

# Joint-stock investment fund licensing

## Initial appeal (Articles 36-37 of the Law of the Republic of Azerbaijan on Investment Funds (the Law))

### Documents to be submitted at an initial appeal

No	Document name	Note
1	an application on obtaining a joint-stock investment fund license	to be developed as per Form No 1 of the 'Documents submitted for the issuance of licenses and permits to operate in the financial markets, including forms of information on relations between shareholders (participants) and beneficiary owners, as well as on civil impeccability'.
2	a notarized copy of the decision on foundation and the charter approved by founders	
3	information about the joint-stock investment fund manager	
4	information about the joint-stock investment fund depository	to be submitted with the name and address included.
5	information about the external auditor	to be submitted to include the name, the authority issuing the relevant license, the registration number and the date of issue.
6	information about internal control mechanisms	
7	a list of founders, persons to be appointed to management positions, indicating their qualifying holding in that joint-stock investment fund, manager or other legal entities, and information on their civil impeccability (if the founder is a legal entity, heads of its executive bodies), as well as the chief accountant (the person performing these duties) and head and staff of the internal audit service	to be developed as per Forms No 14 and 15 of the 'Documents submitted for the issuance of licenses and permits to operate in the financial markets, including forms of information on relations between shareholders (participants) and beneficiary owners, as well as on civil impeccability'. If the person is a foreigner, a reference whether he/she was brought to criminal liability from the relevant authority of his/her home country legalized and apostilled as per the legislation.
8	notarized documents with the information on education and work experience of persons appointed to managerial positions	
9	relations among shareholders of the joint-stock investment fund or the manager as determined by the Central Bank and information on beneficiary owners of the joint-stock investment fund or the manager, including on their civil impeccability as determined with this Law, where the beneficiary owner is a foreigner, a reference from relevant public authorities of his/her home country where he was brought to criminal liability legalized and apostilled as per the legislation	to be developed as per Forms No 12 and 13 of the 'Documents submitted for the issuance of licenses and permits to operate in the financial markets, including forms of information on relations between shareholders (participants) and beneficiary owners, as well as on civil impeccability'.
10	a notarized document confirming authority of the person authorized to apply on behalf of founders	

11	information and documents on the amount of authorized capital proposed, a share per share owner and the source of funds channeled to the acquisition of the share, qualifying holding of qualifying holding owner founders in other legal entities, as well as qualifying holding of other persons in authorized capital for such a founder that is a legal entity	to be developed as per Forms No 8 and 9 of the 'Documents submitted for the issuance of licenses and permits to operate in the financial markets, including forms of information on relations between shareholders (participants) and beneficiary owners, as well as on civil impeccability'.
<b>Information about legal entity founders</b>		
12	a copy of the state registration document as a legal entity either notarized or approved under Article 9 of the Law of the Republic of Azerbaijan 'on Administrative Proceedings'	
13	a notarized copy of its charter	
14	approved financial statements for recent three financial years, and for the entire period of activity in case of less than 3 years of activity, attached with a relevant external auditor opinion	
15	duly approved copy of the decision of the management body to acquire the intended participation share	
16	copies of available licenses	
17	related party information	to be developed as per Form No 9 of the 'Documents submitted for the issuance of licenses and permits to operate in the financial markets, including forms of information on relations between shareholders (participants) and beneficiary owners, as well as on civil impeccability'.
18	a reference from the relevant regulatory authority confirming compliance with prudential norms (if any) in the field of activity	
<b>Information about individual founders</b>		
19	a copy of the document confirming identity of individual founders, and a reference containing information about the place of employment (if any)	
20	if an individual founder is a foreigner (except for foreigners whose permanent place of residence is the Republic of Azerbaijan) – in addition to the documents specified in Article 36.1.4 of this Law, recommendations at least from two financial institutions of his/her home country	
<b>A business plan covering the following information for at least next 3 years</b>		
21	organizational actions plan and reasoned amount of funds allocated for the purpose	
22	amount of funds specified for the stage of the formation of the fund	
23	information on the office space to be used, information technologies and telecommunication systems, electronic accounting, and other software	
<p>Note 1: In case of possibility to obtain documents or information necessary for initial appeals for licenses for joint-investment fund or investment fund management activities from relevant public authorities (institutions) through the Electronic Government Investment System, those documents or information shall not be required from applicants.</p> <p>Note 2: Documents given to the foreign founder by the relevant public authority of the foreign country related to an initial appeal for the license should be legalized as per international treaties seconded by the Republic of Azerbaijan or apostilled.</p>		
<b>Other initial appeal related information</b>		
<b>Initial appeal review period - 60 calendar days</b>		

**Documents may be submitted either in hard or in soft copy**

**Grounds for the rejection of an initial appeal  
(Article 37.4 of the Law)**

1. the documents specified in Article 36 of this Law have been submitted not in full (considering the requirements of Article 36.1-1 herein), or they are incompliant with the requirements of this Law, as well as the information in the documents are not completed as per Article 37.2 herein, as well as there are facts that the influence of qualifying holding or beneficiary owners on the joint-stock investment fund or the manager may endanger its reliable and prudential management, or the source of initial capital of the joint-stock investment fund or the manager is unknown;
2. the requirements of Articles 34.5 and 40 of this Law are not provided, as well as beneficiary owners are not fit and proper persons;
  - 2-1. financial standing of founders is unsatisfactory;
3. it has been found out that there is a threat to financial stability and solvency, normal operation of the investment fund and the manager during future operations and violation of investors' rights in the business plan.

Note: A final appeal for a license should be submitted within ninety calendar days from the date the Central Bank approves the initial appeal for the license.

**Final appeal  
(Articles 38-39 of the Law of the Republic of Azerbaijan on Investment Funds (the Law))**

**Documents to be submitted at a final appeal**

№	Document name	Note
1	final application with the name, organizational-legal form, location, settlement account number and the name of the relevant bank, the name of the type of activity for which the license is applied for	to be developed as per Form No 2 of the 'Documents submitted for the issuance of licenses and permits to operate in the financial markets, including forms of information on relations between shareholders (participants) and beneficiary owners, as well as on civil impeccability'.
2	a copy of the state registration certificate either notarized or approved in accordance with Article 9 of the Law of the Republic of Azerbaijan 'on Administrative Proceedings'	
3	a notarized copy of the charter	
4	a relevant reference, in case of changes to the information in an initial appeal	to be developed in a free format.
5	information confirming compliance with the requirements of this Law, including copies of relevant documents on education and work experience (in case of changes) of persons appointed to managerial and other positions	
6	a copy of the document confirming the right to use the office space in which it will operate	
7	organizational and management structure of a legal entity, departments and their functions, subordination, reporting rules	Reports of investment funds and the manager shall be submitted in accordance with the requirements of the on the 'Regulations on requirements for reports of investment funds and the manager, as well as their submission and disclosure', and in compliance with the 'Regulations on the requirements for the formation of capital of an investment fund and for the composition, structure, and management of its assets'

8	information on computer and telecommunication systems, electronic accounting, and other software	
9	a document confirming payment of a state duty	a copy of a payment confirmation document is submitted.
10	a copy of the agreement concluded with the manager on management of the joint-stock investment fund	
11	an investment policy of the joint-stock investment fund	
<p>Note: In case of possibility to obtain documents or information necessary for final appeals for licenses for joint-investment fund or investment fund management activities from relevant public authorities (institutions) through the Electronic Government Investment System, those documents or information shall not be required from applicants.</p>		
<b>Other initial appeal related information</b>		
<b>Initial appeal review period - 30 calendar days</b>		
<b>Documents may be submitted either in hard or in soft copy</b>		
<b>Grounds for the rejection of the final appeal (Article 39.5 of the Law)</b>		<ol style="list-style-type: none"> <li>1. the documents specified in Article 38 of this Law have been submitted not full (considering the requirements of Article 38.2-1 of this Law), or they are incompliant with the requirements of this Law, as well as the information in the documents are not completed as offered as per Article 39.2 herein;</li> <li>2. it is revealed that there are incompliances with the requirements of Articles 34.4, 34.5 and 40 of this Law;</li> <li>3. any of the grounds specified in Article 37.4 have been revealed;</li> <li>4. except in cases where the delay in state registration is due to reasons beyond the control of the founders, if the final appeal to the Central Bank is not made within the period (ninety days) specified in Article 37.7 of this Law for issuance of a license.</li> </ol>
<b>Amount of the state fee and legal basis – AZN5500</b>		
The amount of state fee is established in accordance with Article 22.0.29 of the Law of the Republic of Azerbaijan on State Fee.		
<b>Payment of a state fee</b>		For the calculation and payment of state fees, the relevant 'e-notice' is issued by the Central Bank in the 'Electronic Management of State Fees (e-fee)' information system. For this purpose, prior to the application, payers must provide the Central Bank with information regarding the legal entity's name, address, taxpayer identification number (TIN), phone number, email address, and the purpose of the payment. The payment is executed by the Central Bank based on the 'e-notice' presented to the payer in electronic or paper form
<b>Minimum amount of charter capital</b> (Item 2.1 of the 'Regulations on requirements for formation of investment fund capital, composition, structure and management of fund's assets')		<b>AZN500.000 (five hundred thousand)</b>



**Revocation of the joint-stock investment fund license  
(Article 41 of the Law of the Republic of Azerbaijan on Investment Funds (the Law) )**

**Grounds for the revocation of the license issued**

1. the joint-stock investment fund is liquidated based on the decision of the higher management body of the joint-stock investment fund;
2. the joint-stock investment fund is declared bankrupt;
3. erroneous or inaccurate information is revealed in documents submitted when obtaining a license or after the information has been clarified, the cases specified in Articles 37.4 and 39.5 of this Law are determined as grounds for refusing to issue a license;
- 3-1. there are facts that influence of qualifying holding or beneficiary owners on the joint-stock investment fund, or the manager endangers its reliable and prudential management;
4. the joint-stock investment fund fails to start operating within 12 months from the effective date of the license;
5. requirements of the existing legislation are significantly violated by the joint-stock investment fund and the binding instructions of the Central Bank on elimination of those violations are not fulfilled;
6. amount of net assets of the joint-stock investment fund is less than minimum amount of net assets set by the Central Bank;
7. a joint-stock investment fund intentionally submit false or dishonest reports and information to the Central Bank;
8. the joint-stock investment fund performs activities not specified in the license;
9. the investment fund has been reorganized without the consent of the Central Bank;
10. the joint-stock investment fund fails to implement binding instructions by the Central Bank regarding the application of this Law and legal acts regulating the securities market.
11. In case of non-fulfillment of binding instructions of the Central Bank on elimination of violations of the requirements stipulated in the Laws of the Republic of Azerbaijan 'on Prevention of the Legalization of Criminally Obtained Property and the Financing of Terrorism' and 'on Targeted Financial Sanctions' by the joint-stock investment fund , as well as if such violations are repeated more than twice during a year, the license issued for the joint-stock investment fund or investment fund management shall be revoked.