

# **The Law of the Republic of Azerbaijan**

## **on Currency Regulation**

(with amendments of 27 November 2001, 30 April 2002, 3 March 2006, 17 April 2007, 7 December 2007, 30 June 2009, 4 March 2016 and 25 April 2017)

The present Law determines the principles of conduction of operations with currency, authorities and functions of the bodies that carry out currency regulation, and the rights and obligations of legal entities and individuals with respect to possession, use and disposal of currency resources, and the responsibility for violation of the currency legislation.

### **Chapter I. General Provisions**

#### **Article 1. Main definitions**

The following definitions shall be used in the present Law:

1. The national currency of the Republic of Azerbaijan (hereinafter — the national currency):

a) banknotes and coins issued by the Central Bank of the Republic of Azerbaijan that are in circulation, as well as withdrawn from circulation, that may be however exchanged with cash in circulation;

b) manat funds in accounts with banks and other credit institutions in the Republic of Azerbaijan;

c) manat funds in accounts with banks and other credit institutions outside the Republic of Azerbaijan.

2. Securities in the national currency — payment documents in manat (cheques, promissory notes, letters of credit etc.), stock exchange securities (shares, bonds) and other debt liabilities.

3. Foreign currency:

a) money in the form of banknotes, Treasury notes and coins in circulation which are a legal tender in the territory of a relevant country or group of countries, as well as those that have been or are being withdrawn from circulation, however can be exchanged for money in circulation in the said territories;

b) funds in monetary units of foreign countries, international monetary or settlement units.

4. Currency resources:

- a) foreign currency;
- b) securities in a foreign currency — payment documents in foreign currency (cheques, promissory notes, letters of credit etc.), stock exchange securities (shares, bonds) and other debt liabilities;
- c) precious metals — gold, silver, platinum and metals of platinum group (palladium, iridium, rhodium, ruthenium and osmium) in any kind and state, including bars (refined, purified), as well as in raw materials, bullions, intermediate products, industrial products, chemical compounds, jewelry, other articles of everyday use, coins, gold fragments, in industrial and domestic wastes;
- d) precious stones — processed and unprocessed natural diamonds, rubies, emeralds, sapphires, alexandrite.

~~The order and terms and conditions on attributing products made of precious metals and precious stones to jewelry and other articles of everyday use, or their fragments shall be established by the Cabinet of Ministers of the Republic of Azerbaijan.~~

#### 5. Residents:

- a) individuals permanently residing in the Republic of Azerbaijan, including those temporarily residing outside the Republic of Azerbaijan;
- b) legal entities established under the legislation of the Republic of Azerbaijan;
- c) enterprises and organizations located in the territory of the Republic of Azerbaijan, established under the legislation of the Republic of Azerbaijan, but are not legal entities;
- d) diplomatic and other official representative offices of the Republic of Azerbaijan located outside the Republic of Azerbaijan;
- e) subsidiaries and representative offices of the residents, mentioned in sub-items 'b' and 'c' herein, located outside the Republic of Azerbaijan.

#### 6. Non-residents:

- a) individuals permanently residing outside the Republic of Azerbaijan, including those temporarily living in the territory of the Republic of Azerbaijan;
- b) legal entities and enterprises and organizations located outside the Republic of Azerbaijan established according to the legislation of the Republic of Azerbaijan, however, with no status of a legal entity;

- c) foreign diplomatic and other official representative offices, as well as international organizations, their branches and representative offices located in the Republic of Azerbaijan;
- d) branches and representative offices of non-residents (bureaus and agencies) specified in sub-item 'b' herein which are located in the Republic of Azerbaijan.

7. Currency operations:

- a) operations related to transfer of the proprietary right and other rights onto currency resources, including *currency exchange operations*, as well as use of a foreign currency and payment documents in a foreign currency as a payment facility;
- b) bringing in and taking out and transfer of currency resources to and from the Republic of Azerbaijan;
- c) international money transfers.

*7-1. Currency exchange – buying, selling and exchange of a foreign currency in the Republic of Azerbaijan in the order specified in the law;*

*7-2. Persons licensed to engage in currency exchange – resident legal entities and individuals and branches of non-resident legal entities licensed to engage in currency exchange in the order specified in the present Law.*

8. Operations with a foreign currency and securities in a foreign currency are divided into current operations and operations related to capital movement.

9. Current currency operations:

- a) transfers of foreign currency to and from the Republic of Azerbaijan to accomplish settlements connected with export and import of goods, works and services, as well as crediting of export-import operations for a term of maximum 180 days;
- b) obtaining and issue of financial loans for a term of maximum 180 days;
- c) transfer of interest rates, dividends and other revenues, connected with deposits, investments, loans and other operations related to capital movement, to and from the Republic of Azerbaijan ;
- d) non-trade related transfers to and from the Republic of Azerbaijan , including transfers of wages and salaries, pensions, alimonies and legacies and other similar operations.

10. Currency operations related to capital movement:

a) direct investments, i.e. investment contributions to the chartered capital of an enterprise to make profits and obtain the right for participation in management;

b) acquisition of securities;

c) transfers covering payments for proprietary rights on buildings, structures and other property which according to the legislation of the home country is considered real estate, including land and its entrails, and other rights on real estate;

d) giving and obtaining deferments in payments for export and import of goods, works and services for a term exceeding 180 days;

e) placement of currency funds on deposits by authorized banks for a term of over 180 days;

f) all other operations with currency other than current operations.

11. Assigned banks — banks and other credit institutions that obtained a license of the financial markets supervisory authority to conduct currency operations.

12. Financial markets supervisory authority – body, established by a relevant executive authority to regulate and supervise financial markets.

## **Chapter II. Currency regulation**

### **Article 2. Operations with the national currency**

1. Settlements in the national currency between residents shall be accomplished without any restrictions.

2. A procedure of acquisition and use of the national currency by non-residents in the Republic of Azerbaijan shall be established by the Central Bank of the Republic of Azerbaijan.

3. Taking out and transfer from the Republic of Azerbaijan, as well as bringing in and transfer of the national currency and securities in the national currency to the Republic of Azerbaijan by residents and non-residents shall be carried out in the order jointly established by the Central Bank of the Republic of Azerbaijan and the Cabinet of Ministers of the Republic of Azerbaijan.

### ***Article 3. General rationale for currency exchange in the Republic of Azerbaijan***

*1. Residents and non-residents shall be entitled to sell, buy and exchange foreign currency in the foreign exchange market of the Republic of Azerbaijan in the order specified in the law.*

2. *Local banks licensed by the FMSA under the Law on Banks of the Republic of Azerbaijan, local branches of foreign banks, the national operator of postal communication licensed under the Postal Law of the Republic of Azerbaijan and persons licensed to engage in currency exchange shall enjoy the right to engage in currency exchange in the Republic of Azerbaijan.*
3. *Persons licensed to engage in currency exchange shall buy and sell foreign currency solely in cash at clients' orders.*
4. *Except for currency exchange transactions among persons licensed to engage in currency exchange, they shall not be allowed to conduct currency exchange transactions with other legal entities or individuals engaged in entrepreneurship without establishing a legal entity for entrepreneurial purposes.*
5. *In coordination with the relevant executive authority the FMSA shall establish regulations on currency exchange transactions, organizational, logistic and security requirements for their conduction, unified forms for accounting, reporting and documentation of currency exchange transactions, the order of and periods for their delivery and the areas the currency exchange outlets shall be located.*
6. *The CBA may intervene the foreign exchange market by means of foreign currency's buy and sell operations, impose limits on spreads between foreign currency's buy or sell operations during currency exchange operations, and/or set requirements on the ceiling of these operations to maintain exchange rate stability.*
7. *Information on foreign currency's buy and sell transactions among banks in the Republic of Azerbaijan shall be delivered to the CBA. The form and order of delivery of this information, as well as the order of buy and sell of foreign currency between the CBA and banks shall be established by the former.*
8. *Buy and sell of foreign currency among banks shall be conducted in the order established by the CBA in coordination with the FMSA.*
9. *Regulations on accounting of income and expenses on currency exchange operations by persons licensed to engage in currency exchange shall be established by the FMSA in coordination with the relevant executive authority.*

### **Article 3. Proprietary right on currency resources**

1. Both residents and non-residents may own currency resources in the Republic of Azerbaijan.

They shall enjoy the right to carry out any transaction and conduct operations with currency resources other than the cases envisaged by the legislation of the Republic of Azerbaijan.

In the Republic of Azerbaijan the proprietary right over currency resources shall be protected by the state alongside with the proprietary right over other objects of property.

~~2. The order of conducting any transactions with precious metals and natural precious stones shall be established jointly by the Cabinet of Ministers of the Republic of Azerbaijan and the Central Bank of the Republic of Azerbaijan.~~

#### **Article 5. Formation and use of foreign exchange reserves of the Republic of Azerbaijan**

1. The territory of the Republic of Azerbaijan is a unified currency area wherein the monetary-credit and currency policy that strengthens buying power of manat as the national currency is pursued.

2. Foreign exchange reserves of the Republic of Azerbaijan are centralized foreign currency and other currency resources, intended to protect buying power of the national currency, meet needs related to economic demand and social development of the country, fulfill obligations on payment of the external debt.

3. Foreign exchange reserves of the Republic of Azerbaijan consist of foreign exchange revenues of the state budget and the stabilization fund.

The procedure of formation of foreign exchange reserves of the Republic of Azerbaijan is established by President of the Republic of Azerbaijan.

4. The Stabilization fund is established with an aim of stabilization of manat, and the Central Bank of the Republic of Azerbaijan issues orders on its utilization.

#### **Article 6. Formation of currency funds of enterprises and organizations**

Currency funds of legal entities — both residents and non-residents are formed at the expense of the currency gained from foreign-economic activity, purchase of currency in the domestic foreign exchange market, as well as foreign currency denominated loans and other forms not contradicting the legislation of the Republic of Azerbaijan.

#### **Article 7. Currency accounts of residents**

1. Residents in the Republic of Azerbaijan may have foreign currency accounts in assigned banks.

2. If not otherwise specified by the CBAR, resident enterprises and organizations must transfer foreign currency they acquired to their accounts in authorized banks.

3. Subjects, whose operations in financial markets are supervised (persons licensed in the securities market, credit institutions, professional actors of the insurance market, investment funds and investment fund managers) may open foreign currency accounts outside the

Republic of Azerbaijan in the cases and under the terms and conditions set by the FMSA, while other residents – under the terms and conditions set by the CBAR.

4. The order of opening foreign currency accounts of residents in assigned banks shall be established by the FMSA, while the order on maintaining operations on these accounts is established by the CBAR.

#### **Article 8. Currency operations by resident legal entities in the Republic of Azerbaijan**

1. No limits shall be set on current operations with currency to be carried out by resident legal entities.

2. Currency operations related to capital movement shall be carried out by resident legal entities in the order established by the CBAR.

3. Resident legal entities shall have the right to transfer to and from, to bring and take out currency reserves in cash to and from the Republic of Azerbaijan by following customs regulations.

The CBAR shall establish the procedure of remittance of foreign currency and bringing and taking out cash foreign currency by resident legal entities to and from the Republic of Azerbaijan.

Relations with respect to operations with precious metals and precious stones shall be governed by the Law of the Republic of Azerbaijan on Precious Metals and Precious Stones.

4. The procedure of use of revenues in a foreign currency gained by legal entities of the Republic of Azerbaijan with participation of foreign investments as a result of export of their own products shall be determined by the Law of the Republic of Azerbaijan on Protection of Foreign Investments.

#### **Article 9. Currency operations of resident individuals in the Republic of Azerbaijan**

1. Resident individuals shall have the right to remit from the Republic of Azerbaijan currency resources previously remitted to the Republic of Azerbaijan without any restrictions.

2. Resident individuals may take out the foreign currency previously transferred to the Republic of Azerbaijan in cash, by following customs regulations, on the basis of certificates issued by assigned banks in compliance with the regulations, stipulated by the CBAR.

3. Resident individuals may bring into the Republic of Azerbaijan currency resources in cash in compliance with customs regulations.

The information on the amount of funds, date, person and country, the source of money brought in, shall be presented by customs authorities to the CBAR, the financial monitoring service and the relevant executive authority within 7 (seven) days, provided that the amount of currency resources exceeding the equivalent of USD 50.000 (fifty thousand) is brought into the Republic of Azerbaijan by resident individuals.

4. Resident individuals may remit from the Republic of Azerbaijan currency resources not exceeding the equivalent of USD50000 (fifty thousand) previously brought into the Republic of Azerbaijan in cash on the basis of custom documents in evidence thereof. When transferring currency resources in the amount exceeding the equivalent of USD 50000 (fifty thousand) from the Republic of Azerbaijan, previously brought into the Republic of Azerbaijan in cash, resident individuals should submit a certificate, confirming delivery of such funds in cash by a relevant bank or other credit institution of the country wherefrom the currency was brought.

5. Resident individuals may take out currency resources not exceeding the equivalent of USD 50000 (fifty thousand), previously brought into the Republic of Azerbaijan in cash in compliance with customs regulations.

6. The procedures of remittance and taking out of currency resources in cash from the Republic of Azerbaijan by resident individuals in compliance with customs regulations, except for currency resources, remitted or brought into the Republic of Azerbaijan in the order specified in clauses 1-5 herein shall be established by the CBAR, while the rates of duties to be paid when taking out cash currency resources shall be established by the relevant executive authority.

7. Resident individuals may deposit their currency funds, including the funds acquired in the Republic of Azerbaijan on their currency accounts with assigned banks.

#### **Article 10. Accounts of non-residents in foreign and national currencies**

Non-residents may open foreign and national currency accounts with assigned banks. The FMSA shall establish the order of opening, while the CBAR shall set the order of use of these accounts.

#### **Article 11. Currency operations of non-residents in the Republic of Azerbaijan**

1. Non-residents shall have the right to bring and take their currency resources in and from the Republic of Azerbaijan via remittance, as well as bring in and take out in cash in compliance with customs regulations.

2. Non-residents may freely remit the foreign currency, previously transferred to the Republic of Azerbaijan, from the Republic of Azerbaijan.

3. Non-residents may take out their foreign currency resources from the Republic of Azerbaijan, previously transferred to the Republic of Azerbaijan in cash within the limits of customs regulations, on the basis of certificates issued by assigned banks in compliance with the regulations, stipulated by the CBAR.

4. Non-residents may bring into the Republic of Azerbaijan their currency resources in cash in compliance with customs regulations. Information on the amount of funds, date, person and country, the source of money that is being brought in, shall be presented by customs authorities to the CBAR, the financial monitoring service and relevant executive authority within 7 (seven) days, in the event the amount of currency resources that are being brought into the Republic of Azerbaijan by non-residents exceed the equivalent of USD 50.000 (fifty thousand).

5. Non-residents may remit from the Republic of Azerbaijan their currency resources not exceeding the equivalent of USD 50000 (fifty thousand) previously brought into the Republic of Azerbaijan in cash on the basis of custom documents in evidence thereof. When transferring currency resources in the amount exceeding the equivalent of USD 50000 (fifty thousand) from the Republic of Azerbaijan, previously brought into the Republic of Azerbaijan in cash, non-residents should submit a certificate, confirming issue of such cash money by a relevant bank or other credit institution of the country wherefrom the currency was brought.

6. Non-resident individuals may take out currency resources not exceeding the equivalent of USD 50000 (fifty thousand), previously brought into the Republic of Azerbaijan in cash in compliance with customs regulations.

7. The procedures of remittance and taking out of currency resources in cash from the Republic of Azerbaijan by non-resident individuals in compliance with customs regulations, except for currency resources, remitted or brought into the Republic of Azerbaijan in the order specified in clauses 1-6 herein shall be established by the CBA.

8. Non-residents shall be entitled to buy and sell their currency resources in manat ~~in the order established by the CBAR.~~

**Article 12. Functions of the Parliament of the Republic of Azerbaijan on currency regulation**

The Milli Majlis of the Republic of Azerbaijan shall establish general principles of the currency policy, the limit of sovereign debt, the size of loans to foreign countries, a currency plan as an integral part of the state budget, issue legislative acts on currency regulation and control.

**Article 13. The Central Bank of the Republic of Azerbaijan as a main body of currency regulation**

1. The CBAR shall be the main body to exercise currency regulation in the Republic of Azerbaijan.

2. According to the present Law the CBAR shall:

a) establish the scope and procedure of circulation of foreign currency and securities in foreign currency in the Republic of Azerbaijan;

b) adopt normative acts on control over currency operations;

c) establish the procedure of operations with foreign currency and securities in foreign currency to be accomplished by residents and non-residents and also procedure of operations with national currency and securities in national currency to be accomplished by non-residents in the Republic of Azerbaijan;

d) establish the procedure of the obligatory transfer, bringing in and remittance of foreign currency and securities in a foreign currency belonging to residents to the Republic of Azerbaijan and also cases and terms of opening foreign currency accounts by residents (except for persons licensed in the securities market, credit institutions, professional actors of the insurance market, investment funds and investment fund managers) outside the Republic of Azerbaijan;

~~e) establish the general procedure on the issue of licenses for currency operations for banks and other credit institutions and issue the said licenses;~~

f) *establish a unified form for currency transactions statistics, the order of its delivery and timing.*

g) prepare and publish statistical information on operations with currency in the Republic of Azerbaijan based on generally recognized international standards;

h) discharge other functions envisaged by the present Law and the Law of the Republic of Azerbaijan on the Central Bank of the Republic of Azerbaijan.

*Chapter II-I*

*Issue of currency exchange licenses*

### **Article 13-1. Application for license**

13-1.1. A person, willing to engage in currency exchange (hereinafter – the applicant) shall apply to the FMSA for a license. The application form shall be established by the FMSA.

13-1.2. The application shall be attached with the following documents:

13-1.2.1. a copy of an excerpt from the state registry of legal entities, if the applicant is a resident legal entity or a branch of a non-resident legal entity;

13-1.2.2. a copy of the ID card, if the applicant is a resident individual;

13-1.2.3. a copy of the certificate of applicant's state registration as a taxpayer;

13-1.2.4. a notarized copy of the document confirming the applicant's property, use or rent right per object mentioned in the application;

13-1.2.5. a notarized copy of resident legal entity's charter;

13-1.2.6. reference issued by a respective tax authority on absence of debt to the state budget related to the taxes set by the Tax Code of the Republic of Azerbaijan and other liability (except for the cases when the debt is deferred in the order specified in the Tax Code of the Republic of Azerbaijan and/or the deadline to meet the tax liability is changed);

13-1.2.7. reference from the relevant executive authority on absence of founder's (s') records on economic crimes;

13-1.2.8. bank document on payment of the pledged amount specified in Article 13-10.1 herein;

13-1.2.9. documents confirming compliance with the requirements set in Section 5, Article 3 herein.

13-1.3. The application is received and registered on the same day by the FMSA. The FMSA shall issue a reference to the applicant on the application's registration date and number at the latest within 3 work days or send him/her the relevant information by registered post.

### **Article 13-2. Issue of licenses**

13-2.1. The FMSA shall verify compliance of the application and documents thereto with the requirements of Article 13-1 -herein. In the event the FMSA detects shortfalls that are likely to be eliminated and that do not cause rejection to issue a license in the application and documents thereto, it shall deliver the information on their elimination within 5 business days upon the application's

*registration date or send via registered mail and explain to him/her legal consequences of incompliance with formal requirements. The applicant shall be informed on all shortfalls in the meantime.*

*13-2.2. The applicant shall eliminate shortfalls within 10 business days upon receiving the information. At that the flow of period related to issue of the license shall be suspended and the suspended period shall not be included to the timeframe of the issue of the license. The flow of period shall be recovered after the FMSA receives the applicant's appeal on elimination of shortfalls.*

*13-2.3. If the applicant fails to eliminate shortfalls detected in the application and documents thereto within the timeframe specified in Article 13-2.2 herein, the FMSA shall take a decision to terminate the review of the application and deliver or send via registered mail the relevant information to the applicant within 2 business days.*

*13-2.4. The applicant may re-submit an application to the FMSA to obtain a license after he/she eliminates the detected shortfalls in the case specified in Article 13-2.3 -herein. The application shall be reviewed on Articles 13-1 and 13-2 herein.*

*13-2.5. The FMSA shall take a decision to issue or reject to issue a license in coordination with the relevant executive authority within 20 business days after the application's registration date based upon results of the review of the application and documents thereto.*

*13-2.6. The FMSA shall send a decision on issue of the license to the applicant no later than the timeframe specified in Article 13-2.5 herein. The applicant shall pay the state duty for issue of the license within 5 business days after he/she receives the decision and deliver the payment confirmation statement to the FMSA. The decision on rejection to issue the license shall be delivered to the applicant or sent via registered mail within 2 business days after the date the decision is taken.*

*13-2.7. The license shall be presented to the applicant no later than 2 business days or sent via registered post after the applicant delivers the public duty payment confirmation statement to the FMSA. If the public duty payment confirmation statement is not delivered to the FMSA, it shall revoke the license and deliver the relevant information to the applicant within 2 business days or send by registered post.*

*13-2.8. The license shall include:*

*13-2.8.1. the date of issue of the license and its registration number;*

*13-2.8.2. the name and address of the authority that issued the license;*

*13-2.8.3. information on the license holder (the name and the legal address of resident legal entity or individual, or non-resident legal entity's branch, the address of the licensed facility, the TIN);*

*13-2.8.4. the type of the licensed activity.*

13-2.9. *The license issued for the individual engaged in currency exchange shall be perpetual.*

13-2.10. *The license shall be signed by the FMSA's authorized person and stamped.*

13-2.11. *The license shall take effect from the day it is issued by the FMSA and may be used solely by the received person. The license may not be transferred to third parties. The force of the license shall not apply to legal entities founded (participated) by the license holder, and other legal entities that operate with the license holder on the basis of the agreement on joint activity, including a cooperation agreement. Services other than currency exchange shall be prohibited in currency exchange offices.*

13-2.12. *An annex to the license shall be issued if currency exchange is conducted in territorially separate objects.*

13-2.13. *The heading of the annex to the license should include the words 'annex to the license'. The annex shall indicate the address of the object where the currency exchange is conducted. Annex to the license shall be presented per object where the activity is conducted.*

13-2.14. *To obtain annex to the license, the license holder shall apply to the FMSA upon the issue of the license. The application shall be only attached with documents specified in Articles 13-1.2.4, 13-1.2.8 and 13-1.2.9 -herein.*

13-2.15. *Annex to the license shall be signed and confirmed as per Article 13-2.10 -herein.*

13-2.16. *Legal consequences of re-formalisation of the license, issue of the duplicate, its suspension and revocation shall apply to the annex to the license.*

13-2.17. *Under this Law, grounds for license's suspension or revocation shall be the grounds for suspension or revocation of the annex to the license. Legal consequences of suspension and revocation of the annex to the license shall not apply to the license.*

### ***Article 13-3. License rejection***

13-3.1. *License shall be rejected to be issued when:*

13-3.1.1. *the application and documents thereto contain information incompliant with the law (except for the case implied in the second sentence of Article 13-2.1 herein);*

13-3.1.2. *the applicant fails to meet conditions on issue of the license.*

13-3.2. *The decision on license rejection shall be substantiated referring to rejection cases. The applicant may enter an appeal in the administrative order and at court.*

### ***Article 13-4. Payment of license fees***

*The amount of the state fee to be paid for the issue of currency exchange license shall be determined by the Law of the Republic of Azerbaijan on State Duties.*

### **Article 13-5. Reformalisation of the license**

*13-5.1. License shall be reformalised when:*

*13-5.1.1. the resident legal entity – the license holder is reorganized;*

*13-5.1.2. the name or the legal address of the resident legal entity – the license holder or the branch of the non-resident legal entity changes;*

*13-5.1.3. the first, middle, last names or the activity address of the resident legal entity – the license holder change.*

*13-5.2. If the grounds specified in 13-5.1 herein are available, the license holder or his/her legal heir shall apply to the FMSA to re-formalise the license within 5 business days after those grounds arise.*

*13-5.3. The application shall be attached with copies of the license to be reformalised, the excerpt from the public registry of legal entities, resident individual's ID card and tax registration certificate.*

*13-5.4. Under Articles 13-5.2 and 13-5.3 herein, the FMSA shall deliver the reformalised license to the license holder or his/her legal heir, or send to him/her with registered post upon making relevant changes within 3 business days after it receives the application and documents attached thereto.*

*13-5.5. Over the license reformalisation period the license holder's or his/her legal heir's activity shall base upon the statement on application's registration date and number delivered to the FMSA.*

*13-5.6. In the event the name of the FMSA changes or its authority to issue a license transfers to another licensing authority, previously issued license shall be only reformalised in the order specified in Articles 13-5.3 and 13-5.4 herein at the license holder's appeal.*

### **Article 13-6. Issue of duplicate license**

*13-6.1. If the license is lost or damaged, the license holder shall apply to the FMSA for duplicate license.*

*13-6.2. The FMSA shall prepare and deliver or send by registered mail to the applicant a duplicate license within 3 business days after the application is received.*

*13-6.3. Over the period a duplicate license is issued, the license holder shall fulfill his/her activities on the basis of the registration date and number of the statement presented to the FMSA. The statement in question shall be signed and stamped by the authorized person of the FMSA.*

13-6.4. *The duplicate license shall have the same legal force as the lost or damaged license.*

### **Article 13-7. Suspension of licenses**

13-7.1. *License shall be suspended when:*

13-7.1.1. *the license holder presents a relevant application;*

13-7.1.2. *the license holder fails to implement FMSA's instructions on elimination of requirements of the present Law related to currency exchange, as well as the requirements adopted by the CBAR and the FMSA in the legislative order (except for the cases that are grounds for revocation of the license);*

13-7.1.3. *in other cases specified by the law.*

13-7.2. *The license shall be suspended at the FMSA's resolution, which shall indicate the cases that led to suspension and the period the license is suspended. The resolution on license suspension on the grounds specified in Articles 13-7.1.2 and 13-7.1.3 herein shall also include the actions to be taken to eliminate the cases that led to suspension and results of elimination of the cases in question within the license suspension period.*

13-7.3. *The license holder shall eliminate the cases specified in Articles 13-7.1.2 and 13-7.1.3 herein until the license suspension period expires and inform the FMSA on results in writing.*

13-7.4. *The license suspended on the ground as per 13-7.1.1 herein shall be recovered on the basis of the license holder's relevant application, while the license suspended as per Articles 13-7.1.2 and 13-7.1.3 herein on the basis of the written information delivered by the license holder on elimination of the said cases at the resolution of the FMSA.*

13-7.5. *The license suspension period as per Article 13-7.1.1 herein may not exceed 3 months and be more than once over a calendar year.*

13-7.6. *The license suspension period as per Articles 13-7.1.2 and 13-7.1.3 herein may not exceed 6 months.*

13-7.7. *The resolution on license suspension and recovery shall be submitted to the license holder within 2 business days after it is taken or send by registered mail.*

13-7.8. *The license holder may file a complaint in the administrative order and to the court on the resolution on license suspension.*

### **Article 13-8. License revocation**

13-8.1. *The license shall be revoked when:*

- 13-8.1.1. *the license holder presents a relevant application;*
  - 13-8.1.2. *the license holder resident legal entity, the branch of the non-resident legal entity is liquidated;*
  - 13-8.1.3. *the license holder resident individual dies or is announced dead or missing in the court order;*
  - 13-8.1.4. *activity of license holder who is a resident individual as private entrepreneur is terminated;*
  - 13-8.1.5. *there is a relevant court order;*
  - 13-8.1.6. *inaccurate information is revealed later in the documents submitted for license;*
  - 13-8.1.7. *the FMSA is not provided with the written information as per Article 13-7.3 herein;*
  - 13-8.1.8. *the license holder fails to start operating within 3 months after he/she receives the license;*
  - 13-8.1.9. *the grounds as per Articles 13-7.1.2 and 13-7.1.3 herein are not eliminated within 6 months and the FMSA does not take a decision on license recovery;*
  - 13-8.1.10. *the law does not require a license for currency exchange;*
  - 13-8.1.11. *the ban specified in Sentence 3 of Article 13-2.11 herein is not followed;*
  - 13-8.1.12. *in other cases specified by the law.*
- 13-8.2. *The license shall be revoked at the resolution of the FMSA referring to the cases specified in Article 13-8.1 herein (except for Article 13-8.1.5 herein). The resolution shall be delivered or sent by registered mail to the license holder within 2 business days after it is taken.*
- 13-8.3. *The license holder may file a complaint in the administrative order and to the court on the resolution on license revocation.*

### ***Article 13-9. Supervision over currency exchange***

*The FMSA shall supervise compliance of the person licensed to engage in currency exchange with related requirements set by the law, as well as normative acts of the CBAR and the FMSA. The order of supervision shall be established by the FMSA.*

### ***Article 13-10. Requirement on pledged amount to engage in currency exchange***

13-10.1. *A person willing to obtain a currency exchange license shall place pledged funds to a special account with an assigned bank in the amount established by the relevant executive authority.*

13-10.2. *In the event a person licensed to engage in currency exchange realize this activity in two or more objects, requirements on pledged amount shall be set in fifty percent of the amount set as per Article 13-10.1 herein for each second and following object.*

13-10.3. *Full pledged amount set as per Article 13-10.1 herein shall be kept in special deposit account with the assigned bank and not returned over the validity of the license.*

13-10.4. *Under Articles 13-8.1.1–13-8.1.4 and 13-8.1.6–13-8.1.11 herein the person whose license is revoked may withdraw pledged funds from the assigned bank presenting FMSA's opinion, whose form is established by the FMSA.*

13-10.5. *Pledged funds shall be returned on the basis of a court order in the cases specified in Articles 13-8.1.5 and 13-11.6 herein.*

13-10.6. *The assigned bank shall deliver the information on the account opened for the person willing to obtain a currency exchange license in the order specified herein and on pledged funds placed in this account to the FMSA within 3 business days.*

13-10.7. *The assigned bank shall submit the information related to pledged amount returned in the cases specified in this Law to the FMSA within 3 business days.*

#### ***Article 13-11. Delivery of the FMSA's opinion to the person whose license is revoked***

13-11.1. *Under Articles 13-8.1.1–13-8.1.4, 13-8.1.6–13-8.1.9 and 13-8.1.11 herein, after taking a decision on license revocation the FMSA, while after appointing a court review on the grounds specified in Article 13-8.1.5 herein the court shall publish a relevant notice in an official periodical within 2 business days. The notice shall include:*

13-11.1.1. *the name, legal and operation address of the resident legal entity, or the branch of the non-resident legal entity engaged in currency exchange whose license is revoked (court review appointed);*

13-11.1.2. *the first and last names, registration and operation address of the resident individual engaged in currency exchange whose license is revoked (court review appointed);*

13-11.1.3. *the date and number of the resolution on license revocation (appointment of court review);*

13-11.1.4. *the order of court appeal and the name of the court where court review will be held under the Civil Practice Act;*

13-11.1.5. *if court review is appointed under Article 13-8.1.5 herein, the date of court review as well.*

13-11.2. *Persons willing to raise claims against the persons whose license is revoked or court review is appointed with respect to license revocation in the order specified herein may apply to court within 2 months after the notice as per 13-11.1 herein is published.*

13-11.3. *The court shall inform the FMSA within two business days after the former receives the claim specified in Article 13-11.2 herein.*

13-11.4. *Courts shall review claims submitted under Article 13-11.2 herein according to the Civil Practice Act.*

13-11.5. *If the FMSA is not informed that the court has received a claim within the timeframe provided for in Article 13-11.2, also in the cases specified in Articles 13-2.7, 13-8.1.8, 13-8.1.10 and 13-8.1.12 herein, it shall issue an opinion on returning the pledged amount from the assigned bank within two business days.*

13-11.6. *In the event of court appeal under Article 13-11.2 herein, the assigned bank shall return the pledged amount on the basis of a court order.*

### **Article 13-12. Register of currency exchange licenses**

13-12.1. *The FMSA shall develop a public register of currency exchange licenses. The register shall include names, legal and operational addresses of persons licensed to engage in currency exchange, information on registration numbers and dates of their issued, suspended and revoked licenses.*

13-12.2. *Persons engaged in currency exchange shall inform the FMSA on changes to the information entered to the register within 5 business days.*

## **Chapter III. Currency Control**

### **Article 14. Goals and directions of currency control**

1. The goal of currency control is to provide observance of the currency legislation when carrying out operations with currency.
2. The key directions of currency are as follows:
  - a) identify compliance of conducted currency operations with the effective legislation and existence of relevant licenses and permits;
  - b) check the status of fulfillment of commitments on a foreign currency before the state and sale of currency in the foreign exchange market of the Republic of Azerbaijan by residents;
  - c) verify whether payments in a foreign currency are legal;

d) verify whether accounts and reports related to operations with currency, including operations of non-residents with the national currency are complete and true.

#### **Article 14-1. Prevention of legalization of criminally obtained funds and other property and the financing of terrorism**

*In the event of disclosure of trace evidence of legalization of criminally obtained funds or other property, and the financing of terrorism when delivering currency funds into and from the Republic of Azerbaijan, the relevant executive authority of the Republic of Azerbaijan should take measures to protect and collect trace evidence of crime, send the obtained documents to the relevant criminal prosecution authority, and submit the information thereupon to the financial monitoring authority.*

#### **Article 15. Currency control authorities and agents**

1. Control over operations with currency in the Republic of Azerbaijan is carried out by the bodies of control over operations with currency and their agents.

2. The Central Bank of the Republic of Azerbaijan, *the financial markets supervisory authority* and the relevant executive authority of the Republic of Azerbaijan are the paramount bodies of control over operations with currency in the Republic of Azerbaijan, while assigned banks are the agents of control over operations with currency.

3. The executive authority, that pursues the customs policy of the Republic of Azerbaijan, carries out control over taking national and foreign currency and other currency resources through the customs border of the Republic of Azerbaijan by residents and non-residents under the relevant legislation, as well as in other cases stipulated by the Customs Code of the Republic of Azerbaijan.

#### **Article 16. Authorities of currency control authorities and agents**

1. Bodies of control over operations with currency, within the limits of their authority, adopt normative acts obligatory for implementation in the Republic of Azerbaijan by all residents and non-residents.

2. Bodies and agents of control over operations with currency within the limits of their authority shall:

a) control compliance of currency operations carried out by residents and non-residents in the Republic of Azerbaijan with the existing legislation, ~~provisions of licenses and permits~~ and also observance of acts taken by the control bodies;

b) check operations with currency carried out by residents and non-residents;

c) establish forms and procedure of accounting, reporting and documentation related to operations with currency carried out by residents and non-residents.

### **Article 17. Rights and duties of residents and non-residents**

1. Residents and non-residents carrying out operations with currency in the Republic of Azerbaijan and also non-residents carrying out operations with the national currency and securities in the national currency shall have the following rights:

a) familiarize with findings of examinations conducted by the bodies and agents of supervision over operations with currency;

b) appeal against actions of the agents of currency control to respective bodies of control over operations with currency, and against bodies of currency control – in the order specified by the legislation of the Republic of Azerbaijan;

c) exercise other rights specified in the present Law and other legislative acts of the Republic of Azerbaijan.

2. Residents and non-residents carrying out operations with foreign currency and also non-residents carrying out operations with the national currency in the Republic of Azerbaijan must:

a) supply the above bodies and agents of control over operations with currency with information and documents necessary to implement their functions;

b) deliver explanations to the bodies and agents of control over operations with currency during examinations, as well as on findings of examinations;

c) give a written explanation about the reasons of refusal to sign the act of examination if there are any disagreements concerning the facts specified in the said acts of examinations carried out by the bodies and agents of control over operations with currency;

d) maintain accounting and prepare reports on operations with currency, keep them for at least 5 years;

e) execute requirements (instructions) of the bodies of control over operations with currency to mitigate revealed violations;

f) fulfill other duties specified in the legislation of the Republic of Azerbaijan.

### **Article 18. Responsibility for violations of the currency legislation**

1. The residents, and non-residents, including assigned banks that have violated the provisions of the present Law shall be responsible as follows:

a) forfeiture of profits gained from deals illegal under the present Law, as well as from illegal activity rather than, the profit gained through transactions and transfer thereof to the Treasury;

b) the residents and non-residents, including assigned banks, according to the legislation of the Republic of Azerbaijan, shall be kept responsible for lack of accounting of operations with currency or accomplishment of the said operations with violations of the established order, for non-presentation or untimely presentation of documents and information as per Item 2 of Article 17 of the present Law to the bodies and agents of control over operations with currency.

2. The sanctions specified in the present Article are applied by the bodies of control over operations with currency, including at the agents' presentation: with respect to legal persons – unconditionally, with respect to individuals – through the court.

3. For violation of the currency legislation officials of resident and non-resident enterprises and organizations, including officials of assigned banks, as well as individuals bear administrative, civil-legal and criminal responsibility under the legislation of the Republic of Azerbaijan.

#### **Article 19. Rights and obligations of the officials of the bodies and agents of currency control**

1. Officials of the bodies and agents of control over operations with currency, within the limits of authority of these organizations, have the following rights:

a) check all documents related to currency operations, obtain necessary explanations and information regarding the questions arising in the course of examination, as well as confiscate documents revealing violations of the currency legislation;

b) suspend operations with accounts in assigned banks in the event of non-delivery of the documents and information specified herein;

~~c) terminate licenses and permits giving the right to conduct currency operations by residents, including assigned banks, and non-residents or deprive them of the said licenses and permits;~~

d) other rights envisaged by the legislation of the Republic of Azerbaijan.

2. Bodies and agents of control over operations with currency, their officials should keep confidential commercial information of residents and non-residents which became known to them in the course of discharge of their functions on control over operations with currency.

3. If the bodies and agents of control over operations with currency and their officials fail to properly fulfill their obligations, they may be kept responsible in the order specified in the legislation of the Republic of Azerbaijan.

*President of the Republic of Azerbaijan*

*Heydar Aliev.*

*Baku, October 21, 1994.*

*No 910.*