

LAW OF THE REPUBLIC OF AZERBAIJAN

On Public legal entities

Article 1. Scope of the application of this Law

1.1. This Law establishes rules for the creation, operation and organization of public legal entities in accordance with Article 94, Paragraph I, clause 10 of the Constitution of the Republic of Azerbaijan.

1.2. ~~This Law does not apply state-owned institutions. (repealed)~~

1.3. This Law shall apply to the Central Bank of the Republic of Azerbaijan with regards to the parts not regulated by the Law of the Republic of Azerbaijan "On the Central Bank of the Republic of Azerbaijan". Provisions related to public legal entities in other legal acts shall apply to the Central Bank of the Republic of Azerbaijan when it is specifically so noted in those legal acts.

Article 2. Definitions used in this Law

2.1. Public law - a set of legal norms governing the relations related to the provision of national or public interests.

2.2. Public legal entity - an organization which is not a state or municipal body, engaged in the activities of national and (or) public significance, created on behalf of the state and municipality ~~or by a public legal entity.~~

Article 3. Activities of a public legal entity

3.1. Public legal entities may engage in entrepreneurial activity only in cases where this activity serves to achieve the objectives set in their charter at the time of their creation and aligns with these objectives.

3.2. A public legal entity may create or participate in commercial companies if so provided in its charter.

3.3. The profit of a public legal entity may be transferred to the state and local budgets for the purposes not provided for in its charter only by the decision of the founder.

3.4. In the event that a public legal entity provides services and performs legal actions provided for in the Law of the Republic of Azerbaijan "On State Fee", it shall

collect a state fee in the amount and in accordance with the procedure established in the said Law.

Article 4. Creation of a public legal entity

4.1. A public legal entity shall be created on behalf of the state by a body (institution) determined by the relevant executive authority, and on behalf of a municipality by relevant municipal bodies.

~~4.2. The public legal entities may also be established in the cases provided in the their charter by the public legal entities created according to Article 4.1 of this Law. (repealed)~~

4.3. Subject to peculiarities provided for in this Law, other issues related to the creation of a public legal entity shall be regulated by the Civil Code of the Republic of Azerbaijan.

4.4. A public legal entity shall acquire the status of a legal entity following its registration by the relevant executive authority in accordance with the Law of the Republic of Azerbaijan "On state registration and state registry of legal entities". State registration of a public legal entity created by the relevant executive authority shall be carried out even if the appointment of members of its management bodies has not been completed.

Article 5. Legal capacity of a public legal entity

5.1. A public legal entity shall possess civil rights and bear civil obligations from the moment of its state registration, and the legal capacity of a public legal entity shall be terminated from the moment of the completion of its liquidation.

5.2. A public legal entity may only engage in activities provided for in its charter.

~~5.3. State bodies and municipal bodies cannot transfer the rights and obligations assigned to them by legislation to the public legal entities they create. (repealed)~~

5.4. A public legal entity cannot be declared bankrupt.

Article 6. Charter of a public legal entity

6.1. The model charter of a public legal entity in various fields may be established by the relevant executive authority.

6.2. In the charter of a public legal entity, the following shall be specified:

6.2.1. name, location and indication that it is a public legal entity;

6.2.2. procedure for adopting the charter and making amendments to it;

6.2.3. directions of activity, rights and obligations;

6.2.4. procedure for management;

6.2.5. form and scope of control over the public legal entity;

6.2.6. charter capital;

6.2.7. sources of the formation of property, basis of financial activity, whether the prices of the products (goods, works, services) of the public legal entity are regulated ones;

6.2.8. right to engage in entrepreneurial activity, to create commercial companies or to participate in them (if granted);

6.2.8-1. provision stipulated in Article 6.4 of this Law;

6.2.9. procedure for informing the public about the activities of the public legal entity;

6.2.10. procedure for its liquidation and reorganization.

6.3. The charter of a public legal entity ~~and its subsidiary public legal entity~~ created on behalf of the state shall be approved by the body (institution) determined by the relevant executive authority, and the charter of a public legal entity ~~and its subsidiary public legal entity~~ created on behalf of a municipality shall be approved by the relevant municipality.

6.4. Employees of a public legal entity created by the relevant executive authority and providing services (performing legal actions) related to the registration of legal facts in the cases provided for in the Law of the Republic of Azerbaijan "On State Fee" shall be treated as civil servants to the extent so provided in its charter.

Article 7. Property of a public legal entity

7.1. The charter capital of a public legal entity is formed from the property provided by the founder(s).

7.2. The property of a public legal entity may be formed from the charter capital, other property provided by the founders, as well as funds allocated from the state or local budgets, income obtained from works and services performed in accordance with the directions of its activity, donations, grants, and funds generated from other sources specified in the charter.

7.3. The procedure for exercising the right to possess, use and dispose the property of a public legal entity shall be established by its charter.

7.4. The state and municipal property respectively provided to public legal entities shall be used by them only in accordance with the objectives specified in the charter.

~~7.5. The state and municipality are not responsible for the obligations of the public legal entity they have created, and they bear a limited risk for the value of the property provided to the public legal entity for its activities. (repealed)~~

~~7.6. The state and municipality are not responsible for any obligations assumed by the public legal entity they have respectively created. (repealed)~~

Article 8. Management

8.1. The procedure for management of a public legal entity shall be established by its charter.

- 8.2. The powers of the founder of a public legal entity shall include the following:
- 8.2.1. approval of the charter and determination of the amount of the charter capital, their change;
 - 8.2.2. establishment of management bodies;
 - 8.2.2-1. appointment and dismissal of heads (members) of management bodies;
 - 8.2.3. determination of the directions of development, approval of annual financial reports;
 - 8.2.4. approval of the structure, the payroll budget, the number of employees and their remuneration package (base salary, add-ons, bonuses and other payments));
 - 8.2.5. consenting to the establishment of commercial companies or participation in them, establishment of departments, branches and representative offices;
 - 8.2.6. consenting to the conclusion of a transaction worth more than twenty-five percent of the value of net assets (a particularly significant transaction), as well as a transaction with persons related to the public legal entity (when the transaction is worth 5 percent or more of the assets);
 - 8.2.7. adoption of the decision provided for in Article 3.3 of this Law;
 - 8.2.8. reorganization and liquidation of the public legal entity.
- 8.3. The founder of a public legal entity may delegate the exercise of the powers (part of them) specified in Article 8.2 of this Law to the body (institution, including the public legal entity itself) that he shall determine.
- 8.4. Subject to Article 6.4 of this Law, heads (members) of management bodies must meet the requirements provided for in the Civil Code of the Republic of Azerbaijan.
- 8.5. Limitation of the ~~head's~~ right to dispose of the property of a public legal entity under certain conditions may be stipulated in the charter.

Article 9. Reorganization and liquidation of a public legal entity

Issues related to the liquidation and reorganization of a public legal entity shall be regulated by its charter and the Civil Code of the Republic of Azerbaijan.

Ilham ALIYEV,
President of the Republic of
Azerbaijan

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