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CORPORATE AGREEMENTS AND INVESTOR PROTECTION: COMPARING UZBEKISTAN'S 2025 REFORM WITH US AND EU EXPERIENCE

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Abstract
The ability of shareholders to customize their rights and obligations through private agreements is a defining feature of mature corporate law systems. For decades, Uzbekistan lacked a clear statutory basis for such arrangements, leaving investors operating under legal uncertainty that complicated joint ventures, private equity transactions, and foreign investment structuring. The February 2025 enactment of the Law of the Republic of Uzbekistan No. 1025, introducing corporate agreements into the Civil Code through the new Article 358-1, represents the most significant development in Uzbek corporate law in recent years. This article examines that reform through a comparative lens, setting Uzbekistan's new framework against the Anglo-Saxon approach exemplified by Delaware corporate law and the Romano-Germanic framework represented by German company law and the EU Shareholder Rights Directive. The analysis demonstrates that Uzbekistan's reform draws selectively from both traditions, creating a hybrid that offers meaningful new protections while leaving important questions about enforceability and minority investor protection unresolved. Reform implications are identified for legislators, practitioners, and foreign investors.

Keywords: Corporate agreements; shareholder rights; investor protection; Uzbekistan corporate law; Anglo-Saxon law; Romano-Germanic law; limited liability company; comparative corporate law; Law No. 1025 of 2025.

Introduction

Corporate agreements — private contracts between shareholders that govern the exercise of their rights in a company — are one of the most powerful tools available to business investors. They allow shareholders to go beyond what the company's

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charter specifies, creating bespoke governance arrangements: who votes how on which decisions, what happens when a shareholder wants to exit, how disputes are resolved, who has the right to appoint directors, and under what conditions a party can transfer their shares. In jurisdictions where these agreements are well-established and reliably enforced, they are the foundation of sophisticated joint ventures, private equity investments, and minority protection arrangements.

In Uzbekistan, until recently, none of this was straightforward. The Civil Code's freedom of contract provisions technically allowed shareholders to conclude arrangements of their own design, [12] but the absence of a specific statutory framework created real uncertainty. Courts had no clear guidance on how to treat provisions that purported to restrict shareholder voting rights, impose obligations to vote in a specified way, or condition share transfers on partner consent. Foreign investors structuring transactions with Uzbek counterparties routinely resorted to governing their agreements under English or other foreign law — a workaround that was imperfect and legally contestable.

The Law of the Republic of Uzbekistan No. 1025 of February 7, 2025, On Amendments and Additions to Certain Legislative Acts in Connection with the Further Improvement of the Legal Framework for Corporate Relations, which entered into force on May 8, 2025, changed that. [9] The new Article 358-1 of the Civil Code provides an explicit statutory basis for corporate agreements, defines their permissible content, establishes their binding force between parties, and sets out a notification mechanism that protects non-participating shareholders. For foreign investors and Uzbek businesses alike, this is a meaningful development — not a revolution in corporate law, but a significant step toward the legal predictability that serious investment requires.

Understanding what the reform actually delivers requires placing it in comparative context. Corporate agreements look very different in an Anglo-Saxon common law environment — where they are primarily creatures of contract, enforced flexibly by courts operating within a long tradition of commercial freedom — than in a Romano-Germanic civil law environment, where statutory frameworks are more prescriptive and judicial discretion more constrained. Uzbekistan's Civil Code is rooted in the Romano-Germanic tradition, yet the reform explicitly drew inspiration from English and Singaporean practice. The result is an interesting hybrid, and examining it comparatively illuminates both its strengths and its remaining gaps.

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II. The Anglo-Saxon Model: Freedom, Flexibility, and Delaware

In the United States, corporate agreements — typically called shareholders' agreements in the context of closely held companies — are primarily governed by contract law and the corporate law of the state of incorporation. Delaware, where the majority of significant American corporations are incorporated, offers one of the most permissive corporate law environments in the world. [3]

The Delaware General Corporation Law gives shareholders extraordinary latitude to customize their governance arrangements. Stockholder agreements can validly restrict the board's powers to manage the corporation, require unanimity for specified decisions, grant specific shareholders appointment rights over directors, impose transfer restrictions, and create elaborate exit mechanisms including drag-along and tag-along rights. Delaware courts enforce these arrangements as contracts, applying standard contract interpretation principles, and the Court of Chancery — which specializes in corporate disputes and has built up centuries of commercial law expertise — provides a sophisticated forum for resolving disagreements. [3]

What distinguishes the Anglo-Saxon approach most sharply from the Romano-Germanic model is its comfort with party-designed governance rather than statutory prescription. The Delaware model trusts sophisticated parties to design the arrangements that serve their interests, and trusts courts to enforce what the parties agreed. Statutory provisions are largely default rules that apply in the absence of agreement rather than mandatory rules that constrain what parties can do. This creates maximum flexibility for investors, particularly in private company contexts where the parties know each other and have negotiated at arm's length.

The limitation of the Anglo-Saxon model is that this flexibility can leave minority shareholders in closely held companies exposed. When a majority shareholder and a minority shareholder enter a shareholders' agreement, the majority party often has greater bargaining power and can design arrangements that systematically disadvantage the minority over time. American law addresses this partly through fiduciary duty law — controlling shareholders owe duties to minority shareholders in certain contexts — and partly through statutory provisions protecting minority rights. But the fiduciary duty framework is complex and not always effective, and minority investors in US private companies often find themselves with contractual rights that are difficult to enforce practically.

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III. The Romano-Germanic Model: Codification and the EU Framework

German corporate law, the most influential model within the Romano-Germanic tradition for company law, approaches shareholder agreements very differently. The German Limited Liability Companies Act (GmbHG) and the Stock Corporation Act (Aktiengesetz) provide detailed statutory frameworks governing shareholder rights, with mandatory provisions that cannot be contracted away regardless of what the parties agree. [6][7]

In the GmbH (Gesellschaft mitbeschränkterHaftung), the closest German equivalent to Uzbekistan's limited liability company form, shareholder agreements — known as Gesellschaftervereinbarungen — are recognized but subject to significant constraints. Provisions in shareholder agreements that conflict with mandatory provisions of the GmbHG or the company's articles are void. Shareholder agreements that purport to bind the company itself, rather than merely the parties to the agreement, face additional scrutiny. And the codified nature of German company law means that parties cannot simply contract for whatever governance arrangements they prefer — they must work within a statutory structure that was designed to balance the interests of majority shareholders, minority shareholders, creditors, and employees. [6]

At the EU level, the Shareholder Rights Directive II (2017/828/EU) represents the most significant recent development in harmonizing investor protection across member states. [4] The Directive focuses primarily on listed companies and addresses issues including shareholder identification, transmission of information, facilitation of shareholder rights exercise, related party transactions, and the say-on-pay vote. It represents the EU's commitment to empowering shareholders to engage meaningfully in corporate governance — but through a framework that imposes transparency and procedural requirements on companies rather than simply leaving everything to private agreement. [4]

The Romano-Germanic approach produces more predictable outcomes than the Anglo-Saxon model because the statutory framework does much of the governance work, but it is less flexible. Investors in German companies cannot design governance arrangements with the same freedom as investors in Delaware companies. The trade-off between flexibility and predictability is resolved differently — more in favor of predictability — and the mandatory nature of many provisions limits the ability of sophisticated investors to customize their arrangements to fit specific transaction needs.

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IV. Uzbekistan's 2025 Reform: A Hybrid Approach

A. What the New Framework Provides

The new Article 358-1 of the Uzbek Civil Code, introduced by the Law of the Republic of Uzbekistan No. 1025 of February 7, 2025, establishes the basic architecture of corporate agreements in Uzbekistan. [2] Under the new provision, shareholders or some shareholders of a company have the right to conclude a corporate agreement among themselves governing the exercise of their corporate rights. The agreement can include provisions on: how parties vote at shareholder meetings; actions to be taken in concert to manage the company; acquiring or alienating shares at a specified price or upon the occurrence of specified circumstances; and refraining from acquiring or alienating shares.

Several features of the new framework deserve attention. First, the agreement binds the parties to it but not the company itself — a distinction that is important in practice, since provisions that purport to bind the company without authorization from the company's own governance process would raise separate legal questions. [10] Second, parties to a corporate agreement are required to notify the company within fifteen days of the agreement's conclusion, without disclosing its contents — a transparency mechanism that protects non-participating shareholders from being surprised by private arrangements that affect the company's governance without their knowledge. [11]

Third, and significantly, the new framework expressly prohibits two categories of provisions: agreements on voting in accordance with instructions of the company's management bodies, and agreements determining the structure of the company's bodies and their powers. [13] These exclusions reflect the Civil Code's structural framework — corporate governance is structured through the company's charter and the applicable company law statute, not through private agreement — and they import a Romano-Germanic sensibility about the limits of contractual governance into what is otherwise a more Anglo-Saxon-inspired reform. The law also abolished unitary enterprises and additional liability companies as legal forms, streamlining the corporate landscape. [1]

B. What the Reform Borrows from Each Tradition

The reform is genuinely hybrid in ways that are analytically interesting. From the Anglo-Saxon tradition, it borrows the basic concept of private shareholder agreements

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as a legitimate and enforceable governance tool — the recognition that sophisticated investors should be able to customize their relationships through contract, and that these contracts deserve enforcement. The explicit permissibility of share transfer restrictions, voting commitments, and joint management arrangements reflects Anglo-Saxon commercial practice that was previously uncertain in Uzbek law. [10]

From the Romano-Germanic tradition, it borrows the notification requirement, the express prohibition on provisions affecting company structure and management body powers, and the general framework of fitting shareholder agreements within a broader statutory corporate governance architecture rather than treating them as free-floating private contracts. The Romano-Germanic sensibility that company law is not simply contract law — that there is a public dimension to corporate governance that private agreement cannot entirely displace — is preserved in the new framework's constraints.

This hybrid approach is coherent, but it creates some tensions. Foreign investors accustomed to Anglo-Saxon shareholder agreement practice — particularly the use of shareholder agreements to create rights and obligations that affect the company's governance in real time — will find that Uzbekistan's framework is more constrained than Delaware or English practice. At the same time, the flexibility the new Article 358-1 offers goes considerably further than what was previously available, and the explicit statutory basis removes the legal uncertainty that previously made governing Uzbek shareholder agreements under Uzbek law an unattractive option. [12]

V. Minority Investor Protection: Remaining Gaps

The most important gap in Uzbekistan's 2025 reform from an investor protection perspective is the limited treatment of minority shareholder rights. Corporate agreements are most important precisely when the parties have unequal bargaining power — when a majority investor and a minority investor need to define the terms of their relationship in a private company. The new Article 358-1 creates the legal basis for such agreements but does not address the specific minority protections that sophisticated investors expect.

Protections such as anti-dilution rights, pre-emptive rights with specified terms, drag-along and tag-along rights structured to apply in defined circumstances, deadlock resolution mechanisms, and put and call options at formula-based prices are the substance of serious private company investment documentation in Anglo-Saxon jurisdictions. [3] The EU's framework includes not only the Shareholder Rights

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Directive II for listed companies, [4] but also the Preventive Restructuring Directive (EU) 2019/1023, which protects creditor and shareholder rights in restructuring scenarios [5] — protections that do not yet have equivalents in Uzbek private company law. Uzbek corporate practice is still developing the conventions around these provisions, and the courts' willingness to enforce complex structured mechanisms is not yet established by precedent. [8]

The Law of the Republic of Uzbekistan No. 370 of 6 May 2014, On Joint-Stock Companies and Protection of Shareholders' Rights, provides some statutory minority protections for shareholders in listed joint-stock companies, [8] but the broader private company context — where the new corporate agreement framework applies — has less statutory support. This is the area where further legislative development would most meaningfully advance investor protection: not another fundamental reform, but targeted clarification of the specific mechanisms that minority investors in Uzbek limited liability companies can rely on.

VI. Conclusion

Uzbekistan's 2025 corporate agreement reform is a genuine achievement. The introduction of Article 358-1 into the Civil Code resolves a legal uncertainty that had disadvantaged Uzbek companies in international investment transactions for years. Foreign investors can now structure joint ventures and private equity investments under Uzbek law with significantly more confidence than before, knowing that their shareholder agreement provisions have an explicit statutory basis and will not be vulnerable to challenge on the grounds that Uzbek law simply does not contemplate such arrangements. [9][14]

The comparative analysis reveals that Uzbekistan has made a thoughtful choice in drawing from both the Anglo-Saxon and Romano-Germanic traditions. The result is neither as flexible as Delaware corporate law nor as prescriptive as German company law, but it is positioned in a way that is appropriate for a developing corporate law system seeking to attract sophisticated international investment while maintaining the coherence of its civil law foundations.

The remaining work is in the details — particularly the development of minority investor protections, the emergence of judicial precedent on how the new provisions will be interpreted in contested situations, and the gradual maturation of corporate practice around the possibilities the new framework creates. These developments

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cannot be legislated on a schedule; they will emerge through the accumulation of transactions, disputes, and decisions over time. What the 2025 reform has done is ensure that those developments occur within a framework that is legally credible and internationally recognizable — which is precisely what Uzbekistan's corporate law needed. [10]

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