

‘Approved’
Central Bank of the Republic of
Azerbaijan

Resolution № ____

“ ____ ” _____ 2013

Regulations
on statistic reporting on non-cash currency exchange operations

1. General provisions

1.1. These Regulations have been developed in accordance with Article 63 of the Law of the Republic of Azerbaijan on the Central Bank of the Republic of Azerbaijan, Article 46.1 of the Law of the Republic of Azerbaijan on Banks, and Article 13 of the Law of the Republic of Azerbaijan on Currency Regulation and regulate non-cash currency exchange (selling and buying) statistic reporting.

1.2. Non-cash currency exchange statistic reporting provides for data from banks, local branches of foreign banks and the national operator of postal communication (hereinafter – statistic units) on non-cash currency exchange (selling and buying) operations in various segments of the foreign exchange market.

1.3. The goal of the reporting is to enable the Central Bank of the Republic of Azerbaijan (hereinafter – the Central Bank) to obtain data on statistic units’ activities with respect to their non-cash currency exchange operations, their customers’ needs for domestic and foreign currency, goals and directions of buying and selling foreign currency to use in the development of the monetary and currency policy.

2. Content and compiling of the report

2.1. The report is compiled on the following non-cash FX market segments:

2.1.1. Interbank FX market:

2.1.1.1. Currency operations on the Bloomberg trade platform (BTP);

2.1.1.2. Stock Exchange Electronic System Trading (BEST);

2.1.1.3. Over the phone trade operations (OPT).

2.1.2. Intra bank FX market:

2.1.2.1. Intra bank Exchange Operations (IBEO).

2.2. Statistic reporting is developed in 4 forms:

2.2.1. Interbank Currency Exchange (Pro-Form QNVM-1_BAVM-1) – Annex №1;

2.2.2. Disclosure of operations on organizations in OPT (QNVM-1_BAVM-2) – Annex №2;

2.2.3. Intra bank Currency Exchange (Pro-Form QNVM-2_BDVM) – Annex №3;

2.2.4. Foreign Currency Exchange (Pro-Form QNVM-3_XVM) – Annex №4.

2.3. Interbank and Intra bank Currency Exchange forms report manat vs. foreign currency non-cash exchange operations, Foreign Currency Exchange forms report non-cash foreign currencies vs. foreign currencies exchange operations.

2.4. Pro-Form QNVM-1_BAVM-1 reflects non-cash foreign currency buying – selling operations in statistic unit's interbank foreign exchange market segments.

2.4.1. The Foreign Currency Selling and Buying sections report the amount of statistic unit's foreign exchange selling/buying and manat amounts bought/sold in exchange, average weighted exchange rate of operations, number of transactions, as well as a distribution of operations by relevant purposes.

2.4.2. Pro-Form QNVM-1_BAVM-1 classifies foreign exchange selling/buying operations by the following purposes:

2.4.2.1. compliance with currency position norm – statistic unit's compliance with open currency position limits set by the Central Bank to safeguard financial stability;

2.4.2.2. minimization of the risk of loss from revaluation of currency position – minimize risk of loss likely to result from revaluation of funds in foreign currency due to changes in an official exchange rate;

2.4.2.3. payment of loans and interest thereupon;

2.4.2.4. issue of loans;

2.4.2.5. placement and withdrawal of deposits;

2.4.2.6. cash currency exchange;

2.4.2.7. payment of operating (logistic) expenses;

2.4.2.8. at customers' order – operations in interbank FX market to execute foreign exchange selling/buying instructions in full or in part at the IBEO market;

2.4.2.9. speculative exchange rate operations – operations conducted to generate profit from differences between selling/buying exchange rates;

2.4.2.10. other purposes – operations not included to the above purposes, e.g. buying and selling operations between same statistic unit's accounts at BEST.

2.4.3. When developing Pro-Form QNVM-1_BAVM-1 the following conditions are met in all columns excluding exchange rate columns of rows:

row 101=row 102 + row 103+ row 104;

row101=row105+row106+row107+row108+row109+row110+row111+row 112+
row 113+ row114;

row 115=row116+row117 + row118;

row115=row119+row120+row121+row122+row123+row124+row125+
row126+row127+row128.

2.4.4. If data on foreign currency exchange rate and manat indicators are inserted to rows coded 102, 103, 104, 116, 117, and 118 when developing Pro-Form QNVM-1_BAVM-1, the number of transactions on those operations should be indicated respectively.

2.4.5. Non-cash currency exchange operations should be recorded on the value date in the report (the date when transaction participants coordinate debit of transactional funds to the counterparty's account).

2.4.6. Swap operations in the BEST are reported according to the operating day.

2.4.7. Service fees paid on operations conducted in the BEST are not recorded in this report.

2.5. Non-cash foreign currency selling/buying operations should be broken down on statistic units in Pro-Form QNVM-1_BAVM-2 and the following conditions should be met:

2.5.1. In Pro-Form OPT, foreign currency, exchange rate, manat and the number of transactions indicators in the selling section on total operations row equals to respective foreign currency, exchange rate, manat and the number of transactions indicators in Pro-Form QNVM_1_BAVM-1, the row coded 104, columns 1, 2, 3, 4.

2.5.2. In Pro-Form OPT, foreign currency, exchange rate, manat and number of transactions indicators in the buying section on total operations row equals to respective foreign currency, exchange rate, manat and the number of transactions indicators in Pro-Form QNVM_1_BAVM, the row coded 118, columns 1, 2, 3, 4.

2.6. Pro-Form QNVM-2_BDVM reports intra bank non-cash currency selling/buying operations by statistic unit's customers (non-financial and financial institutions) at statistic unit's own expenses.

2.6.1. The Pro-Form's Foreign Currency Selling and Buying section reports the amount of statistic unit's foreign currency selling/buying and Manat amounts bought/sold in exchange, average weighted exchange rate of operations, number of transactions, and distribution of operations by relevant purposes.

2.6.2. Pro-Form's foreign currency selling operations are classified by:

2.6.2.1. 'Foreign currency sold at customer instructions (non-financial institutions) to a statistic unit' for:

2.6.2.1.1. acquisition of goods, works and services;

2.6.2.1.2. attraction of manat loans and payment of interest thereupon;

2.6.2.1.3. placement of Manat deposits;

2.6.2.1.4. donation, grant and social aid payments in manats;

2.6.2.1.5. taxes, duties and penalties;

2.6.2.1.6. operating (administrative) costs;

2.6.2.1.7. other purposes — operations not related to any of the above.

2.6.2.2. ‘Foreign currency sold by financial institutions to a statistic unit’ for:

2.6.2.2.1. resources of the State Oil Fund of the Republic of Azerbaijan;

2.6.2.2.2. funds of international financial institutions – operations with the World Bank, the International Monetary Fund, the Asian Development Bank, the Bank for International Settlements and other international financial institutions;

2.6.2.2.3. other financial organizations – operations with non-bank credit institutions (NBCIs), insurance companies, pension funds, leases and other financial institutions.

2.6.2.3. ‘Foreign currency sold at statistic unit’s own expenses’ section includes amount of manat obtained on Pro-Form QNVM-2_BDVM ‘Foreign currency bought/sold from/to a statistic unit by customers (non-financial institutions)’ and ‘Foreign currency bought/sold from/to a statistic unit by financial institutions’ include the amount obtained from trading operations on the following purposes:

2.6.2.3.1. regulation of the currency position;

2.6.2.3.2. issue/repayment of loans in manat;

2.6.2.3.3. placement/withdrawal of manat deposits;

2.6.2.3.4. cash currency exchange;

2.6.2.3.5. other purposes – operations not related to any of the above purposes.

2.6.3. The foreign currency’s intra bank selling section includes selling currency by customers on ‘Foreign currency sold by customers to a statistic unit (non-financial institutions)’ and ‘Foreign currency sold by financial institutions to a statistic unit’.

2.6.4. The Pro-Form classifies foreign currency purchases on the following sources and purposes:

2.6.4.1. 'Foreign currency bought by customers from a statistic unit (non-financial financial institutions)' for:

2.6.4.1.1. payment on import contracts and services supplied;

2.6.4.1.2. payment on loans attracted in foreign currency and interest accrued;

2.6.4.1.3. placement of foreign currency denominated deposits;

2.6.4.1.4. investments abroad;

2.6.4.1.5. payment of dividends to shareholders;

2.6.4.1.6. remittance of funds previously transferred to or brought in cash to the country;

2.6.4.1.7. foreign currency payments for donations, grants and social aid;

2.6.4.1.8. payment of participation fees at international organizations, conferences, and exhibitions;

2.6.4.1.9. payment of taxes, duties and fines and penalties to foreign countries;

2.6.4.1.10. other purposes – operations not related to any of the above.

2.6.4.2. The following purposes should be mentioned on 'Foreign currency bought by financial institutions from a statistic unit':

2.6.4.2.1. funds of the State Oil Fund of the Republic of Azerbaijan;

2.6.4.2.2. funds of international financial institutions – operations with the World Bank, the International Monetary Fund, the Asian Development Bank, the Bank for International Settlements and other international financial institutions;

2.6.4.2.3. other financial organizations – operations with NBCIs, insurance companies, pension funds, leases and other financial institutions.

2.6.4.3. The 'Foreign currency sold at statistic unit's own expenses' section includes the amount of manat obtained on Pro-Form QNVM-2_BDVM 'Foreign currency bought/sold from/to a statistic unit by customers (non-financial institutions)' and 'Foreign currency bought/sold from/to a statistic unit by financial institutions' include the amount obtained from trading operations on the following purposes:

2.6.4.3.1. regulate a currency position;

2.6.4.3.2. issue/repay foreign currency denominated loans;

2.6.4.3.3. place/return foreign currency denominated deposits;

2.6.4.3.4. cash currency exchange;

2.6.4.3.5. buying foreign currency for other purposes.

2.6.5. The foreign currency's intra bank buying section includes selling currency by customers on 'Foreign currency bought by customers from a statistic unit (non-financial institutions)' and 'Foreign currency bought from financial institutions to a statistic unit':

2.6.6. The Pro-Form classifies intra bank trading operations on individuals and legal entities, including non-resident persons. The size of operations on 'Foreign currency bought/sold at the expense of statistic unit's own funds' are included to the legal entities section and skipped in the number of transactions.

2.6.7. The following conditions are met when compiling Pro-Form QNVM-2_BDVM in other columns excluding exchange rate columns on the following rows:

row201=row202+row204;

row224=row225+row227;

row 206= row 207+ row 208+ row 209+ row 210+ row 211+ row 212+ row 213;

row 214= row 215+ row 216+ row 217;

row 218= row 219+ row 220+ row 221+ row 222+ row 223;

row 229= row 230+ row 231+ row 232+ row 233+ row 234+ row 235+ row 236+
row 237+ row 238+ row 239+ row 240;

row 241= row 242+ row 243+ row 244;

row 245= row 246+ row 247+ row 248+ row 249+ row 250;

row 202≤ row 206;

row 225≤ row 229;

row204 ≥ row206+ row214;

row227 ≥ row229+ row241;

row202≥ row203;

row204 ≥ row205;

row225 ≥ row226;

row227 ≥ row228;

2.7. Statistic unit's non-cash currency operations involving exchange between 2 foreign currencies (without manat) are reported in Pro-Form QNVM-3_XVM.

2.7.1. The report consists of 2 sections:

2.7.1.1. inter currency exchange operations with statistic units and customers:

2.7.1.1.1. inter currency exchange operations with statistic units;

2.7.1.1.2. inter currency exchange operations with statistic unit's own customers.

2.7.1.2. inter currency exchange operations with foreign banks – statistic unit's inter currency exchange operations with foreign banks.

2.7.2. Currency sold by a statistic unit is disclosed in column Currency1, currency bought by a statistic unit in column currency2 of the Pro-Form.

2.7.3. The Official Exchange Rate column indicates an official exchange rate set by the Central Bank as of the transaction day to be used to calculate a manat equivalent.

2.7.4. The Pro-Form's Exchange Rate column specifies an inter currency real sale exchange rate (the ratio of Currency 2 to Currency 1).

2.7.5. The Pro-Form's 'Statistic unit's inter currency exchange operations with its own customers' section is classified on resident and non-resident persons.

2.8. An average daily weighted exchange rate in all Pro-Forms is calculated with the following formulae:

$$K = \frac{(k_1 * q_1 + k_2 * q_2 + k_3 * q_3 + \dots + k_n * q_n)}{q_1 + q_2 + q_3 + \dots + q_n} = \frac{\sum_1^n k_n * q_n}{\sum_1^n q_n}$$

n – (1, 2, 3,n) a serial number of transactions;

k_n – exchange rate of the transaction (operation) n;

q_n – amount of the transaction (operation) n.

2.9. Amounts in foreign currency and manat are presented at full value in all reporting forms.

2.10. In the event a mismatch is found in interbank currency operations on Pro-Forms QNVM-1_BAVM-2 and QNVM-3_XVM, a statistic unit delivers a copy of the document confirming that the transaction on the very non-cash currency exchange operation was conducted and a copy of the payment document confirming the relevant transaction (e- payment data SWIFT etc.) to the Central Bank.

2.11. Statistic reporting on non-cash currency exchange operations excludes statistic units' cash currency exchange operations (cash currency exchange operations in currency exchange offices and other structural units).

2.12. A statistic unit maintains accounting of non-cash currency exchange operations per currency on a daily basis and it should be able to submit Pro-Form on operations taken place over the reporting period prior to the end of the reporting period on the basis of a Central Bank appeal to conduct prompt analysis of non-cash currency exchange operations.

3. Submission of the report

3.1. Monthly statistic reporting on non-cash currency exchange operations is consolidated in electronic Pro-Form across statistic unit's all units and delivered to the Central Bank within 2 (two) business days following the reported period. In the event no operation is conducted, the column is left empty.

3.2. If the Central Bank, to conduct a prompt analysis on non-cash currency exchange operations, applies to a statistic unit in writing with respect to submission of a statistic report on operations conducted over the reported period prior to the end of the period, the statistic unit should deliver data to the Central Bank on a daily basis as soon as possible upon the date of appeal but no later than 2 (two) business days.

3.3. *The report is approved with electronic signatures of statistic unit's head, member, chief accountant or his/her substitute, or the head of the structural unit responsible for delivery of the report.*

Annex# 1 to Regulations on statistic reporting on
non-cash currency exchange operations

Pro-Form QNVM-2_BDVM
Monthly

The report is submitted
to the Central Bank by
a statistic unit within 3
business days of the month
following the reported period

Statistic unit's name: _____

Reported period: _____

Statistic reporting on non-cash currency exchange operations

Interbank currency exchange

Foreign currency:

(currency)

	Codes of rows	Reported period			
		Foreign currency	Exchange rate 0.0000	manat	# of transactions
A	B	1	2	3	4
<i>Foreign currency selling – total</i>	101	-	-	-	-
BTP	102	-	-	-	-
BEST	103	-	-	-	-
OPT	104	-	-	-	-
<i>Total selling on:</i>					
- compliance with currency position norms	105	-	-	-	x
- minimization of risk of loss from revaluation of currency position	106	-	-	-	x
- repayment of loans and interest thereupon	107	-	-	-	x
- issue of loans	108	-	-	-	x
- placement/withdrawal of deposits	109	-	-	-	x
- cash currency exchange	110	-	-	-	x
- payment of operational (logistic) expenses	111	-	-	-	x
- at customers' order	112	-	-	-	x
- speculative exchange operations	113	-	-	-	x
- others	114	-	-	-	x

Foreign currency buying – total	115	-	-	-	-
BTP	116	-	-	-	-
BEST	117	-	-	-	-
OPT	118	-	-	-	-
<i>Total buying on:</i>					
- compliance with currency position norms	119	-	-	-	x
- minimization of risk of loss from revaluation of currency position	120	-	-	-	x
- repayment of loans and interest thereupon	121	-	-	-	x
- issue of loans	122	-	-	-	x
- placement/withdrawal of deposits	123	-	-	-	x
- cash currency exchange	124	-	-	-	x
- payment of operating (logistic) expenses	125	-	-	-	x
- at customers' orders	126	-	-	-	x
- speculative exchange operations	127	-	-	-	x
- others	128	-	-	-	x

Pro-Form QNVM-2_BDVM
Monthly

The report is submitted
to the Central Bank by
a statistic unit within 3
business days of the month
following the reported period

Statistic unit's name:
Reported period:

Statistic reporting on non-cash currency exchange operations

Operations in OPT on organizations

Foreign
currency:

USD

(currency)

Date	Statistic unit's name	-							
		Selling				Buying			
		Foreign currency	Exchange rate 0.0000	manat	# of trans actio ns	Foreign currenc y	Exchang e rate 0.0000	manat	#of transa ctions
A	B	1	2	3	4	5	6	7	8
	Total operations in OTP	-	-	-	-	-	-	-	-
	<i>including on banks:</i>								
			-				-		

Annex# 3 to Regulations on statistic reporting
on non-cash currency exchange operations

The report is submitted
to the Central Bank by
a statistic unit within 3
business days of the month
following the reported period

Statistic unit's name: _____

Reported period: _____

Statistic reporting on non-cash currency exchange operations

Intra bank currency exchange

Foreign currency:

(currency)

A	Codes of rows	Reported period			
		Foreign currency	Exchange rate 0.0000	manat	# of transactions
	B	1	2	3	4
Intra bank foreign currency selling - total	201	-	-	-	-
including:					
- individuals	202	-	-	-	-
of them non-residents	203	-	-	-	-
- legal entities	204	-	-	-	-
of them non-residents	205	-	-	-	-
<i>Intra bank selling:</i>					
Foreign currency sold by customers to a statistic unit (non-financial institutions)	206	-	-	-	x
including:					
- payments on purchase of goods, supply of works and services	207	-	-	-	x
- payments on loans attracted in manat and interest thereupon	208	-	-	-	x
- placement of deposits in manat	209	-	-	-	x
- payments in manat for donations, grants and social aids	210	-	-	-	x
- payment of taxes, duties and fines and penalties	211	-	-	-	x
- payment of operational (logistic) expenses	212	-	-	-	x

- other purposes	213	-	-	-	x
Foreign currency sold to a statistic unit by financial institutions	214	-	-	-	-
<i>including:</i>					
- funds of the SOFAZ	215	-	-	-	-
- funds of international financial institutions	216	-	-	-	-
- other financial institutions	217	-	-	-	-
Foreign currency sold at the expense of statistic unit's own funds	218	-	-	-	x
<i>including:</i>					
- regulation of currency position	219	-	-	-	x
- issue/repayment of loans in manat	220	-	-	-	x
- placement/withdrawal of deposits in manat	221	-	-	-	x
- cash currency exchange	222	-	-	-	x
- other purposes	223	-	-	-	x
Intra bank foreign currency buying– total	224	-	-	-	-
<i>including:</i>					
- individuals	225	-	-	-	-
of them non-residents	226	-	-	-	-
- legal entities	227	-	-	-	-
of them non-residents	228	-	-	-	-
<i>Intra bank buying on purposes:</i>					
Foreign currency bought by customers from a statistic unit (non-financial institutions)	229	-	-	-	x
<i>including:</i>					
- payments on import contracts and supplied services	230	-	-	-	x
- payments on loans attracted in foreign currency and interest thereupon	231	-	-	-	x
- placement of deposits in foreign currency	232	-	-	-	x
- investments abroad	233	-	-	-	x
- payment of dividends to shareholders	234	-	-	-	x
- transfer of funds previously remitted to the country or brought in cash	235	-	-	-	x
- foreign currency payments for donations, grants, social aid	236	-	-	-	x
- payment of participation fees at international organizations, conferences and exhibitions	237	-	-	-	x
- payment of taxes, duties and fines to foreign countries	238	-	-	-	x

- other purposes	240	-	-	-	x
Foreign currency bought from a statistic unit by financial institutions	241	-	-	-	-
<i>including:</i>					
- funds of the SOFAZ	242	-	-	-	-
- funds of international financial institutions	243	-	-	-	-
- other financial institutions	244	-	-	-	-
Foreign currency bought at the expense of statistic unit's own funds	245	-	-	-	x
<i>including:</i>					
- regulation of currency position	246	-	-	-	x
- issue/repayment of loans in foreign currency	247	-	-	-	x
- placement/withdrawal of deposits in foreign currency	248	-	-	-	x
- buying foreign currency for currency exchange offices	249	-	-	-	x
- others	250	-	-	-	x