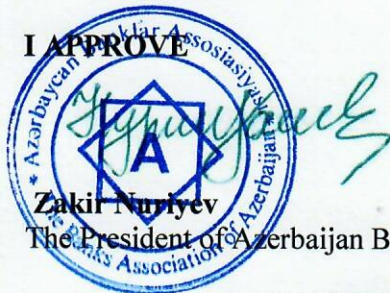


**Under the Protocol of the Meeting
on February 3, 2017, According to Protokol No. 2
of the Azerbaijan Banks Association Board**

I APPROVE



Zakir Nuriyev
The President of Azerbaijan Banks Association

STATUTE ON BANKING OMBUDSMAN

Article 1. General Provisions

- 1.1. The Banking Ombudsman is a body operating under Azerbaijan Banks Association for the examination of disputes arising between banks and their customers who are natural persons.
- 1.2. The Banking Ombudsman carries out its activities in accordance with the applicable legislation of the Republic of Azerbaijan and the Charter of Azerbaijan Banks Association under the principles of fairness, rule of law, independence, impartiality and equality of parties. Azerbaijan Banks Association and its executives cannot interfere in the activity of the Banking Ombudsman in respect of the consideration of disputes.

Article 2. Requirements for Banking Ombudsman

- 2.1. The Banking Ombudsman may be a national of the Republic of Azerbaijan who is not under the age of 30, who has higher legal or economic education background, meeting the requirements established by this Statute and having high public reputation and giving consent to undertake the duties of the Financial Ombudsman.
- 2.2. Persons below may not be a Banking Ombudsman:
 - who does not have a full capacity or who are under guardianship or trusteeship;
 - who has a criminal record or is brought to criminal liability and who does not have civil integrity;
 - who are founder, shareholder or employee of any bank, persons providing service to bank under civil law contract;
 - who are working in Financial Institutions for the last 3 (three) years
 - an individual whose authority as a judge of a court of general jurisdiction or an arbitration court, lawyer, notary, investigator, prosecutor or other law enforcement officer was terminated in accordance with the procedure established by law for committing offenses inconsistent with his professional activities.
 - executive who has participated in the process of determination of strategy and adoption of decisions of a bank, operating in the territory of the Republic of Azerbaijan, which has been liquidated for deterioration of financial situation and breach of prudential requirements, or which has been declared insolvent, for one year preceding the date of adoption of a decision on liquidation or insolvency at the bank;

- other persons who are prohibited by the legislation from undertaking any position;
- 2.3. The Banking Ombudsman shall be appointed by Azerbaijan Banks Association for a 5 year term.
- 2.4. The same person cannot be appointed consecutively as a Banking Ombudsman for more than two terms.

Article 3. Competences of Banking Ombudsman

- 3.1. The competences of the Banking Ombudsman include settlement of civil law disputes, upon an application of an applicant- a natural person who is a customer of a bank, seeking relief of 10000 (ten thousand) USD at the most expressed in manat and other currency equivalent at the applicable rate of the Central Bank of the Republic of Azerbaijan on the date of the receipt of the application, and arising from the conclusion, revision, application or cancellation of deals with banks, but in no case concerning conduct of business activities.
- 3.2. Mutual consent of parties to the submission of a dispute to the consideration of the Banking Ombudsman shall be demonstrated to the Banking Ombudsman in an agreement signed by both parties or by their authorized representatives, or in the Statement (Annex I to the Regulation) and in an application (Annex II to the Regulation) submitted by a natural person.
- 3.3. The Banking Ombudsman cannot consider matters under ongoing court proceedings, or for which the court decision has entered in force.
- 3.4. The Banking Ombudsman shall endeavor to achieve a mutual agreement of parties, in case of failure tries settling the case through consideration of the case on its merits.
- 3.5. The Banking Ombudsman shall ensure independent and impartial settlement of a dispute. The Ombudsman shall not have a right to consider disputes in which he may have direct or indirect interest.
- 3.6. The Banking Ombudsman shall consider submitted disputes in a manner provided for by the Regulation of Banking Ombudsman as approved by Azerbaijan Banks Association. The Bank Ombudsman may consider disputes relating to non-bank credit organizations, which members of the Azerbaijan Banks Association, in the cases not contradicting the rules provided for in the " Regulation of the Bank Ombudsman" and in this Statute.
- 3.7. Decisions of the Banking Ombudsman shall be enforced based on the principles of voluntariness and good faith. The Ombudsman cannot adopt a biased decision. The ombudsman can not decide on the interests of one party

Article 4. Early termination of Banking Ombudsman's competences

- 4.1. The Banking Ombudsman shall have a right to voluntarily suspend its competences notifying in writing the Chairman of the Azerbaijan Banks Association Board one month in advance. After the expiration of this period the competences of the Banking Ombudsman shall be cancelled.
- 4.2. The competences of the Banking Ombudsman shall be cancelled premature as well as:
- a) when recognized as incapable or partly incapable by the decision of a court;
 - b) when convicted in criminal offence by the verdict of a court;

- c) when deprived of working in legal or financial spheres, or of holding a position under the decision of a court or other competent authority;
- d) under the decision of the Presidium of Azerbaijan Banks Association;
- e) when unable to fulfill its responsibilities for the period determined by other legislative acts due to sickness or other unavoidable obstacles.

Article 5. Secretariat of Banking Ombudsman

- 5.1. The Secretariat of the Banking Ombudsman shall consist of an executive Secretary, advisors-lawyers and economists, assistants and technical employees.
- 5.2. The executive Secretary shall be appointed by the Executive Director of Azerbaijan Banks Association upon the presentation of the Banking Ombudsman. The executive Secretary must be a person who has higher education in law or economics.
- 5.3. The responsibility of the executive Secretary of the Banking Ombudsman shall include ensuring the consideration of civil law disputes and fulfilling other functions assigned to him under the Regulation of Banking Ombudsman.
- 5.4. The Banking Ombudsman shall have a right to open offices in the territory of the Republic of Azerbaijan upon the decision of the Azerbaijan Banks Association Board in order to accept and carry out preliminary procession of registered applications (complaints).
- 5.5. Conclusion, alteration and termination of employment contract with consultant - lawyers and economists, referents and technical staff shall be performed by the Executive Director of Azerbaijan Banks Association upon the presentation of the Banking Ombudsman

Article 6. Protection of commercial, banking and other secrets protected by law

The Banking Ombudsman and the staff of the Banking Ombudsman's Secretariat, who by virtue of their duties in the course of the proceedings have become aware of confidential information relating to commercial, banking or other legally protected data may not disclose information to third Party. The transmission and dissemination of such information shall be settled in accordance with the legislation of the Azerbaijan Republic.

Article 7. Publication of decisions and reports of Banking Ombudsman

- 7.1. The decisions of the Banking Ombudsman can be published upon the permission of the Azerbaijan Banks Association Board as a summary of reports on a semiannual or quarterly basis. In such cases, commercial or banking secrecy is ensured and the names and places of parties are not disclosed. In the interests of parties, the Banking Ombudsman may apply to the Board for prohibition of publication of any information contained in his decision.
- 7.2. The Banking Ombudsman shall distribute its bulletins on the practice of consideration of disputes to banks which have submitted the Statement on Submission of Disputes with Participation of Natural Persons- Customers of Bank to the consideration of the Banking Ombudsman.

Article 8. Oversight for Banking Ombudsman activity

- 8.1. The oversight for the Banking Ombudsman activity shall be carried out by the Azerbaijan Banks Association Board.
- 8.2. The Banking Ombudsman submits to the General Assembly of Azerbaijan Banks Association annually and publishes a report on his activities.
- 8.3. The Board can make recommendations to the Banking Ombudsman and its Secretariat on the organization of their activities, including ones by virtue of applications received from banks and nationals, but except for matters in respect of considered applications (complaints) and adopted decisions. Such recommendations are not mandatory.
- 8.4. Upon the decision of the Presidium Public Supervisory Board of the Banking Ombudsman can be constituted, consisting of professionals in financial markets who satisfy the requirements set out in paragraph 2.1 of this Statute, and the representatives of relevant government agencies.

Article 9. Expert Council under Banking Ombudsman

Upon decision of the Azerbaijan Banks Association Board an Expert Council can be established as an advisory body under the Banking Ombudsman for expert discussions on the issues of application of the applicable legislation. The Council shall be composed of at least one representative of each bank which has submitted the Statement on Submission of Disputes with Participation of Natural Persons- Customers of Banks to the consideration of the Banking Ombudsman. The Expert Council of the Banking Ombudsman shall act under the Statute approved by the Board on the presentation of the Banking Ombudsman.

Article 10. Ensuring of activity and location of Banking Ombudsman

- 10.1 Funding for the activities of the Banking Ombudsman is provided by Azerbaijan Banks Association for three years. This issue can be reviewed again before the deadline expires.
- 10.2. The location of the Banking Ombudsman— _____.
- 10.3. The Banking Ombudsman is entitled to determine the place of consideration of the dispute, depending on the circumstances of the particular dispute.