responsibilities of the Company are not transferred to a legal successor.

2. A Company may be liquidated:

- a) By a decision of the General Assembly, including upon expiration of the time period or upon attainment of the goal for which the Company was established;
- b) If a court recognizes the Company registration invalid, due to violations of law during Company creation; and
- c) On other grounds stipulated by law.

3. In cases stipulated by paragraph 2.a above, a decision on Company liquidation and creation of a liquidation commission is made by the General Assembly, with a 3/4s vote of the holders of voting shares participating in the General Assembly, which shall be no less than 2/3s of the total votes of all the holders of voting shares.

The General Assembly shall verify the final balance sheet and adopt decisions on the procedure and terms of liquidation, as well as the procedure of distribution of property left after General Assembly creditor claims.

At the time a liquidation commission is created, the owners of at least 10 percent of the outstanding voting shares of the Company have the right to be members of the liquidation commission or appoint their authorized representatives.

The members of the liquidation commission may be remunerated in the manner established by a decision of the General Assembly.

4. Information on being in a liquidation process (beginning and end of liquidation process, the composition of the liquidation commission) shall be

recorded in the state registry of legal entities on the basis of a request from the liquidation commission.

5. The Company shareholders, the holders of other securities, and the creditors shall have the right to familiarize themselves with all the documents related to Company liquidation.

Article 28. Liquidation Procedure

1. From the time a liquidation commission is appointed, it shall receive the rights to manage the Company. The Company under liquidation shall be presented in court by the liquidation commission.

2. In a media publishing information on state registration of legal entities, the liquidation commission shall make an announcement on Company liquidation and the conditions and deadline for submission of creditor claims. The deadline cannot be shorter than two weeks after announcement of liquidation, which shall be deemed the beginning of the Company liquidation process.

3. The liquidation commission shall re-valuate the Company property, take measures to discover creditors and collect receivables, and inform the creditors on Company liquidation.

4. During liquidation, a Company has the right to enter into new deals and make new commitments only if it is necessary to complete the current activities necessary for fulfillment of the Company's obligations.

The consent of the liquidation commission is necessary for any action that a Company under liquidation takes to alienate property or to repay its debts.

5. When the deadline for submission of creditor claims expires, the liquidation commission shall prepare an interim liquidation balance sheet, which will contain information on the composition of property of the Company, the list of Creditor claims received, as well as the results of claim review.

6. The interim liquidation balance sheet shall be approved by the General Assembly.

7. If the legal entity under liquidation does not have sufficient cash to satisfy Creditor claims, then the liquidation commission shall, in the manner stipulated by this Law, sell the property of the legal entity in a public auction.

8. The liquidation commission shall make payment to the Company creditors in the sequence stipulated by Article 70 of the Code, and in line with the interim liquidation balance sheet, once the latter has been approved.

Funds to be seized from the Company on the basis of a court decision shall be paid in the sequence stipulated by Article 70 of the Code.

9. Having satisfied creditor claims, as well as when the Company does not have outstanding liabilities towards its creditors at the time the interim liquidation balance sheet is approved, the property of the Company shall be divided amongst its shareholders in the manner stipulated by Article 29 hereof.

10. When a creditor of the Company has filed a lawsuit claiming redemption of liabilities, the Company property may not be divided amongst the shareholders until the court decision comes into legal force.

11. Having cleared the accounts with creditors, the liquidation commission shall prepare a liquidation balance sheet, which shall be approved by the General Assembly.

12. The liquidation commission shall submit the approved liquidation balance sheet and the other documents stipulated by law to the body carrying out state registration of legal entities to perform state registration of Company liquidation.

13. Company liquidation shall be deemed completed and its existence shall be deemed terminated once state registration is performed.

Article 29. Distribution of Property amongst Shareholders of Company under Liquidation

1. Having satisfied the claims of the creditors of the Company, the liquidation commission shall distribute the remaining property to the shareholders in the following sequence:

First: payment for shares that were put back in accordance with Article 57 hereof;

Second: payment of accrued dividends for preferred shares;

Third: payment of liquidation value of preferred shares; and

Fourth: distribution of the remaining property of the Company amongst holders of ordinary (plain) and all types of preferred shares.

2. Property distribution in each class of the sequence shall be carried out only after the previous class has been fully satisfied.

The payment of the liquidation value of certain types of preferred shares defined in the Charter shall be made in the sequence defined by the Charter, using the principle described in the first paragraph of this part.

If the property remaining at the disposal of the Company is not sufficient for paying accrued dividends to the shareholders of all the preferred shares, then the property shall be divided amongst the shareholders commensurate to the quantity of each type of share they own.

If the property remaining at the disposal of the Company is not sufficient for paying the liquidation value to the shareholders of all the preferred shares defined by the Charter, then the property shall be divided amongst the shareholders commensurate to the quantity of each type of share they own.

CHAPTER III***COMPANY EQUITY. COMPANY SHARES AND OTHER SECURITIES. COMPANY NET ASSETS*****Article 30. Company Equity**

1. Company equity is made up of the nominal value of shares acquired by shareholders.

2. Company equity determines the minimum amount of Company property guaranteeing the interests of its creditors.

3. The minimum size of Company equity shall not be defined. In specific cases, depending on the sphere of activities of the Company, laws and other legal acts may foresee the minimum size of equity.

Equity shall be expressed in drams of the Republic of Armenia.

When a company is founded, all of its shares shall be distributed amongst the founders.

(Article 30 amended AL-40-N, 26.12.08)

Article 31. Company Securities

1. A company may issue and allocate paper-based (printed) and electronic nominal shares and bonds. A paper-based share is a share certificate.

A company may issue and allocate other securities foreseen by law.

2. For the purposes of this law, securities with similar distinguishing features (nominal value, bearing rights, privileges, and limitations) shall be classified as one and the same type of securities.

All the ordinary (plain) shares issued by a Company shall have an identical nominal value.

All the preferred shares of a certain type shall have an identical nominal value.

3. The same type securities issued by a Company shall be issued in the same form.

(Article 31 amended AL-202-N, 11.10.07)

Article 32. Company Shares

1. A company may issue ordinary (plain), as well as one type or several types of preferred shares.

The total nominal value of preferred shares issued by a Company shall not exceed 25 percent of its equity.

2. Once the allocation of shares issued by a Company is complete, the Company shall register the shares of the shareholders in the personal accounts of shareholders in its shareholder registry, in accordance with the provisions of Chapter VI hereof, provided that persons acquiring paper-based shares of the Company receive share certificates.

3. A share cannot be split/divided. If two or more persons own one share, then they together are deemed one shareholder.

4. The Charter may limit the maximum quantity, total nominal value, as well as the maximum number of votes pertaining to a given type/class of share to be owned by or granted to one shareholder, using a 3/4s vote of the shareholders of outstanding shares. These limitations shall apply evenly to all the shareholders of a given type/class of shares, as they may not be applied to a specific shareholder or group of shareholders.

Article 33. Outstanding and Declared Company Shares

1. The quantity and nominal value of shares acquired by shareholders (i.e., outstanding shares) shall be defined by the Charter.

The Charter may also define the quantity and nominal value of declared shares. These are shares that the Company may outstanding in addition to the outstanding shares.

The Charter shall define the rights of the owners of all types of shares outstanding by the Company. If provisions on this are absent from the Charter, the Company may not outstanding declared shares of the type in question.

The Charter may foresee the procedure and terms of allocation of shares declared by the Company.

2. Amendments to the provisions of the Charter related to declared shares stipulated by this Article shall be made by a decision of the Company General Assembly.

If a Company allocates securities that may be converted to a certain type (types) of shares of the Company, then the quantity of the shares of the given type (types) may not be smaller than that necessary for conversion of outstanding securities during the whole time of their circulation.

Without the consent of the holders of securities, a company may not adopt decisions on limiting rights vested by shares, which are the result of converting these securities outstanding by the Company.

Article 34. Procedure of Changing Company Equity

1. A Company may decide in its General Assembly to change the size of its equity. The procedure of changing Company equity shall be stipulated by law and the Charter.

A request on holding a Company General Assembly to discuss changing Company equity shall contain the following information:

- a) The incentives, method, and amount of equity change;
- b) Draft amendments to the Charter, related to the change in equity;

- c) The quantity of shares and their total nominal value forthcoming as a result of the equity change; and
 - d) In the case of issuing a new type of shares, the procedure and timing of their allocation, as well as the rights of shareholders of these and previously outstanding shares.
2. Changes in the Company charter, which are due to the change in Company equity, shall be registered by the body carrying out state registration of legal entities in the manner stipulated by law.

Article 35. Increasing Company Equity

1. A Company may increase its equity by means of increasing the nominal value of shares or allocating additional shares.
2. An open joint-stock Company may decide to allocate additional shares only if it does not exceed the quantity of shares declared in its Charter, and only if the previously outstanding shares have been paid for in full.
The decision on allocating additional shares shall define:
 - a) The quantity of additionally outstanding ordinary (plain) shares and preferred shares of each type, which (the quantity) shall not exceed the declared quantity of such shares; and
 - b) The procedure and timeframe for allocation of additional shares, as well as the value of shares to be outstanding amongst shareholders who have the right of first refusal and amongst holders of other securities.
3. If the price of the previously outstanding shares has not been paid for in full, then the Company may not increase its equity by means of mobilizing funding.
4. Having summed up the results of its financial performance, a Company may increase its equity by means of increasing the nominal value of outstanding shares:
 - a) by making a profit transfer to equity; and
 - b) by transferring to equity all or a part of the property (net assets) that exceeds the sum of equity, reserve capital, and the total difference between the liquidation and nominal values of preferred shares.
5. The increase in Company equity by means of increasing the nominal value of shares may not be greater than the value of net assets as stated in the most recent reports approved by the General Assembly or established on the basis of the most recent audit results.
6. A decision on increasing Company equity shall be adopted either by the General Assembly or by the Board, if the latter is authorized to do so under the Charter or by a decision of the General Assembly.
7. A Company may increase its equity by means of increasing the nominal value of shares outstanding previously. If one does not apply to replace a share certificate or to make an appropriate record within a period of no less than one year, then the share certificate shall be deemed invalid, provided that the Charter state so.
8. A Company may not issue shares to cover the losses emanating out of its business activity.
9. Laws regulating privatization shall define the specifics of equity increase (by means of allocating new shares) for purposes of privatization of state-owned joint-stock companies.

Article 36. Reducing Company Equity

1. Company equity may be reduced:
 - a) by means of lowering the nominal value of shares; and
 - b) by means of reducing the total quantity of shares, including, in cases stipulated by this Law, by means of buyback and redemption of a part thereof.

Reducing Company equity by means of buyback and redemption of shares is permitted only if such reduction is stipulated by the Charter.

A Company may acquire shares for the purpose of reducing Company equity only with the consent of the shareholders. In fact, the Company is obliged to acquire the shares put to the Company for such purpose. If the quantity of shares offered to the Company for acquisition exceeds the quantity determined by the relevant decision, then the shares of shareholders shall be purchased commensurately with their offers.

2. A Company may not reduce its equity if the resulting size of equity is going to be lower than the minimum equity required by law. However, a Company's reducing its equity below the minimum level permitted by this Law shall serve as a basis for Company liquidation.

In the case of equity reduction, if one does not apply to replace a share certificate or to make an appropriate record within a period of no less than one year, then the share certificate shall be deemed invalid, provided that the Charter state so.

3. A decision on reducing Company equity and amending the Charter is made by the General Assembly, with a 3/4s vote of the holders of voting shares participating in the General Assembly, which shall be no less than 2/3s of the total votes of all the holders of voting shares.

4. Within 30 days after deciding to reduce Company equity, the Company shall provide written notice thereon to all of its creditors. Within 30 days after receipt of such notice, the creditors may demand either that the Company provides additional guarantees that the obligations will be met, or early fulfillment or termination of obligations, as well as compensation of losses:

5. Charter amendments due to equity reduction shall be registered once 60 days have passed since deciding on the amendments, and once all the claims of creditors have been satisfied in the manner set forth in paragraph 4 above.

Payment to shareholders due to Company equity reduction shall be made after state registration of the Charter.

Article 37. Rights and Responsibilities of Holders of Ordinary (Plain) Shares

1. All the holders of ordinary (plain) shares of a Company enjoy identical rights.

According to this Law and the Company Charter, a holder/owner of ordinary (plain) shares may:

- a) participate in the General Assembly, with the right to vote on all the issues decided upon by the General Assembly;
- b) participate in Company management;
- c) obtain dividends from the Company profits;
- d) have the right of first refusal for shares outstanding by the Company, unless otherwise stipulated by this Law and the Charter;
- e) obtain any information on the activities of the Company, except for confidential documents, including the access to the balance sheet, reports, and business and production activities of the Company in the manner established in the Charter;
- f) authorize a third person to represent his/her rights in the General Assembly;
- g) make proposals at the General Assembly;
- h) have a vote in the General Assembly, equivalent to the extent of the vote granted by his/her shares;
- i) go to court, appealing decisions of the General Assembly that contradict laws and other legal acts;
- j) in the case of Company liquidation, obtain a part of its property; and
- k) enjoy other rights stipulated by the Charter.

2. The holder of ordinary (plain) shares may not be granted an additional voting right that is inconsistent with the nominal value and quantity of ordinary (plain) shares owned by him/her.

The Company does not guarantee the payment of dividends for ordinary (plain) shares.

3. Holders of ordinary (plain) shares shall refrain from disclosing confidential information on the activities of the Company. The Board shall define a list of confidential information.

Shareholders may bear other responsibilities stipulated by the Charter, which are not inconsistent with laws and other legal acts. The holder of an ordinary (plain) share of a Company does not have to perform the additional duties stipulated by the Charter, so long as he/she voted against the additional duties or did not participate in the respective vote.

Article 38. Rights and Responsibilities of Holders of Preferred Shares

1. If designated by its Charter, a Company may allocate preferred shares with fixed or floating dividends, as well as cumulative, convertible, and other types of preferred shares.

The holders of preferred shares do not have a voting right in the General Assembly, unless otherwise stipulated by this Law and the Charter for certain classes of preferred shares.

All the holders of a certain class of preferred shares of a Company enjoy identical rights.

If the holder of a preferred share has the right to vote (as stipulated in paragraph 2 of this Article), then such right shall be limited to one vote, unless otherwise stipulated by the Charter.

2. For each class of outstanding and declared preferred shares, the Charter shall define the dividend and liquidation value paid for such preferred shares (the liquidation value is paid at the time of Company liquidation). The size of the dividend and the liquidation value shall be established in monetary terms or as a percentage of the nominal value of the shares. The size of the dividend and the liquidation value shall be deemed established if the Charter stipulates a procedure for determining the size of the dividend and the liquidation value.

If the Charter does not foresee the size of the dividend payable to the owners of preferred shares, then the latter shall enjoy the same dividend rights as the holders of ordinary (plain) shares.

If the Charter foresees two or more classes of preferred shares, then the Charter shall also foresee the sequence of payment of dividends and liquidation value for the preferred shares in each class. The Charter may contemplate that the dividend for a certain class of preferred shares, the amount of which was defined by the Charter and was partially or fully unpaid, shall be accumulated and paid later (cumulative preferred shares). The Charter may also contemplate the opportunity and terms of conversion of certain classes of preferred shares into ordinary (plain) shares or other classes of preferred shares.

3. The owners of preferred shares shall have a voting right in the General Assembly if the reorganization or liquidation of the Company is discussed.

The owners of certain classes of preferred shares gain a voting right in the General Assembly if the latter is discussing decisions on Charter amendments, which would limit the rights of such owners, including the limitation or increase of dividends and/or liquidation value for such classes of preferred shares, as well as prioritizing the owners of other classes of preferred shares in terms of the sequence of dividend and/or liquidation value payment.

4. Owners of certain classes of preferred shares, whose dividend is defined by the Charter (with the exception of owners of cumulative preferred shares), have the right to participate and vote on all issues in the General Assembly

that follows the Annual General Assembly in which a decision on paying dividends to them was not made, or a decision on not paying dividends or paying only a part thereof was made. This right shall cease as soon as the first full payment of dividends is made to the holders of the given class of preferred shares.

Owners of certain classes of cumulative preferred shares have the right to participate and vote on all issues in the General Assembly that follows the Annual General Assembly in which a decision on paying all the accumulated dividends to them was not made, or a decision on not paying dividends or paying only a part thereof was made. This right shall cease as soon as the first full payment of dividends is made to the holders of the given class of cumulative preferred shares.

5. The Charter may vest a voting right upon the owners of certain classes of preferred shares if the Charter also foresees the option of converting the given class of preferred shares into ordinary (plain) shares. In fact, the owner of such preferred shares shall have such a quantity of votes that may not exceed the votes he/she would otherwise have if his/her preferred shares were converted into ordinary (plain) ones.

6. When converting preferred shares into ordinary (plain) ones, a Company shall either clear all the debt to the owners of preferred shares or obtain their consent to restructuring the debt payment obligation.

7. Non-payment of dividends to the holders of preferred shares for a consecutive three-year period may serve as a basis for liquidating the Company in court.

8. Owners of preferred shares enjoy the rights stipulated by paragraphs 1a, 1c, 1d, 1g, and 1h of Article 37 in accordance with the provisions of this Article, while the rights stipulated by paragraphs 1b, 1e, 1f, 1i, and 1j shall be exercised on the same grounds as those of ordinary (plain) share holders.

9. Owners of preferred shares bear the liabilities stipulated by paragraph 3 of Article 37 hereof.

Article 39. Share Certificates

1. A share certificate is a nominal security certifying that the holder (holders) of the certificate owns (own) one or several of the Company's shares.

2. A shareholder shall receive separate share certificates for different types of ordinary (plain) and preferred shares. Share certificates are issued after the cost of the share has been paid-up.

3. The procedure of share certificate issuance, replacement, and invalidation shall be stipulated by laws and other legal acts.

4. A share certificate shall contain the following information:

- a) the name "share certificate" and a sequence number;
- b) information on Company state registration, its full business name, and place of location;
- c) the size of equity of the Company, the quantity and nominal volume of issued shares of the given type;
- d) the type of shares represented by the certificate, and if necessary, the share emission date. If a Company has issued several classes of preferred shares, each class shall have a distinctive name;
- e) the state registration number for each type of share;
- f) the number of shares certified under the certificate, the nominal value of each share, as well as the total nominal value of all such shares;
- g) the day, month, and year of issuing the certificate;
- h) the full name (for individuals, the name) of the registered owner of the share/-s represented by the certificate;

- i) signatures of the Chairman of the Board and the Chief Accountant or the Financial Manager (or facsimile copies of the signatures); if the shareholder registry of the Company is maintained by a specialized organization, then, also, the signature of an appropriate official of this organization (or facsimile copies of the signature), as well as information on its state registration, its full name, and place of location;
- j) information on the rights certified by the certificate and/or limitations thereon, including limitations on either the right to vote in the General Assembly of Shareholders or the transfer of shares; and
- k) a printed sample of the Company seal, and if the shareholder registry of the Company is maintained by a specialized organization, then, also, a printed sample of the seal of the latter.

5. If all or a part of the shares represented by a certificate are transferred, or if the name of their registered shareholder changes, then the share certificate will be given back and deemed null and void. A new share certificate will be issued on the name of the new owner. New share certificates are issued on the names of the new and previous possessors if only a part of the shares represented by the share certificate in question are transferred. If the name of a registered holder of shares changes, the new share certificate shall be issued on the new name of the registered shareholder.

6. A share certificate shall be consistent with the requirements of laws and other legal acts in terms of securities protection.

Article 40. Company Bonds and Other Securities

1. A Company may issue bonds and other securities stipulated by law in accordance with its Charter.

Allocation of bonds and other securities is carried out by a Board decision, unless otherwise stipulated by the Charter. Emission and allocation of bonds and other securities is carried out in the manner stipulated by the Republic of Armenia "Law on Securities Market Regulation".

2. A bond is a security paper, which verifies the right of the possessor to receive from the bond issuing company the nominal value of the bond or a property equivalent thereof in the time period mentioned in the bond. A bond also entitles its holder to gain interest and other property rights in relation to its nominal value, in the time period established by the Company.

A decision on bond issuance shall define the method of repayment, the deadlines, and conditions.

Bonds shall have a nominal value. The total sum of the nominal values of all secured bonds issues by a Company shall not exceed the equity of the Company or the amount of security allowed to the Company for the purpose of issuing bonds.

A Company may issue one-time, as well as deferred redemption bonds (for the latter, the Company established the time sequence). Redemption of bonds is carried out in drams or other property, according to the decision on issuance of bonds.

A Company has the right to issue:

- a) bonds secured with a collateral of Company property;
- b) bonds secured with third party guarantees; and
- c) non-secured bonds.

Non-secured bonds may be issued only after three years have passed since state registration of the Company, provided that the balance sheets of the Company for at least two years have been approved as required.

A Company may issue nominal, as well as holder bonds.

A Company shall maintain a registry of owners of its outstanding nominal shares. A lost nominal bond shall be replaced by the Company at a reasonable cost. The rights of the owner of a lost holder bond shall be restored by court

in the manner stipulated by the Civil Procedure Court of the Republic of Armenia.

A Company may allow early redemption of bonds at the request of the bond owners. In such a case, the decision on issuance of bonds shall define the amount to be redeemed and the date beginning which bonds can be claimed to the company pre-term.

3. A Company may issue convertible bonds and other securities that grant either the right to convert Company bonds and other securities into shares, or the right to obtain shares on preferred terms. A Company may not outstanding convertible bonds and other securities if the quantity of declared shares under each type and class is less than the actual quantity of shares under such type and class, which is necessary for the convertible bonds and other securities to be converted to Company shares.

4. Bond interest is paid at the frequency mentioned in the bond, but no less, than at least once a year, regardless of the financial condition of the Company and its profits (except for bonds related to profits). If bonds are outstanding at a lower than nominal price, then annual interest does not have to be paid to the bond holder, which shall be both defined in the decision on issuance of bonds and mentioned in the bond.

If bond interest is not paid, or if the bonds are not redeemed before the established dates, a Company may be liquidated by court.

5. Bonds are printed (paper-based). A bond shall contain the following information:

- a) the name "bond" and a sequence number;
- b) information on Company state registration, its full business name, and place of location;
- c) the size of equity of the Company;
- d) the time period for which the bond is issued;
- e) the nominal value;
- f) the issued quantity of the given type of bonds and the total nominal value;
- g) the date of redemption, the amount to be redeemed, and payable interest, as well as the procedure of their accrual and payment;
- h) for nominal bonds, the full name of the bond owner;
- i) signatures of the Chairman of the Board and the Chief Accountant or the Financial Manager (or facsimile copies of the signatures);
- j) the type of bond and information on the rights pertaining to it, including, for convertible bonds, the right to convert the bonds into Company shares; and
- k) a printed sample of the Company seal.

6. A paper-based bond shall be consistent with the requirements of laws and other legal acts in terms of securities protection.

(Article 40 amended AL-202-N, 11.10.07)

Article 41. Shares Allowed to Staff

1. In the manner stipulated by the Charter, Company staff may receive staff shares, which can be ordinary (plain) or preferred. Staff shares are distributed amongst the Company staff by means of the Company purchasing shares [put back to it by the shareholders] at the cost of a special fund for staff shareholding.

The portion of staff shares shall not exceed 25 percent of Company equity.

2. A staff share is a nominal share sold to a Company staff member at preferred conditions. Circulation of a staff share may be limited for a period of time stipulated by the Charter, but no longer than for 3 years starting the date of its allocation.

3. Staff shares are outstanding amongst staff members with their consent. The amount paid for a staff share may be lower, but no less than 25 percent of the nominal value.

4. In the case of termination of labor relationships with a staff member (except for retirement), a Company has the right of first refusal in terms of the purchasing the staff member's shares at a market price, but no less than at nominal value.

If the limitations mentioned in paragraph 2 of this Article apply, the heirs of deceased owners of staff shares may demand that the Company buy the shares back at a market price, but no less than the nominal value, or demand that the Company exchange them with other Company shares, if the Company has declared any such shares.

5. The owner of a staff share, except for the limitation set forth in paragraph 2 of this Article, enjoy the same rights as those stipulated by this Law and the Charter for owners of corresponding ordinary (plain) or different classes of preferred shares.

The nominal value of a staff share shall not differ from that of an identical ordinary (plain) and preferred share of the Company.

6. The decision on allocation of staff shares, the payment for such shares, and the privileges granted to staff is adopted by the General Assembly.

Article 42. Payment for Company Shares and Other Securities

1. Company shares can be paid for by means of property, including money, securities and property rights, and intellectual property.

2. At the time of Company foundation, all of its shares shall be paid-up for in full before Company state registration.

Additionally outstanding Company shares shall be paid-up for in the time period stipulated by the decision on their allocation, but no later than within one year after allocation.

3. At the time of Company foundation, the method of payment for shares shall be determined by the Company foundation agreement, and the method of payment for additionally outstanding shares, as well as other securities issued by the Company shall be defined in the decision on their allocation.

When acquiring additionally outstanding shares, payment for which may be made only in cash, at least 25 percent of the nominal value shall be paid.

At the time of acquiring Company shares and other securities the payment for which is to be made in kind (rather than in cash), the full value of such shares and other securities shall be paid-up, unless otherwise stipulated by the decision on allocation of securities.

Payment for securities outstanding in a public auction shall be made only in cash, in the equivalent of their full value.

4. The founders shall agree upon a method of assessment of the cash value of property contributed by founders at the time of Company foundation in return for shares; as for additionally outstanding shares and other securities, the Board shall decide on this matter, and the cash value of such property shall be assessed by an independent valuator.

The Board may decide to limit the types of property used to pay for Company shares and other securities.

5. Exemption of a Company shareholder from the duty to pay for Company shares, as well as offsetting of claims on the Company shall be prohibited.

6. If the full value of shares is not paid-up in the established time period when additionally outstanding shares are acquired, and the actual payment is smaller than the cost of one share, then the shares shall be transferred to the Company for its disposal, and the shareholders that did not make timely payment

for shares shall be deprived of their share ownership right. A note on this shall be recorded in the Company's shareholder registry. Cash and other property used to pay for the shares shall not be returned to the shareholder.

If the full value of shares is not paid-up in the established time period when additionally outstanding shares are acquired, and the actual payment is not smaller than the cost of one share, then the quantity of shares shall be recalculated in a way that the product of the quantity of shares and the acquirement cost not exceed the amount that has already been paid-up. The remaining shares shall be transferred to the Company for its disposal, and the shareholders shall be deprived of their ownership right for such transferred shares. A note on this shall be recorded in the Company's shareholder registry.

The Charter may foresee fines and penalties for breach of obligations in terms of payment for shares.

Shares transferred to the Company for its disposal do not grant a voting right; they are not accounted for when counting votes, and they do not gain accrual of dividends. The General Assembly shall approve the results of share allocation and amend the Charter respectively.

Article 43. Company Funds and Net Assets

1. A reserve fund shall be created in a Company, in the amount foreseen by the Charter, but not less than in the equivalent of 15 percent of equity.

If the reserve fund is smaller than the size foreseen by the Charter, then allocations to this Fund shall be made in the amount of at least 5 percent of profit, as well as from the proceeds of the difference between the emission value of new shares and their nominal value.

The reserve fund shall be used to cover Company losses, redeem Company bonds, and buy back Company shares, if the profits and other funds of the Company are insufficient for such purposes.

The reserve fund may not be used for other purposes.

2. The law or the Charter may foresee other funds.

3. The value of Company net assets is estimated using data from a Company balance sheet or audit inspection, in the manner stipulated by laws and other legal acts.

If it turns out at the end of the second and each of the following financial years that the net assets of the Company are smaller than the equity, the Company shall announce reduction of its equity and register it in the established manner.

If it turns out at the end of the second and each of the following financial years that the net assets of the Company are smaller than the required minimum equity, the Company shall adopt a decision on liquidation.

4. If in cases stipulated by paragraph 3 of this Article the Company does not adopt a decision on reducing equity or liquidating the Company, then the shareholders and creditors of the Company, as well as the authorized state bodies may demand that the Company be liquidated in court.

CHAPTER IV

ALLOCATION OF COMPANY SHARES AND OTHER SECURITIES

Article 44. Price of Shares Outstanding by Company

1. Payment for shares outstanding by the Company shall be made at their market price, but no less than the nominal value.

At the time of foundation, the payment for Company shares shall be made at the nominal value of shares.

2. A Company may allocate additional shares at a lower than market value if:
- a) the allocation is to all the shareholders of ordinary (plain) shares of the Company, when they are exercising their right of first refusal in relation to shares similar to theirs; and
 - b) the Company uses a dealer (intermediary) for purposes of share allocation. In this case, the allocation price may be lower than the market value in the amount of the dealer (intermediary) fee, which shall be defined as interest on the price of the outstanding shares.

Article 45. Procedure and Pricing of Company Securities Conversion into Shares

1. Allocation of additional Company shares to secure the conversion of Company securities into shares shall take place only in the form of such conversion. The conversion procedure shall be defined by the decision on allocating convertible securities.

2. A Company shall allocate securities convertible to shares at their market value, except for:

- a) the case when the allocation of securities convertible to shares covers all the shareholders of ordinary (plain) shares of the Company, when they are exercising their right of first refusal in relation to shares similar to theirs. In this case, the shares may be outstanding at their nominal value; and
- b) the Company uses a dealer (intermediary) for purposes of allocating securities convertible to shares. In this case, the allocation price may be lower than the market value in the amount of the dealer (intermediary) fee, which shall be defined as interest on the price of the outstanding securities convertible to shares.

The provisions of this Article shall not apply when Company bonds are outstanding and the conditions of bond redemption stipulate either redemption of their nominal value or conversion into Company shares.

Article 46. Methods of Allocation of Company Shares and Securities Convertible into Shares

1. An open joint-stock Company may allocate shares and securities convertible into shares in an open or closed subscription.

A closed joint-stock Company may not either allocate shares and securities convertible into shares by means of an open subscription, or offer them to an unlimited number of persons in any other way.

Allocation of additional Company shares by means of converting other securities into Company shares shall be carried out in the manner stipulated by the decision on allocation of securities convertible to Company shares.

2. The General Assembly shall decide upon the methods (open or closed subscription) to be used for allocation of shares and securities convertible into shares of an open joint-stock Company.

3. Allocation of Company shares and securities convertible into shares shall take place in the manner stipulated by laws and other legal acts.

Article 47. Protection of Shareholder Rights when Allocating Company Shares and Securities Convertible into Shares

1. Shareholders of a company have the right of first refusal in relation to new shares commensurately with their existing share, which is valid for a period

stipulated by the Charter, except for the case described in paragraph 2 below and the Republic of Armenia law "On Bankruptcy of Banks and Credit Organizations".

Owners of Company securities with the right to acquire shares shall exercise their right prior to the shareholders, in the time period stipulated by the Charter. (transferred from Article 35)

2. When the Company allocates in an open subscription voting shares and securities convertible into voting shares, the Company shareholders do not have a right of first refusal in relation to such voting shares and securities. If payment for the outstanding shares is required in cash, then the Charter may stipulate that the owners of voting Shares of the Company have the right of first refusal in relation to voting shares and securities convertible into voting shares—in an amount commensurate to the quantity of voting shares they currently own.

3. The General Assembly may decide that the right of first refusal mentioned in paragraph 2 above not be exercised, specifying the time period during which such decision shall remain valid. This decision shall be adopted by the General Assembly by a simple majority of votes of the holders of voting shares participating in the General Assembly.

The validity term of the decision on not exercising the right of first refusal is determined by the General Assembly, but cannot be longer than one year after adoption of the decision.

4. The provisions of this Article do not apply to the owners of preferred shares of the Company, who acquired a voting right in accordance with paragraphs 3 and 4 of Article 38 hereof.

(Article 47 amended AL-66-N, 27.04.04)

Article 48. Procedure of Exercising the Right of First Refusal in Relation to Shares and Securities Convertible to Shares

1. Notice of the right of first refusal (as described in Article 47 hereof) shall be given to the owners of voting shares of the Company, under the procedure of assembling a General Assembly as described in this Law, at least 30 days before the allocation of voting shares and securities convertible into voting shares of the Company, payment for which shall be made in cash.

The notice shall contain information on:

- a) the quantity of voting shares and securities convertible into voting shares to be outstanding;
- b) the price of voting shares and securities convertible into voting shares to be outstanding (including the price of allocation for Company shareholders that have the right of first refusal in relation to voting shares and securities convertible into voting shares of the Company); and
- c) the procedure of determining the quantity of voting shares and securities convertible into voting shares to be outstanding to shareholders who have the right of first refusal, as well as the procedure and time period for exercising such rights.

2. A shareholder may exercise his/her right of first refusal in part or in full, by means of sending written notice to the Company about acquirement of voting shares or securities convertible into voting shares. Such notice shall contain:

- a) the full business name of the shareholder (for individuals, the name), state registration information (for individuals, passport number), and place of location (residence);
- b) quantity of shares and/or securities to be acquired; and
- c) a document on payment for shares and/or securities.

The notice shall be submitted to the Company no later than one day before the beginning of the allocation of voting shares and securities convertible into voting shares of the Company.

CHAPTER V

COMPANY DIVIDENDS

Article 49. Procedure of Dividend Payment

1. A Company may decide (announce) that it will pay quarterly, semi-annual, or annual dividends for outstanding shares, unless otherwise stipulated by this Law and the Charter.

For every type (class) of outstanding shares, a Company shall pay the announced dividends in drams, and in cases designated by the Charter, in kind.

2. Dividends are paid at the cost of the net profit (retain profit). Dividends for a certain class of preferred shares may be paid at the cost of special Company funds established for this purpose.

3. For different types and classes of shares, the Board shall adopt a decision on the payment, the size, and the method of payment of the interim (quarterly and semi-annual) dividends. For different types and classes of shares, the General Assembly shall, at the recommendation of the Board, adopt a decision on the payment, the size, and the method of payment of annual dividends. The interim dividends may not be greater than 50 percent of the dividends paid out at the end of the previous financial year. The annual dividends may not be greater than the limit proposed by the Board and less than the interim dividends that have already been paid.

If the General Assembly decides to set the size of annual dividends for certain types and classes of shares equal to the size of the interim dividends that have already been paid, then annual dividends shall not be paid for these types and classes of shares.

If the General Assembly decides to set the size of annual dividends for certain types and classes of shares greater than the size of the interim dividends that have already been paid, then annual dividends shall be paid out in an amount equal to the difference between the defined annual dividends and the interim dividends that have already been paid out in the current year.

The General Assembly may decide that dividends not be paid out for certain types and classes of shares, and that dividends for preferred shares (which are defined by the Charter) be paid in part.

4. The deadline for payment of annual dividends shall be defined either in the Charter or by a decision of the General Assembly on payment of dividends. The deadline for payment of interim dividends shall be defined by a decision of the Board on payment of interim dividends, but no earlier than after 30 days from the adoption of the aforementioned decision.

For every payment of dividends, the Board shall elaborate a list of eligible shareholders, which shall include:

a) in the case of interim dividends, those shareholders of the Company that were listed in the Company's shareholder registry at least 10 days before the adoption of the Board decision on payment of interim dividends; and

b) in the case of annual dividends, those shareholders of the Company that were listed in the Company's shareholder registry as of the date when the list

of shareholders eligible to participate in the Company's Annual General Assembly of Shareholders (hereinafter, the Annual General Assembly) was prepared.

(Article 49 amended AL-202-N, 11.10.07)

Article 50. Limitations on Payment of Dividends

1. A Company may not decide (announce) that it will pay dividends for outstanding shares if:

- a) the Company equity has not been paid up;
- b) the Company has not bought back all the shares under the provision of Article 58 hereof;
- c) as of the time of adopting a decision on payment of dividends, the condition of the Company is consistent with the insolvency (bankruptcy) criteria stipulated by law, or the Company will become insolvent (bankrupt) due to the payment of dividends; and
- d) the Company's net assets are smaller than the equity, or they will become smaller as a result of dividend payment.

2. A Company may not decide (announce) that it will pay dividends for outstanding ordinary (plain) shares and other preferred shares, for which the size of the dividends has not been determined, and if a decision on paying dividends in full has not been adopted for all those classes of preferred shares for which the size of the dividend was defined by the Charter.

3. A Company may not decide (announce) that it will pay dividends for outstanding preferred shares, for which the size of the dividends has been determined by the Charter, and if a decision on paying dividends in full has not been adopted for all those classes of preferred shares, which are prioritized in relation to the aforementioned preferred shares in terms of receipt of dividends.

CHAPTER VI

COMPANY'S SHAREHOLDER REGISTRY

Article 51. Company's Shareholder Registry

1. It shall be prohibited to the companies to independently maintain the registry of the share owners and shall delegate maintaining of the registry to a specialized company not deemed as affiliated person in the meaning of the Republic of Armenia law "On Securities Market", which is entitled to maintain the registry of the holders of nominal shares in manner established by law and other normative acts. The registry of shareholders shall contain information on every registered person (shareholder, nominal holder). The Company's shareholder registry shall also contain other information stipulated by laws and other legal acts.

2. (Clause 2 deleted AL-202-N, 11.10.07)

3. A Company that has a specialized organization maintaining their registry shall be exempt of the responsibility to maintain and protect it.

4. Shareholders and nominal holders shall provide timely notice to the organization maintaining the Company registry on changes in information referred to in this Article. If a shareholder or a nominal holder does not submit this data, the Company and the specialized organization shall not indemnify the shareholder harmless.

(Article 51 amended AL-202-N, 11.10.07; AL-107-S, 24.06.10)

Article 52. Entry of Records in a Company's Shareholder Registry

1. An entry in a Company's shareholder registry shall be made at the request of a Company shareholder or nominal holder, within three days after the documents required by laws and other legal acts have been submitted.

2. Refusing an entry in the Company's shareholder registry shall be forbidden, except for cases stipulated by laws and other legal acts. In case of a refusal, the entity maintaining the Company's registry shall, within five days from receiving the request, provide a justified response notifying the person requesting registration of shares in the registry of the refusal. A refusal to make an entry in the Company's shareholder registry may be protested in court. After a court judgment comes into legal force, the entity maintaining the registry shall be obliged to make an appropriate entry in the registry.

Article 53. Statement from Company's Shareholder Registry

At the request of a Company shareholder or a nominal holder, the entity maintaining the Company's shareholder registry shall verify the ownership right of the Company's shareholder or the nominal holder by means of granting the person a statement from the Company's shareholder registry, specifying:

- a) Information on the Company's state registration, its full business name, and place of location;
- b) The size of Company equity, the quantity and nominal value of issued shares of the given type;
- c) The state registration number for each of the types of shares, if they are subject to state registration under the Republic of Armenia "Law on Securities Market Regulation";
- d) The number of shares, the nominal value of each share, as well as their total nominal worth;
- e) The date, month, and year of issuing the statement;
- f) The full name of the shareholder or nominal holder;
- g) signatures of the Chairman of the Board and the Chief Accountant or the Financial Manager (or facsimile copies of the signatures); if the shareholder registry of the Company is maintained by a specialized organization, then, also, the signature of an appropriate official of this organization (or facsimile copies of the signature), as well as information on its state registration, its full name, and place of location;
- h) a printed sample of the Company seal, and if the shareholder registry of the Company is maintained by a specialized organization, then, also, a printed sample of the seal of the latter; and
- i) other information, as demanded by the person requesting a statement.

A statement from the Company's shareholder registry is not a security paper.

(Article 53 amended AL-202-N, 11.10.07)

CHAPTER VII**ACQUISITION AND BUYBACK OF OUTSTANDING COMPANY SHARES BY THE COMPANY****Article 54. Acquisition of Outstanding Company Shares**

1. Under a decision of the General Assembly on reducing Company equity, the Company may buy back a part of its outstanding shares to reduce the total quantity of Company shares, if designated by the Charter.

A Company may not decide to reduce Company equity by means of the Company buying back a part of its outstanding shares to reduce the total quantity of Company shares if the total nominal worth of the remaining outstanding shares will fall lower than the minimum size of equity stipulated hereby.

2. A Company may acquire its outstanding shares by a Board decision, if so stipulated by the Charter.

The Board may not decide to buy back outstanding shares if the total nominal worth of the remaining outstanding shares will fall lower than the 90 percent of Company equity.

3. Shares acquired by the Company on the basis of a General Assembly decision on reducing equity by means of reducing the total quantity of Company shares shall be redeemed at the time of their acquisition.

Outstanding shares acquired on the basis of a Board decision do not grant a voting right, they are not counted when counting votes, and they are not subject to accrual of dividends. These shares shall be sold within a year after their acquisition. Otherwise, the General Assembly shall decide that these shares be redeemed to reduce Company equity, or that these shares be redeemed to increase the nominal value of the remaining outstanding shares of the Company, keeping the equity stipulated by the Charter unchanged.

4. A decision on acquiring shares shall stipulate:

- a) the types and classes of shares to be acquired;
- b) the quantity of such shares, specifying their types and classes;
- c) the acquisition price, the dates and method of payment; and
- d) the dates of share acquisition.

Shares are sold for cash, unless otherwise stipulated by the Charter. The share acquisition period may not be shorter than 30 days. The price at which a Company acquires ordinary (plain) shares shall be determined in the manner described in Article 59 hereof.

Each shareholder may sell his/her shares if a decision on the acquisition of the given type or class of shares was adopted, and the Company is obliged to acquire them. If the quantity of shares offered by the shareholders exceeds the quantity of shares to be purchased by the Company (taking into account the limitations under this Article), then the shares shall be acquired in proportionate quantities according to the offers.

5. A Company shall inform the shareholders of certain types and classes of shares about its decision to acquire these shares at least 30 days before the acquisition begins. The notice shall contain the information mentioned in paragraph 4.1 of this Article.

6. Acquisition of preferred shares shall be carried out at the price defined in the Charter or at the market price determined in the manner described in Article 59 hereof.

Article 55. Limitations on Acquiring Outstanding Company Shares

1. A Company may not acquire its outstanding ordinary (plain) shares if:

- a) the Company equity has not been paid-up in full;
- b) as of the time of acquisition, the condition of the Company is consistent with the insolvency (bankruptcy) criteria stipulated by law, or the Company will become insolvent (bankrupt) due to the acquisition of shares; and
- c) as of the time of acquisition, the Company's net assets either are smaller than the sum of equity, reserve capital, and the total difference between the liquidation and nominal values of preferred shares, or will become smaller as a result of share acquisition.

2. A Company may not acquire certain classes of its outstanding preferred shares if:

- a) the Company equity has not been paid-up in full;
- b) as of the time of acquisition, the condition of the Company is consistent with the insolvency (bankruptcy) criteria stipulated by law, or the Company will become insolvent (bankrupt) due to the acquisition of shares; and
- c) as of the time of acquisition, the Company's net assets either are smaller than the sum of equity, reserve capital, and the total difference between the liquidation and nominal values of outstanding preferred shares (the owners of which have a priority right to claim the liquidation value of preferred shares if compared to the owners of preferred shares subject to acquisition), or will become smaller as a result of share acquisition.

3. A Company may not acquire its outstanding shares if it has not yet bought back all the shares that were put back to it in the manner described in Article 58 hereof.

Article 56. Consolidation and Fragmentation of Company Shares

1. Based upon a General Assembly decision, the Company may consolidate its outstanding shares, which will lead to the replacement of two or more Company shares with one new share of the same type (class). In this case, the Charter will be amended to reflect appropriate changes to the quantity and nominal value of announced and outstanding Company shares.

If fraction shares arise due to consolidation, the latter shall be bought back by the Company at the market price estimated in the manner stipulated by Article 59 hereof.

2. Based upon a General Assembly decision, a Company may divide outstanding shares, which will lead to the replacement of one outstanding Company share with two or more shares of the same type (class). In this case, the Charter will be amended to reflect appropriate changes to the quantity and nominal value of announced and outstanding Company shares.

Article 57. Shareholders' Put Option

1. The owner of a voting share may put his/her shares back to the Company, demanding that the latter buy back all or a part thereof, if:

- a) a decision was adopted on Company reorganization, suspension of the right of first refusal, or conclusion of a large transaction in accordance with paragraph 2 of Article 61 hereof, and if the shareholder in question voted against such decision or did not participate in the vote; or
- b) the Charter was amended or expanded, or a new edition of the Charter was approved, which limited the rights of the shareholder in question, and if the latter voted against or did not participate in the vote.

2. A list of shareholders who have the put option shall be elaborated on the basis of Company shareholder registry data, as of the date of preparing a list of shareholders eligible for participation in a General Assembly that would discuss issues, which might bring about the limitation mentioned in paragraph 1 above.

3. A Company shall buy its shares back at the market price, which will be determined without taking into account the changes emerging out of the Company's actions giving rise to the put option.

Article 58. Procedure for Implementation of the Put Option

1. A Company shall inform shareholders of their put option right and the procedure for its implementation.

2. A notice on the General Assembly that will discuss issues, which might be voted on and bring about a right to claim the put option in the manner stipulated by this Law, shall contain the information mentioned in paragraph 1 of this Article. The notice shall also specify the put price, unless the latter has been determined under a pre-established procedure.

Within 7 days after the adoption of such decisions, the Company shall inform the shareholders that enjoy the put option right of their right to claim exercise of the put option and the procedure thereof.

3. A shareholder's written claim that the Company buy the shareholder's shares, containing information on the quantity of shares in question and the place of location (residence) of the shareholder, shall be submitted to the Company no later than within 45 days after the adoption of the General Assembly decisions mentioned above.

4. After the deadline mentioned in paragraph 3 above expires, the Company shall, within 30 days, buy back the shares from the shareholders claiming exercise of the put option.

5. Buyback of shares shall be implemented at the price specified in the notice mentioned in paragraph 2.1 of this Article, and if such price is not specified, then the price shall be determined as of the moment of adopting the decisions referred to in paragraph 1 of Article 57 hereof.

The funds spent on buying back shares may not exceed 10 percent of the Company's net assets. The worth of net assets is determined as of the moment of adopting the decisions referred to in paragraph 1 of Article 57 hereof. If the total worth of the shares put back to the Company exceeds the amount the Company may spend on buying back shares, then proportionate quantities of the shares shall be bought back.

6. If a shareholder is not in agreement with the buyback price, he/she may, within three months of the date the Company was due to pay the shareholders, go to court claiming to re-valuate the shares.

7. Shares bought back on the grounds specified in paragraph 1 of Article 57 hereof shall be handled by Company management. These shares do not grant a voting right; they are not accounted for when counting votes, and they do not gain accrual of dividends. They shall be outstanding within one year. Otherwise, the General Assembly shall adopt a decision on redeeming these shares and reducing Company equity.

Article 59. Procedure of Determining the Market Price of Company Property

1. The market price of property, including that of Company shares and other securities, is the price at which a seller that does not have to sell the property and is in possession of all the necessary information concerning the price of property would agree to sell the property, and a buyer that does not have to buy the property and is in possession of all the necessary information concerning the price of property would agree to buy it.

2. The market price of property shall be determined by a Board decision, unless cases stipulated by this Law, when the market price shall be determined by court or by other entities or persons.

If in one or more transactions, for which the market price of property needs to be determined, a Board member is a stakeholder, than the market price of property shall be determined by a decision of those members of the Board that do not have a stake in the given transaction. In a Company with fifty and more shareholders (owners of voting shares), the market price of property shall be determined by those independent members of the Board that do not have a stake in the consummation of the transaction.

3. If so decided by the Board, a Company may use the services of an independent valuator to determine the market price of property.

4. Determination of the market price of property is compulsory in cases when the Company buys back shares owned by the shareholders, as defined in Article 58 hereof.

5. If the market price of Company shares or other securities needs to be determined, then information periodically published in mass media concerning the acquisition, as well as supply and demand prices of such shares.

When determining the market price of ordinary (plain) Company shares, one shall take into account the worth of Company's net assets, as well as the price that a buyer fully informed of the Company's property would agree to pay for outstanding ordinary (plain) shares of the Company, as well as other factors, as the entity (person) determining the market price of Company property may deem necessary.

The market price of ordinary (plain) shares of the Company, as determined under this paragraph, shall not be lower than the price estimated on the basis of the Company's net asset worth.

CHAPTER VIII

LARGE TRANSACTIONS

Article 60. Large Transactions Involving Acquisition and Alienation of Company Property

1. The following are considered large transactions:

- a) one or several interconnected transactions which, except for transactions implemented in the frameworks of normal Company activities, are directly or indirectly linked with the Company acquiring, alienating, or having the opportunity of alienating property, the value of which comprises 25 percent or more of the book value of Company assets as of the time of adopting a decision thereon; and
- b) one or several interconnected transactions concerning the allocation of ordinary (plain) Company shares or securities convertible to ordinary (plain) shares, which amount up to 25 percent or more of the existing stock of outstanding ordinary (plain) Company shares.

2. The price of property subject to a large transaction shall be determined in the manner specified in Article 59 hereof.

Article 61. Consummation of Large Transactions Involving Acquisition and Alienation of Company Property

1. A decision on a large transaction involving property, the price of which is equal to 25-50 percent of the book value of Company assets as of the time of adopting the decision on the transaction, shall be adopted by the Board unanimously. In this case, the votes of the missing Board members shall not be taken into account.

If the Board does not adopt a decision on entering into a transaction, then it may adopt a decision on having the matter discussed in the General Assembly.

2. In cases stipulated by the second part of paragraph 1 of this Article, as well as if the price of the property subject to a transaction exceeds 50 percent of the book value of Company assets as of the time of adopting the decision, then the decision on entering into the transaction shall be adopted by the

General Assembly, with a 3/4s vote of the shareholders (owners of voting shares) participating in the General Assembly.

3. Breach of the requirements of this Article shall not lead to invalidity of the transaction if the other party in the transaction with the Company acted upon good faith and could not have known that the Company breached the aforementioned requirements.

CHAPTER IX

INTERESTS IN COMPANY TRANSACTIONS

Article 62. Interests in Company Transactions

A Board member, another management official of the Company, or a shareholder (shareholders) that, together with cooperating persons, possess 20 percent and more of the Company's voting shares, shall be deemed a stakeholder in Company transactions, provided that the aforementioned individuals, as well as their affiliated parties (spouses, parents, children, siblings), and all the persons cooperating with them:

- a) are parties to the transactions or participate in it as an intermediary or a representative;
- b) possess 20 percent or more of the voting shares of a legal entity that is a party to, intermediary or representative in the transaction, or
- c) occupy management posts in a legal entity that is a party to, intermediary or representative in the transaction.

In the meaning of this law, affiliated persons are persons defined as such in the Republic of Armenia law "On Securities Market"

(Article 62 amended AL-202-N, 11.10.07)

Article 63. Information on Interests in Company Transactions

The persons mentioned in Article 62 hereof shall provide information to the Board, the Controls Commission (the Controller), and the Company auditor:

- a) on the legal entities, in which they alone or with a person/persons connected with them possess 20 percent and more of the voting shares. For the purposes of this Law, interconnected persons are the ones defined in the Republic of Armenia "Law on Securities Market Regulation";
- b) on the legal entities where they occupy management posts; and
- c) on transactions that they know have been consummated or are planned, in which they may be deemed a stakeholder.

Article 64. Procedure of Consummation of Company Transactions Where a Conflict of Interests Exists

1. In a company with up to 500 shareholders (owners of voting shares), a decision on consummating a transaction, in which there is a conflict of interests, shall be adopted by the Board, by a simple majority vote of those Board members that are not subject to a conflict of interests.

2. In a company with 500 or more shareholders (owners of voting shares), a decision on consummating a transaction, in which there is a conflict of interests, shall be adopted by the Board, by a simple majority vote of those independent Board members that are not subject to a conflict of interests.

An independent Board member is a person that is not a sole executive of the Company (director, general director) or a member of an executive body (executive board, management board), whose spouse, parents, children, and siblings do not occupy management posts with the Company.

To adopt a decision on consummating a transaction in which there is a conflict of interest, the Board shall determine that:

- The amount received by the Company due to the transaction is no less than the market price (estimated in the manner specified in Article 59 hereof) of property, services, or work transferred to or carried out for the other party in the transaction, or
- The amount paid by the Company due to the transaction is no less than the market price (estimated in the manner specified in Article 59 hereof) of property, services, or work obtained or received from the other party in the transaction.

3. A decision on consummating a transaction in which there is a conflict of interest shall be adopted by the General Assembly, by means of a simple majority vote of the shareholders (owners of voting shares) that do not have a stake (conflict of interest) in the consummation of the transaction if:

- a) the amount to be paid under the transaction and the market price of property subject to the transaction (as estimated in the manner specified by Article 59 hereof) exceed 2 percent of the Company's assets; or
- b) the transaction and/or a number of interconnected transactions are consummated for the purpose of allocating voting shares and securities convertible to voting share in a total quantity that exceeds 2 percent of the quantity of existing outstanding Company shares.

4. A transaction involving a conflict of interest, which is consistent with the requirements of paragraph 3 of this Article, may be consummated without a General Assembly decision if:

- a) the transaction involves lending to the Company by the stakeholder;
- b) the transaction is the result of normal economic activity involving the Company and the other party, which was consummated before the conflict of interest specified in Article 62 hereof was recognized (a decision is not required until the date of the next General Assembly).

If it is impossible to predict the possibility of a conflict of interest in the normal activities involving the Company and the other party as of the General Assembly date, then the requirements of paragraph 3 of this Article shall be deemed met so long as the General Assembly decides that the Company and the other party enter into a contract, which will define the nature of the transactions and the maximum amount of the transactions.

5. If all the members of the Board were recognized as stakeholders with a conflict of interest, then the decision on consummating the transaction shall be adopted by the General Assembly, with a simple majority vote of the shareholders that do not have a stake in the transaction in question.

6. If a transaction involving a conflict of interest is also a large transaction involving alienation or acquisition of Company property, than the consummation of the transaction shall also take into account the provisions of Chapter VIII hereof.

Article 65. Consequences of Breaching Requirements on Consummation of Company's Transactions Involving a Conflict of Interest

1. A transaction involving a conflict of interest, which was consummated breaching the requirements of Article 64 hereof, does not lead to invalidity of the transaction if the other party in the transaction acted on good faith and did not or could not know about the Company violating the aforementioned requirements.

2. A defined stakeholder shall be liable to the Company in the amount of damage caused to the Company. If several persons are liable, then they will each bear a proportionate amount of liability.

A person is exempt of liability stipulated by this paragraph if he/she acted on good faith and did not or could not know that the consummation of the transaction would cause damage to the Company.

3. If a conflict of interest exists, the requirements of this Chapter concerning Company transactions shall be waived if:

- a) all the shareholders are exercising their right of first refusal in terms of share acquisition;
- b) other securities convertible into shares are being converted; or
- c) the Company acquires outstanding shares, so long as all the owners of a given type (class) of shares have equal rights in terms of selling a proportionate amount of the given type (class) of their shares.

4. If only one person is an owner or nominal holder of voting shares of the Company, then the provisions of this Chapter shall be waived in the case of a conflict of interest.

5. The charter of a closed joint-stock company with no more than 10 owners of voting shares may stipulate provisions on partial or full waiver of the requirements of the provisions set forth in this Chapter.

CHAPTER X

GENERAL ASSEMBLY OF SHAREHOLDERS OF A COMPANY

Article 66. General Assembly of Shareholders of a Company

1. The General Assembly is the highest management body of a Company.

A Company shall assemble an Annual General Assembly of Shareholders every year. The first annual General Assembly shall be assembled after the end of the first financial year.

An annual General Assembly shall be assembled in the time period stipulated by the Charter, but no later than within six months after the end of a financial year.

Any General Assembly in addition to the annual one shall be considered special.

Special General Assembly shall be held to discuss urgent issues.

2. The date, month, year, and procedure of the General Assembly, as well as a notice on the procedure of the General Assembly and a list of materials provided to shareholders shall be defined by the Board according to the requirements of this Law.

Article 67. Powers of a General Assembly

1. The General Assembly has the right to:

- a) approve the Charter, amendments and extensions thereto, and a new edition of the Charter;
- b) reorganize the Company;
- c) liquidate the Company;
- d) approve the final, interim, and liquidation balance sheets, and appoint a liquidation commission;
- e) determine how many members there shall be in the Board, select them, and implement early termination of their powers; the matters referred to in this subparagraph (e) shall be discussed exclusively in the Annual

General Assembly. Election of Board members may be discussed in a special General Assembly if the latter has decided that the Board or certain members thereof shall be terminated from office before the end of their term;

- f) define the maximum amount of announced shares;
- g) increase Company equity by means of increasing the nominal value of shares or allocating additional shares;
- h) reduce Company equity by means of lowering the nominal value of shares, reducing the total number of shares outstanding by the Company, or by means of redeeming shares acquired or bought back by the Company;
- i) appoint the executive body (director, general director, executive board, management board) of the Company and terminate its rights before the expiration of its term, unless the Charter gives this right to the Board;
- j) elect the members of the controls commission of the Company and terminate their rights before the expiration of the term. Matters related to the election of the members of the controls commission shall be discussed exclusively in the Annual General Assemblies. Election of the members of the Controls Commission may be discussed in a special General Assembly if the latter has decided that the Commission or certain members thereof shall be terminated from office before the end of their term;
- k) approve the external auditor of the Company;
- l) approve the annual reports of the Company, its accounting reports, profit and loss accounts, and the distribution of profits and losses, as well as decide on the payment of annual dividends and determine the size thereof. These matters shall be discussed exclusively in the Annual General Assemblies of the Company. If an Annual General Assembly does not take place as decided, then a special General Assembly may be assembled only to discuss Company liquidation or matters referred to in this subparagraph. Such a special General Assembly may not discuss matters other than those due to equity reduction caused by decisions referred to in this subparagraph;
- m) according to paragraph 3 of Article 47 hereof, adopt a decision on waiving the right of first refusal of Company shareholders owning Company shares or other securities convertible to Company shares;
- n) determine the procedure of operation of the General Assembly;
- o) appoint an enumeration commission;
- p) determine the method the Company will use to deliver information to shareholders, including the selection of a mass media, if the information is to be presented in the form of a public statement;
- q) decide on consolidation and fragmentation of shares;
- r) decide on consummation of transactions in cases foreseen by Article 64 hereof;
- s) decide on consummation of transactions in cases foreseen by paragraph 2 of Article 61 hereof;
- t) decide that the Company shall acquire outstanding shares and buy them back in cases stipulated hereunder;
- u) determine the conditions of remuneration to management officials of the Company (chairman or a member of the board, the director, the general director or the executive board, or a member of the management board);
- v) decide that the Company create daughter or dependent companies, unless the Board is authorized to make such decision under the Charter or a General Assembly decision;
- w) decide that the Company participate in daughter and dependent companies, unless the Board is authorized to make such decision under the Charter or a General Assembly decision;

- x) decide to establish holding companies and other associations of commercial organizations, unless the Board is authorized to make such decision under the Charter or a General Assembly decision;
- y) decide to participate in holding companies and other associations of commercial organizations, unless the Board is authorized to make such decision under the Charter or a General Assembly decision;
- z) adopt other decisions stipulated by this Law and the Charter.
- zi) adopt decisions in cases and in manner stipulated by the Republic of Armenia law "On Securities market".

Authorities of the General Assembly specified in subparagraphs (v)-(y) above shall be exercised, if they are not delegated to the Board by the Charter or the General Assembly decision.

2. Adoption of decisions referred to in paragraph 1 of this Article shall be the exclusive right of the General Assembly, which may not be transferred to the board of directors or the executive board, except for the matters specified in the paragraph to follow.

Based on a General Assembly decision, the executive board of the Company may be authorized to adopt decisions on matters specified under subparagraphs (w) and (y) above, and the board of directors may be authorized similarly for subparagraphs (g), (i), (t), and (v-y).

3. The General Assembly may not discuss and adopt decisions on such matters that are not stipulated by this Law as matters covered by the powers of the General Assembly.

(Article 67 is amended according to AL-202-S, 11.10.07)

Article 68. General Assembly Decisions

1. Except for cases stipulated by this Law, the following shareholders shall have a voting right in the General Assembly:

- a) owners of ordinary (plain) shares of the company; and
- b) owners of preferred shares of the Company, in cases stipulated by this Law and the Charter.

An ordinary (plain) or preferred share is a voting share if it grants the owner the right to vote on a given matter in question. If a voting share grants more than one voting right to its owner, then each of the votes shall be counted as a separate voting share for the purposes of a vote count.

2. General Assembly decisions are adopted by a simple majority vote of all the owners of voting shares participating in the General Assembly, unless a greater vote is required under this Law.

3. Decisions on matters referred to in subparagraphs (b), (m), (p), and (q) of paragraph 1 of Article 67 of this Law are adopted by the General Assembly only upon presentation thereof by the Board, unless otherwise stipulated by this Law and the Charter.

4. Decisions on matters referred to in subparagraphs (a), (b), (d), (f) and (s) of paragraph 1 of Article 67 of this Law are adopted by the General Assembly by means of a 3/4s vote of the owners of voting shares participating in the General Assembly.

5. Decisions on matters referred to in subparagraphs (c) and (h) of paragraph 1 of Article 67 of this Law are adopted by the General Assembly by means of a 3/4s vote of the owners of voting shares participating in the General Assembly, which (the vote) cannot be smaller than 2/3s of all the votes of all the owners of voting shares.

6. If a voting shares of a Company are owned or held nominally by one person, then General Assembly decisions may be adopted by a written decision of the

person. If the person is a legal entity, its decision shall be adopted by the body of the legal entity authorized to do so under its Charter.

7. If matters referred to in subparagraphs (b), (c), and (h) of paragraph 1 of Article 67 hereof are discussed, then the authorized state body managing state-owned shares, or a person (persons) authorized by the state body, shall participate in the General Assembly only if the Government has decided respectively about the adoption of the decisions in question.

8. If matters referred to in subparagraphs (b), (c), and (h) of paragraph 1 of Article 67 hereof are discussed, then the head of a community managing community-owned shares, or a person (persons) authorized by the state body, shall participate in the General Assembly only if the community seniors have decided respectively about the adoption of the decisions in question.

9. The procedure of decision-making on the procedure of carrying out a General Assembly shall be defined by the Charter or internal documents approved by the General Assembly.

10. The General Assembly may not change the General Assembly agenda or pass decisions matters that have not been incorporated in its agenda.

11. Information on the decisions passed by the General Assembly, as well as the results of the vote shall be presented to the Company shareholders in the manner and the time period stipulated by this Law and the Charter, within 45 days after such decisions are passed.

12. If a General Assembly decision was adopted unanimously by all the owners of the voting shares, then breach of the requirements under paragraph 2 of Article 58, paragraph 10 of Article 68, paragraph 4 of Article 69, paragraphs 2-6 of Article 70, Article 73, subparagraphs (2-4) of paragraph 1, paragraph 2, and subparagraph (1) of paragraph 2 of Article 74, Article 75, and Article 79-81 may not serve as a grounds for invalidating respective decisions.

13. A shareholder may protest in court a decision of the General Assembly, which allegedly was adopted in violation of this Law, other legal acts, and the Charter. A court may remain the decision of the General Assembly unchanged if the participation of the protesting shareholder in the vote could not have affected the outcome of the vote and if the violations were not significant.

Article 69. General Assembly Decisions Adopted by a Remote Vote (Surveying Shareholders)

1. General Assembly decisions may be adopted by means of assembling the General Assembly in a remote manner and holding a remote vote (survey). The annual General Assembly, as well as the special General Assembly assembled in the case stipulated by subparagraph (1) of paragraph 1 of Article 67 hereof may not be held in a remote manner (by means of a survey).

2. A decision adopted by a remote General Assembly shall have legal force if more than half of the owners of voting shares of the Company have participated in the vote.

3. A remote vote is carried out using voting ballots consistent with the requirements of Article 79 hereof.

4. In a remote vote, the voting ballots shall be provided to the shareholders at least 30 days in advance of when the Company will complete receipt of filled ballots.

Article 70. Right to Participate in the General Assembly

1. The following shareholders shall have a right to participate in the General Assembly:

- a) owners of ordinary (plain) shares of the company, with a vote that is equivalent to the quantity and nominal value of the shares they own;

- b) owners of preferred shares of the Company, in cases stipulated by this Law and the Charter, with a vote that is equivalent to the quantity and nominal value of the shares they own;
- c) members of the board and the executive body of the Company, with a consultative vote;
- d) members of the controls commission (the controller) of the Company; and
- e) the external auditor of the Company (if its report is available in the materials of the General Assembly).

2. A list of shareholders eligible for participation in the General Assembly shall be elaborated on the basis of the Company's shareholder registry data as of the date, month, and year defined by the Board.

The date, month, and year of elaborating the list of eligible shareholders for participation in the General Assembly may not be earlier than the decision on holding a General Assembly and later than 60 days after the date of the General Assembly.

If a remote vote is carried out, then the date, month, and year of elaborating the list of eligible shareholders shall be at least 35 days before the date of the General Assembly.

3. For purposes of elaborating the list of eligible shareholders, a nominal owner of shares shall provide data (as of the date, month, and year of making the list) on persons whose interests he/she represents by managing the shares.

4. The list of eligible shareholders shall also contain information on the name, place of location (residence), and shares (including types and classes) owned by each shareholder.

5. The list of eligible shareholders shall be provided to the shareholders that are registered in the Company's shareholder registry and possess at least 10 percent of the voting shares of the Company.

At the request of a shareholder, the Company shall provide notification stating that the shareholder is in the list of shareholders eligible for participation.

6. Changes to the list of eligible shareholders may be made only to correct mistakes therein or to restore the violated rights and lawful interests of shareholders omitted from the list.

Article 71. Notification on Holding a General Assembly

1. The persons listed in paragraph 1 of Article 70 hereof shall be notified that a General Assembly is being held by means of a written notification, and if required by the decision on holding a General Assembly, also by means of a published notification, unless the Charter foresees another method of notification.

The notification on holding a General Assembly, including the media means to publish the notification shall be determined either by the Charter or by a General Assembly decision.

If the Charter does not foresee any specific method of notification, then the notification of shareholders about the General Assembly, as well as the provision of voting ballots to the persons mentioned in paragraph 1 of Article 70 hereof shall be implemented by means of sending registered letters or delivering them in person.

2. The Charter shall stipulate the dates of shareholder notification about a General Assembly.

A Company with more than fifty shareholders (owners of voting shares) shall notify its shareholders of holding a General Assembly at least 15 days before the date of the General Assembly.

3. The notification on the General Assembly shall specify.

- a) the business name and the place of location of the Company;
- b) date, month, year, time and place of the General Assembly;

- c) the date, month, and year of elaborating a list of eligible shareholders;
 - d) the agenda of the General Assembly; and
 - e) the procedure of shareholders reviewing information on the matters to be discussed in the General Assembly, which shall be provided to the shareholders over the course of preparation for the General Assembly.
4. The information to be provided to the shareholders during the preparation of the annual General Assembly shall include:
- a) the annual report of the Company;
 - b) the opinions of the controls commission of the Company and its external auditor on the annual financial performance of the Company;
 - c) information on candidates proposed as members of the board and the controls commission (the controller); and
 - d) draft amendments to the Charter or the draft new edition of the Charter.
- Laws and other legal acts may define an additional list of information to be provided to shareholders during the preparation of a General Assembly.
5. In the case of a remote vote, the eligible shareholders shall receive, together with the voting ballots and the agenda of the General Assembly, the information and materials referred to in paragraph 4 above.
6. If the person registered in the Company's shareholder registry is a nominal holder of securities, then the notification on holding a General Assembly shall be sent out to him/her. The latter shall, in the time period stipulated by laws, legal acts, or an agreement between him/her and the persons, forward the notification to the persons whose interests he/she represents.

Article 72. Suggestions on the Annual General Assembly Agenda

1. A Company shareholder (shareholders) who owns (own) at least 2 percent of the Company's voting shares may, within 30 days after the end of the financial year or in a longer period foreseen by the Charter, submit a maximum of two suggestions on the annual General Assembly agenda, as well as propose candidates for members of the board and the controls commission. The number of candidates proposed shall not exceed the number of members in each of these bodies.
2. Suggestions on the annual General Assembly agenda shall be presented in writing, specifying the grounds, the name of the shareholder suggesting incorporation of the issue in the agenda, the quantity of his/her shares (by type and class), and the signature (or its facsimile copy) of the shareholder (-s) making the suggestion.
3. The names of the proposed candidates for the board and the controls commission (including, in the case of proposing one's own self) shall be provided, specifying whether the proposed candidate is a shareholder or not, if yes, what quantity (including type and class) of shares he/she owns, who is proposing his/her candidacy, and what quantity of shares to the proposing shareholders own (including type and class).
4. The Board shall discuss the suggestions/proposals and determine whether they will or will not be incorporated in the agenda or the list of candidates. In case of a refusal, the latter shall be provided within 15 days after the expiration of the deadline referred to in paragraph 1 of this Article. The Board may decide to refuse the suggestions/proposals only if:
 - a) the suggesting/proposing shareholder (-s) have breached the deadline referred to in paragraph 1 of this Article;
 - b) the suggesting/proposing shareholder (-s) do not own the quantity of voting shares required by paragraph 1 of this Article;
 - c) the information required under paragraph 3 of this Article is incomplete or has not been provided; or

d) the suggestion/proposal is not consistent with the requirements of this Law and other legal acts.

5. A justified Board decision on refusal shall be sent to the suggesting/proposing shareholder (-s) within 3 days after its adoption.

6. The Board decision on refusal may be protested in court.

Article 73. General Assembly Preparation

During General Assembly preparation, the board (and in the case stipulated by paragraph 6 of Article 74 hereof, the persons assembling a General Assembly) shall determine:

- a) the date, month, year, time and place of the General Assembly;
- b) the agenda of the General Assembly;
- c) the date, month, and year of elaborating a list of eligible shareholders;
- d) the procedure of notifying shareholders of the General Assembly;
- e) the list of information and materials to be provided during General Assembly preparation; and
- f) the format and contents of the voting ballots, if the latter are going to be used.

Article 74. Special General Assembly

1. Special General Assembly shall be held on the basis of a Board decision, either at its initiative or at the request of the executive body of the Company, the controls commission, the external auditor, or a shareholder of at least 10 percent of voting shares of the Company as of the date of filing such request.

The Board decision on holding a special General Assembly shall define the method of assembly of the General Assembly: presence of all shareholders in one place, or a remote vote. The Board may not decide to change the method specified in the request for a special General Assembly.

A Board decision on a remote vote as the method of a special General Assembly shall specify:

- a) the format and contents of the voting ballot;
- b) day, month, and year of sending voting ballots, information and materials to the Company's shareholders; and
- c) the deadline for collection of filled voting ballots from the shareholders.

If there is a request of the executive body of the Company, the controls commission, the external auditor, or a shareholder of at least 10 percent of voting shares of the Company as of the date of filing such request, then the Board shall hold the special General Assembly within 45 days after the request is made.

2. The request of the executive body of the Company, the controls commission, the external auditor, or a shareholder of at least 10 percent of voting shares of the Company as of the date of filing such request, shall specify the matters proposed for inclusion in the agenda of the special General Assembly, as well as a justification of their inclusion.

The Board may not amend the agenda proposed by the executive body of the Company, the controls commission, the external auditor, or a shareholder of at least 10 percent of voting shares of the Company as of the date of filing such request. Furthermore, the Board may not amend the wording of the questions proposed for discussion, except for the case when the questions/matters proposed are subject to the authority of the General Assembly under this Law or the Charter.

3. If a request on holding a special General Assembly is filed by an owner (owners) of 10 percent of voting shares of the Company, it shall contain specify the name of the requesting shareholder (-s) and the quantity of its (their) shares (including type and class).

A request on holding a special General Assembly shall be signed by the person (persons/entities) submitting the request.

4. A decision on holding the special General Assembly or refusing to hold it shall be adopted within 10 days after receiving the request of the executive body of the Company, the controls commission, the external auditor, or a shareholder of at least 10 percent of voting shares of the Company as of the date of filing such request.

The Board may refuse to hold a special General Assembly only if:

- a) the procedure of submitting a request on holding a special General Assembly was violated;
- b) the requesting shareholder (-s) do not own the quantity of voting shares of the Company required by paragraph 1 of this Article;
- c) none of the questions proposed for the agenda of the special General Assembly are relevant to the authority of the General Assembly, as described in this Law and the Charter; or
- d) the proposed question is not consistent with the requirements of this Law and other legal acts.

5. A Board decision on holding or refusing to hold a special General Assembly shall be sent to the requesting persons within three days after it is adopted.

A Board decision on holding or refusing to hold a special General Assembly may be protested in court.

6. If the Board does not adopt a decision on holding a special General Assembly or decides to refuse holding it, then a special General Assembly may be held by the person submitting the request.

In this case, the special General Assembly may decide to compensate (at the cost of the Company) the person for expenses incurred in connection with holding the General Assembly.

Article 75. Enumerating Commission

1. In a Company with over fifty shareholders (owners of voting shares), an Enumerating Commission will be created, the composition, members, and term of which shall be approved by the General Assembly, at the presentation of the Board.

2. The Enumerating Commission shall comprise at least 3 members. The latter may not be members of the Board, the Controls Commission, the director (general director), members of the executive board or management board, or persons proposed as candidates for such positions.

3. In a Company with over 500 shareholders (owners of voting shares), the functions of an Enumerating Commission may be given to a specialized registrar of the Company.

4. The Enumerating Commission shall decide about General Assembly quorum, explain the voting procedure to the shareholders and their representatives, make sure that the vote is consistent with the procedure and that the shareholders exercise their voting right, count the votes, summarize the results of the vote, prepare a protocol on vote results, and transfer the voting ballots to the Company's archive.

Article 76. Procedure of Shareholder Participation in a General Assembly

1. A Company shareholder may exercise his/her participation right either personally or through an authorized representative.

At any time, shareholders may change their authorized representatives or decide to personally participate in a General Assembly.

A shareholder representative in a General Assembly shall act on the basis of the Code, this Law, legal acts adopted by central and local government bodies, as well as a written power of attorney. The power of attorney shall contain information on the shareholder and the representative (names, places of location or residence, passport data or information on state registration). The power of attorney shall be filed in a manner stipulated by the Code, other laws, and legal acts.

A shareholder representative may participate in a General Assembly only if a power of attorney is presented.

If two or more powers of attorney were issued by the same shareholder, the more recent one shall dominate.

Managers of legal entities, which are shareholders in a Company, shall not need a power of attorney to participate in the General Assembly.

2. If there has been a share transfer after the date of elaborating the list of shareholders eligible for participation in the General Assembly, but before the actual date of the General Assembly, then the shareholder whose name is in the list shall either issue a power of attorney for the buyer (-s) of his/her shares or vote in accordance with the instructions of the new buyer (-s). This principle shall also apply to further share transfers.

Article 77. General Assembly Quorum

1. A General Assembly is eligible (has quorum) if, at the time of completing registration of General Assembly participants, the owners (or representatives of owners) of an aggregate of more than 50 percent of the Company's outstanding voting shares have registered.

If a General Assembly lasts more than one day, then General Assembly participant registration shall be carried out for each of the General Assembly days separately.

2. If Company shareholders have received voting ballots in the manner stipulated by this Law, then the Company shall, for purposes of counting the quorum and summarizing the results of the vote, also take into account the votes delivered by voting ballots as of the time of completing registration of General Assembly participants.

3. In the absence of a quorum, the date of a new General Assembly shall be announced. In this case, the agenda may not be changed.

A net General Assembly in lieu of one that did not happen shall be eligible if, at the time of completing registration of General Assembly participants, the owners (or representatives of owners) of an aggregate of more than 30 percent of the Company's outstanding voting shares have registered.

Company shareholders shall be notified of the new General Assembly in the manner stipulated by paragraph 1 of Article 71 hereof, and in cases stipulated by paragraph 2 of Article 71, at least 10 days before holding the General Assembly.

If the shift in the date of a General Assembly is smaller than 20 days, a new list of shareholders eligible for participation in the new General Assembly shall not be elaborated.

Article 78. Voting

During the General Assembly voting is carried out on the basis of a "one voting share-one vote" principle, except for the election of Board members and other cases stipulated by this Law, when a cumulative vote principle shall be applied.

When applying the "one voting share-one vote" principle, the vote count for preferred shares shall be carried out in the manner established in paragraph 1 of Article 68 hereof.

Article 79. Voting Ballots

1. In a Company with more than 50 shareholders (owners of voting shares), voting is carried out by means of voting ballots.

A Company with over 500 shareholders (owners of voting shares) shall provide ballots to the shareholders in the manner and period stipulated by Article 71 hereof, and accept them in accordance with the provisions of Article 77 hereof. Voting ballots are mailed to shareholders via registered mail or delivered in person, unless otherwise stipulated by the Charter.

2. The format and contents of a voting ballot shall be approved by a decision of the Board. Except for the case specified in the second part of paragraph 1 of this Article, the voting ballots are delivered to shareholders (representatives of shareholders) registered for participation in the General Assembly if there is a quorum.

3. A voting ballot shall contain the following information:

- a) business name of the Company;
- b) the day, month, year, time and place of the General Assembly;
- c) a formulation of each voted question and the sequence order;
- d) vote options for each question: "for", "against", and "refrained". In the case of a cumulative vote, a voting ballot shall also specify the particular features of the vote;
- e) the day, month, year, time and place of the Company accepting filled ballots, in the case of a remote vote;
- f) an instruction that the voting ballot should be signed by the shareholder (a representative of the shareholder); and
- g) notes on how to fill in the ballot.

If a member of the Board or the controls commission is elected, the voting ballot shall contain not only the names, but also other individual information on each of the candidates.

Article 80. Counting Results of a Ballot-Based Vote

In a ballot-based vote, the only votes that shall be counted are the ones when the voting shareholder (representative of the shareholder) has allowed only one of the vote options. Ballots containing a breach of this requirement shall be deemed null and void, and shall be omitted from the vote count. If a ballot contains several questions, then breach of this requirement in relation to one question does not make the whole ballot null and void.

Article 81. Protocol on Vote Results

1. At the end of the vote, the Company's enumeration commission or the person performing the functions thereof shall file a protocol on the vote results, which shall be signed by the members of the enumeration commission or the person performing the functions thereof.

2. Immediately after filing and signing of the protocol, the voting ballots shall be sealed by the enumeration commission or the person performing the functions thereof, and transferred to the Company archive for preservation.

3. The vote results shall be announced in the General Assembly; alternatively, the shareholders shall be informed of the results after the end of the General Assembly from the results that are either published or sent to the shareholders.

The Company shareholders may familiarize themselves with the Company's protocols on vote results.

Article 82. General Assembly Minutes

1. General Assembly minutes shall be prepared within 5 days after the General Assembly is over, with at least two copies signed by the General Assembly chairman and secretary. The General Assembly chairman shall be responsible for the truthfulness of the information contained in the General Assembly minutes.

2. The Minutes shall specify:

- a) the day, month, year, and place of the General Assembly;
- b) the total quantity of votes under outstanding voting shares of the Company;
- c) the total quantity of votes possessed by the shareholders in the General Assembly; and
- d) who the General Assembly chairman (co-chairs) and secretary (secretariat) were, as well as the General Assembly agenda.

The minutes shall contain the main points made in the speeches delivered during the General Assembly, the questions voted on, the results of the respective votes, and the decisions adopted by the General Assembly.

Company shareholders are entitled to familiarizing themselves with General Assembly minutes.

CHAPTER XI

COMPANY BOARD OF DIRECTORS AND EXECUTIVE BODY

Article 83. Company Board of Directors

1. The Board implements general management of Company's activities, except for matters pertaining to the exclusive authority of the General Assembly under this Law and the Charter.

A Board shall be created in a Company with 50 or more shareholders.

If a Company with less than 50 shareholders does not create a Board, the rights of the Board shall be exercised by the General Assembly. In this case, the Charter shall contain provisions on the person or the Company body, which are entitled to adopting decisions on matters specified in subparagraphs 2b-2d of paragraph 1 of Article 84 hereof.

2. The General Assembly may decide that the Board members be rewarded and/or compensated for the expenses incurred in connection with implementation of their duties as Board members. The size and payment procedure of the reward and/or compensation shall be determined by a General Assembly decision.

3. A Company shall maintain a registry of Board members, which is accessible for the Company shareholders, and contains the following data on Board members:

- a) name and birth date;
- b) place of work and/or residence and telephone number;
- c) occupation, profession, and educational background;
- d) date elected to the Board and date dismissed (if any);
- e) number of terms in the Board;
- f) number of voting shares of the Company owned by a Board member that is a Company shareholder;
- g) information on other legal entities in which the Board member has management jobs (chairman of the Board or Board member, director, general director, or a member of the executive or management board, etc.); and
- h) other data foreseen by the Charter of the Board by-law.

Article 84. Powers of the Board

1. The Board shall have the exclusive right to:
 - a) determine the main areas of Company activities;
 - b) assemble annual and special General Assembly, except for cases specified in paragraph 7 of Article 74 hereof;
 - c) approve the General Assembly agenda;
 - d) approve the date of preparing the list of shareholders eligible to participate in the General Assembly, and resolve all those issues related to the preparation and implementation of the General Assembly, which the Board is authorized to resolve according to the provisions of Chapter X hereof;
 - e) present to the General Assembly the matters referred to in subparagraphs (b), (m), (p), and (q) of paragraph 1 of Article 67 of this Law;
 - f) increase Company equity by means of increasing the nominal value of shares or allocating additional shares, if so entitled by the Charter or a General Assembly decision;
 - g) allocate bonds and other securities, unless otherwise stipulated by the Charter;
 - h) determine the market price of property in the manner stipulated under Article 59 hereof;
 - i) in cases stipulated hereby, acquire outstanding shares, bonds, and other securities of the Company;
 - j) form the executive body of the company, carry out early termination of its operation, determine the procedure and conditions of remuneration and compensation to the director (general director), the executive board, and the management officials, if so entitled by the Charter;
 - k) prepare recommendations to the General Assembly regarding the procedure and conditions of remuneration and compensation to the Company's controls commission (controller);
 - l) determine the amount of payment to the auditor of the Company;
 - m) prepare recommendations to the General Assembly regarding the size and payment procedure of annual dividends;
 - n) determine the size and payment procedure of interim (quarterly or semi-annual) dividends;
 - o) utilize the Company's reserve fund and other funds;
 - p) approve internal documents regulating the activities of management bodies;
 - q) create daughter and dependent companies, determine on participation in daughter and dependent companies, if so entitled by the Charter, and if such participation does not represent a large transaction;
 - r) create Company branches, representative offices, and institutions;
 - s) participate in other organizations, unless such participation represents a large transaction;
 - t) enter into large transactions on alienation and acquisition of Company property in cases stipulated by Chapter VIII hereof;
 - u) consummate transactions stipulated by Chapter IX hereof;
 - v) approve the organizational structure of the Company;
 - w) approve the annual cost estimate and its execution;
 - x) approve the staff lists; and
 - y) resolve other issues stipulated by this Law and the Charter.
2. Matters pertaining to the exclusive authority of the Board may not be transferred to and resolved by the executive body.
3. In the event foreseen by the second part of paragraph 1 of Article 83 hereof, the matters that belong to the exclusive authority of the Board shall be subject to the authority of the General Assembly, except for matters specified

in subparagraphs "f", "i", "m", and "v-x", which may be transferred to and resolved by the Company's executive body under the Charter or a General Assembly decision.

Article 85. Board Elections

1. Board members are elected by the Annual General Assembly; alternatively, when membership in the Board terminates early, a special General Assembly shall adopt this decision in the manner stipulated by this Law and the Charter. The rights of the Board members shall terminate when the next Board is elected.

The total length of a member's term in the Board shall not be limited.

The General Assembly may decide to exercise early termination of the service of any Board member (all the members).

If Board members are elected by means of a cumulative vote, then the decision of the General Assembly on early termination of Board members may be adopted only in relation to all the Board members.

2. The shareholders and nominal holders of the Company that own 10 percent or more of the Company's voting shares as of the date of elaborating the list of shareholders eligible for participation in the General Assembly may either become Board members without having to be elected, or appoint their representative in the Board.

Each shareholder may take up only one place in the Board.

3. In a Company with 500 or more shareholders (owners of voting shares), Company Board elections shall be carried out by means of a cumulative vote.

In a Company with less than 500 shareholders (owners of voting shares), Company Board elections may be carried out by means of a cumulative vote, if the Charter stipulates so.

In a cumulative vote, the number of votes granted to every voting share are equal to the number of Board members being elected (re-elected).

During the vote, a shareholder may give all of his/her votes to one candidate or spread them over a few.

Candidates that receive the maximum number of votes shall be deemed elected Board members.

4. The number of Board members shall be determined by a General Assembly decision, but may not be smaller than 3.

The limitation under this paragraph does not apply to the individuals that may, according to paragraph 2 of this Article, become Board members without having to be elected.

5. Non-shareholders of the Company may become Board members, unless prohibited by the Charter.

Representatives of the Company's executive body shall not comprise a majority in the Board.

The Charter or the Board by-law approved by the General Assembly may foresee other requirements and limitations in regards to Board members.

Article 86. Chairman of the Board

1. The Chairman of the Board is one of the Board members, who is elected as Chairman by the Board members with a majority of votes, unless otherwise stipulated by the Charter.

The Board may, at any time, re-elect the Chairman or elect a new Chairman with a majority of votes of the Board members, unless otherwise stipulated by the Charter.

In a Company with up to 500 shareholders (owners of voting shares), the posts of the Chairman of the Board and the director (general director) may be combined.

Except for the foregoing paragraph, the Chairman of the Board may not occupy another paid post in the Company.

2. The Chairman of the Board:

- a) coordinates the activities of the Board;
- b) assembles Board sessions and chairs them;
- c) coordinates the filing of session minutes; and
- d) chairs the General Assembly, unless otherwise stipulated by the Charter.

3. In the absence of the Chairman of the Board, his/her duties shall be performed by a Board member, as decided by the Board.

Article 87. Board Sessions

1. Board sessions are assembled by the Chairman of the Board at the initiative of the Chairman of the Board, at the request of a Board member, the Controls Commission, the Company's auditor, the executive body, as well as other persons/entities specified in the Charter. The procedure of assembling and carrying out Board sessions shall be defined in the Charter or in the by-law of the Board, as approved by the General Assembly. The Board may adopt decisions by means of a remote vote, unless otherwise stipulated by the Charter.

2. Board session quorum shall be defined by the Charter, but cannot be lower than half of the Board members. If the number of Board members falls below half of the number foreseen by the Charter, then the Company shall, at the decision of the Board, assemble a special General Assembly to elect Board members. The Board may not adopt any decisions other than this and other decisions due to holding a General Assembly.

3. Board decisions are adopted by a majority of votes of the Board members present in the session, unless this Law, the Charter or the Board by-law approved by the General Assembly stipulate otherwise. In the vote, each Board member shall have one vote. A Board member may not transfer his/her vote and voting right to another Board member (or anyone else).

The Chairman of the Board shall be entitled to a decisive vote, unless otherwise stipulated by the Charter.

4. Minutes of Board sessions are kept. Session minutes shall be prepared within 5 days after the end of the session.

The minutes shall specify:

- a) the date, time and place of the session;
- b) the list of attendees;
- c) the session agenda;
- d) the questions voted on, and the results of the vote; and
- e) the decisions adopted in the session.

Board session minutes shall be signed by all the Board members participating in the session, who shall be responsible for the truthfulness of the information in the minutes.

Article 88. Company Executive Body. Company Chief Executive Officer

1. Management of current operations of the Company is carried out by the executive body of the Company, either a CEO, or a CEO and a collegial executive body of the Company.

If the Charter foresees both a CEO and a collegial executive body, then the Charter shall distinguish their rights. In this case, the person performing the CEO's functions shall also perform the functions of the chairman of the executive body of the Company.

2. The executive body of the Company is authorized to decide on all the Company management issues, except for cases that, under this Law and the Charter, may be resolved exclusively by the General Assembly and the Board.

The Company's executive body shall organize the implementation of the decisions of the General Assembly and the Board.

Formation of Company executive bodies and early termination of their authority shall be implemented by a decision of the General Assembly, unless the Charter authorizes the Board to do so.

The General Assembly may decide to contract commercial organizations (a management organization) or a businessman (a manager) to perform the functions of the Company's management body.

The rights and responsibilities of the CEO, the members of the collegial executive body, the management organization, and the manager shall be defined by this Law, other legal acts, and the contracts of each of them with the Company. On behalf of the Company, the contract shall be signed by the Chairman of the Board or another person authorized by the Board.

If the posts of the Chairman of the Board and the CEO are occupied by the same person, then the contract with the director/general director shall be signed by a Board member designated by the Board.

3. The Company director (general director):

- a) manages Company property, including cash, and enters into transactions on behalf of the Company;
- b) represents the Company in the Republic of Armenia and abroad;
- c) acts without a power of attorney;
- d) issues powers of attorney;
- e) enters into contracts, as designated, including labor contracts;
- f) opens Company bank accounts (including forex accounts);
- g) submits to the Board for approval the internal labor regulation of the Company, the by-laws of separated subdivisions, the organizational structure of the Company, and the staff/payroll lists;
- h) acquires or buys back shares outstanding by the Company, if this right is granted to the executive body by a decision of the General Assembly or by the Charter;
- i) as entitled, issue decrees, orders, compelling instructions, and monitor their enforcement;
- j) in the established manner, recruit and dismiss Company staff; and
- k) apply encouragement and discipline-related liability in regards to employees.

The Charter may stipulate other rights for the Company director (general director), as well.

4. The Company CEO and the members of the Company's collegial executive body may get involved in paid labor elsewhere only with the consent of the Board.

5. The General Assembly may, at any time, terminate the contracts with the CEO, the members of the Company's collegial executive body, the management organization, or the manager, unless this right has been given to the Board under the Charter.

Article 89. Collegial Executive Body of the Company

1. The Company's collegial executive body shall act on the basis of the Charter, as well as the internal documents (regulations, procedures, and others) approved by the Board. These documents set out the procedure and time period of inviting and holding sessions of the collegial executive body, as well as the decision-making procedure.

2. Minutes of the sessions of the Company's collegial executive body shall be taken. These minutes shall be presented to the Board, the controls commission of the Company, as well as the auditor of the Company at their request.

3. The executive board of a Company comprises the Company director (general director), his/her deputy (deputies), the chief accountant, as well as other Company officials.

The composition of the Company's management board shall be defined by the director (general director) of the Company.

4. Sessions of the collegial executive body of a Company shall be organized and chaired by the director (general director) of the Company, who will sign decisions and minutes of the session. The director (general director) of the Company shall be responsible for the truthfulness of the information reflected in the minutes.

**Article 90. Liability of Board Members, the Director (General Director),
Members of the Executive and Management Boards, the Management
Organization, and the Manager**

1. The Company's Board members, the director (general director), the members of the executive and management boards, as well as the management organization and the manager shall act on the basis of the Company's interests, exercising their rights and performing their obligations in regards to the Company in good faith and in a reasonable manner.

2. The Company's Board members, the director (general director), the members of the executive and management boards, as well as the management organization, the manager, and other persons defined by law shall be liable to the Company for the damage caused to the Company by their actions (inaction), in the manner stipulated by the Code, this Law, the Republic of Armenia "Law on Securities Market Regulation", and other laws.

Liability for damage caused to the Company shall not apply to those members of the Board or the executive and management boards, who either voted against the decision causing damage to the Company or did not participate in the respective session.

Resignation, dismissal, or firing of the Company's Board members, the director (general director), or the members of the executive and management boards shall not exempt them from liability for damage caused to the Company.

When determining the grounds for and size of liability of the Company's Board members, the director (general director), the members of the executive and management boards, as well as the management organization and the manager, one shall take into account business practices and other factors of importance to the business.

3. If several individuals are liable for damage caused to the Company, as defined under this Article, then they will be commensurately liable to the Company.

4. An individual shall be exempt of the liability for damage caused to the Company, as defined under this Article, if he/she acted in good faith and did not or could not know that his/her actions (inaction) would cause damage to the Company.

5. The Company or a shareholder (-s) thereof, who (which together) possesses (possess) one or more percent of the outstanding ordinary (plain) shares of the Company may sue the Board members, the director (general director), the members of the executive and management boards, as well as the management organization and the manager in court, claiming compensation for damage caused to the Company.

(Article 90 is amended according to AL-202-N, 11.10.07)

CHAPTER XII

FINANCIAL CONTROL OF COMPANY ACTIVITIES**Article 91. Controls Commission (Controller) of the Company**

1. The General Assembly shall elect a Company Controls Commission (Controller) to control the financial activities of the Company.

The rights of the Controls Commission, as well as the procedure of controls shall be stipulated by this Law and the Charter.

The Controls Commission (the Controller) shall monitor the implementation of the decisions of Company management bodies and check the compliance of Company documents with laws, other legal acts, and the Charter.

In its activities, the Controls Commission (the Controller) shall be guided by the Charter, as well as an internal document approved by the General Assembly, the by-law of the Controls Commission (the Controller).

2. The Controls Commission (the Controller) shall inspect the results of the annual financial performance of the Company, inspect the financial activities of the Company either at any time at its sole initiative, or based upon a decision of the General Assembly or the Board, as well as at the request of the owner (-s) of at least 10 percent of the voting shares of the Company.

The Controls Commission (the Controller) may request that a special General Assembly be assembled in accordance with Article 74 hereof.

At the request of the Controls Commission (the Controller), it shall receive all the necessary documents, materials, and explanations concerning the financial activities of the Company, its branches, representative offices, and institutions.

3. The members of the Controls Commission (the Controller) shall be elected by the General Assembly for three-year term.

Members of the Controls Commission (the Controller) shall report to the General Assembly.

The remuneration of and/or compensation for expenses incurred by members of the Controls Commission (the Controller) shall be defined by a decision of the General Assembly.

Any individual who is not a member of the Company's management bodies may be a member of the Controls Commission (the Controller).

The number of members in the Controls Commission (Controller) shall be defined either in the Charter or by a decision of the General Assembly, but shall not be less than 3 members.

The Charter or a decision of the General Assembly may assign the rights of the Controls Commission of a Company to a Controller.

In a Company with 50 and more shareholders (owners of voting shares), the shares that belong to the Board members, as well as to the director (general director) and the members of the executive and management boards may not participate in a vote on the election or early dismissal of members of the Controls Commission (the Controller).

4. The Chairman of the Controls Commission is elected by the Commission itself, with a simple majority of votes of the members.

Article 92. Auditor of the Company

1. A Company may mobilize an auditor (organization or individual) to carry out an inspection of the financial activities of the Company. The auditor shall have no property interest links with the Company or its shareholders, when signing a contract with the Company.

Before publishing the documents (information) required by Article 96 hereof, an open joint-stock Company shall mobilize an auditor to audit its annual report, annual balance sheet, and the profit and loss statement, provided that

the auditor have no property interest links with either the Company or its shareholders.

An auditor may also audit the financial performance of a Company at the request of shareholders owning at least 5 percent of the Company's voting shares. In this case, the requesting shareholders shall pay for the auditor's services.

2. The auditor of the Company shall be approved by the General Assembly. The contract with the auditor shall be signed by the Chairman of the Board of the Company. The Board shall determine the fee paid to the auditor.

3. In the event mentioned in the second part of Paragraph 1 of this Article, the Company's auditor shall be selected and contracted by the shareholders requesting an audit.

4. The criteria for a Company auditor shall be established by laws and other legal acts.

Article 93. Report of the Company's Controls Commission (Controller) or Auditor

1. On the basis of the Company inspection results, the controls commission (the controller) or the auditor of the Company shall prepare reports on the financial performance of the Company, which shall contain:

- a) an analysis of the financial performance of the Company;
- b) an analysis of company fund creation and their purposeful utilization;
- c) an affirmation of truthfulness of information contained in Company reports and other financial documents;
- d) an affirmation of the compliance of the decisions of management bodies, accounting practices, financial and other reporting with existing laws and other legal acts; and
- e) other information, due to specifics of an audit.

2. The Controls Commission (the Controller) shall present its reports on the foregoing to the Annual General Assembly. An annual report subject to approval shall be combined with the report of the Controls Commission thereon.

CHAPTER XIII

ACCOUNTING AND REPORTING. COMPANY INFORMATION

Article 94. Accounting and Financial Reporting

1. A Company shall, in the manner stipulated by laws and other legal acts, maintain accounting and present financial and statistical reporting.

The Company director (general director) shall be responsible for organization of accounting, its condition and truthfulness, the timely submission of the annual report, financial and statistical reports to the public administration bodies stipulated by laws and other legal acts, as well as the truthfulness of Company-related information provided to Company shareholders, creditors, and the mass media, as required by laws, other legal acts, and the Charter.

2. The truthfulness of the annual report, annual balance sheet, and the profit and loss statement of the Company, which are submitted to the Annual General Assembly for approval, shall be affirmed by a conclusion of the Controls Commission (the Controller) of the Company. Before publication in accordance with Article 96 hereof, these documents shall be audited and their truthfulness

shall be approved by an auditor that has no property interests in common with the Company and its shareholders.

3. The annual report of the Company shall undergo preliminary approval by the Board at least 30 days before the date of the Annual General Assembly.

Article 95. Preservation of Company Documents and Their Provision to Shareholders

1. A Company shall preserve for a time period stipulated by laws and other legal acts:

- a) a Company state registration certificate, the Charter and amendments thereto, a decision on Company foundation, and the foundation agreement;
- b) documents certifying the Company's property rights over property in the balance sheet of the Company;
- c) internal Company documents approved by the General Assembly and other management bodies;
- d) by-laws of separated subdivisions and institutions of the Company;
- e) annual reports of the Company;
- f) company share emission prospectus;
- g) accounting documents (balance sheet, profit and loss statement, auditor's report, etc.);
- h) financial and statistical reports submitted to public administration bodies;
- i) minutes of sessions of General Assembly, the Board, the Controls Commission, and the collegial executive body;
- j) minutes of enumeration commission and voting ballots;
- k) reports of the Company Controls Commission (the Controller), the Company auditor, and central and local government bodies implementing financial control;
- l) lists of persons interconnected with the Company (specifying the number of shares owned by them) and significant and large shareholders;
- m) contracts the Company has entered into; and
- n) other documents stipulated by this Law, the Republic of Armenia "Law on Securities Market Regulation", other laws and legal acts, the Charter, internal documents, and decisions of the Board and other management bodies.

2. A Company shall preserve the documents mentioned in paragraph 1 above in the place of its location.

3. A Company shall allow its shareholders to access the documents mentioned in paragraph 1 above, except for confidential information, as well as the minutes of sessions of the collegial executive board and issues and orders of the CEO. The minutes of sessions of the collegial executive board and issues and orders of the CEO, as well as other confidential information shall be provided only to the Board members and the Controls Commission (Controller) if they request.

4. If requested by a shareholder, the Company shall provide to the shareholder, within a period of five days, copies of the documents mentioned in paragraph 1 of this Article, except for the documents mentioned in paragraph 3 of this Article. The fee for provision of copies shall be defined by the Company and may not exceed the preparation and postage costs.

Every shareholder of the company may obtain a free copy of the most recent annual report and the report of the Controls Commission (the Controller).

(Article 95 amended AL-202-N, 11.10.07)

Article 96. Required Disclosure of Information

1. An open joint-stock Company shall disclose in the media:
 - a) the annual report, balance sheet, and profit and loss statement of the Company;
 - b) in the event of an open subscription for shares, the prospectus;
 - c) an announcement on holding an Annual General Assembly, in the manner stipulated hereby; and
 - d) other information required by this Law, the Republic of Armenia "Law on Securities Market Regulation", as well as other laws and legal acts.

2. A Company (including, a closed joint-stock Company) publicly issuing bonds and other securities shall disclose information required by the Republic of Armenia "Law on Securities Market Regulation", in the volume and manner defined by the Republic of Armenia Central Bank.

(Article 96 amended AL-202-N, 11.10.07)

CHAPTER XIV

FINAL PROVISIONS

Article 97. Coming Into Force

1. This Law shall come into force a month after its promulgation.

2. After this Law comes into force, the Republic of Armenia "Law on Joint-Stock Companies", as adopted on April 30 of 1996 and further amended and extended, shall become null and void.

3. Before the creation of a media means publishing information on state registration of legal entities, the announcement referred to in paragraph 2 of Article 28 of this Law shall be published in any paper published with at least 1,000 copies.

4. Before this Law comes into force, other legal acts containing norms on joint-stock companies, which have not been brought into compliance with this Law, shall apply to the extent they do not contravene the requirements of this Law.

5. Joint-stock companies created before this Law comes into force are not subject to re-registration. Their charters shall survive to the extent they do not contravene this Law.

President of the Republic of Armenia

ROBERT KOCHARYAN

27 October, 2001, Yerevan

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