



CENTRAL BANK
OF THE REPUBLIC OF AZERBAIJAN

Financial Sector Professional Certification and Examination Guidelines

Approved
by the decision of the Management
Board of the Central Bank
of the Republic of Azerbaijan
dated 28 April 2026
Protocol № 18

Financial Sector Professional Certification and Examination Guidelines

1. General provisions

1.1. These Guidelines have been developed pursuant to Article 49.1 of the *Law of the Republic of Azerbaijan on the Central Bank of the Republic of Azerbaijan* and the Risk-Based Supervision Policy Framework of the Central Bank of the Republic of Azerbaijan and determine the rules governing the organization of professional certification, the conduct of examinations and the issuance of certificates for the purpose of assessing the professional competence of individuals operating in supervised entities and ensuring that their knowledge and skills are aligned with the requirements for effective internal control and risk management. These Guidelines also set out the requirements for ensuring that officers and senior management continuously comply with such standards and requirements.

1.2. These Guidelines apply to persons designated as entities supervised by the Central Bank of the Republic of Azerbaijan (hereinafter – the Central Bank) under the laws regulating financial markets (hereinafter – supervised entities).

1.3. Professional certification is taken into account in determining the risk profile of a financial institution and the intensity of supervision as part of risk-based supervision.

2. Description of professional certification

2.1. A supervised entity ensures that its employees undergo professional certification by the Central Bank in respect of the relevant job grade(s) corresponding to their functions.

2.2. Professional certification applies to individuals performing functions falling within the job grades specified in Annex 1 to these Guidelines.

2.3. Individuals operating in supervised entities are deemed to belong to the job grade corresponding to the function they perform, as determined in accordance with Item 2.2 herein, irrespective of their job title or the nature of their other duties and responsibilities.

2.4. Professional certification is conducted in respect of the following two job grades within each job grade:

2.4.1. Grade 1.

2.4.2. Grade 2.

2.5. The functions covered by the job grades referred to in Item 2.4 herein are specified in Annex 1 to these Guidelines.

2.6. Professional certification is structured into examination modules according to relevant job grades and competency levels. The subjects covered by each examination module, job grades to which the modules apply, and any exemptions from examination modules are specified in Annex 1 to these Guidelines.

2.7. Only individuals who have successfully passed all examination modules applicable to their area of activity and prescribed for the relevant job grade are deemed to have successfully completed professional certification for that job grade.

3. Organization of examinations

3.1. The Central Bank organizes module examinations on professional certification.

3.2. To participate in an examination, the supervised entity is required to register the candidate(s) and submit an application via the Central Bank's relevant information system.

3.3. The appeal includes the information required by the information system, including each candidate's e-mail address and the examination module(s) for which he/she seeks to register.

3.4. An examination may be organized for one or more examination modules, up to a maximum of six modules per examination sitting.

3.5. Within 30 days of the submission of an application through the Central Bank's information system, notification of the date, time and venue of the examination is sent to the financial institution and to the e-mail address of each registered candidate.

3.6. A person who fails to attend an examination may re-register for the relevant examination module no earlier than three months after the scheduled examination date.

3.7. A person who fails an examination module may retake the examination for that module no earlier than three months after the previous examination attempt.

4. Conduct of examinations

4.1. Examinations are conducted electronically by computer. No breaks are permitted during an examination module. Examinations for each module are administered in a single stage using a multiple-choice test format consisting exclusively of closed-ended questions.

4.2. A closed-ended multiple-choice question requires the candidate to select and mark one correct answer from four options, only one of which is correct.

4.3. Each examination module consists of 20 (twenty) questions. A maximum of 30 (thirty) minutes are allocated for the completion of each module.

4.4. A candidate who answers at least 13 questions correctly in a particular examination module is deemed to have passed that module.

4.5. Where a candidate sits examinations for more than one module, the result obtained in any module does not affect the results of other modules.

4.6. During an examination, candidates are prohibited from:

4.6.1. presenting forged documents or documents issued to another person, arranging for another individual to sit the examination on their behalf, or attending the examination under the influence of alcohol.

4.6.2. using mobile phones or other electronic devices, notes, dictionaries, tables, reference materials, or any other unauthorized aids.

4.6.3. bringing into the examination premises any flammable, explosive, sharp, pointed, firearm-related or other hazardous items, tobacco products, electronic cigarettes of any type, or related accessories.

4.6.4. changing their assigned seat, moving around the examination room, leaving their seat without authorization, or otherwise disrupting the conduct of the examination, regardless of the reason, once the examination has commenced.

4.6.5. attempting to influence another candidate's results or communicating with other people regarding the content of the examination questions.

4.6.6. seeking assistance from an invigilator or any other person in answering examination questions.

4.7. Where it is established that a candidate has engaged in any of the actions specified in Item 4.6 herein, the candidate is not admitted to the examination or is removed from the examination room by the invigilator, and his/her examination results are annulled.

5. Examination results

5.1. Examination results of a candidate is communicated to him/her immediately upon completion of the examination.

5.2. The Central Bank issues a certificate for the relevant examination module(s) within 30 calendar days following the date of the examination for candidates who successfully pass the examination.

5.3. Certificates are issued for an indefinite period in electronic document form, in accordance with the requirements of the *Law of the Republic of Azerbaijan on Electronic Signature and Electronic Document* as per Annex 2 to these Guidelines.

5.4. The certificate is made available electronically to the financial institution and the successful candidate through the information system referred to in Item 3.2 and sent to the e-mail addresses provided during the registration process. The information system enables the certificate to be downloaded and printed.

6. Continuing Professional Development (CPD)

6.1. A supervised entity ensures the continuing professional development (CPD) of individuals holding a certificate for Grade 2 within a job grade, with a view to maintaining or enhancing their professional competence, knowledge and skills.

6.2. CPD amounts to at least 15 (fifteen) hours during each one-year period.

6.3. CPD may be achieved through the:

6.3.1. participation in internal seminars organized by the supervised entity.

6.3.2. participation in courses available on various virtual learning platforms and the attainment of related certificates.

6.3.3. engagement in academic, or teaching activities related to the examination modules previously completed.

6.3.4. carrying out activities aimed at the professional development of individuals working in the financial sector and at enhancing financial literacy within society.

PROFESSIONAL CERTIFICATION FOR THE RISK MANAGEMENT JOB GRADE

Examination Modules, Subject Areas and Exemptions for Professional Certification

CODE	MODULE	MODULE TOPICS	EXEMPTIONS
R-1	Risk management - Level 1	<ul style="list-style-type: none"> • Risk management - fundamental knowledge • Key quantitative methods • Financial markets and products 	FRM 1 (Financial Risk Manager Part 1)
R-2	Risk management - Level 2	<ul style="list-style-type: none"> • Leadership in risk management • Advanced risk assessment techniques • Environmental, Social and Governance (ESG) and sustainability risks 	FRM 1 (Financial Risk Manager Part 1)
FE	Fundamentals of Economics	<ul style="list-style-type: none"> • Company and market structure • Business cycles • Fiscal policy • Monetary policy • Capital flows and FX market 	CFA I (Chartered Financial Analyst I)
M-1	Basic Concepts of Financial Management	<ul style="list-style-type: none"> • Time value of money • Cost of capital • Management of working capital • Analysis of financial statements 	CFA I or ACCA (Association of Chartered Certified Accountants) Financial Management (F9) Certificate

M-2	Financial sector - General legislation	General knowledge of financial legislation	All certificates specified in the 'Exemptions' column
E-1	Code of Ethics – Level 1	<ul style="list-style-type: none"> • Core ethical principles • Professional code of conduct 	All certificates specified in the 'Exemptions' column
E-2	Code of Ethics – Level 2	<ul style="list-style-type: none"> • Decision-making in complex ethical scenarios • Implementation of ethical standards and compliance monitoring 	All certificates specified in the 'Exemptions' column
CR	Credit risk	<ul style="list-style-type: none"> • Fundamentals of credit risk • Credit ratings (internal/external) 	FRM 2
		<ul style="list-style-type: none"> • Credit risk modelling • Counterparty credit risk • Credit risk stress testing • Capital structure in banks • Sovereign credit risk 	(Financial Risk Manager Part 2)
OR	Operational risk	<ul style="list-style-type: none"> • Introduction to operational risk • Risk identification and assessment techniques • Loss event data and scenario analysis • Operational risk measurement methodologies • Cyber risk and cyber resilience • Third-party and outsourcing risk • Financial crime and fraud risk management • Operational risk stress testing • Business continuity planning and disaster recovery plans • Basel standards for operational risk (Standardized Measurement 	FRM 2 (Financial Risk Manager Part 2)

		Approach (SMA) and Advanced Measurement Approach (AMA))	
MR	Market risk	<ul style="list-style-type: none"> • Fundamentals of market risk • Parametric and non-parametric Value at Risk (VaR) • Volatility measurement (smiles, surfaces) • Market risk stress testing • Financial correlation modelling • Regression hedging and principal component analysis (PCA) • Risk in derivative financial instruments and structured products • Market risk stress testing techniques • Fundamentals of liquidity risk and trading risk • Basel market risk framework (Fundamental Review of the Trading Book, FRTB basics) 	FRM 2 (Financial Risk Manager Part 2)
LI	Life insurance	<ul style="list-style-type: none"> • Life insurance and annuities • Contingent payments and modelling • Pension mathematics • Stochastic and financial modelling • Excel skills 	Relevant certificates of the Society of Actuaries or the Institute and Faculty of Actuaries
N/LI	Non-life insurance	<ul style="list-style-type: none"> • Insurance mathematics • Stochastic modelling • Loss reserve assessment • Excel skills 	

ESG	Environmental, Social and Governance (ESG)	<ul style="list-style-type: none"> • Fundamentals of ESG and sustainable finance • Environmental (E) factors in finance • Social (S) factors in finance • Governance (G) and ethics in finance • Sustainable finance instruments • ESG integration in financial analysis • ESG regulatory framework and standards 	<ol style="list-style-type: none"> 1. Sustainable Investing Certificate by Chartered Financial Analyst (CFA) Institute 2. Sustainability and Climate Risk (SCR®) Certificate by Global Association of Risk Professionals (GARP)
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Functions included in the Risk Management job grade

The following functions in the second line of defense are included in the risk management job grade:

1. Identification of risks and maintenance of the risk register.
2. Development of risk management strategic policies and establishment of the organization's risk management framework.
3. Ensuring the implementation, at organizational level, of the financial institution's risk management strategy.
4. Making strategic decisions aimed at minimizing the organization's risks and ensuring compliance with regulatory standards.
5. Determination of the risk profile and establishment of risk limits and risk control parameters.
6. Coordination and integration of risk management activities across different organizational units.
7. Risk monitoring and preparation, analysis and evaluation of reports on key risk indicators in real time.
8. Recording risk events, investigation of their root causes, and identification, planning and implementation of preventive measures aimed at mitigating risks.
9. Provision of training and guidance to staff and management on risk-related matters and enhancement of risk management knowledge.
10. Support in the risk decision-making process, active management of relevant risks and consideration of risk factors in business decisions.

11. Regular assessment and improvement of risk management processes and indicators, including the implementation of innovative approaches.

12. Participation in the development, implementation and periodic updating of internal policies, methodologies and procedures related to risk management.

Examination modules for job grades in the risk management function

Modules Grades	<i>R-1</i>	<i>R-2</i>	<i>FE</i>	<i>M-1</i>	<i>CR*</i>	<i>LI*</i>	<i>N/LI*</i>	<i>MR*</i>	<i>OR*</i>	<i>ESG*</i>	<i>M-2</i>	<i>E-1</i>	<i>E-2</i>
Grade I	+		+	+							+	+	
Grade II	+	+	+	+	+	+	+	+	+	+	+	+	+

Note: * Examination modules marked with an asterisk are administered only where the relevant position involves activities in the areas of credit risk, market risk, operational risk, life insurance, non-life insurance, or ESG, as applicable.

Classification of job grades across job categories

№	Job grades	Functions discharged
1	Grade I	<ul style="list-style-type: none">- day-to-day operational tasks and activities, following instructions and established procedures.- collecting, recording, and conducting preliminary analysis of data, and preparing basic reports.
2	Grade II	<ul style="list-style-type: none">- independent analysis, management, and decision-making. organization of operations and oversight of work processes.- team leadership and accountability at the team level; development and management of organization's strategic policies.- allocation of resources and management of large teams and complex processes.- long-term planning and decision-making.- identification and management of the organization's strategic development priorities.- responsibility for the organization-wide implementation of strategic policies.

Annex 2
to the Financial Sector Professional
Certification and Examination Guidelines

Template of the Certificate issued for examination modules

<p>CERTIFICATE No</p>
<p>“ _____ ” _____ 20_____</p>
<hr/> <p>_(<i>Name of the issuing institution</i>)</p>
<hr/> <p>(<i>module name</i>)</p>
<hr/> <p>— (<i>Full name of an individual</i>)</p>
<p><i>Responsible person approving the certificate</i></p>
<hr/> <p>(<i>Full name</i>)</p>
<p><i>Position</i> _____</p>
<p><i>Signature</i> _____</p>