

# Licensing of banks engaged in investment services (operations)

Initial appeal (Article 74-2 of the Law of the Republic of Azerbaijan on the Securities Market (the Law))		
Documents to be submitted at an initial appeal		
No	Document name	Note
1	Application for a license to engage in investment services (operations)	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'.  The application should specify the investment services (operations) to be provided.
2	Business plan	The business plan shall, at a minimum, include the business strategy for the provision of investment services (operations), the types of investment services (operations) envisaged, the organizational structure, and information on information systems and technological infrastructure (including trading platforms, electronic accounting systems, and other software solutions). In addition, it is recommended that the business plan include an analysis of the securities market, a SWOT analysis, detailed information on the investment services planned to be provided, risk management and internal control systems, remuneration processes, disclosure of information, general projections, and other relevant matters.
3	A notification from the competent regulatory authority of the country in which the foreign bank is resident confirming that the foreign bank is authorized to provide investment services (operations) in that country, and a written authorization (where required) permitting the foreign branch to provide investment services (operations)	
Documents confirming compliance with the requirements established by the Central Bank for the provision of investment services (operations)		
4	Investment services (operations) shall be carried out exclusively through a dedicated structural unit (department, division, section, etc.) established specifically for the provision of such services	A copy on the establishment of the structural unit is delivered.
5	Employees providing investment services (operations) shall hold a relevant professional certification, and the head of the respective structural unit shall have at least two (2) years of professional experience in the field of investment services or in investments related to securities and derivative financial instruments	All employees of the bank engaged in the provision of investment services (operations) shall hold the relevant professional certification. Due consideration shall be given to ensuring that the head of the structural unit has at least two (2) years of professional experience in the field of investment services or in investments related to securities and derivative financial instruments. Copies of the employees' professional certificates, as well as a copy of the employment record book of the head of the structural unit, shall be submitted.
6	The institution shall have in place an appropriate strategy, risk management framework, and digital technologies for the provision of investment services to clients.	At the time of the initial appeal, the relevant strategy, risk management framework, and digital technologies shall be established, and documents evidencing their existence shall be submitted.

Note: Documents issued by the competent authority of a foreign country in relation to the foreign bank's initial appeal for a license shall be legalized in accordance with the procedures established by international treaties to which the Republic of Azerbaijan is a party or shall be apostilled

**Other information related to an initial appeal**

**Initial appeal review period - 30 calendar days**

**Documents to be delivered - either in soft or hard copy**

**Grounds for the rejection of an initial appeal  
(Article 74-2.6 of the Law)**

1. the documents specified in Article 74-2.1 are not submitted in full, or inconsistencies with the requirements of this Law are detected, and the errors or deficiencies are not corrected in accordance with Article 74-2.4 of this Law. 2. the provision of investment services (transactions) poses a risk of deterioration of the bank's financial condition or threatens the rights of investors and creditors

Note: From the date the Central Bank provides a favorable decision on the initial license appeal, the final appeal for obtaining the license must be submitted within ninety calendar days.

**Final appeal  
(Article 74-3 of the Law of the Republic of Azerbaijan on the Securities Market (the Law))**

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

№	Document name	Note
1	the final application indicating the type of activity for which the license is requested	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 certificate regarding any changes in the information provided in the initial appeal	developed in free format
3	relevant qualification certificates of its employees for obtaining the license to engage in investment services (transactions)	Copies of the employees' professional qualification certificates are submitted
4	a document confirming the payment of the state fee for investment company activity	A copy of a payment confirmation document is submitted .

**Other information related to the final appeal**

**Final appeal review period - 10 business days**

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

**Grounds for the rejection of the final appeal  
(Article 74-3.5 of the Law)**

1. the documents specified in Article 74-3.1 of this Law are not submitted in full, or inconsistencies with the requirements of this Law are found in them, or the information in the documents is not submitted in full or clarified as required under Article 74-3.3 of this Law;
2. the applicant does not have the required number of employees with qualification certificates as established under Article 43.3-1 of this Law to carry out investment services (transactions);
3. any of the grounds specified in Article 74-2.6 of the Law are detected;
4. the final appeal is not submitted to the Central Bank within the timeframe specified in Article 74-2.9 of this Law.

**Amount of the state fee and legal basis – AZN2,750**

The amount of state fee is established in accordance with Article 22.0.,26 of the Law of the Republic of Azerbaijan on State Fee.

**Payment of a state fee**

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

### License revocation

#### (Article 74-4 of the Law of the Republic of Azerbaijan on the Securities Market (the Law))

##### Grounds for the license revocation

1. there is a request of the bank or the local branch of the foreign bank;
2. the banking license (including the license for investment services (transactions) of the local branch of a foreign bank) is revoked;
3. false or dishonest information is found in the documents submitted during the license appeal, and after verification of this information, grounds for refusal of the license arise as per Articles 74-2.6 and 74-3.5 of this Law;
4. the bank fails to engage in investment services (transactions) within six months from the date the license comes into effect;
5. activity types not provided for in the license are carried out;
6. a repeated binding instruction issued under Article 86.5 of this Law is not complied with within the deadline specified therein.