

**THE REPUBLIC OF ARMENIA**  
**LAW**  
**ON THE CENTRAL BANK OF THE REPUBLIC OF**  
**ARMENIA\***

**CHAPTER 1. GENERAL PROVISIONS**

**ARTICLE 1. The Central Bank of the Republic of Armenia**

1. The Central Bank of the Republic of Armenia (hereinafter referred to as the Central Bank) is a legal entity vested with state duties, the sole founder of which is the Republic of Armenia. The Central Bank shall act under the Constitution and the laws of the Republic of Armenia.

2. The Central Bank is a uniform centralized system, which incorporates the head office and the territorial subdivisions of the Central Bank. The head office shall be located in the city of Yerevan.

3. Territorial subdivisions of the Central Bank shall be the branch and representative offices of the Central Bank. The Central Bank and its territorial subdivisions shall have a seal with the state emblem of the Republic of Armenia and their respective names.

4. To achieve its objectives, the Central Bank may on its behalf:

- conclude agreements, acquire rights, undertake obligations, including loan taking,
- act as a claimant and respondent,
- acquire, possess, use and alienate property, proprietary and personal non-proprietary rights in case envisaged by this Law.

5. In implementation of its tasks, the Central Bank shall be independent from the state authorities.

6. The Central Bank and the Government of the Republic of Armenia shall bear no responsibilities for their respective obligations if not assumed such.

*(Amended according to AL-245-S, 08.12.05)*

**ARTICLE 2. Powers of the Central Bank**

1. To achieve its goals, the Central Bank shall exercise authorities vested therein by the law of the Republic of Armenia.

2. The Central Bank shall keep the register of its own acts.

3. The Central Bank, within its scope of authorities, shall be empowered to adopt normative, internal and individual legislative regulations.

The Board of the Central Bank shall adopt normative and individual resolutions, and the Chairman of the Central Bank shall adopt individual and internal legislative documents – resolutions and orders.

4. Normative regulations aimed at toughening of the Central Bank regulating procedures as well as setting of additional or stricter responsibilities shall not have a retroactive force.

*(Amended according to AL-45-S, 03.03.04)*

**ARTICLE 3**

*(Annulled according to AL-45-S, 03.03.04)*

**ARTICLE 4. Primary Objective of the Central Bank**

1. The primary objective of the Central Bank shall be to ensure stability of prices in the Republic of Armenia. To attain its primary objective the function of the Central Bank shall be taking measures aimed at price stability ensuring. To attain its primary objective the Central Bank shall develop, approve and implement monetary policy programs\*.

2. In case whenever other objectives of the Central Bank contradict its primary objective, the Central Bank shall give the priority to the primary objective and shall be governed by the necessity arising thereof.

*(Amended according to AL-36-S, 25.12.06)*

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\* RA Law – 69, adopted 30.06.1996, effective since 31.08.1996 (NAB of RA 1996/12). This Law includes all the amendments done under the RA laws: 18.03.1998, LA-209 (1998/9(42), 30.04.98), 23.10.2001, LA-243 (2001/36(168), 26.11.01), 06.11.2001, LA-256 (2001/39(171), 12.12.01), 29.05.2002, LA-371-S (2002/23(198), 03.07.02), 23.10.2002, LA-427-S (2002/49(224), 14.11.02), 25.12.2003, LA-49-S (2004/4(303), 19.01.04), 03.03.2004, LA-45-S (2004/21(320), 14.04.04), 11.05.2004, LA-73-S (2004/30(329), 09.06.04), 24.11.2004, LA-147-S (2004/72(371), 28.12.04), 14.12.2004, LA-17-S (2005/5(377), 21.01.05), 08.12.2005, LA-245-S (2005/81(453), 28.12.05), 23.05.2006, LA-70-S (2006/33(448), 28.06.06), 23.05.2006, LA-76-S (2006/33(488), 28.06.06), 25.12.2006, LA-7-S (2007/3(527), 12.01.07), 25.12.2006, LA-36-S (2007/6(530), 24.01.07), 25.12.2006, LA-44-S (2007/6(530), 24.01.07), 09.04.2007, LA-183-S (2007/27(551), 30.05.07), 11.10.2007, LA-200-S (2007/53(557), 31.10.07), 24.10.2007, LA-226-S (2007/59(583), 28.11.07).

\* Effective upon January 1, 2008.

## **ARTICLE 5. Objectives of the Central Bank**

1. The Central Bank shall have the following objectives:
  - a. ensure stability and normal activity of the financial system of the Republic of Armenia, including ensuring of necessary conditions for stability of the banking system, liquidity, solvency and normal activities of the Republic of Armenia,
  - b. create and develop an effective payment and settlement system,
  - c. issue domestic currency of the Republic of Armenia, and organize and regulate money circulation thereof,
  - d. arrange and regulate combating legalization of criminal proceeds and financing of terrorism,
  - e. ensure essential conditions for protection of investors in securities, for formation and retention of equitable quotation at securities market, for regulation of normal fair, transparent, trustworthy activities of securities market and its development.
2. The Central Bank, in performing the underlying objectives stipulated in this Law, shall:
  - a. implement bank servicing of the Government,
  - b. act as fiscal agent and advisor to the Government,
  - c. license banks, as well as other entities, in case if envisaged by law, and regulate and supervise activities thereof,
  - d. provide loans to the banks as a last-resort-lender,
  - e. regulate and supervise activities of payment and settlement system, including those of non-bank organizations, which provide such services,
  - f. own, use, and dispose of international reserves of the Republic of Armenia,
  - g. collect, finalize and promulgate monetary and financial system statistics.
  - h. collect, coordinate and analyze information concerning legalization of criminal proceeds and financing of terrorism, exchange and deliver such information to intra-governmental competent authorities and international organizations, and competent authorities of other countries, if stipulated by international agreements of Armenia.

*(Amended according to AL-243, 23.10.01; AL-371-S, 29.05.02; AL-17-S, 14.12.04; LA-245-S, 08.12.05)*

## **ARTICLE 6. Monetary Policy Programs\***

1. Once a quarter the Central Bank shall publish the Monetary Policy Program for the next 12 months as a guideline.
2. The Monetary Policy Programs shall incorporate:
  - a. forecast of inflation,
  - b. orientation of Monetary Policy,
  - c. other clauses defined by the Board of the Central Bank for implementing issues indicated by law.

*(Amended according to AL-209, 18.03.98 and LA-36-S, 25.12.06)*

## **ARTICLE 7. Cooperation with the State Bodies**

1. While implementing its tasks, the Central Bank shall cooperate with state bodies of the Republic of Armenia.
2. The Chairman or the Deputy Chairman of the Central Bank shall, on a regular basis, provide the National Assembly of the RA and the Standing Committees thereof with required clarifications or explications on the policies the Central Bank pursues.
3. The Central Bank shall participate in the drafting process of economic and financial programs of the Government of the Republic of Armenia (hereinafter referred to as the Government); as well as shall support implementation thereof, in case if it complies with the objectives of the Central Bank. The Central Bank shall consult with and seek advice from the Government when drafting the Monetary Policy Program.
4. The Chairman of the Central Bank may participate at open meetings of the Government with a deliberative voting right, and may submit written comments on the topics discussed therein. The authorized representative of the Government may participate at open meetings of the Board of the Central Bank and may submit written comments on the topics discussed therein.

## **ARTICLE 8. International Cooperation of the Central Bank**

The Central Bank, within the frame of its authorities, shall represent interests of the Republic of Armenia in international financial organizations, international and foreign overseas banks, as well as in relations with the central and other banks of other countries, and shall conclude and execute international agreements as required by law.

The Central Bank shall have the right to cooperate with foreign regulators of the securities market. The cooperation shall include finding and exchange of information concerning the subject of regulation, contributing in receiving such information. The Central Bank shall have the right to transfer the lawfully possessed information to other bodies provided that the transfer shall not contravene the law, the regime of confidentiality as set forth by the law shall not be

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\* Effective upon January 1, 2008.

violated, and the information shall be used exclusively for the purpose of prevention of law violations or prosecution. For the purpose of such cooperation the Central Bank shall have the right to establish information exchange systems or to participate in such on its behalf, in particular, to sign memorandums and agreements which set forth the composition of information, procedures and conditions of its exchange.

*(Amended according to LA-200-S, 11.1007).*

#### **ARTICLE 9. Deposit and Credit Operations**

1. The Central Bank may accept demand or time deposits in domestic (Dram) or foreign currency or may hold material values on deposit exclusively from the state bodies of the Republic of Armenia and banks, central and other banks of foreign countries, international financial and credit organizations, and in some exclusive cases, under the Decision of the Board of the Central Bank, from other entities, as well as it may, at their discretion or consent, possess and use these deposits and material values.

2. To attain its goals, the Central Bank may make borrowings or take loans from international foreign organizations, as well as from governments, central banks and other developed banks of other countries.

*(Amended according to AL-243, 23.10.01)*

#### **ARTICLE 10. Open Market Operations**

1. To implement monetary policy, the Central Bank may purchase and sell state (debt) securities as well as reliable other securities in financial markets in accordance to the procedures stated by this Law.

2. The Central Bank may not purchase state securities of the RA at its own expense in the period of their primary issuance. The Central Bank may purchase state securities in the mentioned period solely at the notice and expense of the central or high-rate banks of other states.

3. Based on its primary objective, the Central Bank, in order to implement open market operations, may issue short-term up to one-year-maturity securities pursuant to a procedure mutually agreed with the authorized Government body.

*(Amended according to AL-243, 23.10.01)*

## **CHAPTER 2. FINANCIAL PROVISIONS**

#### **ARTICLE 11. CAPITAL OF THE CENTRAL BANK**

1. The capital of the Central Bank shall be comprised of its authorized capital (statutory capital), general reserve, revaluation reserves of securities, fixed and other assets and retained earnings and profit.

2. The authorized capital of the Central Bank shall be AMD 100 million.

3. The authorized capital of the Central bank shall be the property of and belong to the Republic of Armenia and may not be pledged, confiscated or otherwise alienated against the obligations of the Republic of Armenia.

4. In the event if, by the end of the financial year, the losses resulted in the Central Bank balance sheet exceed the aggregate amount of its reserves, the Government, within 30 days upon the date of the balance sheet publication, shall, as stated by law, grant non-interest bearing demand government ordinary promissory notes as a contribution to the Central Bank capital in an amount of exceeding sum. Redemption of the promissory notes shall be implemented through the state budget upon request of the Central Bank or according to Article 12 of this Law.

*(Amended according to AL-243, 23.01.01; AL-45-S, 03.03.04 and LA-36-S, 25.12.06)*

#### **ARTICLE 12. Calculation and Allocation of the Profit of the Central Bank**

1. The Central Bank profit shall be calculated for each financial year in compliance with the International Accounting Standards as a balance of the total income earned and expenses incurred (including losses) throughout the financial year.

The calculation of the profit of the Central Bank of Armenia to be distributed shall not include positive difference of income and expense, generated from revaluation and acquisition of gold, SDR, foreign currency and their equivalents under article 13 of this Law, adjusted to the extent of provisioning to recompense adverse results of previous.

2. The profit of the Central Bank shall be allocated as follows:

a. 20% of the profit shall be addressed to replenish the general reserve until its total amounts 25% of the broad money,

b. appropriations shall be made to cover redemption expenses of the promissory notes specified in Article 11 of this Law.

3. The balance of the profit of the Central Bank remaining after hereinbefore deductions shall be paid to the state budget.

*(Amended according to AL-45-S, 03.03.01; AL-17-S, 14.02.04 and AL-36-S, 25.12.06)*

### ***ARTICLE 13. Income, Expenses and Capital Investments of the Central Bank***

1. Income of the Central Bank shall be the income generated and resulted from activities prescribed by this Law, including:

- a. interest received against loans, deposits, securities, correspondent accounts balances,
- b. all kinds of commission fees generated from the banking operations,
- c. fines, fees and penalties levied from the banks registered by the Central Bank, other customers and contractual obligations (including penalties for nonperformance of required provisioning by the banks),
- d. proceeds gained from the sale of foreign currency, precious metals and other monetary values at a higher price than the book value,
- e. proceeds from the sale of fixed and intangible assets at a higher price than the book value and the sale of stock,
- f. bank service charges,
- g. funds generated from repayment of written-off loans, interest thereof and bad debts,
- h. donations,
- h<sup>1</sup>. amounts generated from revaluation of gold, SDR, foreign currency and their equivalents,
- h<sup>2</sup>. amounts generated from acquisition of gold, SDR, foreign currency and their equivalents
- i. other proceeds, received from the operations specified by this Law.

2. The Central Bank shall be independent in planning its own income. Income of the Central Bank shall not be subject to approval by any state authority.

3. The expenses of the Central Bank shall incorporate:

- a. Operational expenses, including:
  - interest accrued on deposits, loans, securities issued and customer account balances,
  - expenses related to the issuance, transportation, maintenance and elimination of bank notes, coins (including commemorative coins) and monetary values,
  - all kinds of commission and other fees paid in banking operations,
  - losses incurred from the revaluation of foreign currency, securities, precious metals and other assets,
  - losses incurred from the sale of foreign currency, securities, precious metals and monetary values at prices lower than the book and acquisition value,
  - losses incurred from the acquisition of gold, SDR, foreign currency and their equivalents
  - expenses incurred from the revaluation of fixed assets, intangible assets and stocks, and the sale of fixed assets and intangible assets at prices lower than the book value, as well as those incurred from the sale of stocks,
  - expenses related to the provisioning and write-offs of the bad loans, receivables, monetary values and other assets,
  - depreciation costs of fixed assets,
  - payments for any services related to the bank activities,
  - expenses related to international reserves management,
  - payment and settlement system service costs,
  - external public debt service costs,
  - expenses related to maintenance, servicing, use and insurance of other assets of the Central Bank, such as buildings, premises, fixed assets and stocks,
  - auditing and consulting services,
  - other expenses and costs related to the implementation of the objectives of the Central Bank.
- b. Administrative expenses shall include:
  - administration costs (staff salaries, rewards, mandatory social charges to state budget, staff training and skill upgrading, business trips and representation expenses, office vehicles operation costs and other social security expenses),
  - expenses related to press information and the acquisition of professional literature,
  - expenses related to write-offs of materials and perishables,
  - expenses related to communication means used for office purposes,
  - contingent expenses (reserve).

4. Capital investments of the Central Bank shall include:

- a. Capital investments to be implemented for carrying out the primary activities of the Central Bank, such as:
  - construction, acquisition and maintenance of working premises and facilities,
  - acquisition and maintenance of computers, office furniture, communication facilities and other fixed assets vital for the activities of the bank,
  - capital investments to legal persons directly linked to the objectives of the Central Bank,
- b. Capital investments for administrative purposes, including:
  - capital investments addressed at recreational activities, medical care and social benefits for the staff of the Central Bank (acquisition and maintenance of premises, equipment for such purposes, capital reconstruction),
  - acquisition and maintenance of cars and vehicles,
  - acquisition and maintenance of telecommunication equipment used for non-operational purposes.

*(Amended according to AL-243, 23.10.01; AL-45-S, 03.03.04; AL-17-S, 14.02.04; AL-226-S, 24.10.07)*

#### ***ARTICLE 14. Approval of Annual Budget and Capital Investments Program***

1. The Board of the Central Bank shall approve, before September 15 of each year, the capital investments program and the budget of expenditures of the Central Bank for the next year. The budget of administrative expenses and the ceilings for the capital investments of the Central Bank shall be approved by the National Assembly of the Republic of Armenia on a special item in the National Budget Law of the RA being thereto represented by the Government.

2. The forecast of the budget of operational expenses and the ceilings for the administrative expenses and capital investments of the Central Bank shall provide carrying out of the objectives of the Central Bank prescribed thereafter:

- a. ensure, through monetary policy, stability of prices and keeping of the inflation down,
- b. conduct proper management and control policies of foreign reserves and exchange rate,
- c. ensure sound and effective banking supervision and regulation in compliance with the international standards,
- d. make and protect Armenian currency, and provide security measures for banknotes and coins (including commemorative coins),
- e. create, develop and safeguard sound and comprehensive payment and settlement system in accordance with the international standards,
- f. ensure proper representation in the international organizations, and, to meet the qualification requirements in carrying out of the above said objectives, establish staff remuneration schemes, which shall be consistent to the average rate of banking system of the RA.

*(Amended according to AL-45-S, 03.03.04 and AL-226-S, 24.10.07)*

#### ***ARTICLE 15. Financial Accounting and Financial Reporting***

1. Financial accounting at the Central Bank shall be conducted pursuant to the procedure laid down by the Board of the Central Bank and in accordance with the accounting standards adopted by the International Accounting Standards Board.

2. The Central Bank shall prepare a financial statement for each financial year in accordance with the International Accounting Standards. The financial statement shall include: annual balance sheet, profit and loss statement, profit allocation report, as well as other statements defined by the Central Bank Board.

*(Amended according to AL-243, 23.10.01 and AL-36-S, 25.12.06)*

#### ***ARTICLE 16. External Audit***

Financial statement of the Central Bank shall be audited each year by internationally recognized independent auditing companies. External audit company(ies) shall be selected by the Board of the Central Bank for the term up to three years.

The annual report of the Central Bank shall be audited by the Control Chamber of the Republic of Armenia. The Control Chamber shall submit to the National Assembly of the Republic of Armenia the auditor's opinion.

The Control Chamber of the Republic of Armenia shall supervise the activity of the Central Bank with regard to state budget and public debt service of the Republic of Armenia\*.

*(Amended according to AL-45-S, 03.03.04; LA-7-S, 25.12.06)*

#### ***ARTICLE 17. Annual and Quarterly Reports\*\****

1. Before May 1 of each year, the Central Bank shall publish its annual report on the preceding year, which shall comprise:

- a. the financial report approved by the auditing company,
- b. other provisions on the Central Bank governance.

2. The Central Bank, on a regular basis, but not less than once in a year, shall publish the report on financial stability of the Republic of Armenia, which shall include the analysis of banking, crediting, insurance and securities markets, as well as information about the measures taken to regulate and supervise these markets.

The Central Bank, on a regular basis, but not less than once in a quarter, shall publish the balance sheet of the Central Bank for the proceeding reported period.

3. The Central Bank, within two months upon completion of each quarter, shall publish the report on implementation of the Monetary Policy Program for the previous 12 months, approved by the Board of the Central Bank.

4. The Central Bank, within two months following the first and the third quarter of each year, shall present to the National Assembly of the Republic of Armenia and according to the procedure and term, specified in the Republic of Armenia Law "On Regulations on the National Assembly of the RA", shall submit to the National Assembly session the Monetary Policy Programs approved for the first and the third quarters and the reports on implementation of thereof

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\* Effective upon entering into force of the Republic of Armenia Law "On Control Chamber".

\*\* Effective upon January 1, 2007.

published within two months following the quarters. The report to be submitted to the National Assembly after the first quarter shall be submitted together with the annual financial report of the Central Bank.

5. The report specified herewith may comprise also other provisions or information set forth by the Board of the Central Bank.

*(Amended according to AL-209, 18.03.98, and AL-36-S, 25.12.06)*

## **CHAPTER 3. ORGANIZATION AND MANAGEMENT OF THE CENTRAL BANK**

### ***ARTICLE 18. Chairman and Deputy Chairman of the Central Bank***

1. The Chairman of the Central Bank shall be the highest rank official of the Central Bank. The Chairman shall be responsible for the fulfillment of the objectives of the Central Bank set and prescribed by this Law.

In the event when the Chairman is absent or is otherwise unable to act, such powers shall be vested in the Deputy Chairman, and in the event that the Deputy Chairman is absent or otherwise unable to act, such powers shall be vested in the eldest Board member of the Central Bank.

2. The Chairman of the Central Bank shall be appointed for a term of six years by the National Assembly of the Republic of Armenia on recommendation of the President of the Republic of Armenia.

The Deputy Chairman of the Central Bank shall be appointed for a term of six years by the President of the Republic of Armenia.

3. The Chairman and the Deputy Chairman of the Central Bank may not be a member of managing body of any party, be involved in political activities, hold another state position or perform other paid work, except for the scientific research, pedagogical and creative activities.

4. The Chairman of the Central Bank shall:

a. coordinate and organize the work and ensure the soundness of the activities of the Central Bank, the Board and the Board members,

b. take the chair of the Board sessions, and sign acts and session protocols of the Board of the Central Bank,

c. ensure execution of the acts of the Board of the Central Bank,

d. represent the Central Bank in the Republic of Armenia, other states and international organizations,

e. issue powers of attorney,

f. approve the structure of the Central Bank and the staff,

g. appoint and dismiss heads of subdivisions and other employees of the Central Bank unless otherwise stipulated by this Law,

g<sup>1</sup>. adopt individual and internal resolutions and orders, including resolutions on assigning inspections in supervised entities,

h. assume other authorities, which are not reserved for the Board of the Central Bank by law.

*(Amended according to AL-45-S, 03.03.04; LA-245-S, 08.12.05, and AL-36-S, 25.12.06)*

### ***ARTICLE 19. The Board of the Central Bank***

1. The Board of the Central Bank shall be the superior body of the Central Bank management. The Central Bank shall be governed by the Board of the Central Bank.

The Board shall be comprised of the Chairman of the Central Bank, his/her deputy and five members.

2. The Board members of the Central Bank shall be appointed by the President of the Republic of Armenia for a term of five years. The terms of office for the Board members of the Central Bank shall be:

One member - 1 year

One member - 2 years

One member - 3 years

One member - 4 years

One and all members appointed thereon - 5 years

In the event of vacancies on the Board, the new member of the Board shall be appointed for and replenish the remaining period of office of the predecessor thereon.

3. The Board member of the Central Bank shall be responsible for carrying out duties reserved for him/her in the areas specified by the Board.

4. Members of the Board of the Central Bank shall be citizens of the Republic of Armenia, who shall be professionally capable to ensure the carrying out of the provisions stipulated in Article 20 of this Law. No person shall be a member of the Board of the Central Bank who:

a) has been, by court decision, recognized disable or partially disable or, by an effected decision of court, has been convicted of a premeditated crime,

b) has been legally disqualified or deprived of a right to hold certain positions.

5. Board member of the Central Bank may not be a member of a managing body of any party, be involved in political activities, hold any other state position, or perform any other paid work, besides work of scientific, pedagogical and creative nature.

Board members of the Central Bank may not hold any other position in the Central Bank.

#### ***ARTICLE 20. Powers of the Board of the Central Bank***

The Board of the Central Bank shall:

- a. approve the Statute of the Central Bank,
- b. approve the Monetary Policy Program of the Republic of Armenia,
- c. establish the limits and interest rates of open market operations, credit extensions, and deposits to be attracted, carried out by the Central Bank,
- d. establish the procedure, terms and conditions of required reserves provisioning by the banks with the Central Bank,
- e. adopt the normative acts of the Central Bank,
- f. determine and approve, on the Chairman's recommendation, the responsibilities among the Board members,
- g. determine the face value and design of the national currency (for both banknotes and coins (including commemorative coins)), provide procedures and conditions of issuance and withdrawal thereof, as well as decide on matters of issue, revoke and withdrawal of banknotes and coins (including commemorative coins) establishing appropriate terms therefore,
- h. decide on issues concerning membership of the Central Bank to international organizations,
- i. approve the reports and statements made by the Central Bank,
- j. *(annulled according to LA-36-S, 25.12.06)*,
- ja. approve the procedure for crediting the banks,
- jb. take decisions on opening or closure of territorial subdivisions of the Central Bank,
- jc. approve the annual budget and annual and other statements of the Central Bank,
- jd. define the list of the securities, which the Central Bank may acquire, hold and alienate as well as provide the required procedures thereof,
- je. define the types of short-term securities issued by the Central Bank, as well as the terms of their issuance and redemption, the procedure of carrying out operations by them - adjusting it with the body authorized by the Government of the Republic of Armenia,
- jf. grant banking and other licenses, recognize those invalid, as well as set procedures for licensing banks and other entities as prescribed by law,
- jg. pursuant to the law of the Republic of Armenia On the Bankruptcy of Banks, Credit Organizations, Investment Companies, and Insurance Companies" recognize a bank, credit organization, investment company or insurance company as insolvent and initiate bankruptcy procedures thereof, exercise other powers prescribed by the same law, as well as take decisions on reorganization of banks, credit organizations, investment companies or insurance companies to the extent its authorities allow,
- jh. establish work norms and regulations of the Board of the Central Bank,
- ji. set the norms regulating the activities of the banks and accounting thereof,
- k. give its initial consent to the acquisition of a significant participation in the statutory fund of the banks or reject it,
- ka. approve the forms of statements, submitted to the Central Bank by banks and other entities, licensed and supervised by the Central Bank,
- kb. set forth the minimum requirements for internal control at banks,
- kc. *(annulled according to LA-76-S, 23.05.06)*,
- kc<sup>1</sup>. approve the procedures for operation by securities (depository activities, accounting and settlements system operation, allocation, re-allocation, circulation, repurchase and redemption of securities in the secondary market, as well as procedures for securities pledging) - adjusting it all with the body authorized by the Government of the Republic of Armenia,
- kd. adopt normative regulation on payment and settlement relations and cash circulation in the Republic of Armenia,
- ke. exercise authorities as set forth in law of the Republic of Armenia On Guarantee of Remuneration of Bank Deposits of Physical Entities,
- kf. approve procedures and terms of issuing and promulgating official and other periodicals of the Central Bank,
- kg. give explanations to normative regulations of the Central Bank,
- kh. determine credit risk assessment regulations subject to execution by banks, as well as terms and regulation for supervising those entities, the balance sheets of which are incorporated in the balance sheet of the Central Bank (consolidated balance sheet) in a manner defined by law and the normative regulations of the Central Bank,
- ki. carry out other responsibilities envisaged by law,

la) according to the Armenian law “On Credit Organizations” approve normative documents regulating the activities of credit organization, including the model regulations of credit organization, determines the procedure and conditions of participation of credit organizations in Credit Registry: information system of assessment of creditworthiness of customers,

l. exercise authorities as set forth in the law of the Republic of Armenia On Combating Legalization of Criminal Proceeds and Financing of Terrorism;

la. exercise authorities as set forth in the law of the Republic of Armenia On Insurance and Insurance Activities and On Securities Market.

*(Amended according to AL-243, 23.10.01; AL-256, 06.11.01; AL-371-S, 29.05.02; AL-427, 23.10.02, AL-45-S, 03.03.04; AL-147-S, 24.12.04; AL-17-S, 14.12.04; AL-245-S, 08.12.05; AL 76-S, 23.05.06; LA-183-S, 09.04.07; AL-200-S, 11.11.07).*

#### **ARTICLE 21. Board Meetings of the Board of the Central Bank**

1. The Meetings of the Board of the Central Bank shall be convened as deemed necessary and at the request of the Chairman, the Deputy Chairman or at least three Board members of the Central Bank no less than once a month. The sessions of the Board of the Central Bank shall be minuted.

2. Closed sessions may be convened whenever issues related to individual banks are discussed, which contain banking secrecy, issues related to confidential information as set forth in the law of the Republic of Armenia On Securities Market, or issues related to individual insurers, which contain insurance secrecy, or issues subject to concern of the Board members are on the agenda. The closed sessions of the Board may be attended by the members of the Board and those who are formally invited thereto.

3. The Board of the Central Bank shall be authorized to take decisions if at least five members of the Board are present at session, including the Chairman and the Deputy Chairman of the Central Bank. A decision taken by the Board shall be deemed passed if more than half of the members present at the meeting have voted for. In case of a tie vote, the vote of the Chairman, and in case of his/her absence or inability the vote of the Deputy Chairman, of the Central Bank shall be decisive.

4. The authorized representative of the Government as well as the member who have voted against the decision by the Board may require that their opinion be properly detailed in the minutes.

5. When necessary, the Board of the Central Bank may make decisions on and through inquiry in compliance with the work norms prescribed for the Board thereby. Such decisions shall be made with respect to the voting procedures indicated in Paragraph 3 of this Article.

*(Amended according to AL-243, 23.10.01, AL-183, 09.04.07 and AL-200-S, 11.10.07)*

#### **ARTICLE 22. Grounds for Removal of the Board Members of the Central Bank**

1. The Chairman of the Central Bank may resign from office on his own volition on providing the President of the Republic of Armenia and the National Assembly of the Republic of Armenia a thirty days’ written notice before the date of resignation. On the thirty second day upon informing the Chairman of the Central Bank shall be deemed relieved of his post.

The other Board Members of the Central Bank and the Deputy Chairman of the central bank may resign from office on their own volition on providing the Chairman of the Central Bank a month’s written notice before the date of resignation thereof.

2. The National Assembly of the Republic of Armenia, on the proposal of the President of the RA, shall relieve the Chairman of the Central Bank of his post, and the President of the Republic of Armenia shall relieve the Deputy Chairman and other Board Members of the Central Bank of their posts, in the event if they:

- a. are no more citizens of the Republic of Armenia,
- b. have been, by court decision, recognized disable or partially disable or, by an effected decision of court, have been convicted of a premeditated crime,
- c. have been engaged in professional misconduct,
- d. have been legally disqualified or deprived of a right to hold certain positions,
- e. have not, for more than six months, performed their duties and responsibilities because of physical disability or otherwise,
- f. have absent themselves from the Board meetings more than five times in a year.

*(Amended according to AL-36-S, 25.12.06)*

#### **ARTICLE 23. Declaration on Income and Interests of the Board Members of the Central Bank**

1. The Chairman, the Deputy Chairman and other Board Members of the Central Bank, when proposed for and appointed to their respective positions, and after being appointed thereto, once in every year, shall announce in public

the sources of their income and any substantial financial interests they and those who have common household with them may have.

2. Whenever any issue related to the interests indicated in this Article is discussed at the Board of the Central Bank, the Board Member in concern shall, before starting discussion, disclose his or her interest and shall not participate in such discussion and in voting process thereon.

#### ***ARTICLE 24. The Employees of the Central Bank***

1. The employees of the Central Bank shall be the staff and service personnel (staff) of the Central Bank.

The staff of the Central Bank shall be the persons who are involved directly in the carrying out of the objectives of the Central Bank and hold positions prescribed by the Statute and list of staff of the Central Bank.

2. The staff of the Central Bank, during their tenure of employment at the Central Bank, may not hold any other state positions without consent of the Chairman of the Central Bank, or perform any other paid job, except for those in research, pedagogical and creative activities.

The staff of the Central Bank may not be employed by banks, or be members of managing bodies thereof.

3. The Chairman, the Deputy Chairman, the Board Members of the Central Bank and the Central Bank staff shall be prohibited to take loans, personally or through interrelated persons, from commercial banks for entrepreneurial or commercial purposes. Such persons shall keep the Central Bank informed of all the loans received by them not prescribed herewith, which are not provided by the Central Bank. Such loans shall be accounted by the Central Bank.

4. The service staff of the Central Bank shall be employees whose duties are not directly related to the execution of the objectives of the Central Bank, including those involved in auxiliary household services. The staff-list, duties, remuneration rate and working conditions thereof shall be determined by the Chairman of the Central Bank.

#### ***ARTICLE 25. Internal Audit Group and Chief Auditor***

1. The Internal Audit Group of the Central Bank shall be the special structural unit of the Central Bank. The Internal Audit Group of the Central Bank shall be managed by the Chief Auditor. The Board of the Central Bank shall, on the Chairman's recommendation, appoint and dismiss from office the Chief Auditor and the members of the Internal Audit Group.

2. The Internal Audit Group of the Central Bank shall:

- a. carry out control over the activities of the subdivisions of the Central Bank,
- b. audit the performance of the budget of expenditures of the Central Bank, as well as the accounting and accounts thereof,
- c. audit and ratify the financial statement of the Central Bank, other similar documents thereof.

3. The Internal Audit Group of the Central Bank shall be accountable and report to the Board of the Central Bank. The Internal Audit Group of the Central Bank shall inform the Chairman and the Board of the Central Bank on each disclosed case of breach or dereliction.

*(Amended according to AL-243, 23.10.01)*

#### ***ARTICLE 26. Remuneration of the Board Members and Employees of the Central Bank***

1. The size of remuneration of the Chairman, the Deputy Chairman and the other Board Members of the Central Bank shall be established by the Board of the Central Bank.

2. Remuneration rates of the employees of the Central Bank shall be established by the Chairman of the Central Bank, based on provisions provided for in Paragraph 2 of Article 14 of this Law. Remuneration rate shall incorporate the salaries and the supplementary payments made by the Central Bank.

#### ***ARTICLE 27. Conflict of Interests***

1. While performing their official duties and responsibilities the Chairman, the Deputy Chairman, the other Board Members and the staff of the Central Bank shall be governed by laws and interests of the Central Bank that are necessary to achieve the objectives thereof.

2. The Chairman, the Deputy Chairman, the other Board Members and Heads of Subdivisions of the Central Bank as well as persons of common household thereof, may not, during their term of employment, acquire shares or advice to acquire shares in banks.

3. The Chairman, the Deputy Chairman, other Board Members shall have no rights to participate directly or indirectly in any transactions by the securities of a reporting issuer or of a specialized entity otherwise than set forth in the law.

4. The securities issued by the reporting issuer which belong to the Chairman, the Deputy Chairman, other Board Members and the employee of the Central Bank (their spouses) should be handed to disposal or to trust management within one month upon their coming into office or taking up their duties.

*(Amended according to AL-200-S, 11.10.07).*

#### ***ARTICLE 28. Secrecy***

1. The Chairman, the Deputy Chairman, the other Board Members and the staff of the Central Bank neither may make public or otherwise disseminate information containing secrets, nor may use such information for personal gain.

2. The Chairman, the Deputy Chairman, the other Board Members and the staff of the Central Bank may and, if provided for by law, shall disclose and provide confidential information:

- a. upon a written permission of the Chairman or the Board of the Central Bank, or upon agreement of such person or organization who such information relates to, and if such secret is an exclusive privilege of such person or organization,
- b. on carrying out their obligations or duties prescribed thereto by law, including court decisions, as well as decisions by other authorized bodies that are taken within their jurisdiction,
- c. to the Internal Audit Group of the Central Bank, and to an external audit company, except for information determined by law and other normative acts,
- d. while defending, at court trials or other legal proceedings, the interests of the Chairman, the Deputy Chairman, other Board Members or staff of the Central Bank.

3. A secret, in context of this Law, shall construe and apply to information which the officers of the Central Bank become known of, whilst performing their underlying functions, including information on possible application of tools, and terms and plans thereof provided for monetary policy operations, as well as data on banking supervision, with the exception of:

- a) published or otherwise disseminated information,
- b) information items containing banking secrecy the content, terms and conditions of disclosure of which are duly stipulated by law.

4. The Board of the Central Bank may establish a list of items of secret-bearing information and determine the degrees of secrecy and the manner such information shall be used and promulgated thereon.

#### ***ARTICLE 29. Statute of the Central Bank***

The Statute of the Central Bank shall define the structural divisions of the Central Bank, the scope of managerial and staff competencies, it shall also define procedures for establishment, liquidation and functioning of territorial subdivisions as well as other corporate management issues.

*(Amended according to AL-45-S, 03.03.04)*

### **CHAPTER 4. CENTRAL BANK RELATIONS WITH STATE BODIES OF THE REPUBLIC OF ARMENIA**

#### ***ARTICLE 30. Bank Servicing of the Government***

The Central Bank shall implement free of charge banking servicing of the Government as prescribed by laws and other normative acts.

#### ***ARTICLE 31. Consulting***

The Government or an authorized agency thereof, upon drafting the state budget, shall consult the Central Bank on issues related to the draft state budget, including issues on domestic and external public sector borrowings, on sources, amounts, terms and conditions thereof, as well as main directions and targets the borrowed funds shall be addressed to. The Central Bank shall submit to the Government an official conclusion on the state budget. The official conclusion of the Central Bank shall be attached to the draft state budget and submitted to the National Assembly for consideration pursuant to the prescribed by laws procedures.

#### ***ARTICLE 32. Fiscal Agent***

The Central Bank shall act as fiscal agent of the Government of the Republic of Armenia for:

- a. allocation, registration and transfer of debt and other state securities issued by the authorized government agency, as well as perform payments of principal and interest amounts, or other fixed payments, and shall serve as central depository of debt securities issued by the authorized government agency,
- b. performing transactions related to the state budget, and servicing of domestic and external public debt, as well as conducting other payment transactions,
- c. conducting other transactions, which do not contradict the objectives of the Central Bank.

*(Amended according to AL-243, 23.10.01)*

#### ***ARTICLE 33. Submission of Information***

1. The Central Bank, accorded with the authorized government agency, shall provide information to the Government on monetary and other issues prescribed by this Law for the Central Bank.

2. Information containing banking secrecy shall be provided in accordance with relevant laws.
3. The authorized government agencies, as well as the National Statistical Service of the Republic of Armenia, in the manner the Central Bank may require, shall furnish the following information to the Central Bank:
  - a. on the state budget performance, its current expenses and revenues,
  - b. on the borrowings by the state, including their sources, amounts, interest rates, maturity or repayment terms, and other commitments, as well as appropriations and targets of such funds,
  - c. data on Balance of Payment and other financial and economic issues.
4. Information containing state secret shall be provided in accordance with the procedures set forth by laws.  
*(Amended according to AL-243, 23.10.01)*

#### ***ARTICLE 34. Crediting to the Government of the Republic of Armenia***

Any direct or indirect crediting or otherwise financing of the Government or other state bodies by the Central Bank shall be prohibitive, except for the cases specified by this Law.  
*(Amended according to AL-243, 23.10.01)*

### **CHAPTER 5. CENTRAL BANK RELATIONS WITH BANKS AND OTHER ENTITIES**

#### ***ARTICLE 35. Relations with Banks and Other Entities Licensed by the Central Bank***

1. The Central Bank shall promote bank activities and sustained development of banks and other entities licensed by the Central Bank and shall provide equal and fair conditions for their competition through undertaking proper measures envisaged by laws.

2. The Central Bank may not interfere with current activities of banks and other entities licensed by the Central Bank, unless otherwise provided for by laws.

3. Under the procedures and terms set forth by the Central Bank, a customer solvency information system, i.e. a Credit Registry, shall be established in the Central Bank. Participation in Credit Registry for all the banks operating on the territory of the Republic of Armenia shall be mandatory. The Central Bank shall publish names of negligent debtors, holding major liabilities to banks and (or) a bank, as determined in article 6 of the RA law "On banking secrecy".  
*(Amended according to AL-243, 23.10.01; AL-45-S, 03.03.04)*

#### ***ARTICLE 36. Regulation and Licensing of Banking Activities. Licensing of Other Entities***

1. The Central Bank shall be empowered by law to establish main and other prudential economic standards for regulation of banking activities and define calculation procedures thereof, and set regulations on possible loss provisioning and capital calculation.

2. The Central Bank shall be empowered by law to license banking activities, supervise banks operating in the territory of the Republic of Armenia, and define reporting formats, timeframes and forms of banks to the Central Bank. Banking supervision shall be the exclusive authority of the Central Bank. The Central Bank may, if required by law, enforce penalties and sanctions against banks.

3. The Central Bank shall license other entities in accordance with laws.

4. The exclusive right to obtain statements from banks, credit organizations and other entities, licensed and supervised by the Central Bank, belongs to the Central Bank, except for the cases, envisaged by the law.  
*(Amended according to AL-243, 23.10.01; AL-45-S, 03.03.04)*

#### ***ARTICLE 37. Mandatory Reserves of Banks***

1. The Central Bank shall establish the size of mandatory reserves to be placed by banks in the Central Bank against time, demand and savings deposits and other liabilities, as well as define procedures for provisioning and usage thereof.

2. An identical mandatory provisioning procedure shall be established for and applied to the banks with identical banking activities and against identical liabilities incurred thereof.

3. The Central Bank may establish a special mandatory provisioning procedure for non-resident foreign banks' branches operating in the territory of the Republic of Armenia, which shall be applicable to all such bank branches.

4. The Chairman of the Central Bank shall establish the size of amounts subject to mandatory provisioning (provisioning rate) by banks and the size of interest rates payable against the exceeding portion of such provisioning rate.

The size of interest rates prescribed herewith shall be the same for all the banks with identical activities and for identical liabilities incurred thereon.

5. In the event when a bank fails to meet properly provisioning requirements, the Central Bank shall penalize the bank in an amount set by the Central Bank, however, no more than 1% of the averaged amount of difference between the required and actual reserves calculated for each day of their noncompliance.

6. Based on the recommendation of the bank, the Central Bank Chairman, inspection department or on the initiative of the Board of the Central Bank, as agreed with the bank, under article 39<sup>10</sup> of this Law, the Board of the Central Bank shall adopt resolution on postponing imposition, reduction of the penalty or defining a time-schedule for imposition of the penalty, if such imposition of the penalty may lead to a distressed financial condition in the bank according to the criteria of the Board of the Central Bank.

*(Amended according to AL-243, 23.10.01, AL-45-S, 03.03.04; LA-70-S, 23.05.06)*

#### **ARTICLE 38. Crediting of Banks**

1. The Central Bank, as a lender of last resort, may provide, in accordance to its procedures, loans to banks with a maturity not exceeding six months.

In exceptional cases, in order to preserve the integrity and soundness of the entire banking system of the RA, the Central Bank may extend loans with a maturity of up to one year.

2. Loans provided by the Central Bank to banks must be secured by:

- a. state securities,
- b. cheques and promissory notes having no more than nine-month maturity,
- c. other securities agreed upon with the Board of the Central Bank,
- d. coins and standardized bullions made of gold and other precious metals,
- e) deposits in the Central Bank or in other banks as agreed with the Board of the Central Bank, in drams, in any sound foreign currency or in items defined in the clauses (a), (b), (c) and (d) of this Article.

3. In some cases, in order to ensure the sustainability and development of the entire banking system of the RA, the Central Bank, in accordance with provisions set by the Board of the Central Bank, may extend loans secured by other means or provide unsecured loans.

4. The Board of the Central Bank may establish varied interest rates and special lending procedures and conditions for certain types of loans.

5. In some cases, the Board of the Central Bank may issue guarantee in favor of banks liabilities in order to acquire loans from banks and other investors to support development and other special projects, particularly in case if:

- a. the interest rate payable by a bank against that certain loan, is rather below than the average market interest rate of such loans in the Republic of Armenia,
- b. it is a long-term loan,
- c. the loan implementation program has been approved by the Board of the Central Bank.

The Board of the Central Bank may impose additional terms for provision of guarantees.

#### **ARTICLE 39. Cooperation with Banking Unions and Associations**

1. The Central Bank shall cooperate with banking unions and associations on banking issues. To this regard, before adopting any norm that may have major impact on the banking system and its activities, the Central Bank shall consult the said organizations and provide necessary clarifications thereto.

2. While cooperating with banking unions and associations, the Central Bank, in order to investigate and regulate issues related to banking activities, may participate in the activities of working groups and other structures thereof.

### **CHAPTER 5<sup>1</sup>. INSPECTIONS, SUPERVISION, EXAMINATIONS, CARRIED OUT BY THE CENTRAL BANK AND HOLDING ENTITIES, LICENSED BY THE CENTRAL BANK, TO RESPONSIBILITY**

*(Chapter 5<sup>1</sup> is added according to AL-45-S, 03.03.04)*

#### **ARTICLE 39<sup>1</sup>. Supervision and Inspections, Carried out by the Central Bank**

1. The Central Bank carries out inspections (hereinafter – inspections in supervised entities) in banks, foreign bank branches, credit organizations, payment and settlement organizations, security market participants, non-government organizations carrying out pension activities, insurance companies, pawnshops and other licensed parties to carry out activities thereof operating in the Republic of Armenia (hereinafter - supervised entities) - on grounds, in cases and in the order, determined by this Chapter. The inspections in overseas branches and subsidiaries of banks and credit organizations, established in the Republic of Armenia, are carried out in cases and in the order, determined by international contracts of the Republic of Armenia. The Central Bank may provide the corresponding body of a foreign country having the exclusive rights to supervise the entities set forth herein with disclosed information which shall be necessary to that body to carry out the supervision of operating in his country branches and subsidiaries of the supervised entity, operating in the Republic of Armenia, or to give consent to establishment of a branch or subsidiary in their country- under the international agreement signed between the Central Bank and the body of a foreign country with exclusive rights to supervise the entities as set forth herein. The Central Bank may provide information as set forth herein even if the information comprises banking or other secrecy.

2. The Central Bank also implements daily off-site supervision of supervised entities based on statements, references, submitted to the Central Bank by supervised entities, and other documents or information, provided for by this Chapter, as required by law, normative regulations of the Central Bank and by the Central Bank Board, Chairman or inspection department, based on the Central Bank normative regulations (hereinafter inspections in supervised entities and off-site supervision to be meant inspections).

In the context of this Law rules on inspections refer to inspections in supervised entities and off-site supervision, unless it deals only with inspections in supervised entities, or only with off-site supervision.

3. Inspections are carried out by an authorized department of the Central Bank to do so (hereinafter inspection department).

4. Inspections in supervised entities are carried pursuant to the decisions of the Central Bank Board or Chairman by the officials, stated by a letter of attorney issued by the head of the inspection department on the basis of such decisions. The Central Bank employees, who do not work in the inspection department, may also participate in the inspection process. The letter of attorney shall be given on the form of inspection department signed by the head of the department or an authorized person without the seal of the Central Bank. If the inspection is carried out by the head of inspection department the letter of attorney shall be not necessary. The decision stated herein shall indicate the name of entity to be inspected, the aim of inspection, whereas the letter of attorney shall include information on the inspection team staff, including its head, the beginning and the end of the inspection. The Central Bank may determine minimum quantity of members of the inspection team under its normative regulations.

5. Information in statements and acts (references), following inspections in banks, is deemed as banking secrecy. It is deemed as business and internal information in investment companies, regulatory market operators, as well as in the Central Depository, and in case of inspections in insurance and reinsurance companies – as insurance secrecy, and may be provided to the third party exclusively as determined by the Law.

6. During inspections in banks, insurance or reinsurance companies, investment companies in the event of disclosure of violations, involving features of a known, prepared or already committed offence, subject to prosecution, the Central Bank shall report such disclosure to the respective law enforcement authorities through the procedure determined by the laws of the Republic of Armenia Armenian “On Banking Secrecy”, or “On Insurance and Insurance Activities”, or “On Securities Market”.

7. During inspections in non-bank, non-investment company, non-insurance or non-reinsurance companies supervised entities, in the event of disclosure of violations, involving features of a known, prepared or already committed offence, subject to prosecution, the Central Bank shall report such disclosure to the respective law enforcement authorities, as determined by the Law.

8. The Central Bank may also examine the activity of supervised entities at the supervised entity or at the Central Bank, with the purpose of clarification or comment of statements and other documents, submitted to the Central Bank, as well as for carrying out individual analyses. Actions of liability, determined by this chapter, cannot be applied because of examinations.

*(Amended according to LA-245-S, 08.12.05; AL-183-S, 09.04.07)*

### ***ARTICLE 39<sup>2</sup>. Terms of Inspections***

1. Inspections are held based on the review of the statute of the supervised entity, changes in it, internal acts of the entire management, accounting documents, prepared following the operations performed, financial reports, internal and external communication, contracts (acts, protocol, etc.), as well as electronic and paper-based information.

2. During inspections at the supervised entities, the outsiders are prohibited from entering the office room of the inspection team without the permission of the inspection team.

3. At the end of the business day the office room of the inspection team may be sealed up and given into the supervised entity’s charge.

4. If necessary, the head of the inspection team is authorized to seal up other office rooms of the supervised entity, if the inspection, registration and stock-taking of documents, cash and other values, kept there, is otherwise impossible at that moment. In such case a relevant act, signed up by the head of the inspection team and authorized employees of the supervised entity, is prepared. The form of this act is approved under the normative regulations of the Central Bank.

5. Non-performance or improper performance of obligations as per this chapter, as well as delay, submitting false or inaccurate data by the supervised entity, its managers or other employees, is deemed impediment to inspections. Any such case shall be recorded in the minutes and presented to the Chairman of the Central Bank and the supervised entity by the head of the inspection team or an authorized official from the Central Bank in case of an inspection on the same day. The form of this minutes is approved under the normative regulations of the Central Bank.

### ***ARTICLE 39<sup>3</sup>. Obligations of the Supervised Entity. Responsibility of the Central Bank***

1. The supervised entity must do the following for the inspection team:

- i. during inspection provide free access to the office of the supervised entity, as well as to server and computer software rooms during the business day, and on mutual arrangement on non-business days and hours,

- ii. arrange the inspection team members' meeting with executive manager/s and authorized employees of the supervised entity supporting inspections, on the first day of inspections,
- iii. provide an office equipped with sufficient working conditions, and adequate technical, communication and other capacities,
- iv. deliver claims and recommendations from the supervised entity's customers and participants to the inspection team,
- v. organize a meeting so requested by the inspection team with customers and/or participants of the supervised entity.

The supervised entity must observe lawful requirements of the head and members of the inspection team, and must deliver explanations, information and clarifications, in writing or verbatim, to the head and members of the inspection team regarding the documents and information subject to inspection.

2. In inspections, impediment or intervention to lawful actions of members of the inspection team is prohibited.

3. For implementation of inspection, the Central Bank's Board, Chairman, and the supervising unit may assign the supervised entity to demand required documents or information from the supervised entity's customer, counterpart, creditor, participant or a party obtaining participation. The supervised entity must submit information obtained from customer, counterpart, creditor, participant or a party obtaining participation to the Central Bank.

4. The Central Bank shall make sure that the documents, temporarily provided to members of the inspection team or officials of the Central Bank by the supervised entity, are safe and returnable.

#### ***ARTICLE 39<sup>4</sup>. Rights and liabilities of the inspection team***

1. For implementation of inspections, the inspection team is authorized to:

- a) get a free access to the premises of the supervised entity, other than the cash vault, access to which is made only if accompanied by relevant staff of the supervised entity,
- b) use technical capacities available with the supervised entity, and bring computer, magnetic carriers, calculators and other equipment in,
- c) demand necessary documents from the supervised entity, its managers and relevant staff, even if such documents contain banking, commercial or other secrecy, including:
  - the supervised entity's constituent documents, changes made thereto, internal regulations of the management, internal control policies and other procedures,
  - contracts, internal and external correspondence, cash and settlement documents, financial statements, original and other accounting documents, internal reports, references, communications, minutes,
  - information on the transactions made, loan applications declined, customer claims and applications,
  - documents relating to computer system of the supervised entity,
  - all relevant documentation on relationship with an independent audit firm,
  - reports of the supervised entity's control committee and internal audit unit,
  - information and other relevant data on action taken by the supervised entity to correct wrongdoings and drawbacks disclosed through inspection,
  - information and other relevant data on action taken by the supervised entity to observe the Central Bank Board or Chairman assignments,
  - information and other relevant data on advancement of the plan of activities of the supervised entity,
  - necessary documents and information on customers, participants and counterparts of the supervised entity,
- d) make copies of required documents, files, and networked or computerized records, as and when appropriate,
- e) provide other reasonable requirements to the supervised entity's managers and authorized employees within their competence, if such are necessary for the inspection.

2. The inspection team must carry out inspections under this Law and relevant normative regulations. The inspection team must submit the statements on inspections at the supervised entity to the Board and the Chairman of the Central Bank according to the time-schedule and in the order, determined by the Chairman of the Central Bank.

#### ***ARTICLE 39<sup>5</sup>. Scope of Inspections and Follow-up***

1. The inspections may involve scope as follows:

- a. checking the legality of the statute and changes in it,
- b. evaluation and review of the total capital size and prudential economic standards,
- c. evaluation and review of liquidity,
- d. review, classification and evaluation, evaluation and review of liabilities,
- e. evaluation of the management quality,
- f. evaluation and review of financial results (income and expenses),
- g. evaluation and review of risks and (or) their other types,
- h. evaluation and review of money flows,
- i. checking accuracy of data in statements and information, provided to the Central Bank,

- j. checking the process and results of performing the assignments and recommendations of the Central Bank and performing the contract under Article 3910 of this Law:
- k. checking the legality of other types of financial operations, performed by the supervised entity,
- l. checking the space and technical equipment,
- m. checking the activity of branches or part of them,
- n. checking the compliance of the activity of the supervised entity with requirements of laws and other normative regulations, regulating its activity,
- o. checking the compliance of the activity of the supervised entity (except for banks, investment companies, insurance or reinsurance companies, and credit organizations) with requirements of laws and other normative regulations for licensing, regulating its activity.

2. The inspections may contain evaluation and review involving scope or part of it, determined in point 1 of this article.

3. The scope of inspections is determined under individual normative regulations of the Board and Chairman of the Central Bank.

4. The time-schedule for reviewing and submitting the results of inspections at the supervised entity is determined under legal act of the Board and Chairman of the Central Bank.

5. The supervised entity must prepare or submit to the Central Bank the required documents and information upon request of the Board, Chairman or the supervising department of the Central Bank before the inspection.

6. Within two weeks after the end of the inspection a preliminary discussion of results of the inspection with managers of the bank, investment company, insurance or reinsurance company, or credit organization, the members of the inspection team and participants from the bank, investment company, insurance or reinsurance company or credit organization, included in the list, submitted by the Central Bank, shall take place.

The supervising department shall submit the names of participants of the bank, investment company, insurance and reinsurance company, or credit organization, or their representatives, participating at the preliminary discussion, to the Chairman of the Central Bank for approval.

Based on the assignment of the Central Bank, the bank, investment company, insurance or reinsurance company, or credit organization must provide the participants of the bank, insurance or reinsurance company, or credit organization with information on results of the inspection, as well as provide their representatives' and their participation at the preliminary discussion of results of the inspection. Absence of the participants of the bank, investment company, insurance or reinsurance company, or credit organization, or their representatives cannot be a reason for failure of the preliminary discussion of results of the inspection. If necessary, the inspection team may invite representatives of an independent audit firm, which has already conducted audit in that bank, investment company, insurance or reinsurance company, or credit organization, to participate in the preliminary discussion.

Minutes on results of the preliminary discussion shall be drawn up.

7. After the end of the inspection the inspection team shall draw up a statement based on the results of the inspection, according to the time-schedule and in the order, determined by the resolution of the Chairman of the Central Bank

8. This statement shall be drawn up in two copies, signed and delivered to managers of the supervised entity by the inspection team.

9. The supervised entity, its executive manager or an alternate executive official shall examine the statement during one week and return one copy to the inspection team with a resolution "Acknowledged with the statement".

10. The supervised entity, its executive managers, as well as parties with significant participation have a right to make recommendations and explanations in written and attach it to the statement within the time-schedule, determined in point 9 of this article, as well as participate in discussions of the statement at the Central Bank. Discussions of the statement, recommendations and explanations of the supervised entity at the Central Bank shall be organized within the time-schedule and in the order, determined by the Chairman of the Central Bank.

*(Amended according to AL-183-S, 09.04.07)*

#### **ARTICLE 39<sup>6</sup>. Inspections in Branches of the Supervised Entity**

1. Inspections in branches of the supervised entity shall be conducted in the order, determined in this chapter.

2. After the end of the inspection in branches of the supervised entity the preliminary results of the inspection shall be discussed with the head of the branch, or with other authorized employees, if necessary.

3. After the end of the inspection the inspection team shall draw up a statement based on results of discussions as per point 2, which shall be signed with a resolution "Acknowledged with the statement" by heads of the inspection team and the branch of the supervised entity within two days. The statement shall be drawn up in three copies (with the copy delivered to the supervised entity, its branch and the inspection team). The head of the branch of the supervised entity may attach his written objections and explanations to the statement within two-day period, determined in this point.

4. The review of results of the inspection in the branch of the supervised entity shall be conducted under article 395 of this Law.

### ***ARTICLE 39<sup>7</sup>. Grounds of Sanction and the Sanction***

The Central Bank may use sanction under Law to supervised entities and their heads, if the requirements of laws, regulating their activity, and other normative regulations have been violated (hereinafter violation).

### ***ARTICLE 39<sup>8</sup>. Recording Violation***

1. The supervising department shall record violations by the supervised entity or its managers, disclosed during inspections, in a protocol (hereinafter protocol), and the violation is deemed recorded upon that moment. Proceedings on sanction to the supervised entity or its managers shall begin upon the moment of recording the violation (hereinafter proceedings).

2. The protocol shall contain a detailed description of the violation and mention the violated provision of the law or other normative regulations.

3. Within seven days upon drawing up the protocol it is sent to an executive manager, or the Board Chairman, if there is such, of the supervised entity, committed the violation, with a written communication from the head of the inspection team.

4. Within seven calendar days upon receiving the protocol the supervised entity may submit written explanations, objections or clarifications on the protocol to the Central Bank.

### ***ARTICLE 39<sup>9</sup>. Charge of Penalties, other Sanctions***

1. If penalties are imposed or other sanction are applied to the supervised entity or its manager, the Central Bank shall notify this to the supervised entity or its manager in written in the order, determined by its normative regulations.

2. After receiving the notification on imposing a penalty under point 1 of this article the supervised entity or its manager can submit a copy of the document, verifying the payment of the penalty, to the Central Bank within the time-schedule, determined in the notification, or assign the Central Bank with charging the penalty from its banking or correspondent accounts with the Central Bank, if it has such.

3. If the copy of the document or the assignment, mentioned in point 2 of this article, is not received, the Central Bank shall resort to the court under the Law.

4. Penalties under this article are charged in favor of the budget of the Republic of Armenia.

### ***ARTICLE 39<sup>10</sup>. Contracts Between a Bank, Investment Company, Insurance or Reinsurance Company, or Credit Organization, and the Central Bank***

1. In order to improve the financial condition or run a normal business of a bank, investment company, insurance or reinsurance company or credit organization the Central Bank may conclude a contract with the bank, investment company, insurance or reinsurance company or credit organization, having committed a violation, if there are no grounds for insolvency, determined in point 1 of article 2 of the law of the Republic of Armenia “On Bankruptcy of Banks, Credit Organizations and Insurance Companies”. The Board of the Central Bank shall adopt a resolution on concluding a contract under this article.

2. Upon signing the contract under point 1 of this article proceedings, instituted on the bank, investment company, insurance or reinsurance company or credit organization, may be suspended or abated, charge of the penalty or the fine to the bank, investment company, insurance or reinsurance company may be deferred, a penalty or other sanction may be non-applicable, the amount of the penalty or the fine may be reduced, or a time-schedule for charging the penalty or the fine may be set.

3. The contract may specify the following terms:

- a. implement a program of re-organization or development within a specified time-schedule,
- b. take measures to remedy violations,
- c. suspend the payment of dividends,
- d. set tighter prudential economic standards,
- e. reduce the managers' salaries and terminate premiums,
- f. terminate assets and (or) liabilities/side operations or restrict targeting
- g. restrict advertising,
- h. other restrictions, necessary to improve the financial condition or run a normal business of the bank, investment company, insurance or reinsurance company or credit organization.

*(Amended according to LA-183-S, 09.04.07)*

### ***ARTICLE 39<sup>11</sup>. Limitation Period***

The Central Bank may use sanction to the supervised entity or its manager for disclosed violations within one year upon record of the violation.

**ARTICLE 39<sup>12</sup>. Abatement of the Proceeding**

1. The Chairman of the Central Bank shall abate the proceeding by his resolution, if:
  - a. the limitation period under article 39<sup>11</sup> is not considered,
  - b. no responsibility for violation is specified under law,
  - c. the violation so recorded at the beginning of the proceeding will no longer be construed as a violation, or no other sanction will be set in future as the legislation changes,
  - d. the fact so recorded is not construed as a violation,
  - e. bank, investment company, insurance or reinsurance company or credit organization has entirely performed the requirements of the contract following termination of the contract provided for in Article 39<sup>10</sup> of this law.
2. The decision of Chairman of the Central Bank may abate the proceedings if the supervised entity or its head has voluntarily rectified the violation before entry of such decision into force.
3. The Board of the Central Bank will abate the proceedings, if the bank, investment company, insurance or reinsurance company, or credit organization has been recognized insolvent, the Board may abate the proceedings, if the contract provided for in Article 39<sup>10</sup> of this law has been signed with the bank, investment company, insurance or reinsurance company or credit organization.
4. If the proceedings on violation has been abated on the grounds of point 2 of this Article, such violation will be considered committed and will be construed as committed by the bank, investment company, insurance or reinsurance company, or credit organization, and recorded in the total amount of violations.  
*(Amended according to LA-183-S, 09.04.07)*

**ARTICLE 39<sup>13</sup>. Suspension of Proceedings**

The Board or Chairman of the Central Bank may suspend the proceedings, if use of sanction requires additional clarification on the violation recorded, new circumstances have been disclosed, or a contract under article 39<sup>10</sup> of this law has been concluded with the bank, investment company, insurance or reinsurance company, or credit organization. The decision on suspension shall specify the period and reason for suspending the proceedings. The Board or Chairman of the Central Bank may prolong the suspension period if the previous suspension period has not provided an opportunity for a thorough review and analysis of additional clarification or new circumstances.  
*(Amended according to LA-183-S, 09.04.07)*

**ARTICLE 39<sup>14</sup>. Decision on Postponement of Charging of Penalty, Non-Imposition of Penalty or other Sanction, or Mitigation of Penalty**

The Board of the Central Bank may make a decision on postponement of charging of penalty, non-imposition of penalty or other sanction, or mitigation of penalty, towards the bank, investment company, insurance or reinsurance company or credit organization or managers of these entities, based on recommendation from such bank, investment company, insurance or reinsurance company or credit organization, Chairman of the Central Bank and the supervising department, or at its own initiative, or by the contract under Article 39<sup>10</sup> signed with the bank, investment company, insurance or reinsurance company or credit organization, provided that charging of penalty may entail heavy financial conditions in the bank, investment company, insurance or reinsurance company or credit organization, under the criteria set by the Board of the Central Bank.  
*(Amended according to LA-183-S, 09.04.07)*

**CHAPTER 6. CURRENCY OF THE REPUBLIC OF ARMENIA**

**ARTICLE 40. Currency of the Republic of Armenia**

1. The official currency of the Republic of Armenia shall be Dram. One Dram shall be equal to 100 Loumas. Dram shall be issued (circulated) as a banknote and a coin (including commemorative coin), and Louma shall be issued as a coin (including commemorative coin).
2. According to this Law, the banknotes and coins (including commemorative coins) issued and not withdrawn from the circulation shall be the implicit liability of and be entirely secured by the Central Bank.  
*(Amended according to AL-44-S, 25.12.06)*

**ARTICLE 41. Legal Tender**

The banknote and coins (including commemorative coins) issued and not withdrawn by the Central Bank shall be legal tender against property, proprietary rights and services and shall be unreservedly accepted at their face value against all denominated in money debts and liabilities throughout the Republic of Armenia.  
*(Amended according to AL-44-S, 25.12.06)*

***ARTICLE 42. Exclusive Right to Issue and Withdraw Banknotes and Coins (including commemorative coins)***

1. The issuance, revocation and withdrawal of banknotes and coins (including commemorative coins) as a legal tender in the Republic of Armenia shall be the exclusive right of the Central Bank.

2. The Central Bank shall organize the printing of banknotes and minting of coins (including commemorative coins) and take measures for safekeeping of banknotes and coins (including commemorative coins) available at the Central Bank, as well as, by the laws and normative regulations of the Republic of Armenia, shall destroy the retired banknotes and coins.

*(Amended according to AL-44-S, 25.12.06)*

***ARTICLE 43. Currency Reserves of the Republic and their Issuance Program***

The Central Bank shall reflect in its balance sheet accounts and manage the reserves of national currency of the Republic of Armenia, shall draw up a National Currency Issuance Program, and ensure the regular supply of banknotes and coins (including commemorative coins) to meet the annual monetary policy program and national economy requirements.

*(Amended according to AL-44-S, 25.12.06)*

***ARTICLE 44. Accounting of Banknotes and Coins (including commemorative coins) Issued***

The aggregate amount of the issued banknotes and coins shall be noted in the accounts of the Central Bank as a liability of the Central Bank. Banknotes and coins in reserves shall not be considered as a liability of the Central Bank and shall be reflected in the off-balance sheet accounts thereof.

*(Amended according to AL-44-S, 25.12.06)*

***ARTICLE 45. Specifications of Dram***

The Central Bank shall determine the face value, size, weight, design with pictures and signatures, as well as protective and solvency specifications of the banknotes and coins (including commemorative coins) as legal tender of the Republic of Armenia.

The banknotes as legal tender of the Republic of Armenia shall bear the respective signatures of the Chairman of the Central Bank and the authorized government agency.

If the image of the banknote of the Republic of Armenia is used on the paper for advertising purposes or other intentions the linear measures of the image (length and width) must be smaller or bigger at least by 25 percent of its real dimensions set by the Central Bank, except the cases when the image is used by the Central Bank.

It is allowed to use concurrently the images of obverse and reverse of the banknote of the Republic of Armenia for the purposes and in the dimensions specified hereinabove of this Article only on one side of the page, except the cases when the image is used by the Central Bank.

While shooting films or during theater, circus and other performances, during operational investigations and other exclusive cases some exceptions can be made for the rules specified hereinabove by the approval of the Central Bank. In such cases strictly after the use of the images of the banknote of the Republic of Armenia must be destroyed together with the materials of their design (files, matrixes, prints and so on) in a manner the Central Bank will define and under its control.

The governmental body of management shall implement the supervision of execution of the requirements of this article and apply administrative sanctions for their breach according to the Armenian law "On advertising".

*(Amended according to AL-73-S, 11.05.04)*

***ARTICLE 46. Exchange of Banknotes and Coins (including commemorative coins)***

1. The Central Bank, in a manner it will define, shall exchange, without any amount restrictions, the worn-out and damaged banknotes and coins (including commemorative coins) provided the solvency criteria thereof be met.

2. The Central Bank shall provide no compensation for banknotes and coin (including commemorative coins) that fails to meet the protection and solvency criteria set by the Central Bank and shall be withdrawn from circulation therefor.

3. The Central Bank shall provide no compensation for lost banknotes or coins (including commemorative coins).

*(Amended according to AL-243, 23.10.01)*

***ARTICLE 47. Revocation and Withdrawal of Banknotes and Coins (including commemorative coins)***

1. The Central Bank may revoke and withdraw from circulation any banknote or coin (including commemorative coin) issued and may issue in exchange therefore any other banknote or coin (including commemorative coin) in equivalent or in new face value with new protective features.

In not provided for by this paragraph cases, the revoking or withdrawing of banknotes or coins (including commemorative coins) shall proceed according to the procedures set by laws.

The Central Bank shall set dates for exchange of the revoked banknotes and coins (including commemorative coins), which may not be less than one year. There shall be no restrictions on quantities and amounts of banknotes and coins (including commemorative coins) subject to exchange.

2. Upon completion of the date specified by Paragraph 1 of this Article, the revoked banknotes and coins (including commemorative coins) shall be no more legal tender though may be exchanged without any restrictions.

*(Amended according to AL-243, 23.10.01)*

## **CHAPTER 7. FOREIGN EXCHANGE REGULATION, CONTROL AND OPERATIONS. INTERNATIONAL RESERVES**

### ***ARTICLE 48. The Central Bank as a Currency Dealer***

1. The Central Bank shall be the currency dealer of the Republic of Armenia and shall be authorized to conduct foreign exchange policy.

2. In accordance with the provisions of this Law, the Central Bank may make statements and provide information on foreign exchange policy it conducts.

### ***ARTICLE 49. Foreign Exchange Regulation***

1. The Central Bank shall establish procedures for foreign exchange transactions, by setting exchange rate of Armenian Dram and licensing foreign exchange sale and purchase operations.

2. The Central Bank shall be empowered to:

- a. set procedures, terms and conditions of and adopt rules and regulations for carrying out foreign exchange operations,
- b. control and regulate activities of foreign exchange dealers, brokers, including banks,
- c. set foreign currency management norms by the dealers, brokers, including bank, investment companies, insurers,
- d. define methods to determine the exchange of Armenian Dram,
- e. exercise other powers stipulated by law and other normative regulations.

*(Amended according to AL-243, 23.10.01; AL-44-S, 25.12.06 and LA-183-S, 09.04.07)*

### ***ARTICLE 50. Reporting on Foreign Exchange Transactions***

1. The Central Bank shall have the right to demand from the entities, licensed and supervised by the Central Bank, to report periodically on their foreign exchange transactions.

2. The Central Bank shall prescribe the foreign exchange operations reporting forms and submission procedures.

*(Amended according to AL-243, 23.10.01, LA-245-S, 08.12.05)*

### ***ARTICLE 51. Foreign Exchange Operations of the Central Bank***

1. The Central Bank may own, use and dispose of:

- a. coins and standardized bullions made of gold and other precious metals,
- b. foreign exchange,
- c. securities issued or guaranteed by central banks and outstanding banks of other states, as well as foreign outstanding banks.

2. The Central Bank may define the exchange rate at which it purchases or sells foreign exchange, or conducts other foreign exchange transactions.

### ***ARTICLE 52. International Reserves of the Republic of Armenia***

1. The Central Bank shall hold on its balance sheet the international reserves of the Republic of Armenia, which may incorporate the following assets:

- a. coins and standardized bullions made of gold and other precious metals,
- b. foreign exchange in the form of notes and coins (including commemorative coins), as well as demand and term deposits, deposit certificates in and repurchase agreements with foreign central and outstanding class commercial banks,
- c. other reserves, including Special Drawing Rights (SDRs) in the International Monetary Fund,
- d. forward, futures, swap and other derivatives,
- e. bonds with fixed or floating interest rates, assets, mortgage-backed securities, issued by foreign governments, foreign central banks, agencies or international financial organizations backed directly or indirectly by government.

2. The primary criterion for allocation of reserve resources shall be the security and liquidity of the allocated resources. The Central Bank shall endeavor to maintain the international reserves at a level that shall be adequate for accomplishment of the monetary policy and shall ensure carrying out of sound foreign exchange policies.

3. The Central Bank shall, once in a quarter, report to the Government on the current situation and structure of the international reserves and shall make it public. If the international reserves of the Republic of Armenia go into decline, or, in the Central Bank's opinion, tend to be declined in such an extent as to jeopardize the implementation of monetary and foreign exchange policies, the Central Bank shall submit a special information to the Government on the international reserves position and causes which have led or may lead the reserves to such a decline and on remedial measures to be taken therefore, and shall accordingly inform the President and the National Assembly of the Republic of Armenia.

*(Amended according to AL-36-S, 25.12.06)*

**ARTICLE 53. Foreign Exchange Gains and Losses**

*(Annulled according to AL-45-S, 03.03.04)*

**CHAPTER 7<sup>1</sup>. COMPULSORY BANK DEPOSIT GUARANTEE**

*(Chapter 7<sup>1</sup> is amended according to AL-243, 23.10.01)*

*(Chapter 7<sup>1</sup> is annulled according to AL-14-S, 24.11.04)*

**CHAPTER 8. ADDITIONAL PROVISIONS**

**ARTICLE 54. Preferential Right of the Central Bank**

The Central Bank shall have the preferential right to satisfy each of its claims on account of monetary and other assets held in the Central Bank, except for the cases when:

- a. upon receipt of such assets the Central Bank has been or shall have been aware of these assets being pledged, or of other third parties claims on them,
- b. under contractual clauses with the Central Bank it has been otherwise envisaged.

**ARTICLE 55. Taxes, Duties and Customs Duties**

The Central Bank shall be exempt from all kinds of taxes and duties. The defined privilege shall not apply to taxes, customs duties and fees due to payment at customs for imported goods.

*(Amended according to AL-49-S, 25.12.03)*

**ARTICLE 56. Other Transactions of the Central Bank**

The Central Bank may perform the following transactions:

- a. make investments in the capital of those legal entities, the activities of which are directly related and adhered to the objectives of the Central Bank.
- b. acquire or lease any real estate necessary for carrying out of its functions,
- c. acquire, own, use and alienate property or proprietary rights against its obligations, provided that the Central Bank shall alienate the mentioned property and proprietary rights at an earliest possible date,
- d. provide, in a manner it prescribes for, loans to the Chairman, Deputy Chairman, and other members of the Board and the employees of the Central Bank.

*(Amended according to AL-243-S, 23.10.01, and AL-200-S, 11.10.07)*

**ARTICLE 57. Appealing Operations and Decisions of the Central Bank**

The normative internal and individual normative regulations of the Central Bank may be appealed to the court. The normative internal and individual normative regulations of the Central Bank cannot be suspended throughout the court examination process.

*(Article 57 is amended according to AL-243, 23.10.01; AL-45-S, 03.03.04, and AL-200, 11.10.07)*

**ARTICLE 58. Restructuring of the Central Bank**

The Central Bank shall be restructured under the laws of the Republic of Armenia. No bankruptcy proceedings may be initiated against the Central Bank.

## CHAPTER 9. TRANSITIONAL PROVISIONS

### *ARTICLE 59. Transitional Provisions*

1. This Law shall enter into force after 60 days from the date of its publication.

2. The Chairman of the Central Bank shall discharge the powers and duties vested in by this Law until the end of his/her term of office.

3. The Deputy Chairman of the Central Bank shall discharge the powers and duties vested in by this Law until the end of his/her term of office.

4. The authorities of the members of the Council shall be terminated from the day this Law goes into effect.

5. Within one week after this Law enters into effect, the President of the Republic of Armenia shall appoint the five members of the Board of the Central Bank.

6. After the general reserve of the Central Bank is, in accordance with Article 12 of this Law, replenished from the profit gained during fiscal year of 1996, appropriations shall be made in amounts set by Article 12 of this Law from the remainder of the profit to replenish the statutory capital.

In the event when the outstanding remainder of the profit, after the general reserve of the Central Bank has been replenished, is not sufficient as has been prescribed for in Article 11 of this Law to replenish the statutory capital, the Government, within 30 days after the end of the fiscal year, shall by law allocate to the Central Bank perpetual government bonds (Treasury Bills) at an average market interest rate as an investment in the capital of the Central Bank. Repayment of the government bonds shall be done at the expense of the state budget or according to the procedure specified in Article 12 of this Law. Before the government bonds are fully repaid, the Government, prior to December 15 of each fiscal year, shall pay the interest accrued thereon to the Central Bank at an average market rate of that year.

7. In the event the 1997 Law on the State budget of the Republic of Armenia envisages an offset repayment of interest amounts accrued against the Central Bank loans to the Government, the allocation of amounts defined by Article 12 of this Law shall be effected in the size of the difference between the Central Bank profit and the amounts offset to the budget.

8. The Central Bank shall issue normative acts necessary for enforcement of this Law within two months after the adoption thereof.

9. Before 1999 a procedure on crediting to the Government other than such specified in Article 34 of this Law may be established under the laws on the state budget of the Republic of Armenia.

10. Once this Law comes to force the "Law on the Central Bank of the Republic of Armenia" dated April 27, 1993 shall be abrogated.

11. Once this Law comes to force the "Decree on Approval of the Statute of the Central Bank" of the Presidium of the Supreme Council of the Republic of Armenia dated February 10, 1995 shall be abrogated.

12. After this Law goes into effect, the respective words in the RA "Law on Bankruptcy of Banks" "the Council of the Central Bank" shall be amended to read "the Board of the Central Bank".

### *ARTICLE 60.*

Instructions to provisions of Article 55 of this Law as well as relevant explanations to them shall be approved by the State Tax Service at the Government of the Republic of Armenia and the State Customs Committee at the government of the Republic of Armenia after adjusting them with the Ministry of Finance and Economy of the Republic of Armenia and the Central Bank.

*(Amended according to AL-49-S, 25.12.03)*

*Levon Ter-Petrosyan  
President of the Republic of Armenia  
Yerevan, June 30, 1996*