

## LAW OF THE REPUBLIC OF ARMENIA

### ON PRIVATIZATION OF YEREVAN DISTRIBUTION CLOSED JOINT STOCK COMPANY, NORTHERN DISTRIBUTION CLOSED JOINT STOCK COMPANY, SOUTHERN DISTRIBUTION CLOSED JOINT STOCK COMPANY AND CENTRAL DISTRIBUTION CLOSED JOINT STOCK COMPANY

#### SECTION 1. GENERAL PROVISIONS

##### **Article 1. Basic Terms and Definitions used in the Law.**

In terms of this Law, the definitions given below mean:

*Electricity Distribution Companies (EDCs)*

Yerevan Distribution Closed Joint Stock Company, Northern Distribution Closed Joint Stock Company, Northern Distribution Joint Stock Company and Central Distribution Closed Joint Company, as well as electricity supplying Companies formed on the basis of the above mentioned Companies, as a result of reorganization.

*Strategic Investor*

According to this Law, winner of the International Privatization Tender of EDCs with whom the Government of Armenia shall sign a Share Purchase Agreement.

*Share Purchase Agreement*

An Agreement on sale of Shares of Share Package signed between the Government and the Strategic Investor as a result of International Tender.

*Direct Share Sales Agreement*

An Agreement signed between the Government and an International Financial Organization, or the Government and the Strategic Investor on direct sales of EDCs shares.

*Package of Shares*

Shares of EDCs determined by the Government which should be sold through International Tender as a united whole.

*Amount Received from Share Sales*

Starting from the date of sending the Tender Documents Package up to the completion of the fifth month after privatization the amount received from the Strategic Investor and financial organization based on Share Purchase and Direct Share Sales Agreements as a result of Privatization, minus the payments to privatization advisors and success payments, as well as the compensation paid to the Strategic Investor *Tariff Margin*

Difference between purchasing price of electricity by EDCs and selling price to the customers

*Pre-qualified bidder*

A bidder meeting the requirements set by the Government, who has the right to participate in International Tender.

*Conditions of Tender Participation*

Conditions and requirements approved by the Government that regulate participation of a pre-qualified bidder in International Share Sales Tender.

*Necessary Certifications*

Certifications presented by the participant of the Tender in a form defined by the Government, which confirm his abeyance to the conditions of Tender participation

*Tender Documents Package*

The package of Documents officially sent to the pre-qualified bidders, containing the conditions of Tender participation, forms of necessary certification, as well as the draft of Share Purchase Agreement, provisions of the License, required guarantees, etc.

*Tender Proposal*

Price proposal for Share Package expressed in USD.

*Validity of Necessary Certification*

Conformity of Tender Participants' necessary certifications to the conditions of Tender participation.

*Moment of Privatization*

Transition of ownership rights of Shares to the Strategic Investor based on the Share Purchase Agreement.

**Article 2. Subject of Regulation of the Law**

1. This Law regulates the relationship related to EDC Privatization and defines the basic principles and terms of such Privatization.
2. The RoA Law "On Privatization of State Property" as well as other Laws regulating privatization of State property affects EDC privatization to the extent that they do not contradict with this Law.

**Article 3. Primary Objectives of EDC Privatization**

The primary objectives of EDC Privatization are as follows:

- a) ensuring safe and reliable day-and-night energy supply to the customers in conformity with the Technical Rules and Provisions of the Operation License,

- b) enhancement of EDC management efficiency and distribution network reliability,
- c) attracting capital investments for refurbishment, development and amendment of EDCs,
- d) enhancement of collections for provided electricity in order to improve the financial status of the energy sector entities,
- e) provisions of financial resources to the State Budget.

**Article 4. Bodies Implementing the Privatization of the EDCs.**

1. The Government of the Republic of Armenia shall carry out privatization of the EDCs. Officials authorized by the RoA Government shall endorse the Share Purchase Agreement and Direct Share Sales Agreement.
2. To organize EDCs Privatization process the RoA Government shall establish a Tender Committee, whose activities shall be regulated by this Law, the Decisions of the Government and corresponding Decisions of the Tender Committee.
3. A representative from each fraction or the group of deputies of the National Assembly could be included in the Tender Committee.

**SECTION 2.  
PRIVATIZATION**

**Article 5. Forms of Privatization**

EDCs shall be privatized through Share Sales in International Tender, and the Shares that are not sold through International Tender shall be sold through Direct Sales.

**Article 6. Formation of the Package of Shares to be submitted to the International Tender.**

1. According to the RoA Government Decision the EDCs Shares shall be sold either in one, or two packages. In case of one package of Share Sales it includes all the EDCs Shares. In case of two packages of Share Sales one of them includes Shares of Yerevan Distribution Closed Joint Stock Company and Northern Distribution Closed Joint Stock Company, and the other includes Southern Distribution Closed Joint Stock Company and Central District Close Joint Stock Company Shares.
2. The package shall include at least 51% of each EDC Shares.

**Article 7. Organization of EDC International Privatization Tender and Review of Results**

1. Tender Committee shall send to pre-qualified bidders Tender Participation invitations, the package of Tender documents and notification about dates of

submission of Tender Proposals at least two weeks prior to the date of Tender Proposal submission.

2. Pre-qualified bidders (Tender participants) shall submit Tender Proposals and necessary certifications to the Tender Committee in the sealed envelopes within the established period of time.
3. If within the established period of time no Tender Proposals have been received, then by the Decision of Tender Committee the Tender shall be considered as not having taken place.
4. Tender shall be summed up in the session of Tender Committee, which shall meet within the dates announced by the Committee in advance. The representatives of pre-qualified bidders, the RoA Government advisors and the invited representatives of mass media have a right to participate in Committee session.
5. During the session all the envelopes, in which necessary certifications are shall be opened, and their validity shall be checked. If Tender Committee considers all the presented certifications valid, the envelopes with Tender Proposals shall be opened and the offered purchase prices shall be declared by the Tender Committee in a manner visible and audible for the session participants. The bidder suggested the highest price shall be announced the winner.
6. If any of the certifications presented in the session is not valid, then the meeting is suspended for seven days. The corresponding bidder of the Tender has the opportunity to adjust presented certifications to the requirements of the Tender within seven days. After the resumption of the session all the certifications that are considered invalid shall be reviewed. If during the discussion the necessary certifications are considered not valid the second time, then the respective bidder shall be left out of the Tender by the procedure defined by the previous Point of this article.
7. If two or more bidders suggest the same highest price, then the winner is determined according to the procedure set by the Government, that is, through conducting an auction, and defining as a starting price, the price proposed by them.
8. The Government shall be entitled to:
  - before opening the price proposal to make a decision to terminate the Tender,
  - make a decision not to sign a Share Purchase Agreement with the winner of the tender.
9. If the winner of the Tender refuses to privatize the Electric Distribution Companies, the next bidder who suggested the highest purchase price for the package shall be recognized as the winner of the Tender.

10. The Government shall adopt corresponding Decree on the further procedure of the privatization, termination of the Tender, in case of not signing the Purchase Agreement with the winner or if the Tender has not taken place.
11. The cases of violation of Tender rules can be appealed against in the RoA courts in the procedure defined by the RoA Legislation.

**Article 8. Direct Sale**

1. After the moment of privatization, Shares not included in the Share Package can wholly or partially by one or several Direct Sale Agreements be sold to the International Financial Institutions and/or The Strategic Investor in compliance with the Decision of the Government.
2. In case of direct sale of the Shares, the price of the sold share can not be less than the formed price of a Share sold through the Tender.

**Article 9. Necessary conditions of Share Purchase Agreement**

The Government shall include the following conditions in the Share Sale Agreement:

1. The Strategic Investor shall be obliged to restructure privatized companies through their consolidation or merger in the terms defined in the Share Purchase Agreement. All further reorganization can be conducted upon the consent of the ERC.
2. The Strategic Investor shall be obliged to involve the resources necessary for the realization of the investment programs by the EDC, moreover the investment programs shall provide the fulfillment of the provision of uninterrupted and reliable supply of electricity to the consumers in accordance with the technical procedures and terms of the operation license.
3. The Strategic Investor shall be obliged to establish purchase procedures of commodities and services by the EDC, which provide preference for local producers and service renders in equal position.
4. The Strategic Investor can dispose the Shares of EDC upon the consent of the Government or under the defined conditions by the Government after the moment of privatization
5. The Strategic Investor shall be obliged to provide 100% payments by the EDCs within the terms stated in the corresponding contracts for the received electric energy, and capacity as well as for the rendered services by the other entities conditioned by the operation license in the Energy Sector.

6. The Strategic Investor shall be obliged to provide cooperation of the EDCs with the Administrator with regard to the claim registration stipulated by Article 18 of this Law.

#### **Article 10. Operation Licenses of EDCs**

1. New licenses shall be given to the EDCs by the ERC, which shall become effective from the moment of privatization. Principles for the formation of tariff margin shall be stated in these operation licenses taking into account the following conditions:
  - a) The tariff margin that are effective at the moment of signing the Share Purchase Agreement expressed by the USA currency, shall remain effective for the period up to the 1 January, 2004.
  - b) The tariff margin shall be calculated in accordance with the methodology defined by the ERC beginning from the January 1<sup>st</sup>, 2004.

The restructured company shall be given the license with the same provisions from the moment of restructuring provided for by the Point 1 of the Article 9 of this Law after the moment of privatization.

#### **Article 11. Energy Supply Guarantees of the Consumers of Vital Importance**

1. The list of consumers of vital importance which require permanent and uninterrupted electricity supply with Government guarantees shall be included in the RoA “Law on the State Budget”.
2. Within a month from the moment the “Law on the State Budget” for each year comes into effect, EDCs shall be provided by the state body authorized by the Government based on the Government decree with the budget guarantees in the amount provided for in the State Budget for electricity purchase for each consumer of vital importance
3. If the consumer of vital importance originates overdue liability for the used electricity, EDC (beneficiary) shall require in written form from the state authorized body that gave the guarantee to make a guaranteed payment. If the state authorized body who gave the guarantee, shall not provide the payment of overdue debt during the period provided for the guarantee, the beneficiary has the right to represent the budget guarantee to the Central Bank for the withdrawal from the unified treasury account of the State Budget of the Republic of Armenia on non-disputable basis.

**SECTION 3**  
**CLARIFICATION OF LIABILITIES OF THE EDCs**

**Article 12. The Administrator**

The Government shall appoint the Administrator for clarification of liabilities of EDCs as well as for registration of claims and contracts and shall define his/her activity procedures and conditions. The Administrator shall be reportable to the Government. The Administrator shall be obliged not to hinder the operations defined by the license provisions of EDCs during his/her activity.

**Article 13. Contracts for Registration**

1. Contracts signed by the EDCs, which originate liabilities (including payment related), and which shall be effective at the moment when this Law becomes effective shall be represented to the Administrator for registration.
2. The requirement of the Point 1 of this Article does not apply to the following contracts:
  - Contract on electricity supply with the consumers (if these contracts correspond to the model form defined by the ERC).
  - Contracts registered by the ERC.
  - Contracts signed according to Article 14 of this Law by the EDCs after the moment when this Law becomes effective.
  - Labor contracts.
  - Collective agreements.
3. If the contracts listed in the Point 1 of this Article were not registered in accordance with this Law, they shall be considered to be terminated with the power of this Law.

**Article 14. Contracts to be Signed by the EDCs**

1. EDCs sign the following contracts without the ratification of the Administrator, from the moment when this Law becomes effective up to the moment of privatization:
  - Electricity supply contracts with the consumers defined by the ERC.
  - Contracts to be registered by the ERC.
  - Contracts which shall not exceed one hundred and thousand drams.

2. From the 15-day this Law comes into effect up to the moment of privatization contracts signed by the EDCs and not provided for by the Point 1 of this Article shall be considered to be signed in case of ratification by the Administrator. The procedure of ratification of the contracts shall be defined by the procedure of Administrator Activity approved by the Government.
3. In case of amendments of existing contracts, the provisions of this Article shall still be complied with.

#### **Article 15. Presenting Contracts for Registration**

1. Within 15 days of this Law comes into effect, by means of RoA public TV, radio and 5 most widely circulated newspapers, the Administrator shall invite the contractual Parties specified in Point 1 of Article 13 of this Law to present the contracts for registration.
2. The contracts can be presented for registration within 45 days the Law comes into effect. The contracts, which failed to meet the deadline for registration, shall not be registered and shall be considered terminated, regardless of the reasons for such failure.
3. The following shall be attached to the application for registration of the contracts:
  - a) A copy of the contract,
  - b) Copies of any amendments and adjustments to the contract,
  - c) Information on execution of the contract (including execution acts; copies of the documents confirming full or partial payments; information on the measures, which ensure fulfillment of the obligations; other documents),
  - d) Other explanatory documentation (on the applicant's discretion).

#### **Article 16. Registration of the Contracts**

1. Within 30 days from the receipt of the application the Administrator shall discuss presented application and make a decision on registering or refusing to register it, which then shall be sent to the applicant and to the distribution companies, respectively. The procedures for contract registration shall be established by the Administrator activity procedures approved by the Government.
2. Rejected contracts are not subject to further discussion or revision by the Administrator.
3. If the Administrator decided to refuse to register a contract, such contract shall be considered terminated by the force of this Law.



**Article 17. Registered Contracts**

Registered contracts shall continue to be in effect.

**Article 18. Claims Subject to Registration**

1. With the exception of payment obligations set forth in Point 1 of Article 23 of this Law, existing payment obligations of distribution companies shall be presented to the Administrator for registration, if they occurred before privatization.
2. The claims of the small hydro power plants, equal to the cost of electricity supplied to the system before privatization but not paid for, must be registered by the Administrator.
3. If the claims subject to registration in compliance with Point 1 of this Article have not been duly and promptly registered, they are not subject to satisfaction.
4. If an obligation is a subject to registration, then the satisfaction of such obligation by distribution companies shall be prohibited starting the 76<sup>th</sup> day of the adoption of this Law, and legal enforcement procedures related to this obligation shall be ended.

**Article 19. Presentation of Claims for Registration**

1. On the 75<sup>th</sup> day from the adoption of this Law by means of RoA public TV, radio and 5 most widely circulated newspapers, the Administrator shall invite all those entities, which have unsatisfied obligations set forth in Point 1 of Article 18 of this Law, to present them for registration.
2. Starting the 76<sup>th</sup> day from the adoption of this Law and until the 120<sup>th</sup> day from the day of privatization, the claimants, in compliance with the procedures set forth in this Law, shall present applications to the administrator to register their claims against distribution companies. After expiration of given period, applications for registration of claims shall not be accepted regardless of the reasons for not meeting the deadline.
3. The following shall be attached to the application for registration of claims:
  - a) The claim in Drams,
  - b) Documents supporting the claim,
  - c) Information on partial satisfaction of claims (including copies of the documents confirming full or partial payments, other documents),
  - d) Other explanatory documentation (on the applicant's discretion).

**Article 20. Registration of Claims**

1. The Administrator is obligated to register claims, which proceed from effective decisions of the court.

2. The Administrator is authorized to register the claim if there is no court decision in effect and if the Administrator considers the claim lawful and the size of the claim – reasonable
3. If there is no court decision in effect and if the Administrator considers the claim lawful but the size of the claim unreasonable, then the Administrator is authorized to negotiate with the applicant, sign an agreement on the size of the claim, if such shall be attained, and register the claim in the agreed size.
4. While registering the claim, the Administrator following the provisions of this Law, register separately the secured and non-secured portions (without interest and penalties), interests and penalties, as well as clarify priorities of the claim. Claims, which are secured with corresponding collateral of the EDCs property, shall be considered secured. A portion of the claim, equal to the market value of the collateral calculated by the method of determining the sales value, shall be considered secured.
5. The Administrator shall refuse to register the claim, if there is an effective court decision on refusal of such registration.
6. The Administrator is authorized to refuse to register the claim, if he considers the claim unlawful and the size of the claim – unreasonable.
7. Refused claims are not subject to further discussion or revision by the Administrator, except for the cases when the refusal was followed by an effective decision of the court.
8. The Administrator may, on behalf of the Distribution Company, appeal against the judicial act, which is the basis for registration of the claim.
9. Within 30 days from the receipt of the application, the Administrator shall make a decision on registration or refusal of the claim, the decision shall be sent to the applicant.
10. Additional criteria for registration of claims not contradicting to the provisions of this Article can be established by the Procedure of Administrator activity approved by the Government.

#### **Article 21. Judicial Protection of Registration of the Claim**

If the Administrator refuses to register the claim, on which there is no effective court decision, the claimant has the right to appeal to the court with the request to recognize the claim in judicial procedures.

The limitation period for presenting applications for recognition of claims is 5 months from the moment of privatization, and the rules established by Articles 334-343 of the Civil Code shall not affect the given period. The Administrator, or its representative, shall be the respondent in the court on behalf of the distribution companies.

**Article 22. Satisfaction of Registered Claims**

1. The overall amount of registered claims shall be limited by the amount paid for the shares of distribution companies, which is deposited in the Central Bank at the special Treasure account.
2. After the end of the fifth months from the moment of privatization, the Administrator shall present to the Government for approval a report on registered claims. After the Government has approved the Administrator's report, a body authorized by the Government shall make the payments based on the report with consideration of the priorities and sizes of the claims. The payments shall be made within one month.
3. The following is the prioritization for satisfaction of the claims:
  - guaranteed claims
  - claims of Small HPPs
  - non-guaranteed claims
  - interest rates and punitive measures

Claims having lower priority shall be satisfied only in case of entire satisfaction of the claims of high priority. Claims having the equal priorities shall be satisfied proportionally to the amount of the requirement. Non-satisfied claims are considered terminated.

4. After the satisfaction of registered claims, the residual amounts shall be transferred to the specific privatization account.

**Article 23. Obligations of Distribution Companies**

1. After their privatization the EDCs will continue carrying out the following obligations, which were effective for the moment of privatization - overdue obligations and calculated but non-expired obligations:
  - payrolls and equivalent payments;
  - regular payments to compensate the damage caused to the life or health of citizens;
  - tax obligations;
  - other amounts subject to payment to the State Budget or to the off-budget accounts of State Bodies;

- social securities or other mandatory payments (including payments to the employees for temporary unemployment, pregnancy and delivery, nursing of family members, children's lump allowance, death grant);
- loans and obligations in form of payment securities;
- local duties and payments;
- contract obligations, provided for by Article 14 of this Law, which do not exceed 100,000 drams;
- obligations, provided for by Article 14 of this Law, which arise from the ratified contracts,

as well as

- prepayments paid by customers for the electricity;
  - non-expired obligations of the contracts, registered in compliance with Article 16 of this Law.
  - payment related and non-payment related obligations that are not subject to registration, according to this Law.
3. Distribution Companies shall continue carrying out obligations, specified in Point 1 of this Article, which shall be paid for the accrue obligations from the moment of privatization.
  4. According to the Share Purchase Agreement, the Government commits to compensate the damage to the privatized Distribution Companies, originated as a result of satisfaction of claims of the Third Party to compensate the damage caused by inadequate actions of Distribution Companies (or failure to act) before the privatization.
  5. The Share Purchase Agreement shall define the guaranteed size of obligations specified in Point 1 of this Article as of the moment of privatization of the transaction, except for the payments paid on a regular basis for the damage, caused to the life or health of citizens, as well as those non-expired obligations, originated from the contracts registered according to the Article 16 of this Law and ratified according to the Article 14 of this Law, as well as from the overdue or non-expired obligations at the price not exceeding 100,000 drams. Whereas, the amount of taxes and mandatory social security payments guaranteed by the Government shall be limited by the amount of tax and payment obligation, calculated for the given tax type and payment on the basis of results of the last settlement period preceding the moment of privatization and in legally established procedures.

In case of the positive difference of the guaranteed amount stated in the Share Purchase Agreement and actual amount of liabilities recorded in the balance sheets of the EDCs at the moment of privatization, the privatized EDCs shall be exempted from the current tax liabilities and liabilities on social security obligatory payments in the amount of that difference in the following order:

- a) Penalties on tax liabilities.
- b) Penalties on social security obligatory payments.
- c) Fines on tax liabilities.
- d) Fines on social security obligatory payments.
- e) Profit tax.
- f) VAT.
- g) Social security obligatory payments.

If the exempted amount from the tax liabilities and from the social security obligatory payments is less than the mentioned positive amount, the Strategic Investor shall reimburse the non-reimbursed part from the amount paid for the shares.

6. Receivables (other than the debited amount of VAT and prepayments on liabilities listed in the first item of this Article, including prepayments made in 2001 on the profit tax) available at the moment of privatization of the EDCs, as well as the payables for the delivered electricity (other than payables provided for by the second item of Article 18 of this Law) are transferred to the 100% State-owned enterprise(s) in accordance with the Government decree the first day after privatization

#### **Article 24. Taxes**

1. EDCs are exempted from such liabilities on taxes, obligatory social security payments and other obligatory payments /including fines and penalties on them/, customs duties and duties arising from the operations of previous periods, which shall be revealed and recorded after the moment of privatization by the state authorized bodies conducting the inspection.
2. EDCs are exempted from the liability on the profit tax arising from the transfer of receivables and payables, as well as on VAT calculated towards the sale circulation resulted from the transfer of receivables and payables, on the exceeding amounts of VAT amounts subject for reduction on those operations in accordance with the item 5 of Article 23 of this Law.
3. Settlements of liabilities of EDCs on behalf of the received amount of sale of shares, in accordance with the order defined by this Law, shall not be considered as income for profit tax calculations.
4. Those enterprises to which receivables and payables of EDCs were transferred shall be exempted from the tax liabilities arising from such operations.
5. EDCs are exempted from the profit tax due to the two years recording of tangible and intangible assets resulting from inventory taking of tangible and intangible assets after the moment of privatization not recorded in the balance sheet at the moment of privatization.

6. Commercial losses arising from the electricity delivery by the EDCs for the purpose of profit tax calculations are reduced each year from the gross income of the companies in the amount included in the tariff by the ERC
7. If the moment of privatization is 2001, the profit tax amount from economic activities of the EDCs is equal to the 100 % of profit tax calculated from the annual activity of 2000. If the moment of privatization is 2002, EDCs shall be exempted from the profit tax liability on the economic activity of 2002, beginning from the 1 January, 2002 up to the moment of privatization, calculated in the simultaneously defined order of the Ministry of State Revenue and the Ministry of Finance and Economy.

#### **SECTION 4**

### **PROPERTY RIGHTS OF THE EDCs' TOWARDS REAL ESTATE**

#### **Article 25. Land Use Right of Electric Distribution Companies**

1. The state-owned or community-owned lands under power stations, their buildings and structures, as well as the land plots necessary for their maintenance and service shall be given with a lease right to EDCs, in conformance with the procedure established by Article 118 of the RoA Land Code, from annual payment equalized to the land tax rate for the given land plot.
2. The enactment of this Law, establishes the following for the EDCs:
  - a) compulsory, free of charge and permanent servitude right for target use of the land plots owned by physical or legal entities, on which the installations are located, the lands under their buildings and structures, as well as the land plots necessary for their maintenance and service;
  - b) compulsory, free of charge and permanent servitude right for target use of lands under electric distribution overhead lines, poles, surrounding area of substations, safety zones for overhead lines and cables, as well as the land areas with a right of access to all land plots, regardless of the form of ownership.
3. Restrictions of target use of the land plot imposed by the owner and stipulated by the necessity of meeting the mandatory technical requirements proposed for the installations of EDCs shall be established by Technical Rules and Procedures and the executed agreements.

#### **Article 26. Use of Buildings and Structures not Owned by EDCs for Distribution Operations**

1. From the moment of enactment of this Law, the buildings and structures owned by physical and legal entities and used for electric installations involved in distribution operation shall be given to the EDCs with a mandatory lease right for the period of 25 years at market rates.

2. From the moment of enactment of this Law, the state- and community-owned buildings and structures or their sections, used for electric installations involved in distribution operation shall be given to the EDCs with a mandatory, permanent and free of charge use right, providing implementation of all EDCs operations and maintenance works for such buildings and structures (or their sections).
3. If before the moment of the enactment of this Law, there are effective agreements on the use of the above mentioned buildings and structures between the owner and the EDC, Points 1 and 2 of this Article shall be effective after the termination of such agreements. In such case also, the effectiveness of the established period shall commence from the moment of the enactment of this Law.

**Article 27. Areas for Common Use at Residential Buildings**

From the moment of enactment of this Law, compulsory and free of charge servitude right of EDCs with target use shall be established for the premises of installations located in the common use areas of the residential buildings.

**Article 28. State Registration of EDC Property Rights**

With respect to the property rights described in this Section, the Parties shall be obliged to sign contracts under conditions established by the Government, which is subject to state registration. During five years following the enactment of this Law, the Parties shall reserve the right of appealing to the court, in conformance with Article 461 of the Civil Code, to compel the signing of the contract. During the above period, the property rights established by this Law shall be effective regardless of the existence of the contract or the court decision and their registration.

The EDC property rights stipulated by target use shall be terminated in case of non-target use of the land plot or the building.

**SECTION 5  
FINAL PROVISIONS**

**Article 29. Effectiveness of this Law**

1. This Law shall become effective within 10 days of its official publication.
2. From the moment of the enactment of this Law, consider ineffective the RoA Law “On Making Amendments to the 1998-2000 State Property Privatization Project and Privatization of Yerevan Distribution Closed Joint Stock Company, Northern Distribution Closed Joint Stock Company, Southern Distribution Closed Joint Stock Company, and Central Distribution Closed Joint Stock Company”.

3. Other legal acts adopted on the basis of the RoA Law “On Making Amendments to the 1998-2000 State Property Privatization Project and Privatization of Yerevan Distribution Closed Joint Stock Company, Northern Distribution Closed Joint Stock Company, Southern Distribution Closed Joint Stock Company, and Central Distribution Closed Joint Stock Company” shall be effective to the extent that they are not in conflict with this Law, and the created state bodies (Commissions) shall continue their operation under the requirements of this Law.
4. Collective Agreements executed by the EDCs shall be effective until the moment of Privatization. Within 6 months of the moment of Privatization, the EDCs shall be required to execute new Collective Agreements.

President  
of the Republic of Armenia

R. Kocharyan

Yerevan  
16 August, 2001  
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