

LAW OF MONGOLIA

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Ulaanbaatar

ON STATE REGISTRATION OF LEGAL ENTITIES

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CHAPTER ONE

General Provisions

Article 1. Purpose of the law

- 1.1. The purpose of the Law is to regulate relation concerning to the state registration of foundation of legal entity, it's reorganization, dissolution, and/or amendment made to the foundation documents of legal entity, as well as relation has arisen out from maintaining the state registration of legal entities.

Article 2. Legislation on State Registration of Legal Entities

- 2.1. Legislation on state registration of legal entities shall consist from the Civil Code¹, this Law and other legislative acts issued in conformity therewith.

Article 3. Terms of the Law

- 3.1. The following terms used hereby in this Law shall be understood as follows:

- 3.1.1. "Legal entity" means the organizational unit possessing the characteristics specified in the Civil Code;
- 3.1.2. "State registration of the legal entity" (further referred to as "state registration") means the action of entering the information on foundation, reorganization, dissolution of the legal entity, and changes in its foundation documents to the state registration directory;
- 3.1.3. "State registration directory" means a specific form document, containing the information described in the Article 11 of this law;
- 3.1.4. "Foundation documents" means the decision to establish a legal entity, issued by authorized organizations specified in the law, the charter of legal entity and the articles of association.

Article 4. Scope of the Law

- 4.1. This law shall regulate the relation concerning to the state registration of legal entities, legal capacity of which starts with its entry to the state registration, and ends with its dissolution and discharge from the state registration, as specified by law.
- 4.2. The regulation of this law does not apply to entities, subject to public law, which civil legal capacity starts with its creation and ends with its dissolution as provided by law, as well as to organizations which is not legal entity.

Article 5. Grounds for Acquisition of Civil Legal Capacity by the Legal Entity

- 5.1. Civil legal capacity of the legal entity starts with their entry into the state registration. Independent participation of legal entity in civil relations prior to entry into the state registration shall be prohibited.
- 5.2. In case of harm resulted from the violation of the provision 5.1. of this law, indemnification shall be carried out by the perpetrator.

¹ The Civil Code, published in *Torii Medeelel* ("The State Bulletin"), Vol. 7, 2002.

Article 6. Registration Fee

6.1. When entered into the state registration, the legal entity shall pay a fee in an amount as prescribed in Articles 12 and 13 of the Law on the State stamp duties.¹

CHAPTER TWO

Registering Authorities and Their Functions

Article 7. Registering Authorities

7.1. The following authorities (further referred to as “registering authorities”) shall register legal entities:

- 7.1.1. For partnership, companies, cooperatives, state-owned self-financing enterprises - National Tax Administration and its local branches;
- 7.1.2. For associations, foundations, religious organizations and media – central state administrative organization in charge of legal issues;
- 7.1.3. For state organization, institution, and state-funded enterprises – central state administrative organization in charge of financial and economic issues;
- 7.1.4. For cultural, educational and training organizations - central state administrative organization in charge of cultural and educational issues;
- 7.1.5. For medical organizations - central state administrative organization in charge of health issues;
- 7.1.6. For political parties – the Supreme Court.

Article 8. Functions of Registering Authorities

- 8.1. Registering authorities shall perform the following functions:
- 8.1.1. To enter the foundation, reorganization, dissolution of the legal entity and changes in their foundation documents into the state registration, and to publicize this matter as prescribed by law;
 - 8.1.2. To maintain the state registration directory according to the procedure prescribed by this law;
 - 8.1.3. To provide numeration and file the documentation on each legal entity, and seal them without any possibility for the alteration; to store them in closets safe from any disaster, of water, fire and others inclusive;
 - 8.1.4. To provide with reference from the state registration directory in accordance to the prescriptions of this law;
 - 8.1.5. To maintain the name directory of legal entities admitted to state registration, to compile the name database thereof, and to provide with reference from it;
 - 8.1.6. To undertake measures to implement legislation on state registration, other decision issued by competent authorities, to monitor the implementation thereof, to offer recommendations to the respective authorities on their perfection;
 - 8.1.7. Other functions as prescribed by this law.

CHAPTER THREE

State Registration Directory

¹ Law on State Documentation Fee, published in *Toriin Medeelel* (“*The State Bulletin*”), Vol. 4-5, 1993.

Article 9. Principles and Means of Maintaining State Registration Directory

- 9.1. The state registration directory containing the information on foundation, reorganization and dissolution, as well as of other action relevant to legal entity shall be maintained by the registering authority.
- 9.2. Principles and means of maintaining the state registration directory shall have uniformity, regardless of the type and status of legal entity.
- 9.3. The state registration directory shall be kept both in a registration book and in electronic format database; and in case of disagreement between the information contained in a registration book and the information contained in electronic format database; the information contained in a registration book shall be valid.
- 9.4. When storing the state registration directory in electronic format database, relevant methods and software shall be utilized in order to provide coherence with other national information system and networks.
- 9.5. The state registration directory is the nationwide source of information.

Article 10. Rules of Maintaining State Registration Directory

- 10.1. The registering authorities, listed in Provision 7.1. of this law shall, in accordance with rules adopted by the Government in consent with recommendations submitted by the National Statistical Office, maintain the state registration directory.

Article 11. Content of State Registration Directory

- 11.1. The state registration directory shall contain the following information on the legal entity:
 - 11.1.1. Name and registration number of the legal entity;
 - 11.1.2. Type and status of a legal entity;
 - 11.1.3. Legitimate address of the headquarters of the legal entity; or if a legal entity does not have permanent headquarters, the address of the entity authorized to represent the legal entity without the trust;
 - 11.1.4. Means of founding the legal entity (created anew or reorganized);
 - 11.1.5. Information about the founder;
 - 11.1.6. Information about the foundation documents;
 - 11.1.7. For the legal entity created by means of reorganization information on legal succession from the legal entity, activities of which has been terminated
 - 11.1.8. Information on changes in the foundation documents of the legal entity, and the date these changes were registered;
 - 11.1.9. Means of termination of activities of the legal entity (dissolution or reorganization);
 - 11.1.10. For the company, the amount of equity as included in the foundation documents;
 - 11.1.11. Full name, position, passport number/or other equivalent personal identification document number, and tax file number (available) of the official authorized to represent the legal entity without the trust;
 - 11.1.12. Information on license(s) possessed by the legal entity;
 - 11.1.13. If the legal entity has local branches and/or representative offices, the legitimate addresses thereof.
- 11.2. In case of introducing changes into the information contained in the state registration directory, the information on previous changes shall be preserved.
- 11.3. If changes occur in information mentioned in Provision 11.1. of this law, the relevant legal entity is responsible for notifying the registering authority within three working days.

11.4. In case of introducing changes into the information contained in the state registration directory due to the changes occurred in the foundation documents, the period of notification as prescribed in Provision 11.3. of this law shall be upheld.

Article 12. Issuing Reference from State Registration Directory

- 12.1. All information contained in the state registration directory, except the number of the passport, or other equivalent identification document, and tax file number, shall be open and accessible to the public. The registering authority may not refuse to issue reference from the state registration directory.
- 12.2. The registering authority may issue reference on the number of passport, or other equivalent identification document, and tax file number to the authorities and entities with special prerogatives entitled by law.
- 12.3. Reference from the state registration directory shall be given by the following way:
- 12.3.1. requested information could be given orally or in written form;
 - 12.3.2. in case of necessity, the photocopy of the relevant document should be made.
- 12.4. The registering authority is responsible for giving the required reference to the relevant entity within three working days since receiving the request for the reference from the state registration directory.
- 12.5. The registering authority charges the service fee for issuing the reference from the state registration directory; the amount of the service fee shall be set by the Government.
- 12.6. Provision 12.5. of this law does not apply to the reference provided on the request by authorities and entities with special prerogatives entitled by law.

CHAPTER FOUR

Entering Legal Entity to the State Registration

Article 13. Term of the State Registration

- 13.1. The registering authority, within five working days since receiving the documents prescribed in Provision 16.1. of this law, shall issue a written statement on entering to, or denying from, relevant entity to the state registration.
- 13.2. The same term of the registration as prescribed in Provision 13.1. of this law shall apply to the state registration of a new legal entity created as result of the reorganization of the legal entity.

Article 14. Application for Registering and term of Its Submission

- 14.1. The application for entering the state registration shall be submitted: by the legal entities specified in Provision 7.1.1. of this law within one month, by other legal entities within ten working days since its foundation to the relevant registering authority.
- 14.2. The application form shall be approved by the relevant registering authority. The application form shall include the following information:
- 14.2.1. that the foundation documents meet the requirements prescribed by law;

- 14.2.2. with regards to types and organizational structure the legal entity is being founded in accordance with rules prescribed by law;
 - 14.2.3. that the documents submitted for registration meets the requirements for entry to the state registration directory;
 - 14.2.4. for the legal entity, founded in a form of a company, the equity capital amount.
- 14.3. The applicant, mentioned in Provision 15.1. of this law, shall fill the application form and sign it; the number of the passport, or of the equivalent identification document of the applicant shall be stated in the application.
- 14.4. The sample of the signature of the applicant written in the application form shall be approved by the public notary.

Article 15. Person entitled to submit the application

15.1. One of the following legal persons/bodies (further referred to as “the applicant”) shall submit the application to enter the state registration:

- 15.1.1. The executive body of the respective legal entity;
- 15.1.2. The official authorized to represent the respective legal entity without the trust;
- 15.1.3. One of the founders of the respective legal entity;
- 15.1.4. The executive body of the legal entity created anew as a result of reorganization of another legal entity;
- 15.1.5. In case of dissolving the legal entity, the chairperson of the dissolution commission;
- 15.1.6. Other persons/bodies authorized with the trust.

Article 16. Documents Required for Entering the State Registration

16.1. The applicant shall, when submitting the legal entity to state registration, complete the following documents:

- 16.1.1. The application form filled in accordance with approved format;
 - 16.1.2. The decision by the authorized body on founding the legal entity, or a photocopy of such decision, approved by public notary;
 - 16.1.3. Charter of the legal entity;
 - 16.1.4. Articles of association, if prescribed by law;
 - 16.1.5. If an expatriate legal entity is participating in the foundation, the copy of the respective legal entity’s national registration documentation of that particular country, or of the other equivalent documents;
 - 16.1.6. The document certifying that upon the inspection by the relevant registering authority the name of the legal entity does not match with the name(s) of the other legal entity(s);
 - 16.1.7. The receipt of the payment of the state stamp duties.
- 16.2. The registering authority may not demand from applicant documents other than listed in Provision 16.1. of this law.
- 16.3. The documents listed in Provision 16.1. of this law shall be submitted to the registering authority by the applicant in person, or via package of guaranty. The expenses for sending the application via package of guaranty shall be covered by the respective legal entity.
- 16.4. The date registering authority received the documents sent by the applicant shall be considered the date of receiving the relevant application.
- 16.5. The registering authority shall provide the applicant with the receipt containing the list of received documents and the date of receiving thereof.
- 16.6. The registering authority shall, within the next day upon receiving the documents via package of guaranty, send the receipt notifying the receiving of the documents, to

the applicant via package of guaranty. The expenses for sending the application via package of guaranty shall be covered by the respective registering authority.

Article 17. Entering Legal Entity to State Registration

- 17.1. The decision by the registering authority, issued in accordance with Provision 13.1. of this law, shall serve as the ground for the recording of entering the respective legal entity to the state registration directory. State registration number shall be issued to each record of registering, with the registering dates inclusive.
- 17.2. The respective legal entity is considered registered, when following the entering of legal entity to the state registration directory and completing the recording of registration, the stamp containing the state registration number of the legal entity, name of the registering authority and the date of registering is printed on the first page of the foundation documents, and signed by the registrar in charge.
- 17.3. The registering authority shall, immediately upon the entering the legal entity to the state registration, inform the public through media.
- 17.4. The registering authority shall issue the certificate of state registration to the applicant, proving the entrance of the legal entity to the state registration.
- 17.5. The format of the certificate of state registration shall be approved by the Government.

Article 18. Denial of State Registration of Legal Entity

- 18.1. The registering authority may deny the legal entity from state registration, based on the following grounds:
 - 18.1.1. When the documents submitted for state registration are incomplete;
 - 18.1.2. When for the legal entity being reorganized, the grounds for denial exist in accordance with Provisions 15.3 and 15.4. of the Law on Prohibiting the Unfair Competition¹.
- 18.2. If registering authority denied to register the legal entity it shall issue a written decision and sent it to the applicant.
- 18.3. The respective legal entity may appeal to the court, if considers the decision on denial of the state registration is groundless.

CHAPTER FIVE

Entering Legal Entities Founded through Reorganization to the State Registration

Article 19. Application for the Registration and Its Submission

- 19.1. The legal entity, founded through reorganization of another legal entity, shall submit the application for the state registration to the respective registering authority.
- 19.2. The application format shall include the following information in addition to those listed in Provision 14.2. of this law:
 - 19.2.1. The act that the responsibilities of the reorganized legal entity to the creditors have been transferred and inherited to the legal entity created anew through reorganization of the former, or the act that such responsibilities have been indicated in the balance of division;
 - 19.2.2. That the reorganizing legal entity has informed on the transfer of responsibilities to all of its creditors in a written form.

Article 20. Documents Required for the Registration

- 20.1. The legal entity created anew as a result of reorganization of another shall submit the following documents for the entry to the state registration:

¹ Law on Prohibiting the Unfair Competition, published in *Toriin Medeelel* ("The State Bulletin"), Vol. 20, 2000.

- 20.1.1. The application filled in accordance with an approved format;
 - 20.1.2. The decision made by an authorized body to reorganize the legal entity, or the photocopy of such decision approved by public notary;
 - 20.1.3. Foundation documents of the legal entity created anew through reorganization of the former;
 - 20.1.4. The act of transfer (merger and unification);
 - 20.1.5. The balance of division (division and separation);
 - 20.1.6. The opinion, issued by the inspection and regulation service, mentioned in Provision 15.2. of the Law on Prohibiting the Unfair Competition;
 - 20.1.7. The receipt of the payment of the state stamp duties.
- 20.2. The timing and rules of applying for registration for the legal entities created through reorganization of another shall be the same as mentioned in Provision 14.1., Article 15 and Provision 16.3. of this law.

Article 21. Completion of Entering Legal Entity Founded through Reorganization of another to the State Registration

- 21.1. For the legal entity founded by the means of merger, its entry to the state registration is considered complete with the registration of the newly founded legal entity, and thus the activities of each of the merging legal entities are considered terminated.
- 21.2. For the legal entity founded by the means of unification, its entry to the state registration is considered complete with the recording of termination of activities of the last one of each of the joining legal entities into the state registration directory.
- 21.3. For the legal entity founded by the means of division, its entry to the state registration is considered complete with the registration of the last newly founded legal entity, and thus the activities of the former legal entity are considered terminated.
- 21.4. For the legal entity founded by the means of separation, its entry to the state registration is considered complete with the registration of the last newly founded legal entity.
- 21.5. For the legal entity founded by the means of reorganization, its entry to the state registration is considered complete with the registration of the newly founded legal entity, and thus the activities of the former legal entity are considered terminated.

CHAPTER SIX

Entering Changes in Foundation Documents to the State Registration

Article 22. Documents Required for Entering Changes in Foundation Documents to the State Registration

- 22.1. For entering changes in the foundation documents to the state registration, the following documents shall be completed:
 - 22.1.1. The application filled in accordance with an approved format;
 - 22.1.2. The decision on amendment to the foundation documents;
 - 20.1.3. Amendments to the foundation documents;
 - 20.1.4. The receipt of the payment of the state stamp duties.
- 22.2. For applying to enter changes in the foundation documents to the state registration, and submitting the relevant documents to the registering authority, Article 15 and Provision 16.1. of this law shall be upheld.
- 22.3. The registering authority shall inform the public each time upon entering changes in the foundation documents of the legal entity to the state registration.

- 22.4. In case of amendments to information, contained in the state registration directory other than the foundation documents of the legal entity, the applicant shall submit an application in accordance with an approved format to the registering authority.

Article 23. Entering Changes in Foundation Documents to the State Registration and Amending the State Registration Directory

- 23.1. The registering authority, mentioned in Provision 7.1. of this law shall conduct the entry of changes in the foundation documents to the state registration directory and of amendments to information, contained in the state registration directory other than the foundation documents of the legal entity
- 23.2. The registering authority shall, when conducting the entry of changes mentioned in Provision 23.1. of this law, uphold the rule issued by the Government. according to the provision 10.1 of this law.

CHAPTER SEVEN

Entering Dissolution of Legal Entities to the State Registration

Article 24. Informing Registering Authority on Dissolving Legal Entity

- 24.1. The authorized body that issued a decision on dissolution of the legal entity within three working days shall notify respective registering authority in by a written statement and attach a decision on dissolution or photocopy of such decision, approved by public notary, to the written statement.
- 24.2. In accordance with Provision 32.3. of the Civil Code, the dissolving commission shall, within the period not less than two months and not more than six months following the public notification of the dissolution of the legal entity, inform the respective registering authority on completion of the dissolution of the respective legal entity.
- 24.3. The registering authority shall, in accordance with Provision 24.1 of this law, record the dissolution of the legal entity in the state registration directory.
- 24.4. From the moment of recording the dissolution of the legal entity in the state registration directory the registering authority shall not receive the following documents related to the respective legal entity:
- 24.4.1. Changes in the foundation documents of the respective legal entity;
 - 24.4.2. The application and other documents related to registration of any legal entity being founded by, or with participation of, the dissolved legal entity;
 - 24.4.3. If the dissolved legal entity is participating by merger or unification to foundation of a new legal entity established by means of reorganization.

Article 25. Documents Required for Entering Dissolution of Legal Entity to the State Registration

- 25.1. For entering the dissolution of the legal entity to the state registration, the dissolution commission, mentioned in Provision 32.2. of the Civil Code, shall complete the following documents:
- 25.1.1. The application filled in accordance with an approved format;
 - 25.1.2. The report of termination;
 - 25.1.3. The receipt of the payment of the state .stamp duties.
- 25.2. For applying to enter the dissolution of the legal entity to the state registration, Article 15 of this law shall be applied accordingly.
- 25.3. In case of the legal entity being considered bankrupt, or dissolved in accordance with the court judgment on the grounds of repeated and/or serious violation of the law, as well as on other grounds prescribed by law, the court shall send its

legitimate and valid judgment to the respective registering authority within the term prescribed in Provision 24.1. of this law.

Article 26. Registering Dissolution of Legal Entity

- 26.1. The registering authority mentioned in Provision 7.1. of this law shall enter the dissolution of the legal entity to the state registration.
- 26.2. The dissolution commission shall, following the completion of dissolution of the legal entity, send the documents prescribed in Provision 25.1. of this law to the respective registering authority; in such case Provision 16.3. of this law shall also apply.
- 26.3. The respective legal entity is considered discharged from the state registration with recording of its dissolution in the state registration directory.
- 26.4. The registering authority shall inform the public each time on discharging the legal entity from the state registration according to the Provision 32.1.1. of the Civil Code.

CHAPTER EIGHT

Liability for Violating Legislation on State Registration

Article 27. Liability for Violating Legislation on State Registration

- 27.1. Registrar(s) who denied the legal entity of state registration, refused to provide with reference from the state registration directory, and violated other provisions of this law on the grounds other than those prescribed in Provision 18.1. of this law, shall bear liability as prescribed in the related legislation.
- 27.2. In case of harm resulted from the violation of the legislation on state registration the indemnification shall be carried out by the respective registering authority.
- 27.3. In case of harm resulted from the failure to submit the documents required by this law to enter the state registration directory, from the delay to submit thereof, or from the submission of incorrect information contained therein, indemnification shall be carried out by the respective legal entity or by the applicant.
- 27.4. If the legal entity is considered to have repeatedly and/or seriously violated the legislation on state registration, the registering authority may appeal to the court requesting for the dissolution of the respective legal entity.

CHAPTER NINE

Other Provisions

Article 28. Transitional Arrangements

- 28.1. For legal entities entered to the state registration prior to the adoption of this law, state registration remains valid.
- 28.2. The documents maintained by the authorities that exercised the authority of state registration prior to the adoption of this law, as well as the files of legal entities that previously entered to the state registration, and other relevant documents related to registration, are considered the integral part of the state database resource.
- 28.3. The authorized officials of the legal entities registered prior to the adoption of this law shall, within six months following the effective date of this law, submit the following information to the registering authority listed in Provision 7.1. of this law:
 - 28.3.1. Name of the legal entity;
 - 28.3.2. Information on the founder(s);
 - 28.3.3. Full name, position, passport number or other equivalent personal identification document number of the official authorized to represent the legal entity without the trust.

28.4. If the documents listed in Provision 28.3. of this law is not submitted to the registering authority within the prescribed timing, court, based on the recommendation of the registering authority, should dissolve the respective legal entity.

Article 29. Effective Date of Law

29.1. This law shall come into force on 1 October 2003.

CHAIRMAN OF
THE STATE IKH KHURAL OF MONGOLIA

S.TUMUR-OCHIR