

Regulation on opening, maintaining, and closing banks accounts

1. General provisions

1.1. This Regulation has been developed according to the Civil Code of the Republic of Azerbaijan and other normative acts of legal nature based on Article 36.2 of the 'Law of the Republic of Azerbaijan on Banks' and determines procedures for opening, maintaining, and closing bank accounts in banks and local branches of foreign banks operating in the Republic of Azerbaijan (hereinafter – the bank).

1.2. This Regulation does not apply to opening foreign currency accounts by residents outside the Republic of Azerbaijan, as well as the procedure on maintaining foreign currency operations by residents and national and foreign currency operations of non-residents.

1.3. The procedure for opening, maintaining, and suspending special election accounts is determined by the Central Election Committee of the Republic of Azerbaijan.

1.4. Banks open correspondent accounts in the national currency domestically only with the Central Bank of the Republic of Azerbaijan (hereinafter – the Central Bank).

1.5. According to the requirement of the Law of the Republic of Azerbaijan 'on Budget system', a written permit of the State Treasury Agency under the Ministry of Finance of the Republic of Azerbaijan is required for opening bank accounts for budget organizations (organizations directly financed from the state budget and the budget of the Nakhchivan Autonomous Republic).

1.6. According to the Laws of the Republic of Azerbaijan 'on Grant', 'on Political parties' and 'on Non-governmental organizations (public unions and funds)', bank operations related to grant agreements on residents' bank accounts in the national currency, and to donations accepted by *political parties*, non-governmental organizations are maintained only upon submission of a document confirming the registration of the agreement (decision) on granting or receiving grants or providing information on donations. Requirements for banking operations related to grant agreements (decisions) also apply to sub-grants and additional agreements on grant agreements (decisions), as well as changes to the term, purpose and amount of agreements (decisions).

1.7. *The definitions 'resident' and 'non-resident' used in this Regulation bear the meanings specified in the Law on 'Currency regulation', 'beneficial owner', 'foreign legal arrangement', 'customer' and 'business relations' those specified in the Law 'on Prevention of legalization of criminally obtained property and the financing of terrorism', 'electronic signature' and 'enhanced electronic signature' those specified in the Law 'on Electronic signature and electronic documents.'*

1.8. *The Bank may modify the format of the documents specified in this Regulation, provided that the content and details remain unchanged.*

2. Types of bank accounts

2.1. Bank accounts are divided into the following types:

2.1.1. current accounts.

2.1.2. current sub-accounts.

2.1.3. deposit accounts.

2.1.4. correspondent accounts.

2.2. Current accounts are opened for the following purposes:

2.2.1. maintenance of bank operations of public institutions, municipalities, legal entities, including legal entities under public law, their branches and representative offices, international organizations, diplomatic and other official representative offices, family farms, landowners who use own lands suitable for agriculture and unincorporated individuals (hereinafter – private entrepreneur), private notaries in connection with their financial and economic activities.

2.2.2. for individuals – receive and debit funds to their accounts, transfer and paying funds from their accounts, as well as execution of orders on conducting other operations on the account.

2.2.3. for primary Trade Union organizations for the purposes defined in the law and their charters.

2.2.4. *for a foreign legal arrangement, the fulfillment of the duties stipulated in the legislation and founding documents of the foreign state where it was established.*

2.3. Current sub-accounts are opened for structural units of legal entities that do not have the status of branches and representative offices and are located outside their location. Funds transferred to these accounts are transferred to the current account of the legal entity within the period specified in the bank account agreement, except for the payment of salaries and other obligatory salary transfers of the staff of those structural units, as well as utility payments providing activities of those institutions.

2.4. Current accounts include temporary and special current accounts.

2.5. Temporary current accounts are opened for legal entities for payment of their authorized, share capital, as well as property shares until state registration, as well as for maintenance of funds representing the value of investment securities in public offering.

2.6. Special current accounts are opened for the following purposes:

2.6.1. a current account of budget organizations – conduction of operations specified in the permit issued as per Item 1.5 herein.

2.6.2. deposit accounts of courts, executive authorities, customs authorities, public institutions conducting criminal prosecution, as well as other public authorities in the cases stipulated by the legislation – for banking operations stipulated in the legislation.

2.6.3. a notary deposit account – for state and private notaries for receipt, maintaining and other operations involving funds and *physical* securities from legal entities and individuals as provided by the applicable laws.

2.6.4. guarantee cash accounts - for private notaries to collect and use funds designated by the law to guarantee the responsibility of private notaries before their customers.

2.6.5. insurance bank account - collection and use of funds provided by law to guarantee responsibility of lawyers before protected or represented persons.

2.6.6. special account of a person willing to obtain a license for foreign exchange activities - pledge and depositing of funds provided by law during the license term (these deposits may not be used as collateral for other transactions).

2.6.7. special election account – for the purposes defined by the Election Code of the Republic of Azerbaijan.

2.6.8. *current account related to the issuance of electronic money and the execution of payment transactions with electronic money – provision of the payment service specified in Article 3.1.5 of the Law of the Republic of Azerbaijan ‘On Payment Services and Payment Systems’ by an electronic money institution.*

2.6.9. *current account for the provision of other payment services not related to the issuance of electronic money and the execution of payment transactions with electronic money – provision of the payment services specified in Articles 3.1.1 to 3.1.4 of the Law of the Republic of Azerbaijan ‘on Payment Services and Payment Systems’ by a payment institution and an electronic money institution.*

2.7. Banks grant loans to customers only through the customer’s existing account or the current account opened for the purpose. Loans issued for an entrepreneurial activity are transferred to customers' bank accounts opened only as taxpayers.

2.8. Savings accounts are accounts opened under a bank deposit agreement to attract customers' funds to deposits and conduct relevant operations.

2.9. Correspondent accounts are accounts opened for local and foreign banks for conducting banking operations by banks themselves and their customers.

2.10. A current account is opened with the Central Bank for liquidation works, in case of voluntary liquidation of the bank at the request of the liquidation committee, within the procedure of compulsory liquidation or bankruptcy appointed at the request of the liquidator appointed by the court, funds in bank's correspondent and other accounts are transferred to that account.

3. The ‘know your customer’ principle

~~3.1. Banks should have internal rules in place compliant with the ‘Know Your Customer’ principle (hereinafter – internal rules) for opening, maintaining, and closing bank accounts. Internal rules are developed in line with the AML/CTF Law, the present Regulation, other legal acts and the risk management system of the bank and are approved by the Supervisory Board of the bank.~~

~~3.2. Internal rules address at least the following:~~

~~3.2.1. procedures for identification and verification of a customer and a beneficiary owner.~~

~~3.2.2. decision-making procedures for establishing business relations with customers.~~

~~3.2.3. identification of customers’ risk levels and categorizing them according to the level of risk.~~

~~3.2.4. for continuous monitoring of customers' bank accounts and operations in accordance with the risk category.~~

~~3.2.5. management of money laundering and terrorist financing risks.~~

~~3.3. Depending on a customer's risk category the bank monitors bank accounts and operations on an ongoing basis and sets procedures and mechanisms that determine whether the operations are unusual and suspicious.~~

~~3.4. The bank clearly allocates authorities across all management levels to manage risks on opening, maintaining and closing bank accounts.~~

~~3.5. Internal rules may set operating limits for remote account opening and (or) remote bank account operations.~~

~~3.6. When developing internal rules, the bank should be guided by provision of professional and ethical norms, avoiding conflicts of interest and illegal activities and should not restrict access to financial services unreasonably.~~

~~3.7. When a bank account is opened in the name of two or more individuals (joint account), the 'know your customer' principle established herein and other requirements for the customer apply to the owners of that account separately.~~

4. Opening, documentation of bank accounts, sample signature and stamp sheets

4.1. The bank conducts customer due diligence (CDD) before account opening. Information is obtained from the person applied for account opening in accordance with Part 2 of the 'Regulation on verification measures, identification of risk factors, and classification of customer profiles into risk groups during customer due diligence and the implementation of new technologies' (CDD regulation) adopted according to the Law of the Republic of Azerbaijan 'on Prevention of the legalization of criminally obtained property and the financing of terrorism' (hereinafter – the AML/CFT Law). When a bank account is opened in the name of two or more individuals (a joint account), CDD is applied separately for each of those account holders.

4.2. The information obtained from the customer is verified based on the documents listed in Annex 2 to this Regulation, other documents required in accordance with Part 6 of the CDD Regulation, and the international agreements to which the Republic of Azerbaijan is a party. The information and documents obtained as part of CDD measures are kept by the bank for the period specified in Article 6 of the AML/CFT Law. Information and documents obtained in electronic form may be stored electronically at the bank without being transferred to paper format.

4.2-1. In accordance with the requirements of Article 35 of the Tax Code of the Republic of Azerbaijan, the information required for the registration of accounts opened for taxpayers (excluding accounts opened for non-residents not related to entrepreneurial activity) in the tax authority, using the form approved by the Ministry of Economy of the Republic of Azerbaijan, should be sent electronically by the bank to the tax authority within 1 (one) working day from the date the account is opened. Until a registration notification is received from the tax authority confirming the registration of the opened account, it is prohibited to conduct debit transactions on the account.

4.3. Where there is integration to public information systems, the bank gets from those information systems required documents and information for bank account opening, including the documents to be notarized.

4.4. Simplified and enhanced CDD measures are conducted in accordance with the requirements of the AML/CFT Law and the CDD regulation.

~~4.5. Prior to opening a bank account for a new customer, who is an individual or a private entrepreneur, it should be determined whether he/she or his/her authorized representative has one or more of the following indications:~~

~~4.5.1. availability of the cases specified in Article 7.2.1 of the AML/CTF Law.~~

~~4.5.2. conduction of operations specified in Article 7.2.2 of the AML/CTF.~~

~~4.5.3. match to the list of persons to be sanctioned specified in Article 7.3 1 of the AML/CTF Law.~~

~~4.5.4. is in the high risk category set within the bank's internal control system.~~

~~4.5.5. public figure of foreign states.~~

~~4.6. where a new authorized representative of an individual or a private entrepreneur applies for bank account opening, it is determined whether the account holder and that authorized representative has one or more of the indications as per Item 4.5 herein.~~

~~4.7. Prior to opening a bank account for a new customer legal entity (its branch of representative office) (except for legal entities 100% of shares of which are owned by the state, public legal entities, international organizations, diplomatic and other official missions) it should be identified whether it has one or some of the indications specified in Item 4.5 herein. This requirement also applies to the authorized representative who opens an account for a legal entity, beneficiary owners of the legal entity, the head (s) of the management body (s) of the legal entity and the persons authorized to dispose of the legal entity's bank accounts.~~

~~4.8. A new customer legal entity applying for a bank account is identified and verified until full assurance that its beneficiary owners that are individuals have been identified. For this, measures are taken in the following sequence:~~

~~4.8.1. individuals with qualifying holding in a legal entity are identified, if any, accuracy of the information is verified through reliable and independent sources, copied and stored.~~

~~4.8.2. if there are suspicions about individuals with qualifying holding, specified in sub-item 4.8.1 herein, being beneficiary owners of the legal entity or there are no individuals exercising control over the legal entity with the participation share in the legal entity, individuals exercising control over the legal entity on a contractual or another basis are identified, accuracy of the information is verified through reliable and independent sources, copied and stored.~~

~~4.8.3. if the persons specified in sub-items 4.8.1 and 4.8.2 herein are not identified, the individual who manages the executive body of that legal entity is identified.~~

~~4.9. A bank account is formalized by concluding a bank account agreement between the customer or his/her authorized representative and the bank on paper or electronically. The bank account agreement should be clear and legible. The bank should provide a copy of the bank account agreement concluded electronically at the request of the customer on paper free of charge.~~

~~4.10. The number of the bank account opened for the customer is determined according to the IBAN structure (International Bank Account Number) as per Annex 7 herein and delivered to the customer by the bank.~~

~~4.11. With the consent of the parties, the bank account agreement is changed, or a new agreement is concluded when:~~

4.11.1. name and/or subordination of a public authority (institution) or municipality changes.

4.11.2. name and/or organizational /legal form of the legal entity changes.

4.11.3. name and/or subordination of the branch and representative office, or another separate unit, and (or) organizational-legal form of the legal entity it is subordinated to changes.

4.11.4. individual's (private entrepreneur's) first, middle or last names change.

4.12. Changes provided for in Item 4.11 herein are made based on relevant confirmation (identification) documents, in this case the customer is not required to change the account number opened, ~~as well as provide a new duplicate certificate.~~

4.12-1 In accordance with the requirements of Article 35 of the Tax Code of the Republic of Azerbaijan, when accounts belonging to taxpayers are transferred between the bank itself, its branches, or structural divisions, the information about transferred accounts, in the form determined by the Ministry of Economy of the Republic of Azerbaijan, should be sent electronically by the bank to the tax authority within 1 (one) working day from the date the account is transferred.

4.13. The requirements for the development of sample signature and seal (sample signature in respect to individuals and private entrepreneurs), the form of which is defined in Annex 5 herein, are as follows:

4.13.1. A sample signature and seal sheet of a public institution (body), municipality, international organization, diplomatic and other official missions, legal entity, including public legal entity, their branches and representative offices, as well as the first trade union organization are notarized or if specified by internal rules of the bank approved by the authorized person of the bank (the right to dispose of the bank account is exercised by heads of those organizations and (or) authorized persons, and if the right to dispose of the bank account belongs to one person, it is noted on the sheet).

4.13.2. A sample signature sheet of an individual, private entrepreneur, private notary, family farm, landowner using agricultural land, as well as an authorized person of a legal entity opening a temporary current account are approved by the bank's authorized person (except for a private notary, in case of doubt about legal entity's reliability and ability, the bank requires notarization of the signature sheet).

4.13.3. If the signature and stamp sample sheet imply signatures of two or more persons entitled to sign, the order of use of signatures is indicated on that sheet (when signatures are formalized as the first and second signature rights, the account can be disposed of if at least one of the persons entitled to the first and second signatures sign).

4.13.4. The sheet includes an image of the customer's stamp and at that, seals and stamps like 'for staff', 'for entry', 'for references' and similar purposes may not be used.

4.13.5. If the customer does not have a stamp, a relevant note is made on the sheet. In case of temporary absence of the stamp (change in the name, subordination of the customer, loss, or obsolescence of the stamp), the order of formalization of bank documents is determined by a written agreement between the bank and the customer.

4.13.6. When a customer, who is an individual, private entrepreneur, family farm or a landowner using agricultural land owned by him/her delegates the right to dispose of the bank account to another person too, a note is made on the sheet whether they will exercise this right separately, or jointly.

4.13.7. When opening a joint account ~~in accordance with Item 3.7 herein~~, a note is made on the signature sample sheet reflecting the procedure for exercising the right of joint account holders to dispose of the account.

4.13.8. if the customer, *specified in sub-item 4.13.6 of this Regulation* delegates the right to dispose of the account to another person throughout the lifetime of the account, signatures of those persons are certified by the bank on the signature sheet based on a notarized power of attorney or the customer's application.

4.14. A new signature and stamp sample sheet is delivered, if the persons with the right to sign in the signature and stamp sample sheet change or the number of persons with the right to sign increases (decreases), or the stamp in the sheet changes, a new signature and stamp sample sheet is delivered. In this case, the invalid sheet is kept in the bank account file.

4.15. If it is not possible to replace the signature and seal sample sheets with new ones in case of partial replacement or increase in the number of persons entitled to sign, signatures of the persons entitled to dispose of the account may be confirmed on additional signature and seal sample sheets, provided that relevant note is made on the sheet in accordance with the requirements of sub-item 4.13.3. herein.

4.16. If it is not possible to develop a new signature and seal sample sheet when the number of persons entitled to sign on the sample signature and seal sample sheet decreases, the authorized person of the account holder applies to the bank in writing and the bank's authorized person makes relevant notes on the signature and seal sample sheet. If the validity of the application creates suspicions, the bank requires the account holder to submit a new notarized signature and stamp sample sheet.

4.17. Sample of signatures and seals of customers are approved by the bank's authorized person. In this case, the identity of the signatories is determined, their authority and authenticity of their signatures are checked. The authenticity of the signature is confirmed by the personal presence of the signature holder (s). In this case, a sample sheet of signatures and seals is drawn up in the number specified by the bank.

4.18. Sample notarized signature and seal sheets are submitted to the bank in two copies.

4.19. When required for operations, copies of the signature and stamp sample sheets are submitted to the operating units electronically with the approval of the bank's authorized person in accordance with Item 4.17 herein and placed on paper or in the bank's automated operating system.

4.20. In the cases provided for in Item 4.11 herein, the signature and seal sample sheets are changed accordingly, or a new signature and seal sample sheet is submitted. In this case, if the customer's seal changes, a new signature and seal sample sheet is drawn up in accordance with Item 4.14 herein.

4.21. When the right to open and dispose of a bank account is given to the authorized representative based on a power of attorney, the signature of the authorized representative is confirmed on the sample signature sheet, and confirmation of the signature holder's sample signature is required when he/she disposes of the account.

4.22. When opening a remote bank account as per Part 5 herein, a sample signature and stamp sheet is not required. If a customer who has opened a bank account remotely

orders to conduct operations on that bank account on paper, a sample sheet of signature and seal should be submitted in accordance with the requirements herein.

4.23. *When opening an account related to assets and/or liabilities that are transferred (assigned/sold) in accordance with the procedure established by the Law of the Republic of Azerbaijan 'on Banks,' the person accepting such assets and/or liabilities may rely on the CDD measures previously carried out by the reporting entity, as well as the documents obtained in accordance with this Regulation. In such cases, the information and documents specified in Part 4 herein may not be required from the customer.*

5. Remote account opening

5.1. The bank may open a bank account remotely in accordance with the requirements herein. Opening a bank account remotely involves opening a bank account without the joint physical presence of the customer and the bank employee by *electronic means*.

5.2. Customers are not allowed to open a bank account through an authorized representative (except for a legal representative of a legal entity), as well as non-resident legal entities remotely.

5.3. Remote bank account can be opened only if the bank obtains all the documents required by these Regulations from public information systems.

5.4. When the bank sets limits on remote bank accounts ~~in accordance with Item 3.5 herein~~, these limits should be observed at the time of account opening.

5.5. Remote bank account opening for a new customer, as well as registration of documents on account opening is conducted as follows:

5.5.1. with advanced electronic signatures (AESs) and video calls for resident legal entities and private entrepreneurs, as well as non-resident individuals.

5.5.2. *for resident individuals:*

5.5.2.1. *by means of an AES and video call, or by means of strong customer authentication (SCA) and video call.*

5.5.2.2. *by means of an AES and video recording (for bank accounts to be opened for the purpose of conducting deposit transactions of up to AZN1,000 (one thousand) or its equivalent in foreign currency within one calendar month).*

5.5-1. *To carry out a deposit transaction exceeding the limit specified in sub-item 5.5.2.2 herein, a video call should be conducted for the respective account.*

5.6. *For customers who already have a bank account, the remote opening of a new bank account with the same bank, including the formalization of documents related to the account opening is carried out as follows:*

5.6.1. *the AES for resident legal entities and private entrepreneurs, as well as for non-resident individuals.*

5.6.2. *with SCA by applying either an AES or video recording for the following resident individuals:*

5.6.2.1. *a customer who opened his/her first account physically (by visiting the bank's administrative building).*

5.6.2.2. *a customer who opened a bank account as per sub-item 5.5.2.1 herein.*

5.6.2.3. *a customer who removed the limit specified in sub-item 5.5.2.2 herein.*

5.6.2.4. *a customer who opened an account as per sub-item 5.5.2.2 herein and wishes to open another account within the remaining deposit transaction limit for that account.*

5.6.3. *For resident individuals who opened an account as per sub-item 5.5.2.2 herein and wish to open another account with no limit on deposit transactions, AES, and video call, or SCA and video calls.*

5.6-1. *If the bank finds the account opening, as specified in sub-items 5.5.2.2, 5.6.1, and 5.6.2 herein, risky, it may replace the video recording method with a video call. Additionally, when the account is opened solely with an AES, the bank may apply the video recording or video call method as an additional measure.*

5.7. A strong customer authentication (SCA) is defined as the authentication, developed to protect confidentiality of authentication information, that is based upon the use of two or more independent elements 'known' to only (password, pin code, set of questions etc.), 'owned' by (mobile phone application, OTP, TOTP, e-signature, token, etc.) or 'belonging' to (face, voice recognition, fingerprint etc.) to the customer or the individual who wants to become a customer (perfect identification of a person). The independence of the elements means that the capture of one element does not compromise the security of another element.

5.8. Requirements for video identification (video call and video recording) for opening bank accounts remotely are regulated by Annex 6 herein.

5.9. To open a remote bank account, the requirements of these Regulations should be observed, and the documents specified in Part 4 herein be obtained.

5.10. *The information system used by the bank for remote bank opening should meet the legislative requirements.*

5.11 All terms of the remote bank account agreement are provided to the customer in a form that can be read by the customer through the relevant Internet resource or mobile application, and the customer's consent to the text is provided. The bank account agreement concluded remotely is confirmed by the bank with an AES.

5.12. The Bank ensures that the remotely concluded bank account agreement is submitted to the customer on paper or other durable medium (any means that allows the information to be stored for a period in accordance with its purposes and the stored information can be reflected without change).

5.13. The written conclusion and signature requirement of the bank account agreement and other documents required for opening the account by the individual are considered fulfilled by confirming the agreement in writing by means of strengthened customer authentication.

6. Ongoing control over bank accounts and operations on accounts

6.1. *Ongoing control over bank accounts and operations is exercised in accordance with the requirements of the AML/CFT Law and the CDD regulations through ongoing application of CDD. The bank ensures ongoing control over the accounts and operations of a customer with whom it has a correspondent relationship (as a respondent bank) in accordance with the requirements of Part 8 of this Regulation.*

6.2. If, as a result of the continuous use of the measures specified in Item 6.1 of this Regulation, inconsistencies are identified, within 5 (five) working days, the customer or

his/her authorized representative is required to provide information explaining their reasons and documents confirming them, as well as information on *ECDD measures*, in writing (confirmed by a physical signature, strong customer authentication, or strengthened electronic signature) within 30 (thirty) calendar days.

~~6.3. The bank checks reliability of documents and information provided by the customer (respondent bank) to which supplies banking services, their compliance with the essence of transactions through bank accounts at intervals determined by the bank's internal rules, but no less than once a year, depending on the customer's risk category, whether there is incompliance, re-obtains the documents and information provided for in Items 8.3-8.4 herein.~~

6.4. As part of its ongoing monitoring, the Bank takes measures in accordance with the *AML/CFT Law* concerning accounts and transactions that are *complex, unusually large*, suspicious, or clearly lacking an economic or lawful purpose.

7. Rejection to open bank accounts, suspension of operations, freezing of funds in bank accounts and closing of bank accounts

7.1. Account opening is rejected if:

7.1.1. *it is impossible to apply CDD*, including documents required for account opening are not submitted in full, the submitted documents or information contain inaccurate, distorted, or contradictory information.

7.1.2. identification information on the customer, his/her authorized representative or beneficial owner *is in the list of individuals and entities to be sanctioned in accordance with the law of the Republic of Azerbaijan 'on Targeted financial sanctions.'*

7.1.3. in the cases specified in Article 956.3 of the Civil Code of the Republic of Azerbaijan.

7.2. In case of refusal to open a bank account, the bank, at the request of the customer or his authorized representative, informs them in writing (electronically or on paper) about the reasons for refusing to open an account, except as provided by law. In case of refusal to open a bank account, the information obtained by the bank may be stored in the bank.

7.3. Termination of the bank account agreement is the basis for closing the customer account. The bank closes customer's account in the following cases:

7.3.1. at the request of a customer or his/her authorized representative.

7.3.2. if the State Treasury Agency under the Ministry of Finance of the Republic of Azerbaijan revokes the permit for opening a bank account for budget organizations.

7.3.3. *it is impossible to continuously apply CDD measures.*

~~7.3.4. if the requirements on identification and verification of the customer and beneficiary owners cannot be met, there are suspicions on accuracy of the information previously delivered on the customer and beneficiary owner, as well as it is impossible to obtain information on the nature and purpose of customer's business relations.~~

7.3.5. in other cases, specified in the bank account agreement.

7.4. Bank accounts are closed by a court decision in the cases specified in Article 969 of the Civil Code of the Republic of Azerbaijan, except for the cases provided for in Item 7.3 herein, unless otherwise provided by the bank account agreement.

7.5. When a bank account agreement is terminated, a legal regime of the balance of funds in the account is regulated with the Civil Code of the Republic of Azerbaijan. If the customer does not withdraw balance of funds in the account or the bank is not informed about the new account, the funds should be transferred to, the funds are transferred to the account where closed accounts of the relevant customer category are accounted and the customer is notified accordingly in writing (electronically or on a paper carrier).

7.6. The legal regime of the balance of funds in bank accounts of died or missing individuals is regulated by the Civil Code of the Republic of Azerbaijan.

7.7. When a bank account *owned by a taxpayer* is closed, related information is sent to a tax authority within 1 (*one*) working day.

7.8. When bank account is closed, all documents related to documentation of the account are kept at the bank within the period specified in the legislation.

7.9. Accounts of banks are closed in the following cases:

7.9.1. at the request of the bank.

7.9.2. a banking license is revoked, upon written appeal of the Central Bank.

7.10. Restrictions on issuance of orders to customers' bank accounts, as well as suspension, freezing of account operations and the notification of customers in this regard are regulated by law.

8. *Opening and closing correspondent accounts of foreign banks with local banks*

8.1. *Before opening correspondent accounts for foreign banks, the local bank should obtain the following documents and information from the foreign bank, verify them through reliable sources (such as requests to the banking supervisory authority, official publications, and other credible sources), conduct a related risk assessment, prepare a report on the risks of establishing business relations, and implement appropriate risk management measures:*

8.1.1. *copies of the foreign bank's charter or other documents reflecting its legal status, as well as a document authorizing its banking activities issued by the competent authority of the country in which it is registered (such as the financial market supervisory authority or another relevant authority).*

8.1.2. *a copy of foreign bank's audited annual financial statements and auditor's opinion for at least the last financial year.*

8.1.3. *information about the foreign bank's managing bodies, organizational structure, beneficial owners, manager(s), the person responsible for anti-money laundering, countering terrorist financing, and the proliferation and financing of proliferation of weapons of mass destruction, as well as copies of documents confirming their identity and the beneficial ownership of the individuals, along with notarized signature specimens of the person(s) authorized to operate the account and an imprint of the bank's seal.*

8.1.4. *a copy of the authorization for opening the correspondent account issued by the competent authority (financial markets supervisory authority or another relevant authority) of the foreign bank's home country, if required by the legislation of that country or as stipulated by international treaties to which the Republic of Azerbaijan is a party.*

8.1.5. *the foreign bank's internal control program for combating money laundering, terrorist financing, and the proliferation and financing of proliferation of weapons of mass*

destruction, including information about the measures it applies to know its customers, as well as its approved internal policies, rules, and procedures in this area.

8.1.6. information about the foreign bank's business reputation, any current investigations, past or present criminal liability, or supervisory actions taken against the foreign bank, its beneficial owners, any of its directors, or the person responsible for combating money laundering, terrorist financing, and the proliferation and financing of proliferation of weapons of mass destruction by a competent authority, and copies of documents confirming this information for the past 5 (five) years.

8.1.7. information regarding the use of the correspondent account opened with the correspondent bank (the bank opening the correspondent account in favor of a respondent bank) by the respondent bank's (the bank in whose favor the correspondent account is opened) respondent financial institutions, as well as information about the business reputation of those respondent financial institutions.

8.1.8. information regarding the duration of correspondent banking relationships between the respondent bank and its respondent banks.

8.1.9. the provision of direct access to the correspondent account opened with the correspondent bank for an individual or legal entity who is a customer of the respondent bank.

8.1.10. information about respondent bank's principal areas of activity, business model, types of services offered to its customers, and current customer categories (such as legal entities, individuals, foreign citizens, politically exposed persons, etc.).

8.1.11. information about the types and number of transactions conducted by the respondent bank during the period requested by the correspondent bank (at least the last one year, or the period covered if operating for less than one year).

8.1.12. information about the countries where the respondent bank operates (if the respondent bank is part of a holding company, the country where the holding company is registered), countries where the respondent bank has subsidiaries and branches with a 50% or more ownership stake, including the countries where third parties using their services are located, as well as the regulatory and supervisory frameworks applicable in those countries (legal frameworks for combating money laundering, financing of terrorism, proliferation and financing of proliferation of weapons of mass destruction).

8.2. If direct use of the respondent bank's correspondent account by third parties (payable-through account) is anticipated, the correspondent bank should take CDD measures concerning these individuals and ensure that the respondent bank also implements such measures and will provide relevant information upon the correspondent bank's request (through including a corresponding clause in the correspondent banking account agreement or other confirming documents establishing such assurance).

8.3. The decision to establish and terminate correspondent banking relationships is made by the correspondent bank's authorized managing body.

8.4. Correspondent accounts are refused to be opened if:

8.4.1 the documents specified in Item 8.1 herein are not fully provided, or based on obtained information, establishing business relationships is deemed risky in terms of money laundering, financing of terrorism, proliferation, and financing of proliferation of weapons of mass destruction.

8.4.2. documents submitted or information provided contains false, distorted, or contradictory information.

8.4.3. *it is impossible to take measures to manage risks related to the establishment of correspondent banking relations and implement Item 8.2 of this Regulation.*

8.4.4. *the respondent bank is a legal entity registered in a state or territory without physical presence and/or has obtained a license to engage in relevant activities, but is not subject to state supervision, or it is found that it will be used by another financial institution with the characteristics listed from the correspondent account.*

8.5. *The bank closes the customer's correspondent account in the below instances:*

8.5.1. *based on the request of the foreign bank.*

8.5.2. *when incorrect information is found in the documents submitted for opening a correspondent account, the documents are deemed invalid, including when there is information from the relevant authority indicating that the documents are considered invalid.*

8.5.3. *the foreign bank's banking license is revoked.*

8.5.4. *based on a risk-based approach, it is impossible to take adequate measures against the legalization of criminally obtained funds or other property, financing of terrorism, proliferation, and financing of proliferation of weapons of mass destruction, including the implementation of Item 8.2 of this Regulation.*

8.5.5. *in other cases, specified in the correspondent account agreement.*

8.6. *The documents and information specified in Item 8.1 of this Regulation are obtained at least once a year, verified through reliable sources (by sending requests to the supervisory authority of the foreign bank or through official publications and other credible sources), assessed for risk, a report on the risks associated with continuing business relationships is prepared, and measures for risk management are taken.*

8.7. *The bank maintains, publishes on its website, and updates regularly a registry of foreign and local financial institutions with which business relationships are established.*

Initial information obtained prior to bank account opening

1. Deadline for provision of information by a customer:

INDIVIDUALS:

2. Customer's 1st, last, middle names, date and place of birth.

3. Gender.

4. Citizenship.

5. PIN, if not available, series and number of the ID card, if not available, other personal identification information of the ID card.

6. Registration and residential addresses.

7. Resident or non-resident.

8. Landline of mobile phone number, e-mail.

9. Place and address of employment (involved in entrepreneurship), position.

10. TIN (if engaged in entrepreneurship).

11. Information to identify the indications as per Items 4.5 and 4.6 herein.

12. Goal of probable bank account operations.

LEGAL ENTITIES:

13. Legal entity name, organizational legal form.

14. Legal entity's legal address and the address where the main activity is conducted.

15. TIN.

16. Beneficiary owners.

17. 1st, last, middle names, PIN, series and number of the ID card or other personal identification information of the persons who will (have) the right to dispose of the bank account.

18. Landline of mobile phone number, e-mail.

19. Information on officials (persons authorized to decide on current or permanent relations of a legal entity).

20. Purpose and essence of activity, main activity areas.

21. Amount of authorized capital (in manat equivalent).

22. Total staff number, and the number of branches, divisions, and representative offices.

23. Information to identify the indications as per Item 4.7 herein.

24. The purpose of probable bank account transactions.

Documents and information required for bank account opening

1. The following documents are required from public institutions, municipalities, legal entities, including public legal entities and individuals engaged in entrepreneurial activity for opening accounts:

1.1. a text of the legal act included to the State Register of Legal Acts of the Republic of Azerbaijan on approval of charters of municipalities.

1.2. a notarized copy of the charter of the legal entity.

1.3. a copy of a legal act approving the charter (statute) of the related public authority and a public legal entity operating based on the charter (statute) approved by the act of the relevant public authority.

1.4. a notarized copy of the excerpt from the state register of legal entities (with the latest changes).

1.5. ID card information of an individual entrepreneur.

~~1.6. certificate duplicate issued by a tax authority for commercial and non-commercial legal entities, as well as individual entrepreneurs.~~

1.7. a signature and stamp sample sheet.

2. The following documents are required for current account opening for branches and representative offices of legal entities:

2.1. a notarized copy of the extract from the state register of legal entities (with the latest changes).

2.2. a notarized copy of the statute of the branch, representative office approved by the legal entity (for institutions operating based on a model statute, a document confirming that the statute is model, is required).

~~2.3. certificate duplicate issued by a tax authority.~~

2.4. a signature and stamp sample sheet.

3. Documents and information as per Item 2.2 Annex 1 herein are obtained for current account opening for individuals.

4. The following documents are required for current account opening for the primary organization of the trade union:

4.1. A decision and an excerpt from the decision on establishment of the primary organization of the trade union of which it is a member.

4.2. a notarized copy of the charter of the trade union of which it is a member.

4.3. a signature and stamp sample sheet.

~~4.4. certificate duplicate issued by a tax authority.~~

5. The following documents are required for current account opening for family farms:

5.1. a notarized copy of the certificate issued by the municipality by which it is registered in the relevant area.

5.2. ID card information of the head of the family farm.

~~5.3. certificate duplicate issued by a tax authority.~~

5.4. a signature sample sheet.

6. The following documents are required for landowners using their land suitable for agriculture to open a current account:

6.1. ID card of the owner.

~~6.2. certificate duplicate issued by a tax authority.~~

6.3. a signature sample sheet.

7. The following documents are required for temporary current account opening:

7.1. a document confirming the identity of the founder, when an account is opened for legal entities for the purpose of payment of their charter and share capital, as well as property before their state registration.

7.2. when an account is opened for legal entities for the purpose of payment of their charter and share capital, as well as property before their state registration and a person authorized by the founder(s) for the account opening, a notarized power of attorney given to him/her by the founder(s) and a document confirming his/her identity.

7.3. a signature sample sheet/ a signature and stamp sample sheet.

7.4. copies of an excerpt from the state register of securities and a written notice of approval of the issue prospectus when opening a temporary account for storage of funds expressing their value during public offering of investment securities (in the cases specified in the Law of the Republic of Azerbaijan on the Securities Market).

8. The following documents are required for savings (deposit) account opening:

8.1. the documents specified in Items 1 and 2, Annex 1 herein for public authorities, municipalities, private entrepreneurs, legal entities, including legal entities under public law, their branches, and representative offices, as well as for a public authority to place available funds of the single treasury account in accordance with the Law of the Republic of Azerbaijan on Budget System.

8.2. for individuals:

8.2.1. ID card (~~the documents as per items 4, 5 and 6, Note 2, Annex 1 herein, are presented, copied to be kept in the bank and returned~~).

8.2.2. a signature sample sheet.

8.3. for family farms – documents in Item 5, Annex 1 herein.

8.4. for landowners who use their land suitable for agriculture – documents in Item 6, Annex 1 herein.

9. The following documents are required to open a deposit account in favor of third parties:

9.1. information allowing to identify the person in whose favor the account is opened (for a legal entity – its name and an excerpt from the state register; for an

individual –1st, middle and last names, ID card information (~~the documents as per items 4, 5 and 6, Note 2, Annex 1 herein, are delivered, copied to be kept in the bank and returned~~).

9.2. if the account is opened by an individual, ID card (~~the documents as per items 4, 5 and 6, Note 2, Annex 1 herein, are delivered, copied to be kept in the bank and returned~~).

9.3. if the account is opened by a legal entity, notarized copies of the charter and the excerpt from the state register of legal entities (with the latest changes).

9.4. When a person in whose favor deposit account is opened expresses his/her intention to use the rights of a depositor, the documents specified herein for savings (deposit) account opening are required in respect to that person.

9.5. If an account opener uses the account he/she has opened for him/herself in line with the Civil Code of the Republic of Azerbaijan, in respect to that individual the documents specified herein for savings (deposit) account opening; for a legal entity a signature and stamp sample sheet ~~and the documents specified in Item 1.6, Annex 1 herein~~ are required.

10. The following documents are required for current sub-account opening:

10.1. a notarized copy of the extract from the state register of legal entities (with the latest changes).

10.2. ~~certificate duplicate issued by tax authorities for the legal entity. If a local body is a taxpayer, its certificate duplicate.~~

10.3. a signature and stamp sample sheet.

11. When opening accounts for banks and other credit institutions, in addition to the documents as per Item 1, Annex 1 herein, also a written notice issued by the Central Bank with respect to appointment of administrator(s) by banks entitled to dispose of the account is delivered.

12. When various type and currency bank accounts of a customer that is a legal entity and a private entrepreneur are opened with the same bank, ~~a certificate duplicate issued by the tax authority is required for the new account.~~ If the right to dispose of the newly opened account is delegated to other persons, a signature and stamp sample sheet is required on the new account.

13. To open special current accounts for budget organizations the documents in Item 1, Annex 1 herein and a letter of permit of the State Treasury Agency of the Ministry of Finance of the Republic of Azerbaijan are required.

14. The following documents are required for opening current and guarantee cash accounts for special notaries:

14.1. a notarized copy of the special notary's registration sheet.

14.2. a signature and stamp sample sheet.

15. The following documents are required for insurance account opening:

15.1. a notarized copy of the charter of the Bar Association.

15.2. a signature and stamp sample sheet.

16. The following documents are required for opening deposit accounts for public and special notaries:

16.1. a letter of consent for establishment of the notary's account with the bank from the relevant structure of the Ministry of Justice of the Republic of Azerbaijan responsible for regulation of notaries.

16.2. a notarized copy of the special notary's registration sheet.

16.3. a signature and stamp sample sheet.

17. The following documents are required for opening a special account for the person who wants to get a currency exchange license:

17.1. the documents required for deposit account opening herein if an account opener is a resident legal entity and a branch of a non-resident legal entity, as well as individual entrepreneur.

18. The documents specified in relevant parts of the present Annex are required for foreign currency denominated account opening for resident persons.

19. The following documents are required for non-residents to open national or foreign currency denominated accounts:

19.1. when an account is opened for branches and representative offices of foreign legal entities, a notarized copy of an excerpt from the state register of branches and representative offices of foreign legal entities (with the most recent changes).

19.2. when an account is opened for branches and representative offices of foreign legal entities, a notarized copy of the statute of branches of representative offices of legal entities approved as per the legislation.

19.3. individual's ID card information.

19.4. if not otherwise specified in international treaties seconded by the Republic of Azerbaijan, copies of founding and registration documents of a non-resident legal entity legalized under the legislation and notarized translation into Azerbaijani (when an account is opened for a foreign legal entity).

~~19.5. certificate duplicate issued by a tax authority (for accounts opened for entrepreneurship).~~

19.6. a signature and stamp sample sheet.

19.7. If provided for in international treaties seconded by the Republic of Azerbaijan, a special permit of relevant public authorities of foreign countries (financial markets supervisory authority or another public institution) for account opening (as per Item 19.4 herein).

19.8. The following documents are required to open bank accounts for international organizations, diplomatic missions and other official representative offices:

19.8.1. a document confirming the status of the international organization, the diplomatic mission, and another official representative office (notarized translation in the Azerbaijani language).

19.8.2. a signature and stamp sample sheet.

20. The following documents are delivered to the Central Bank to open a current account for a liquidated bank:

20.1. application (the application provided by the liquidation committee on behalf of the liquidator is signed by the persons entitled to dispose of the current account).

20.2. in case of a voluntary liquidation of the bank, a decision of the general meeting of shareholders on the liquidation of the bank and the establishment of the liquidation committee (the decision should include the persons entitled to dispose of the account).

20.3. a court decision on forced liquidation of the bank or announcing the bank bankrupt, as well as the appointment of the liquidator.

20.4. a signature and stamp sample sheet.

Note 1:

1. An excerpt from the state register of legal entities to commercial legal entities, public legal entities, branches, and representative offices of foreign commercial legal entities is given by the State Tax Service under the Ministry of Economy of the Republic of Azerbaijan, to non-commercial legal entities by the Ministry of Justice of the Republic of Azerbaijan and to religious associations by the State Committee on Religious Associations of the Republic of Azerbaijan.

2. State registration documents of entities state registered with relevant executive authorities before 1 October 1992, and with any of the authorities listed below by 1 June 1996, have the same legal effect as the registration document as per item 1.4, Annex 1 herein:

2.1. insurance companies – the State Insurance Inspectorate under the Cabinet of Ministers of the Republic of Azerbaijan.

2.2. banks – the National Bank of the Republic of Azerbaijan.

2.3. educational institutions – the Cabinet of Ministers and the Ministry of Education of the Republic of Azerbaijan.

2.4. rent agencies, residential construction cooperatives and agribusinesses (farming) – local executive authorities.

2.5. mass media – the Ministry of Press and Information of the Republic of Azerbaijan.

2.6. joint ventures and enterprises with full foreign investment – the Ministry of Finance of the Republic of Azerbaijan.

2.7. branches and representative offices of foreign legal entities – the Ministry of Foreign Economic Relations of the Republic of Azerbaijan.

Note 2:

For the purposes of this Regulation, the identity verification documents specified in CDD regulations are submitted. If the ID document is not obtained from the public information system, its copy is made and kept at the bank.

Note 3:

1. The temporary current account may be used only for formation of the economic entity's paid-in capital (share capital, equity) and payment of the bank's service fees (except for the case specified in Item 4 of this Note).

2. A current account is opened for the economic agent that receives the legal entity status upon being state registered, with the bank it already has a temporary current account, or the bank it chooses, in the order specified herein and the funds in the account are transferred to that current account at the authorized person's order.

3. When the company is not state registered, the funds in the temporary current account are returned upon the authorized person's application or transferred to bank accounts of the founders at the authorized person's order.

4. After the Central Bank approves the report on results of the issue or public offering of government securities the temporary current account opened for storage of funds representing the value of publicly offered investment securities is closed and the funds in the account are transferred to the issuer's account (for publicly offered investment securities).

Additional Identification Information

1. ~~Deadline for delivery of additional information by the customer.~~

FOR INDIVIDUALS (general):

2. ~~Other names used (Previous 1st, last and middle names, and dates of changes) (if any).~~

3. ~~In case operations will be conducted on behalf, in favor or with the funds (property) of a third party, if the person(s) is a legal entity, its name, country of registration; if an individual, his/her 1st, middle and last names, the date of birth, as well as the amount of funds owned by those persons (in manat equivalent);~~

4. ~~Amount and source of average monthly income for the last 12 months (salary, pension, social allowance/aid, entrepreneurial activity, deposit or its interest, dividend payments, rent fee, royalties, inheritance or other (if any)).~~

5. ~~Source of funds credited to the account and final destination of funds debited from the account.~~

ON POLITICAL FIGURES AND OTHER RELATED PERSONS (optional):

6. ~~If the customer (or his/her representative) is a public figure:~~

6.1. ~~Name of currently/previoursly taken political positions, places and dates of employment.~~

6.2. ~~1st, last, middle names, dates of birth of family members and close relatives (spouses, parents, children, grandparents, siblings, adoptive, adoptees.~~

6.3. ~~Assets owned (residential and non-residential real property, vehicles, securities, companies, etc.) and their sources.~~

7. ~~If the customer (or his/her representative) is the family member, relative or a partner of a political figure:~~

7.1. ~~1st, last, middle names, date of birth, place of employment and position of a related political figure.~~

7.2. ~~Nature of relationship (degree of kinship and/or nature of partnership).~~

7.3. ~~Assets owned (residential and non-residential real property, vehicles, securities, companies, etc.) and their sources.~~

FOR PRIVATE ENTREPRENEURS (OPTIONAL):

8. ~~Size of assets owned (in manat equivalent).~~

9. ~~Average monthly amount of profit for the last 12 months (in manat equivalent).~~

10. ~~Average monthly turnover for the last 12 months (in manat equivalent).~~

11. ~~Average monthly number of transfers abroad for the last 12 months (in manat equivalent);~~

12. ~~Average monthly number of transfers from abroad for the last 12 months (in manat equivalent).~~

FOR LEGAL ENTITIES:

~~13. Previous name(s), dates of change; 1st, last, middle names, dates of birth of head(s) of previous managerial body/ies, founder(s) with over 10% share, shareholder(s), information on the dates of changes to them.~~

~~14. In case operations will be conducted on behalf, in favor or with the funds (property) of a third party, if the person(s) is a legal entity, its name, country of registration; if an individual, his/her 1st, middle and last names, the date of birth, as well as the amount of funds owned by those persons (in manat equivalent);~~

~~15. Size of assets owned (in manat equivalent).~~

~~16. Source of funds credited to the account and final destination of funds debited from the account.~~

~~17. Average monthly amount of profit for the last 12 months (in manat equivalent).~~

~~18. Average monthly turnover for the last 12 months (in manat equivalent).~~

~~19. Average monthly number of transfers abroad for the last 12 months (in manat equivalent).~~

~~20. Average monthly number of transfers from abroad for the last 12 months (in manat equivalent).~~

~~21. One of the managers, founders with more than 10% share in capital, shareholders, representatives empowered to sign the account or other representatives is a political figure:~~

~~21.1. the person's 1st, last, middle names, date of birth, the name of the position and the place of employment, the dates of holding that position.~~

~~21.2. if the person is the relative of the persons who currently take/previously took such positions, 1st, last, middle names, date of birth, place of employment, position and degree of kinship of the persons who held those positions (spouses, parents, children, grandparents, siblings, adoptive, adoptees).~~

~~22. Identification information on the heads, founders, shareholders of founders and shareholders that are legal entities with over 10% share, in light of Item 4.8 herein.~~

Documents required for correspondent account opening for foreign banks in local banks

The following is delivered for national and foreign currency correspondent account opening for foreign banks in local banks:

1. copies of the bank charter or another document reflecting its legal status, and the document authorizing banking activities by the relevant public authority of the country of registration.

2. copies of the document confirming registration of the bank in the country of location, the charter (statute), audited annual financial statements for at least recent one financial year and an auditor opinion.

3. information on bank's beneficiary owners and bank manager(s), copies of their ID cards, as well as an image of sample signature(s) of the person(s) authorized to dispose of the account and the bank stamp.

4. if specified in international treaties seconded by the Republic of Azerbaijan, if required by the legislation of the foreign bank's home country, a permit issued by an authorized authority of that country (financial markets supervisory authority or another authorized institution) for correspondent account opening.

5. information on bank's internal control system on anti money laundering and terrorist financing and the person responsible for this area; bank's main activity directions and sound reputation; and on investigative actions with respect to money laundering and terrorist financing by any authorized institution and/or supervisory measures and documents confirming this information.

Obverse

Account N^o _____

Signature and stamp sample sheet

	Codes	Bank's notes	
Account holder _____ <i>(Full name)</i>		The person allowing to receive signature samples	
TIN		Designated person	<i>signature)</i>
Address			
Phone			
		" ____ " _____ 20__ Other notes	
Bank name			
BIC			
Bank address			
We kindly request that you consider the provided signature samples as necessary when carrying out transactions on the account.			

Account N^o _____

Account holder's name		First, last, middle names	Sample signatures	Term of authority of the official temporarily using the first or second signature
	Position			
First signature				
second signature				
Sample stamp				

The right to dispose of the account can be exercised separately by the persons authorized to dispose of this sheet, which we confirm with our signatures.	Signature	The right to dispose of the account can be exercised only jointly by the persons authorized to dispose of this sheet, which we confirm with our signatures.	Signature
<p>*Note: If disposal of the account differs from that shown in the above fields, it is described in detail in the below 'Other notes' field.</p>			
Other notes:			

Confirmation notes of the person designated to maintain notarization/bank's authorized person

" ____ " _____ 20__ - __

I,

.....
(1st and last names and the position of the person designated to maintain notarization/bank's authorized person)

Signatory(ies).....
 (first, last, middle names)

hereby confirm the authenticity of signature(s) put in my presence. Identities of the signatory/ies have been identified and their signature authority/ies verified.

Recorded in Register under N^o, state duty of AZN.....charged

Stamp

The person designated to maintain notarization/
 bank's authorized person.....

(signature)

" ____ " _____ 20__ - __

Obverse

Account № _____

Sample signature sheet of an individual (private entrepreneur)

	Codes	Bank's notes	
Account holder _____ <i>(first, last, middle names)</i>		The person allowing to receive signature samples	
		Designated person	<i>(signature)</i>
		" ____ " _____ 20__	
ID document _____ № _____ Date of issue _____		Other notes	
Address			
Phone			
TIN (if a private entrepreneur)			
Bank name			
BIC			
Bank address			
We kindly request that you consider the provided signature samples as necessary when carrying out transactions on the account.			

	First, last, middle names of the person conducting transactions on the account	Sample signatures	Note
1.			
2.			

The right to dispose of the account can be exercised separately by the persons authorized to dispose of this sheet, which we confirm with our signatures.	Signature	The right to dispose of the account can be exercised only jointly by the persons authorized to dispose of this sheet, which we confirm with our signatures.	Signature
* <u>Note</u> : If disposal of the account differs from that shown in the above fields, it is described in detail in the below 'Other notes' field.			
<u>Other notes:</u>			

Confirmation notes of the person designated to maintain notarization/bank's authorized person

" ____ " _____ 20__ - __

I,

.....
 (1st and last names and the position of the person designated to maintain notarization/bank's authorized person)

Signatory(ies).....
 (first, last, middle names)

hereby confirm the authenticity of signature(s) put in my presence. Identities of the signatory/ies have been identified and their signature authority/ies verified.

Recorded in Register under №, state duty of AZN.....charged

Stamp

The person designated to maintain notarization/
 bank's authorized person..... (signature)

" ____ " _____ 20__ - __

Video identification requirements

1. General provisions

These Requirements determine the requirements for identification of the legal representative of the resident legal entity, the resident private entrepreneur, resident, and non-resident individuals (hereinafter – individual) through *video call in accordance with Items 5.5 and 5.6 of this Regulation* or video recording (hereinafter together – video identification) during remote bank account opening.

When formulating business processes and control mechanisms on the application of these Requirements risks of the legalization of criminally obtained ~~funds or other~~ property and the financing of terrorism and other risks should be analyzed, effectively regulated, and monitored on an ongoing basis.

2. What to do before video identification

2.1. Possible operational and other risks are considered during video identification and necessary security measures are taken.

2.2. Liveness detection methods are used in video identification. The bank takes additional measures to prevent risks related to fake face technology.

2.3. *If the process is identified to be risky, video identification is applied in a way that does not allow the bank employee to start, approve and complete it on their own.*

2.4. The bank evaluates the activity of the process prior to the video call. In case test results fail, appropriate updates are made. The process does not start if the activity and sufficiency of the process is not maintained.

2.5. The bank checks video identification security at least twice a year. In case of detection or occurrence of security violations, changes in relevant legal acts, awareness of the bank of possible fraud or other violations and deficiencies in video identification, the video identification process is revised, taking into account technological development and process experience and appropriate updates are made.

2.6. Before starting the video identification, a one-time short message (SMS OTP) is sent, which is valid only for identification and is created in a centralized manner. The SMS OTP is entered online by the individual via the video identification interface. If the SMS OTP is successfully confirmed in the system, the person's mobile phone number is considered confirmed. *If the customer accesses the interface using an AES, an SMS OTP may not be sent before the start of video identification.*

2.7. Before the video identification, the individual is acquainted with the rules and conditions for video identification, as well as consent is received for collection and processing of personal information of the individual in accordance with the Law of the Republic of Azerbaijan 'On Personal Data'.

3. Bank employee and working environment

3.1. The method used during a video call is like the face-to-face identification method (the method used when a person physically approaches the bank's administrative building) and is based on risk minimization.

3.2. The video call is made by an appropriately trained bank employee.

3.3. During the video call, the bank employee is made familiar with the characteristics of the documents that can be used for identification and reliable verification methods applied to these documents, as well as be aware of frauds or other violations, requirements of these Regulations and other relevant legal acts.

3.4. The Bank employee is trained on the video calling process, including personal data legislation, at least once a year or after each update in accordance with Item 2.5 of these Requirements.

4. Video call requirements

4.1. Before starting a video call, an application of an individual is accepted electronically in the relevant mobile application or Internet resource and a risk assessment of that individual (legal entity) is conducted based on the information and documents required in accordance with Items 4.1, 4.2 and 4.4 of these Regulations. Bank's internal rules determine the cases of termination of the process without starting a video call as a result of risk assessment.

4.2. Necessary mechanisms are established to reduce the probability of abuse arising from predictable situations (e.g., remote identification of an individual by a predesignated bank employee).

4.3. Prior to a video call with an individual, the minimum range of questions to be asked by a bank employee is determined, taking into account the KYC principle, and the order and (or) type of questions asked varies.

4.4. During the video call, the bank employee first introduces him/herself and tells the individual which bank he represents.

4.5. At the beginning of the video call, the individual should express his or her open consent to the entire video identification process, including capturing his or her photographs or screenshots and an ID card.

4.6. Video calls are made in real time and without interruption. The integrity and confidentiality of audiovisual communication between a bank employee and an individual is ensured adequately. For this purpose, end-to-end encryption is provided.

4.7. The following is required during the video call:

4.7.1. the image and sound quality are provided at the required level throughout the process in a way that allows to determine compliance with the requirements specified in these Regulations (at least in a synchronized manner).

4.7.2. The video call is made in color.

4.7.3. The face and shoulders of the individual should be clearly visible. The face of an individual should be open and not overshadowed. Shooting should not be done in the shadow of other objects.

4.7.4. Third parties other than individuals are not allowed to participate in the video call.

4.7.5. The bank employee instructs the individual to include his/her face and the document containing the information necessary to identify him/her, as well as to clearly see the information contained in the ID card.

4.7.6. The bank employee instructs the individual not to use any means of covering his/her face, as well as glasses, as well as conduct video call in accordance with these requirements.

5. Identification and verification of the individual

5.1. During a video call, an ID card with a photo and signature with visually identifiable security elements are presented under a white light. To verify authenticity of the submitted document and the photo and other information on that document, a request is sent to the public information system and the identity is checked.

5.2. When an individual is identified by a video call, the bank employee takes and keeps at least two photos of the moment of submission of the ID card together with the face of the individual.

5.3. During the video identification, a comparison is made between the person's face and the photo in the identity document.

5.4. The bank employee makes sure that the information in the submitted ID card corresponds to the individual.

5.5. As a result of dialogue and observations with the individual during the video call, the bank employee concludes that the information in the ID card, the information provided by the individual during the process and the intention expressed are convincing. In this frame, the bank employee takes into account the risks associated with social engineering, actions under pressure from the other party, and similar fraudulent methods.

5.6. The video call ends with the individual verbally confirming that he/she is aware of the banking services to be provided to him/her and agrees to become a bank customer.

6. Video recording requirements

~~6.1. Video recording is conducted by customers who have a bank account to open a bank account remotely.~~

6.2. During the video recording, the bank gets photos of both sides (front and back) of the customer's ID card and video recording of the customer.

6.3. Video recording should last at least 10 (ten) seconds.

6.4. If it is not possible to automatically confirm that the submitted photos and video belong to the applicant, the bank may send an additional request to the customer to make a video call.

6.5. To verify the authenticity of the submitted ID card and the information on that document, a request is sent to the public information system and the identity is checked.

6.6. The authenticity of the client is confirmed if the faces (facial features) reflected in the video recording and the ID card correspond to each other.

6.7. The video recording is subject to the requirements of sub-items 4.7.1-4.7.4 of these Requirements.

7. Final provisions

7.1. The result of the video identification (successful or unsuccessful) will be sent to the individual by the relevant means of communication (SMS notification, e-mail address, etc.) no later than the next 3 (three) working days. If the result is unsuccessful, the notice also includes its reasons.

7.2. The video identification is considered unsuccessful when:

7.2.1. an individual does not agree to conduct video identification after getting acquainted with the rules and conditions for video identification.

7.2.2. the individual does not submit the required documents, or it is not possible to identify him/her based on the information provided.

7.2.3. visual inspection and (or) verbal communication with an individual is not possible in accordance with these Requirements due to poor lighting conditions, low quality image and similar situations, the quality of video and audio communication does not meet these Requirements and the requirements set by the Bank's internal rules.

7.2.4. the bank employee's requirements related to the image during the video call is not met.

7.2.5. the bank employee cannot fulfill the conditions specified in these Requirements during the video call.

7.2.6. when third-party assistance was used during video identification.

7.2.7. a bank employee has suspicions about the capability of an individual to work, the validity of the document submitted, the intent to commit fraud, cheat, or other violations of the law.

7.2.8. there are suspicions of money laundering or terrorist financing.

7.3. The video identification process is recorded in a form that includes all its stages and the obtained customer information (document images, video recording, etc.) and ensures its subsequent verification and is stored in accordance with the law.

