

# Legal news

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### Model limited liability company charter adopted

On 16 November 2011, the Cabinet of Ministers of Ukraine passed resolution No.1182, adopting a model charter for a Ukrainian limited liability company (LLC). The resolution took effect on 23 November 2011.

The resolution was passed to implement Law of Ukraine "On Amendments to Certain Laws of Ukraine on Introduction of the Principle of Legal Entities' State Registration on the Basis of a Model Charter" No.3262-VI dated 21 April 2011.

These changes allow business entities of different legal forms to choose a foundation document: a self-tailored (individualized) charter or a model document specifically designed and adopted by the Cabinet of Ministers for the relevant legal form, a model charter. The model charter has now been adopted and can be used for LLCs.

Adoption of the LLC model charter is aimed at simplifying LLC incorporation procedures. Now an LLC can be registered not only based on the charter specifically tailored and adopted by the LLC participants, but also on the basis of a model charter, which becomes a foundation document if the LLC's participants adopt it.

If the LLC's activity is governed by the provisions of a self-tailored charter, the LLC participants may decide to continue its activity based on the model charter. Conversely, if the LLC uses the model charter to regulate its activity, the law allows the LLC to exchange it for another (self-tailored) charter.

The model charter mainly duplicates the provisions of Civil Code of Ukraine No.435-IV dated 16 January 2003 and the Law of Ukraine "On Business Entities" No.1576-XII dated 19 September 1991. Thus, the model charter may not fully satisfy interests of LLC participants who want to individualize corporate governance or implement a specially designed system of checks and balances for LLC bodies or special decision-making procedures, or who would like to introduce other provisions that are not contained in the model charter, but that comply with Ukrainian law.

Certain model charter clauses that are not in line with commercial or other interests of LLC participants, of the LLC itself, its management and control bodies may be changed in a self-tailored LLC charter within the limits of applicable law.

We would suggest addressing the question regarding which foundation document to use in your specific case (a tailored charter or a model charter) to your legal advisors.