

Information memorandum (bond - common)

Items	Notes
Policy statement	
About the fact that the information contained in the information memorandum is based on true facts, that no facts have been omitted, and that all necessary measures have been taken to ensure the accuracy and completeness of such information	<p>Sample: We, the undersigned,</p> <p>Confirm that, prior to the preparation of this information memorandum, we have reviewed the 'Regulations on requirements for information memorandum and information memorandum' approved by Resolution No. 05 of 27 January 2016 of the State Committee for Securities of the Republic of Azerbaijan.</p> <p>Declare that all information included in this information memorandum relating to the issue by _____ (the "Company") of _____ (in words) interest-bearing (or discount), unsecured (or secured), uncertificated, registered bonds, each with a nominal value of _____ (in words) manats (or, where applicable, the relevant currency), is based on true facts, that no material facts have been omitted, and that all necessary measures have been taken to ensure the accuracy and completeness of such information.</p> <p><i>Individuals (first, last, middle names and positions held) and legal entities (names and registered addresses) responsible for all or part of the information contained in this information memorandum, together with their signatures and the dates of signing .</i></p>
Table of Contents	The table of contents shall be presented in a clear and detailed manner.
1. Important notices	
1.1. This document forms the introductory section of the information memorandum	
1.2. Any decision to invest in securities should be made by the investor only after reading the information memorandum	
1.3. The persons who have prepared the information memorandum shall be held civilly liable where the information contained in the information memorandum is misleading, inaccurate or inconsistent, or where material information necessary to assist investors in deciding whether to invest in the securities has not been provided.	
Summary section	The summary must not exceed 7% of the total volume of the information memorandum or 15 pages. The information contained in the summary must be presented in a clear and understandable manner
2. Information about the issuer and guarantor (if any)	
2.1. Issuer's full name	
2.2. Issuer's location and legal organizational form, and the country of registration	
2.3. Description of known trends affecting the issuer and the sectors in which it operates	Information on existing trends in the market in which the issuer operates, including the competitive environment and the issuer's position, regulatory changes, technological innovations, and similar developments.
2.4. A brief description of the issuer's position in other legal entities. If the issuer is dependent on persons within a group, this should be stated	<p>Where the Issuer holds, directly or indirectly, participation interests in, or exercises control over, other legal entities, this section shall include the following information in respect of such entities:</p> <p>the name and registered office of the legal entity; the Issuer's holding in such legal entity (expressed as a percentage); and the nature of the Issuer's participation, including a description of the principal activities of the legal entity and the significance of such participation for the Issuer.</p> <p>Where the Issuer is part of a group or is economically, financially or legally dependent on other entities within a group, the nature of such dependence shall be clearly described. This may include, inter alia:</p> <p>the structure of the group; the relationships between the Issuer and other entities within the group; and details of any dependencies (for example, where the principal source of revenue is derived from intra-group arrangements, the existence of overlapping management, or similar circumstances)</p>

2.5. Where a yield forecast is available, a relevant note	Where a profit forecast is provided, a report on the principal assumptions underlying such forecast, together with an independent auditor's report confirming that the profit forecast has been prepared in accordance with the Issuer's accounting policies, shall be included in the information memorandum. Where no profit forecast is provided, it shall be sufficient to state "not applicable."
2.6. A brief description of the auditor's opinion on the audited financial information	This section provides a concise summary of the results of the independent audit of the Issuer for the last two financial years, covering the key aspects thereof . At a minimum, the following information shall be included: the full name of the audit firm, a brief description of the audit opinion, the period to which the opinion relates, and whether the auditor's report contains any material qualifications or emphasis of matter.
2.7. Key indicators of the issuer's financial position based on selected financial information for each of the last three financial years. Where selected financial information is provided for interim periods, comparative information for the same period of the previous financial year shall also be provided. Information on whether there have been any changes in the issuer's activities since the publication of the most recent audited financial statements. Where selected financial information is provided for interim periods, comparative information for the same period of the previous financial year shall also be provided	For each financial year, it shall be indicated whether the information has been audited. Where selected financial information for interim periods is presented, comparative information for the corresponding period of the previous financial year shall also be provided; for example, where information for the second quarter of the current year is disclosed, it shall be accompanied by comparative figures for the second quarter of the preceding year. Selected financial information shall be presented in a concise form and shall include key indicators such as assets, liabilities, equity, profit and other relevant items. Where material changes have occurred in the Issuer's operations since the date of the most recently published audited financial statements, such changes shall be disclosed accordingly.
2.8. The most recent events affecting the assessment of the issuer's ability to meet its payment obligations	Recent significant events (where information is available, over the last three years) that have had, or may have had, an impact on the Issuer's financial stability, cash flows, or ability to meet its debt obligations on a timely basis shall be disclosed. Such events may include, inter alia: a description of the sources of financing used by the Issuer over the last three years (including loans, issuance of securities and other financing instruments), together with a brief overview of their terms; any changes in the Issuer's credit rating; material changes in the Issuer's principal sources of revenue (for example, the loss or acquisition of significant contracts); and external and internal events affecting economic and political stability (such as increases in inflation, currency devaluation, geopolitical tensions, and similar developments).
2.9. A description of the issuer's principal activities	This section provides clear and concise information on the Issuer's legal status, nature of business and principal areas of activity. It is recommended that the following be disclosed: the Issuer's field of activity, including whether it operates in manufacturing, services, trade, banking, insurance, investment activities or other sectors; the main products or services, including what is produced or which services are provided; the principal customers and markets, including the market segments to which the products or services are supplied (e.g. domestic or international customers, public or private sector clients); the geographical scope of operations, indicating whether activities are conducted on a local or international scale; a brief description of the production or service infrastructure, including facilities such as plants, offices, branches and similar assets; and the main partners and suppliers, including any strategically significant business relationships, where applicable.
2.10. The nature of control exercised over the issuer by qualifying holding owners.	This section provides information on the extent and manner in which qualifying holding owners' interests in the Issuer exercise control over the Issuer, including names of such persons, their shareholdings (expressed as a percentage), and the means by which such control is exercised. It is recommended that particular attention be given to ensuring that the information is consistent with the provisions of the Civil Code and the Issuer's charter.

3. Information about securities	
3.1. Type of bonds	
3.2. Currency of bonds	
3.3. Restrictions attached to the bonds	This section describes any restrictions relating to the purchase and sale, circulation, and exercise of rights attached to the bonds. Such restrictions may include, inter alia, limitations whereby the bonds are offered only to certain categories of investors, requirements to obtain consent for the transfer of bonds to third parties, and legal obligations relating to the collateral (for example, restrictions on the use of such collateral to secure other obligations).
3.4. A description of the rights attached to the bonds	This section sets out the content and scope of the rights granted to bondholders under applicable legislation and the terms of the issuance. The rights conferred refer to the financial and non-financial entitlements arising from the bond, including the rights of the bondholder as the owner of the bond.
3.5. The interest rate of the bonds. The dates and terms for payment of interest and principal on the bonds. Where the interest rate is not fixed, the method used to calculate the interest rate, the underlying basis for such calculation, and the sources used to determine that basis	This section specifies the annual interest rate of the bonds in a clear and precise manner. It also provides detailed information on the dates and schedule for the payment of interest and the repayment of the nominal (principal) amount of the bonds. Where the interest rate is not fixed in advance (for example, in the case of floating-rate bonds), it is recommended to disclose the basis on which the interest rate is determined, including the relevant reference benchmarks and the method of calculation
3.6. A description of the security and the terms of the collateral securing the secured bonds	This section provides detailed information on the type, nature and terms of the collateral provided in respect of secured bonds issued by the Issuer.
3.7. The terms and conditions for the buyback (repurchase) of the bonds	This section sets out the legal and financial terms and conditions relating to the early redemption (buy-back) of the bonds issued by the Issuer.
3.8. The yield indicator, including a brief description of the method of calculating the yield	This section provides a brief and simple explanation of how the annual yield (rate of return) to be received by investors is calculated. The following key information should be disclosed: the frequency of interest payments; the method used for calculating interest income; total income per bond; and the expression of such income as an annual percentage rate. Where the bonds are issued at a discount, it should be stated that the bonds are discount instruments, and information on the simple annual yield indicator should be provided.
3.9. The name of the bondholders' representative	Where a representative is appointed to protect the rights of bondholders (investors), brief information about such representative shall be provided. Where no representative is appointed, it may be stated that "no representative has been designated."
3.10. Where secured bonds are offered, clear and detailed information on the impact of the value of the collateral on the repayment of the bonds and the interest payable thereon	This section provides detailed information on the extent to which the value of collateral provided in respect of secured bonds ensures the timely and full repayment of the principal amount of bonds and the payment of interest thereon. It shall also include a risk warning indicating that fluctuations in the market value of collateral, as well as deterioration in market conditions, may give rise to risks for investors.
3.11. Information on whether the issuer intends to apply for admission of the bonds to trading on a regulated market. Where such an application is intended, details of the regulated market on which the bonds will be admitted to trading and the conditions for such admission.	This section provides information on whether an application has been submitted by the Issuer for the admission of bonds to trading on a regulated market. Where such an application is envisaged, the name of the regulated market on which bonds are expected to be admitted to trading shall be indicated, together with a brief description of that market, including its address, contact details, website and areas of activity. In addition, conditions for the admission of bonds to trading on that market shall be described by reference to the 'Regulations on the admission to trading, listing, maintenance of listing and delisting of securities on the Baku Stock Exchange.'
4. Risk factors	
4.1. Risk factors necessary to assess the market risks associated with the offered securities	This section highlights the risks associated with the relevant securities for investors' attention. It includes information on the liquidity of the bonds, the existence or absence of a secondary market, and how future conditions in the securities market may affect the value of the bonds. It also addresses how the Issuer's financial condition may impact the value of the bonds, together with other relevant risk factors.
4.2. Risk factors that may affect the issuer's ability to meet its obligations in connection with the bond issuance	Changes in economic conditions, financial and liquidity difficulties, management deficiencies, legal and regulatory changes, political instability, market risks, and natural disasters may affect the Issuer's ability to meet its obligations. This section provides information on risk factors that may impact the Issuer's ability to fulfil its obligations, taking into account the specific characteristics of the sector in which the Issuer operates.
5. Offer	
5.1. The reason for the issuance, where it is different from profit generation or hedging of certain risks	Where the primary purpose of the bond issuance is other than profit generation or risk hedging, the other purposes of the issuance shall be disclosed for the purpose of informing investors. For example, such purposes may include investments in fixed capital, the satisfaction of liquidity needs, and strategic objectives.
5.2. A description of the terms and conditions of the offer	Information is provided on the principal terms of the offering, including the placement timetable, disclosure requirements, and the method and procedure of placement.
5.3. Detailed information on the interests of persons involved in the issuance, including any conflicts of interest	Information is provided on the interests of the persons involved in the issuance (including the Baku Stock Exchange (BSE), the Central Securities Depository (CSD), underwriter(s), and other relevant parties), as well as any conflicts of interest. It shall also be stated whether any conflicts of interest exist between the parties involved.
5.4. The amount of taxes and expenses payable by the purchaser of the bonds.	This section provides information on the taxes payable by investors in connection with the purchase of bonds and interest income received therefrom, as well as other potential costs. By way of example, such information may include withholding tax at source; tax rates and conditions applicable to legal entities and individuals in accordance with the Tax Code of the Republic of Azerbaijan; the trading fee of the Baku Stock Exchange (BSE); service fees of investment companies; banking charges; fees for opening a custody account; and, where applicable, service fees of investment companies and other related costs.