

‘31’ January 2024

**Regulation
on conducting attestation for the acquisition of qualification certificates to provide
investment services (operations) and investment fund management**

1. General provisions

1.1. This Regulation has been developed in accordance with Article 43.5 of the Law of the Republic of Azerbaijan ‘on the Securities Market’ (hereinafter – the Law) and Article 48.1.6 of the Law of the Republic of Azerbaijan ‘on Investment Funds’ and determines the procedure for the attestation at the Central Bank of the Republic of Azerbaijan (hereinafter - the Central Bank) of persons applying to engage in investment services (operations) and investment fund management, as well as the procedure for issuing and revoking qualification certificates.

1.2. The attestation of knowledge and skills of individuals seeking to provide investment services (operations) in the securities market and manage investment funds is held to identify compliance with the requirements on investment services (operations) specified in Articles 30.3 and 30.4.1 of the Law and investment fund management specified in Article 24 of the Law of the Republic of Azerbaijan ‘on Investment Funds’ respectively.

1.3. According to the Law of the Republic of Azerbaijan ‘on Investment funds’, persons engaged in investment fund management should obtain a qualification certificate provided for in sub-item 2.1.2 of this Regulation.

2. Types of qualification certificates

2.1. The following types of qualification certificates are issued to conduct investment services (operations) according to this Regulation:

2.1.1. Type A:

2.1.1.1. receiving and executing customer orders related to transactions with securities or derivative financial instruments.

2.1.1.2. placement and underwriting of securities without commitment.

2.1.1.3. placement and underwriting of securities with commitment.

2.1.1.4. conducting operations with securities or derivative financial instruments at own expense as a member of a central depository or a stock exchange.

2.1.1.5. margin trading.

2.1.1.6. management of client's securities accounts, including transactions related to the encumbrance of securities or derivative financial instruments with commitments, custody of client's securities as the central depository member.

2.1.2. Type B:

2.1.2.1. management of portfolios of individual investors

2.1.3. Type C:

2.1.3.1. provision of investment consultations.

3. Attestation programs

3.1. The attestation program for the Type A qualification certificate (set of test questions for attestation) includes the following:

3.1.1. regulations on the following areas:

3.1.1.1. the securities market.

3.1.1.2. prevention of the legalization of criminally obtained property and the terrorist financing, targeted financial sanctions.

3.1.1.3. investment funds and their activities.

3.1.2. theoretical knowledge on:

3.1.2.1. the economic theory.

3.1.2.2. analysis of financial statements.

3.1.2.3. financial tools.

3.1.2.4. risk management.

3.1.2.5. financial mathematics.

3.2. The attestation program for the Type B qualification certificate includes the following:

3.2.1. regulations specified in sib-item 3.1.1 of this Regulation.

3.2.2. theoretical knowledge on:

3.2.2.1. the economic theory.

3.2.2.2. corporate finance.

3.2.2.3. portfolio management and related strategies.

3.2.2.4. financial tools.

3.2.2.5. alternative investments.

3.2.2.6. yield assessment.

3.2.2.7. analysis of financial statements.

3.2.2.8. risk management.

3.2.2.9. financial mathematics.

3.3. The attestation program for the Type C qualification certificate includes the following:

3.3.1. regulations specified in sib-item 3.1.1 of this Regulation.

3.3.2. theoretical knowledge on:

3.3.2.1. the economic theory.

3.3.2.2. analysis of financial statements.

3.3.2.3. investment planning.

3.3.2.4. financial instruments.

3.3.2.5. risk management.

3.3.2.6. financial mathematics.

3.4. In cases where the candidate has successfully completed relevant programs (at any level) organized by the following organizations, he/she is exempted from questions on the fields mentioned in sub-items 3.1.2, 3.2.2 and 3.3.2 of this Regulation:

3.4.1. The 'Chartered Financial Analyst' (CFA) program of the USA CFA Institute.

3.4.2. The 'Financial Risk Manager' (FRM) program of the US Global Association of Risk Professionals.

4. Attestation-related general requirements

4.1. Individuals willing to be certified submit the following documents to the Central Bank:

4.1.1. an application on the certification.

4.1.2. a questionnaire filled in by the candidate (Annex 1).

4.1.3. a copy of the candidate's education certificate.

4.1.4. A document confirming the successful completion of the program(s) specified in Item 3.4 of this Regulation (if any).

4.2. If there are no errors or deficiencies in submitted documents, the attestation is organized by the authorized structural unit of the Central Bank within 30 (thirty) calendar days after the appeal. The Central Bank informs the candidate about the place and date of attestation at least 3 (three) working days before the attestation.

4.3. If errors or deficiencies are found in the documents submitted for attestation, the candidate is informed by the Central Bank within 5 (five) working days to eliminate the errors or deficiencies.

4.4. The attestation is conducted by the automated test examination method.

4.5. The preparation and expertise of test tasks is conducted by the Central Bank and/or individuals and/or legal entities involved on a contractual basis, and the examined test tasks are included in the test bank of the Central Bank.

4.6. Taking into account Item 4.7 of this Regulation, the test tasks for obtaining a qualification certificate consist of 75 (seventy-five) questions, and the candidate is allowed 2 (two) hours to complete test tasks for each type.

4.7. In the cases specified in Item 3.4 of this Regulation, the candidate is provided with test tasks consisting of 35 (thirty-five) questions and is allowed 1 (one) hour to complete the test tasks for each type of qualification certificate.

4.8. Each test task has 4 (four) answer options, only one of which is correct.

4.9. The answers to the attestation questions are evaluated as follows:

4.9.1. correct answer – 3 (three) scores

4.9.2. wrong answer – 1 (minus one) score

4.9.3. not answered – 0 (zero) score.

4.10. During the exam, it is prohibited to use written, electronic or any other informational materials, as well as engage in conversation with other individuals about the content of the test tasks. Exam results of the candidate who fails to comply with this requirement will be canceled.

4.11. The results of the attestation are immediately presented to the candidate as an extract from the automated system.

4.12. In the cases specified in Item 3.4 of this Regulation, the candidate who has scored 79 points on attestation, and 169 points in other cases, is considered to have successfully passed the attestation.

4.13. If the candidate fails to come to the attestation for a valid reason, information about this is submitted to the Central Bank before the attestation or within 2 (two) working days from the time of the attestation. Based on the provided information, the Central Bank sets a time of the attestation within 7 (seven) working days and informs the candidate about it at least 3 (three) working days before the attestation.

4.14. For the purposes of Item 4.13 of this Regulation, a valid reason means the candidate's health, as well as other circumstances that occur beyond his/her will and prevent his/her participation in the attestation.

4.15. The result of the attestation can be appealed within 7 (seven) working days. The complaint is reviewed by an authorized person of the Central Bank within 15 (fifteen) working days and a corresponding decision is made. The candidate is informed about the decision made within 2 (two) working days. The candidate can appeal this decision to the court.

4.16. The candidate who fails to successfully pass the attestation can apply again 3 (three) months after the day of attestation, and a candidate who fails to come to the attestation without a good reason can apply again to pass the attestation 4 (four) months after the day of attestation.

5. The issuance and validity period of the qualification certificate

5.1. The individual who completes the attestation receives a relevant qualification certificate within 5 (five) working days (Annex 2).

5.2. The qualification certificate is issued indefinitely.

5.3. The Central Bank maintains the accounting of qualification certificates.

5.4. When an investment company, a branch of a foreign investment company, a bank and a local branch of a foreign bank engaged in investment services (operations), and an investment fund manager concludes and terminates an employment agreement with the person holding a qualification certificate, it should report to the Central Bank within 7 (seven) working days.

5.5. The qualification certificate is deemed invalid if, within three (3) years of obtaining the qualification certificate, the individual fails to sign an employment agreement either within the timeframe of receiving the certificate or subsequent to the termination of their employment agreement with the relevant investment company, foreign investment company branch, bank or local branch of the foreign bank engaged in investment services (operations), or investment fund manager (on Type C qualification certificate within 2 (two) years).

6. Revocation of the qualification certificate

6.1. The qualification certificate issued by the Central Bank is revoked if:

6.1.1. the certificate is obtained by providing false or distorted information.

6.1.2. the qualification certificate holder commits abuses defined by Article 78 of the Law.

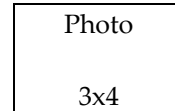
6.2. The Central Bank takes a decision on revocation of the qualification certificate according to the Law of the Republic of Azerbaijan 'on Administrative Proceedings'.

7. Transitional provisions

7.1. The qualification certificates of persons holding A1 or A2 type or B1 or B2 qualification certificates remain valid for a period of six months from the date of entry into force of this Regulation until this Regulation takes effect, and if they fail to apply to obtain a type A or type B qualification certificate specified in this Regulation within that period, the corresponding qualification certificate is deemed invalid.

7.2. All information provided for in this Regulation is provided to the applicant in writing (in hard or soft copy) through notification.

Annex 1
to the 'Regulation on holding attestation for
the acquisition of qualification certificates
to conduct investment services (operations)
and investment fund management'



QUESTIONNAIRE

Information on individuals		
Last name		
First name		
Middle name		
Date of birth: <i>(day, month, year)</i>		
Place of birth: <i>(country, city, district)</i>		
Gender:	<input type="checkbox"/> Male	<input type="checkbox"/> Female
Citizenship		
Information about the identity document		
For citizens of the Republic of Azerbaijan	Personal identification number (if not any, the type and number of identity document):	
For stateless persons	The number of the ID card issued to stateless persons permanently residing in the Republic of Azerbaijan, or the number of the temporary or permanent residence permit in the Republic of Azerbaijan:	Expiry date:
For foreigners	The passport number or the number of the temporary or permanent residence permit in the Republic of Azerbaijan or the number of another border crossing document arising from international treaties seconded by the Republic of Azerbaijan:	Expiry date:
	Issuing country:	
	Duration of stay in the Republic of Azerbaijan (start and end):	
	Do you have a work permit to work in the Republic of Azerbaijan? <input type="checkbox"/> No <input type="checkbox"/> Yes	
Contact facilities		
Registration address (specify city, district, house, street):		
Actual address (if		

different from the registration address):				
E-mail address:				
Contact numbers	GSM:			
	Home:			
	Work:			
Education				
Name of the educational institution	Qualification	Completion date	Higher education level (bachelor, master, PhD)	
Work experience				
Start date	End date	Employer name	Type of activity	Position
Information on the applicant				
Who is applying for the qualification certificate:	<input type="checkbox"/> Individual <input type="checkbox"/> Legal entity			
Type of applicant's qualification certificate				
Type:				
<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C	Have you applied for a qualification certificate in the Republic of Azerbaijan up to this date? <input type="checkbox"/> Yes <input type="checkbox"/> No	The result of the attestation for obtaining a qualification certificate: <input type="checkbox"/> not completed <input type="checkbox"/> completed <hr/> <i>(Specify the date and the number of qualification certificate)</i>		
I, the below signed, hereby declare that I have not been found culpable for insider trading or any other offenses pertaining to misconduct in the securities market, I have not been subject to legal restrictions barring me from holding a specific position in the securities market or engaging in professional activities, as decreed by a court. I verify the correctness of the information provided in this questionnaire. Moreover, I commit to promptly notifying the Central Bank of any modifications to the data furnished herein.				
Name:	Signature:		Date:	

Annex 2
to the 'Regulation on holding attestation for
the acquisition of qualification certificates
to conduct investment services (operations)
and investment fund management'

QUALIFICATION CERTIFICATE

№ _____

(Last, first, middle names of the individual to whom the qualification certificate was issued)

(PIN, if applicable; otherwise, specify the type and number of ID card)

(The type of qualification certificate issued for engaging in the provision of investment services or investment fund management)

Date of issue of the qualification certificate: _____

(Position, first and last names of the authorized person)

(signature)

M.Y.