

“Approved”
Central Bank of the Republic of
Azerbaijan
Resolution No. 46/5

21 September 2023

Regulation for interviewing members of the supervisory board (board of directors) and the executive body of supervised entities in the financial markets

1. General provisions

1.1. This Regulation has been developed in accordance with Article 10.5 of the Law of the Republic of Azerbaijan "On Banks", Article 38.1 of the Law of the Republic of Azerbaijan "On Insurance Activity", Article 63.2 of the Law of the Republic of Azerbaijan "On Securities Market" and Article 40.4 of the Law of the Republic of Azerbaijan "On Investment Funds" and establishes the procedure for the Central Bank of the Republic of Azerbaijan (hereinafter referred to as the "Central Bank") to conduct interviews with members of supervisory boards (boards of directors) and executive bodies of banks, insurance companies, reinsurance companies, licensed persons in the securities market, equity funds and equity fund managers (hereinafter referred to as "supervised entities").

1.2. The executive body means a collegial and/or a single executive body.

1.3. The procedure for conducting interviews also applies to managers of local branches of foreign banks and foreign investment companies.

1.4. The purpose of an interview is to determine whether a candidate's professional skills and knowledge match the position for which he or she is applying.

2. Interview process

2.1. The following documents on the candidate to be interviewed in the process of licensing of supervised entities (at the time of application, when the candidate who has successfully passed the first and final interviews is changed before the last application) and during the period of activity of supervised entities shall be submitted to the Central Bank:

2.1.1. copies of documents on education and labor activity (work experience) notarized or certified in accordance with the procedure established by Article 9 of the Law of the Republic of Azerbaijan "On Administrative Proceedings";

2.1.2. questionnaire (application) filled out by the candidate in accordance with Appendix No. 1 to this Regulation;

2.1.3. information in writing about the area for which the candidate will be responsible;

2.1.4. if the candidate is a foreigner (foreign individual), a certificate issued within the last 3 (three) months and legalized or apostilled in the manner prescribed by law as to whether he/she has been brought to criminal responsibility by the relevant state authorities of the country where he/she resides.

2.2. If it is possible to obtain the documents or information provided for in Item 2.1 of this Regulation from the relevant state body (institution) through the Electronic Government Information System, such documents or information shall not be required. If it is not possible to obtain such documents or information through the Electronic

Government Information System, their submission shall be requested from the relevant state body (institution) with the consent of the applicant or shall be provided by the applicant.

2.3. In the course of licensing process, if there are no errors or deficiencies in the candidate's documents provided for in Item 2.1 of this Regulation, and if there is no information about the candidate's lack of acceptable and necessary qualifications, the Central Bank shall determine the place and time of the interview and shall notify the person who wishes to obtain a license to operate as a supervised entity no later than 3 (three) business days prior to the day of the interview.

2.4. During the period of supervised persons' activity, the documents submitted for the candidate shall be reviewed by the Central Bank within 30 (thirty) calendar days. If there are no errors or deficiencies in the candidate's documents and if there is no information about the candidate's lack of acceptable and necessary qualifications, the Central Bank shall determine the place and time of the interview and shall notify the person wishing to obtain a license to operate as a supervised entity no later than 3 (three) working days prior to the day of the interview. If errors or deficiencies are found in the submitted documents, the supervised persons shall be informed thereof within 15 (fifteen) calendar days from the day of submission of documents and shall be offered to eliminate such errors or deficiencies. In this case, the period of consideration of the notification shall be calculated from the moment of elimination of the said errors or deficiencies. If the candidates are not invited to interview during the period for reviewing the notification, their candidacy is considered to be positive.

2.5. If the candidate fails to appear for the interview for a valid excuse, the Central Bank shall be informed thereof prior to the interview or within 2 (two) business days from the date of appointment of the interview. Based on the information provided, the Central Bank shall within 20 (twenty) calendar days set the date of the interview (depending on the reason for the candidate's failure to appear at the interview, on another date upon agreement with the supervised entity) and at least 3 (three) working days prior to the date of the interview, notify the supervised entity that submitted the application.

2.6. For the purposes of Item 2.5 of this Regulation, a valid excuse includes cases related to the candidate's health and other circumstances beyond the candidate's control that prevent the candidate from attending the interview.

2.7. If the candidate fails to appear for the interview at the scheduled time without a valid excuse, the candidate will be considered to have failed the interview.

2.8. The interview process shall be videotaped with the consent of the candidate and shall be evaluated by the interview committee at its meetings in accordance with the criteria set forth in Item 2.10 of this Regulation. If the candidate does not consent to video recording, the interview will be conducted without video recording.

2.9. The head of the executive body (during the interview of the members of the executive body) and (or) up to 2 (two) members of the supervisory board of the supervised entity that nominated the candidate may attend the interview committee meeting as observers. The presence of the observers shall not hinder the interview.

2.10. The interview committee shall evaluate the suitability of the candidates for the respective position based on the following criteria:

2.10.1. level of knowledge – theoretical knowledge of financial markets and legislative knowledge at a level appropriate to the requirements of the position, including corporate governance (strategic planning, internal control and risk management, etc.), prudential regulation and supervision, currency regulation and supervision, market conduct, measures to prevent the legalization of criminally obtained property and the financing of terrorism;

2.10.2. experience and management skills – staff management, problem solving, decision making, leadership skills.

2.11. It is not permitted to ask the interviewee questions that are not directly related to the interviewee's job, or to evaluate the interviewee on the basis of his or her race, ethnicity, religion, language, gender, origin, property status, employment status, beliefs, affiliation with political parties, trade unions, or other public associations.

2.12. In case of changes in the documents or information submitted prior to the interview of the members of the supervisory board (board of directors) or the members of the executive body who have successfully passed the interview in the process of granting a license for the activity of the supervised entity, as well as during the period of activity of the supervised entity, the supervised entity shall submit the corresponding updated document or information to the Central Bank within 5 (five) working days.

3. Interview Committee

3.1. The interview committee shall be formed by the decision of an authorized person of the Central Bank from among the employees of the Central Bank and shall consist of not less than 7 (seven) persons, including the chairman and members. The activity of the interview committee is conducted by the chairman of the interview committee.

3.2. The interview committee is considered competent if at least 5 (five) members attend the committee meetings.

3.3. The member(s) of the interview committee shall protest against themselves in the following cases:

3.3.1. If the member is closely related to the candidate (husband (wife), parents, including husband's, wife's parents, grandparents, children, adopted children, siblings), has a dependency or personal animosity;

3.3.2. if the member has held a position in the supervised entity to which the candidate has been assigned for two (2) years prior to the interview;

3.3.3. when the member is directly or indirectly interested in the outcome of the interview.

3.4. If there are grounds provided for in Item 3.3 of this Regulation, the candidate may object to the member(s) of the interview committee before the start of the interview.

3.5. When the circumstances provided for in Items 3.3 and 3.4 of this Regulation occur, the member(s) of the relevant committee shall not participate in the interview with that candidate.

3.6. The work of the interview committee shall be conducted under conditions of objectivity and impartiality. The interview committee makes its decision by a simple majority of its members present at the meeting by open vote. In the event of a tie, the candidate is considered to have successfully passed the interview.

3.7. The interview committee shall make one of the following decisions at its meeting, depending on the results of the interview:

3.7.1. the candidate is suitable for the position applied for;

3.7.2. the candidate is not suitable for the position applied for.

3.8. If observers participating in the interview on behalf of the supervised entity, as well as the candidate, have a special opinion on the interview, such opinion in writing shall be attached to the evaluation sheet prepared in accordance with Appendix No. 2 to this Regulation.

3.9. The results of the interview shall be formalized by an evaluation sheet drawn up in two copies and signed by the members of the interview committee who

participated in the vote. The evaluation sheet shall be submitted to the supervised entity who applied within 3 (three) working days from the date of the interview.

3.10. The decision of the interview committee provided for in Item 3.7 of this Regulation can be appealed to the court.

4. Closing provisions

4.1. A person who has successfully passed the interview shall be invited to the interview again in the following cases:

4.1.1. when a person who is a member of the executive body of the supervised entity is appointed as a member of the supervisory board (board of directors) of the same or another supervised entity operating in the same field, and a person who is a member of the supervisory board (board of directors) is appointed as a member of the executive body of the same or another supervised entity operating in the same field;

4.1.2. when appointed as a member of the supervisory board (board of directors) or executive body of the supervised entity operating in another field;

4.1.3. if a member of the supervisory board has not performed the duties of a member of the supervisory board (board of directors) for 5 (five) years, and a member of the executive body has not performed the duties of a member of the executive body for 3 (three) years, respectively, from the date of the successful completion of the interview in the supervised entity operating in the relevant field;

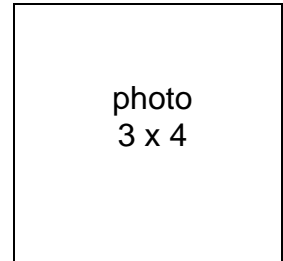
4.1.4. in case of appointment of managers of local branches of foreign banks and foreign investment companies from one of these positions to another or appointment as a member of the supervisory board (board of directors) or executive body of a supervised entity operating in the same or another field of activity, as well as in case of failure to fulfill the duties of the respective position within 3 (three) years from the date of successful completion of the interview;

4.2. If the document on the candidate referred to in sub-item 2.1.1 of this Regulation has been submitted to the Central Bank and there are no changes in this document, it shall not be necessary to resubmit it, provided that the Central Bank is notified thereof in writing.

4.3. The candidacy of a person whose interview resulted in the determination that "the candidate is not suitable for the position applied for" may be resubmitted by the supervised entity not later than 3 (three) months from the date of the interview.

4.4. The candidacy of a person who did not take part in the interview without a valid excuse, or who, based on the results of the interview 2 (two) times in a row, was recognized as "the candidate is not suitable for the position applied for", may be resubmitted by the supervised entity not later than 1 (one) year from the date of the interview.

Appendix No.1 to the
Regulation for interviewing members
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QUESTIONNAIRE

1. Name _____
(first name, last name, patronymic)

2. Birth date _____
(day, month, year)

3. Birth place _____
(country, city, district)

4. Personal Identification Number (if missing, the number of the identity document)

5. Citizenship _____

6. Registered address _____
(country, city, district, street, house, apartment, postal code)

7. Domicile address (if different from registered address) _____
_____ (country, city, district, street, house, apartment, postal code)

8. Contact phone(s) _____
(home) (work) (mobile)

9. E-mail address(es) (if any) _____

10. Information about the position applied for:

a) Name of the position applied for

_____ b) term of appointment to the position applied for

_____ c) date of commencement of duties

_____ d) reasons for replacement, if there was a previous replacement for this position

***Note:** When a candidate for the position of an independent member of the supervisory board (board of directors), the information on the candidate's compliance with the criteria for independence is added.

11. First and last names used or changed

Please list any other former first and last names, the reasons for changing them, and the period of time they have been used (your last name before marriage, your last name from previous marriages, legally changed last names, etc.)

First name, last name, patronymic	Period of use	Reasons of change

12. Family members

- a) Close relatives (husband (wife), parents, including husband's and wife's parents, grandparents, children, adopted children, adoptive parents, brothers and sisters):

First name, last name and patronymic	Birth date	Kinship

- including the name, last name, patronymic of those who work in the relevant supervised entity, the position they hold, and in the case of a shareholder in the supervised entity, the name, last name, patronymic and the amount of the share.

- **Information about their criminal record**

Date of conviction and article of the criminal law

13. Educational information

- a) Please provide information about your education

Name of the educational institution	Duration of study	Specialty	Series and number of diploma or education document	Education level

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b) Please list your academic degrees, academic titles, and academic publications

Academic degree, date obtained and number of document certifying it	Academic title(s)	Academic publication(s)

c) Please provide any other information (attendance of local or international seminars, trainings, courses, symposia and *etc.*) that you feel relevant to your degree

14. Workplace (primary and secondary) and job information

a) Please provide the following information about your primary and secondary workplace in chronological order (starting with the last workplace)

Name of organization	Position held	Work period	Reason for dismissal	Primary and secondary workplace

b) Type and duration of self-employment

c) Your level of knowledge and skills in the following directions in the area related to the position you are applying for:

- Strategic planning:
 - poor
 - average
 - good
- Internal control and risk management:
 - poor
 - average
 - good
- Accounting, financial reporting and audit:
 - poor
 - average
 - good
- Human resources management:
 - poor

- average
- good
- Corporate management:
 - poor
 - average
 - good
- Prevention of legalization of criminally obtained property and the financing of terrorism:
 - poor
 - average
 - good
- Information security and information technologies:
 - poor
 - average
 - good

15. Information on civil impeccability

- a) Have you ever been convicted?
- yes
 - no

Date of conviction and article of the criminal law _____

- b) Have you ever been held criminally liable for having committed serious or particularly serious crimes against property and economic activity?
- yes
 - no

Date of criminal charge and article of the criminal law

- c) Have you been deprived of the right to hold a certain position or to engage in a certain professional activity by court order?
- yes
 - no

Date of deprivation, title of position or activity for which you were deprived, duration of deprivation

- d) Have you been declared bankrupt by court order?
- yes
 - no

Date of bankruptcy declaration

e) Do you have any past or present criminal dealings with persons that do not meet the requirements set forth in paragraphs a through d of this section and with whom you have a common interest?

- yes
- no

Information about those person(s)

16. Business reputation and other information

a) Are you currently being prosecuted??

- yes
- no

Article of the Criminal Code under which the prosecution is conducted

b) In the last 5 years, have you been found guilty by a court or other body of any administrative offense related to your business or professional activity, or for failure to perform or improper performance of duties?

- yes
- no

Date of decision and name and nature of administrative offence

c) Are you currently involved in civil and commercial litigation as the opposing party to the supervised entity to which you have been appointed?

- yes
- no

Information on your participant subject status in the proceedings and the type of claim

d) Have you participated in the process of determining the strategy of the legal entity's activity and making decisions prior to the date of adoption of the decision on liquidation or bankruptcy of the legal entity that was involuntarily liquidated or declared bankrupt due to deterioration of its financial condition?

- yes
- no

Name of the legal entity and period of time you worked for that entity

e) Have you been dismissed or released from your position by the decision of any authority and (or) employer?

yes

no

Name of the decision-making authority and (or) employer, date of the decision and reason for your dismissal

Please provide information about the legal entities or foreign legal entities in which you are involved

No.	Name of legal entity or foreign legal entity	Participation share (percentage)	Amount of participation (AZN)

f) Please provide the following information about the legal entity (limited liability company, joint-stock company, partnership, etc.) in which you are a member of the supervisory board (board of directors), executive body, inspection committee, audit committee, or an employee or other manager of the internal audit service (department)

No.	Name and address of legal entity	Type of activity	Position	Term	
				From month/year	To month/year

g) Business partners

Individuals who are other founders or beneficial owners of the legal entity or foreign legal entity in which you participate (indicating that they are founders or beneficial owners):

First name, last name and patronymic of founders and (or) beneficial owners	Name of legal entity or foreign legal entity	Participation share (percentage)

Information on whether they have been convicted or not

Date of conviction and article of the criminal law

Individuals with whom you have other business relationship:

First name, last name and patronymic of an individual	Nature of entrepreneurial relationship

Information on whether they have been convicted or not

Date of conviction and article of the criminal law

h) Do you have politically exposed person status?

- yes
- no

Please identify your status

i) Are you a close relative of the politically exposed person?

- yes
- no

Please identify the politically exposed person, his/her status and your kinship

j) Are you a close associate of the politically exposed person?

- yes
- no

Please identify the politically exposed person, his/her status, and the nature of your close association with him/her

k) Have you ever engaged in any type of activity that was or is currently licensed (requires a permit)?

- yes
- no

Type of activity requiring a license (permit)

l) Has your license (permit) been revoked?

- yes
- no

Grounds for revocation of license (permit)

m) If you have additional information confirming your acceptable and required qualifications or professional skills, please provide it

n) Do you have any financial obligations to the supervised entity that nominated you?

- yes
- no

Please identify your financial obligation

***Note:** *In this questionnaire, the terms "politically exposed persons", "close relatives of politically exposed persons" and "close associates of politically exposed persons" refer to Articles 1.1.24, 1.1.25 and 1.1.26 of the Law of the Republic of Azerbaijan "On Prevention of Legalization of Criminally Obtained Property and the Financing of Terrorism".*

I confirm the accuracy of the information provided in this questionnaire and undertake to inform the Central Bank of any changes to this information. I do not object to additional documents or information about me being obtained, upon request, from independent and reliable sources, as well as from state bodies (institutions).

Signature: _____

Date: _____

Appendix No.2 to the
Regulation for interviewing members
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EVALUATION SHEET

1. Candidate's name, last name, patronymic

2. Position the candidate is applying for

3. Candidate's special opinion (if any)

4. Special opinion of the member of the supervisory board (board of directors) and (or) the head of the executive body of the nominating supervised entity who participated in the interview (if any)

5. Decision based on interview results

Number of votes: for _____ against _____
Note _____

Chairman of the Interview Committee:

(signature)

(name, last name)

Members of the Interview Committee:

(signature)

(name, last name)

(signature)

(name, last name)

Date of interview _____