

LAW OF THE REPUBLIC OF AZERBAIJAN

on Currency Regulation

The present Law shall determine principles of conduction of currency operations, competence and functions of authorities that carry out currency regulation, and the rights and obligations of legal entities and individuals with respect to possession, use and disposal of currency resources, and responsibilities for the violation of the currency legislation.

Chapter I GENERAL PROVISIONS

Article 1. Main definitions

The following definitions shall be used in the present Law:

1. The national currency of the Republic of Azerbaijan (hereinafter – the national currency):

a) banknotes and coins issued by the Central Bank of the Republic of Azerbaijan that are in circulation, as well as withdrawn from circulation, that may be however exchanged with cash in circulation.

b) funds in manats held in accounts with credit institutions and the national postal operator in the Republic of Azerbaijan, as well as electronic money in manats and funds in manats held in accounts with other payment service providers in accordance with the Law of the Republic of Azerbaijan 'on Payment Services and Payment Systems.'

c) funds in manats held in accounts with credit institutions and other payment service providers located outside the Republic of Azerbaijan, including electronic money in manats.

2. Securities denominated in the national currency' – *shares, bonds, promissory notes, and other securities with a nominal value expressed in manats.*

3. 'Foreign currency':

a) money in the form of banknotes, treasury notes and coins in circulation which are a legal tender in the territory of a relevant country or a group of countries, as well as those that have been or are being withdrawn from circulation, however, can be exchanged for money in circulation in the said territories.

b) funds in monetary units of foreign countries, international monetary or settlement units, *including foreign currency denominated electronic money.*

4. 'Currency resources':

a) foreign currency

b) securities in a foreign currency – *shares, bonds, promissory notes, and other securities whose nominal value is denominated in a foreign currency.*

c) precious metals – gold, silver, platinum, and platinum group metals (palladium, iridium, osmium, rhodium, and ruthenium) in any form or condition, including in bullion and refined (purified, cleaned) form, as well as in raw materials, alloys, semi-finished products, industrial products, chemical compounds, jewelry and other household items, coins, scrap, and waste.

d) precious stones – processed and unprocessed natural diamonds, rubies, emeralds, sapphires, alexandrite.

~~The order and terms and conditions on attributing products made of precious metals and precious stones to jewelry and other Articles of everyday use, or their fragments shall be~~

~~established by the Cabinet of Ministers of the Republic of Azerbaijan.~~

5. 'Residents':

a) individuals permanently residing in the Republic of Azerbaijan, including those temporarily residing outside the Republic of Azerbaijan.

b) legal entities established under the legislation of the Republic of Azerbaijan.

c) enterprises and organizations located in the territory of the Republic of Azerbaijan, established under the legislation of the Republic of Azerbaijan, that are not legal entities.

d) diplomatic and other official representative offices of the Republic of Azerbaijan located outside the Republic of Azerbaijan.

e) subsidiaries and representative offices of the residents, mentioned in sub-items 'b' and 'c' herein, located outside the Republic of Azerbaijan.

6. 'Non-residents':

a) legal entities and enterprises and organizations, that are not legal entities, located outside the Republic of Azerbaijan established according to the legislation of foreign countries.

b) legal entities and enterprises and organizations, that are not legal entities, located outside the Republic of Azerbaijan established according to the legislation of foreign countries.

c) foreign diplomatic and other official representative offices, as well as international organizations, their branches and representative offices located in the Republic of Azerbaijan.

d) branches and representative offices of non-residents (bureaus and agencies) specified in sub-item 'b' herein located in the Republic of Azerbaijan.

7. 'Currency operations':

a) operations related to transfer of the proprietary right and other rights onto currency resources, including *currency exchange operations*, as well as use of a foreign currency and payment documents in a foreign currency as a payment facility.

b) bringing in and sending to and taking out and transfer of currency resources to and from the Republic of Azerbaijan.

c) international money remittances.

7-1. *'Currency exchange' – buying, selling and exchange of a foreign currency in the Republic of Azerbaijan in the order specified in the law.*

7-2. *'Persons licensed to engage in currency exchange' – resident legal entities and individuals and branches of non-resident legal entities licensed to engage in currency exchange in the order specified in the present Law.*

8. Operations with a foreign currency and securities in a foreign currency shall be broken down into current operations and operations related to capital movement.

9. Current currency operations':

a) transfers of foreign currency to and from the Republic of Azerbaijan to accomplish settlements connected with export and import of goods, works and services, as well as crediting of export-import operations for a term of maximum 180 days.

b) obtaining and issue of financial loans for a term of maximum 180 days.

c) transfer of interest rates, dividends, and other revenues, connected with deposits, investments, loans and other operations related to capital movement, to and from the Republic of Azerbaijan.

d) non-trade related transfers to/from the Republic of Azerbaijan, including transfers of wages and salaries, pensions, alimonies and legacies and other similar operations.

10. 'Currency operations related to capital flow':

a) direct investments, i.e., investment contributions to chartered capital of an enterprise to make profit and obtain the right for participation in management.

b) acquisition of securities.

c) transfers covering payments for proprietary rights on buildings, structures, and other

property which according to the legislation of the home country is considered real estate, including land and its entrails, and other rights on real estate.

d) giving and obtaining deferments in payments for export and import of goods, works and services for a term exceeding 180 days.

e) placement of currency funds on deposits by assigned banks for a term of over 180 days *in accordance with the legislation*.

f) all other operations with currency other than current operations.

11. 'Assigned banks' – *banks and local branches of foreign banks operating in the Republic of Azerbaijan, payment institutions, electronic money institutions, local branches of foreign payment institutions and electronic money institutions, as well as the national postal operator.*

~~12. 'the financial markets supervisory authority body, established by a relevant executive authority to regulate and supervise financial markets.'~~

13. *qualifying holding – direct or indirect ownership of a share that constitutes 20 or more percent of the initial (share) capital or voting rights or allows to have a significant influence on the decision-making of a legal entity in which it is a participant on a contractual basis.*

14. *civil impeccability – compliance of beneficiary owners, persons discharging management functions of the persons licensed to engage in currency exchange, as well as qualifying holding owners in initial (share) capital, if the owner is a legal entity, the head of its executive body with the requirements of Article 17 of the Law of the Republic of Azerbaijan 'on Prevention of the Legalization of Criminally Obtained Property and the Financing of Terrorism'.*

The requirements of this Law with respect to securities in the national and foreign currencies shall apply to cheques and other payment documents.

Chapter II CURRENCY REGULATION

Article 2. **Operations in the national currency**

1. Settlements in the national currency between residents shall be conducted without any restrictions.

2. The Central Bank of the Republic of Azerbaijan shall determine a procedure for acquisition and use of the national currency by non-residents in the Republic of Azerbaijan.

3. Taking out and transfer from the Republic of Azerbaijan, as well as bringing in and transfer of the national currency and securities in the national currency to the Republic of Azerbaijan by residents and non-residents shall be carried out in the order jointly established by the Central Bank of the Republic of Azerbaijan and the Cabinet of Ministers of the Republic of Azerbaijan.

Article 3. **General rationale for currency exchange in the Republic of Azerbaijan**

1. *Residents and non-residents shall be entitled to sell, buy, and exchange foreign currency in the foreign exchange market of the Republic of Azerbaijan in the order specified in the law.*

2. *Local banks licensed by the Central Bank of the Republic of Azerbaijan under the Law of the Republic of Azerbaijan 'on Banks', local branches of foreign banks, the national postal operator licensed under the Postal Law of the Republic of Azerbaijan, investment companies licensed under the Law of the Republic of Azerbaijan 'on Securities Market', payment institutions, electronic money institutions, local branches of foreign payment institutions and foreign electronic money institutions licensed under the Law of the Republic of Azerbaijan 'on Payment services and payment systems' and persons licensed to engage in currency exchange shall enjoy the right to engage in currency exchange in the Republic of*

Azerbaijan.

3. Persons licensed to engage in currency exchange shall trade foreign currency solely in cash at clients' orders.

4. Except for currency exchange operations among persons licensed to engage in currency exchange, they shall not be allowed to conduct currency exchange transactions with other legal entities or unincorporated individuals for entrepreneurial purposes.

5. The Central Bank of the Republic of Azerbaijan shall determine regulations on currency exchange transactions, including organizational, logistic and security requirements for their conduction, single forms for ~~accounting~~, reporting (except for financial statements) and documentation of currency exchange operations, the order of and periods for their delivery, as well as the areas of location of currency exchange points.

6. The Central Bank may intervene the foreign exchange market by means of foreign currency trading operations, impose limits on spreads between foreign currency buy or sell operations during currency exchange operations, and/or set requirements on the cap of those operations to maintain exchange rate stability.

6-1. Regardless of the purpose specified in Item 6 of Article 3 of this Law, the Central Bank of the Republic of Azerbaijan shall determine the cap of currency exchange operations conducted by persons licensed for currency exchange activity.

7. Information on foreign currency trading transactions among banks in the Republic of Azerbaijan shall be delivered to the Central Bank. The form and order of delivery of this information, as well as the order of buy and sell of foreign currency between the Central Bank and banks shall be established by the former.

~~8. Buy and sell of foreign currency among banks shall be conducted in the order established by the Central Bank in coordination with the financial markets supervisory authority.~~

~~9. Regulations on accounting of income and expenses on currency exchange operations by persons licensed to engage in currency exchange shall be established by the financial markets supervisory authority in coordination with the relevant executive authority.~~

10. Currency operations in the Alat free economic zone shall be regulated in accordance with the requirements of the Republic of Azerbaijan on the 'Alat Free economic Zone'.

Article 3-1. Accounting by persons licensed for currency exchange operations

3-1.1. The Law of the Republic of Azerbaijan 'on Accounting' shall regulate accounting by the persons licensed for currency exchange activities and relations regarding compiling, submission, and publication of financial statements.

3-1.2. Persons licensed for currency exchange activities shall submit annual financial statements and consolidated financial statements to the Central Bank of the Republic of Azerbaijan in accordance with Article 12.1 of the Law of the Republic of Azerbaijan 'on Accounting'.

Article 4. Proprietary right on currency resources

1. Both residents and non-residents may own currency resources in the Republic of Azerbaijan.

They shall enjoy the right to carry out any transaction and conduct operations with currency resources other than the cases envisaged by the legislation of the Republic of Azerbaijan.

In the Republic of Azerbaijan, the proprietary right over currency resources shall be protected by the state alongside with the proprietary right over other objects of property.

~~2. The order of conducting any transactions with precious metals and natural precious~~

~~stones shall be established jointly by the Cabinet of Ministers of the Republic of Azerbaijan and the National Bank of the Republic of Azerbaijan.~~

Article 5. Formation and use of foreign exchange reserves of the Republic of Azerbaijan

1. The territory of the Republic of Azerbaijan shall be a single currency area wherein the monetary policy that strengthens buying power of the manat as the national currency is pursued.

2. Foreign exchange reserves of the Republic of Azerbaijan shall be centralized foreign currency and other currency resources, intended to protect purchasing power of the national currency, meet needs related to economic demand and social development of the country, fulfill liabilities on payment of the external debt.

3. Foreign exchange reserves of the Republic of Azerbaijan shall consist of foreign exchange revenues of the state budget and the stabilization fund.

A procedure for the formation of foreign exchange reserves of the Republic of Azerbaijan shall be established by President of the Republic of Azerbaijan.

4. The Stabilization fund shall be established to ensure stabilization of the exchange rate of the manat, and the Central Bank of the Republic of Azerbaijan shall issue decrees on its use.

Article 6. Formation of currency funds of enterprises and organizations

Currency funds of legal entities — both residents and non-residents shall be formed at the expense of the currency gained from foreign-economic activity, purchase of currency in the domestic foreign exchange market, as well as foreign currency denominated loans and other forms not contradicting the legislation of the Republic of Azerbaijan.

Article 7. Foreign currency accounts of residents

1. Residents in the Republic of Azerbaijan may have foreign currency accounts in assigned banks.

2. Unless otherwise specified by the Central Bank, resident enterprises and organizations shall transfer foreign currency they acquired to their accounts with assigned banks.

3. *Residents may open foreign currency accounts outside the Republic of Azerbaijan in the cases and under the conditions set by the Central Bank.*

4. *The order of opening foreign currency accounts of residents by assigned banks and conducting operations on those accounts shall be established by the Central Bank.*

Article 8. Currency operations by resident legal entities in the Republic of Azerbaijan

1. No limits shall be set on current operations with currency by resident legal entities.

2. Currency operations related to capital flow shall be carried out by resident legal entities in the order established by the Central Bank.

3. Resident legal entities shall have the right to transfer to/from, to bring and take out currency reserves in cash to/from the Republic of Azerbaijan following customs regulations.

The Central Bank shall determine a procedure for remittance of foreign currency resources and bringing and taking out cash foreign currency resources by resident legal entities to/from the Republic of Azerbaijan.

Relations on operations with precious metals and precious stones shall be governed by the Law of the Republic of Azerbaijan 'on Precious Metals and Precious Stones'.

4. The procedure for the use of foreign currency proceeds earned from the export of products by legal entities with foreign investment participation in the territory of the Republic of Azerbaijan shall be determined by the Law of the Republic of Azerbaijan 'on the Investment of Foreign Capital.'

Article 9. Currency operations of resident individuals in the Republic of Azerbaijan

1. Resident individuals shall have the right to remit from the Republic of Azerbaijan currency resources previously remitted to the Republic of Azerbaijan without any restrictions.

2. Resident individuals may take out the foreign currency previously transferred to the Republic of Azerbaijan in cash, following customs regulations, based on statements issued by assigned banks in compliance with the rules, specified by the Central Bank.

3. Resident individuals may bring into the Republic of Azerbaijan currency resources in cash in compliance with customs regulations. The information on the amount of funds, the date, the person and the country, the source of money brought in, shall be presented by customs authorities to the Central Bank, the financial monitoring service, and the relevant executive authority within 7 (seven) days in case the amount of currency resources exceeding USD 50.000 (fifty thousand) equivalent is brought into the Republic of Azerbaijan by resident individuals.

4. Resident individuals may remit from the Republic of Azerbaijan currency resources not exceeding the equivalent of USD50000 (fifty thousand) previously brought into the Republic of Azerbaijan in cash based on custom documents in evidence thereof. When transferring currency resources in the amount exceeding the equivalent of USD 50000 (fifty thousand) from the Republic of Azerbaijan, previously brought into the Republic of Azerbaijan in cash, resident individuals should submit a certificate, confirming delivery of such funds in cash by a relevant bank or other credit institution of the country wherefrom the currency was brought.

5. Resident individuals may take out currency resources not exceeding the equivalent of USD 50000 (fifty thousand), previously brought into the Republic of Azerbaijan in cash in compliance with customs regulations.

6. Procedures on remittance and taking out of currency resources in cash from the Republic of Azerbaijan by resident individuals in compliance with customs regulations, except for currency resources, remitted or brought into the Republic of Azerbaijan in the order specified in clauses 1-5 herein shall be established by the Central Bank, ~~while the rates of duties to be paid when taking out cash currency resources shall be established by the relevant executive authority.~~

7. Resident individuals may deposit their currency funds, including funds acquired in the Republic of Azerbaijan on their currency accounts with assigned banks freely.

Article 10. Accounts of non-residents in foreign and national currencies

Non-residents may open foreign and national currency accounts with assigned banks. *The Central Bank of the Republic of Azerbaijan shall establish a procedure for opening and maintaining operations on those accounts*

Article 11. Currency operations of non-residents in the Republic of Azerbaijan

1. Non-residents shall have the right to bring and take their currency resources in and from the Republic of Azerbaijan via remittance, as well as bring in and take out in cash in compliance with customs regulations.

2. Non-residents may freely remit the foreign currency, previously transferred to the Republic of Azerbaijan, from the Republic of Azerbaijan.

3. Non-residents may take out their foreign currency resources from the Republic of Azerbaijan, previously transferred to the Republic of Azerbaijan in cash in accordance with customs regulations, based on statements issued by assigned banks in compliance with the regulations, specified by the Central Bank.

4. Non-residents may bring into the Republic of Azerbaijan their currency resources in cash in compliance with customs regulations. Information on the amount of funds, the date, the person and the country, the source of money that is being brought in, shall be presented by customs authorities to the Central Bank of the Republic of Azerbaijan, the financial monitoring service and relevant executive authority within 7 (seven) days, in the event the amount of currency resources that are being brought into the Republic of Azerbaijan by non-residents exceed the equivalent of USD 50.000 (fifty thousand).

5. Non-residents may remit from the Republic of Azerbaijan their currency resources not exceeding the equivalent of USD 50000 (fifty thousand) previously brought into the Republic of Azerbaijan in cash based on custom documents in evidence thereof. When transferring currency resources in the amount exceeding the equivalent of USD 50000 (fifty thousand) from the Republic of Azerbaijan, previously brought into the Republic of Azerbaijan in cash, non-residents should produce a statement, confirming delivery of such cash by a relevant bank or other credit institution of the country wherefrom the currency was brought.

6. Non-resident individuals may take out cash currency resources up to the equivalent of USD 50000 (fifty thousand), previously brought into the Republic of Azerbaijan in cash in compliance with customs regulations.

7. Procedures on remittance and taking out of currency resources in cash from the Republic of Azerbaijan by non-resident individuals in compliance with customs regulations, except for currency resources, remitted or brought into the Republic of Azerbaijan in the order specified in clauses 1-6 herein shall be established by the Central Bank of the Republic of Azerbaijan.

8. Non-residents shall be entitled to buy and sell currency resources in the manat ~~in the order established by the Central Bank of the Republic of Azerbaijan.~~

Article 12. Functions of the *Milli Majlis* of the Republic of Azerbaijan on currency regulation

The *Milli Majlis* of the Republic of Azerbaijan shall establish general principles of the currency policy, the limit of sovereign debt, the size of loans to foreign countries, a currency plan as an integral part of the state budget, issue legislative acts on currency regulation and control.

Article 13. The Central Bank of the Republic of Azerbaijan as the main currency regulation authority

1. The Central Bank is the main institution responsible for regulating currency in the Republic of Azerbaijan.

2. According to the present Law the Central Bank of the Republic of Azerbaijan shall:

a) determine a scope and a procedure of circulation of foreign currency and securities in

foreign currency in the Republic of Azerbaijan.

b) adopt *normative acts* on regulation of currency operations.

c) establish a procedure on operations with foreign currency and securities in foreign currency to be accomplished by residents and non-residents and a procedure of operations with national currency and securities in the national currency to be accomplished by nonresidents in the Republic of Azerbaijan.

d) determine a procedure on mandatory transfer, bringing in and remittance of foreign currency and securities in a foreign currency belonging to residents to the Republic of Azerbaijan, as well as the cases and terms of opening foreign currency accounts by residents outside the Republic of Azerbaijan (*except for persons licensed in the securities market, credit institutions, professional actors of the insurance market, investment funds and investment fund managers*).

~~e) determine a general procedure on the issue of licenses for currency operations for banks and other credit institutions and issue the said licenses.~~

~~f) set a single form for currency transactions statistics, the order of its delivery and timing.~~

g) prepare and publish statistical reports on currency operations in the Republic of Azerbaijan based on generally accepted international standards.

h) discharge other functions envisaged by the present Law and the Law of the Republic of Azerbaijan 'on the Central Bank of the Republic of Azerbaijan'.

Chapter II-I

Issuance of currency exchange licenses

Article 13-1. Appeal for a license

13-1.1. A person, willing to engage in currency exchange (hereinafter – the applicant) shall apply to the Central Bank of the Republic of Azerbaijan for a license. The application form shall be established by the Central Bank of the Republic of Azerbaijan.

13-1.2. The application shall be attached with the following documents:

~~13-1.2.1. a copy of an excerpt from the state registry of legal entities if the applicant is a resident legal entity or a branch of a non-resident legal entity.~~

~~13-1.2.2. a copy of the ID card, if the applicant is a resident individual.~~

13-1.2.3. a copy of the certificate of applicant's state registration as a taxpayer.

13-1.2.4. a notarized copy of the document confirming the applicant's property, use or rent right per the object mentioned in the application.

13-1.2.5. a notarized copy of the resident legal entity's charter (statute of the branch of the non-resident legal entity).

13-1.2.5-1. copies of the charter of the non-resident legal entity, the decision of the competent governing body on establishment of the branch, audited financial statements of the non-resident legal entity covering at least recent three financial years (where the legal entity was established in less than three years, recent financial years or year) and the auditor opinion legalized as per the legislation.

13-1.2.6. reference issued by a respective executive authority on absence of debt to the state budget related to the taxes set by the Tax Code of the Republic of Azerbaijan and other liability (except for the cases when the debt is deferred in the order specified in the Tax Code of the Republic of Azerbaijan and/or the deadline to meet the tax liability is changed).

13-1.2.7. reference on absence of founder's (s') records on economic crimes (if a legal entity, the head of the governing body).

Where the founder (if a legal entity, the head of the governing body) is a foreigner, a reference from relevant public authorities of his/her home country on absence of records on economic crimes legalized as per the legislation.

13-1.2.7-1. *where the founder is a legal entity – information and documents indicating its name, address, the type of its commercial activity, audited financial statements covering recent three financial years (where the legal entity was established in less than three years, recent financial years or year) and the auditor opinion, as well as a copy of the competent governing body of that person on acquisition of implied participation share, where a founder is a foreign legal entity, also a document on registration in their home country legalized as per the legislation, the charter (statute), audited financial statements covering at least recent three financial years (where the legal entity was established in less than three years, recent financial years or year) and the auditor opinion.*

13-1.2.7-2. *where the founder is an individual – his/her ID card indicating his/her 1st, last, middle names, citizenship, information and documents on his/her permanent place of residence, type of employment; where the founder is a foreigner (except for foreigners whose permanent place of residence is the Republic of Azerbaijan) also positive recommendations from one or several financial institutions of his/her home country and/or statements from his/her bank accounts.*

13-1.2.8. *bank document on payment of the pledged amount specified in Article 13-10.1 herein.*

13-1.2.8-1. *information and documents on the amount of authorized (share) capital, share per shareholder in authorized (share) capital and the source of funds channeled to acquisition of the share.*

13-1.2.8-2. *a bank document on payment of the minimum authorized (share) capital established under Article 13-10.10 herein.*

13-1.2.8-3. *information on relations between participants as defined by the Central Bank of the Republic of Azerbaijan and beneficial owner(s), including on their civil impeccability determined hereunder; where the beneficiary owner is a foreigner, a reference from relevant public authorities of his/her home country on his/her criminal records legalized as per the legislation.*

13-1.2.8-4. *a list of qualifying holding owners (if a legal entity, the head of its executive body) and persons engaged in management and information on their civil impeccability, where those persons are foreigners, a reference from relevant public authorities of their home country on their criminal records legalized as per the legislation.*

13-1.2.9. *documents confirming compliance with the requirements set in Section 5, Article 3 herein.*

13-1.3. *The application shall be received and registered on the same day by the Central Bank of the Republic of Azerbaijan. The Central Bank of the Republic of Azerbaijan shall issue a reference to the applicant on the application's registration date and number at the latest within three working days or send the relevant information by registered mail.*

13-1.4. *In case of possibility to obtain documents specified in Article 13-1.2 of this Law through the Electronic Government Information System from the relevant public authority (institution), those documents shall not be required from the applicant. In the cases of impossibility to obtain such documents through the Electronic Government Information System, their submission shall be required from the relevant public authority (institution) upon request at the consent of the applicant or provided by the applicant.*

13-1.5. *When reviewing the license appeal, the Central Bank of the Republic of Azerbaijan may obtain information on financial standing of applicant's share owners in its authorized (share) capital, beneficiary owners and the source of authorized (share) capital from independent and reliable sources, as well as from related public authorities (institutions). Public authorities (institutions) shall provide the information requested by the Central Bank of the Republic of Azerbaijan within seven working days. Except for state secrets, public authorities (institutions) may not refuse to provide the requested information by reference to it as commercial secret, tax secret or other confidential information protected by the legislation.*

13-1.6. *Article 13-1.5 herein shall apply to persons willing subsequently to acquire qualifying holding in a person who has obtained a currency exchange license and beneficial owners.*

13-1.7. *For the purposes of this Law conviction of relevant persons shall be identified based on a*

reference from the authority (institution) designated by the relevant executive authority at the request of the Central Bank of the Republic of Azerbaijan.

Article 13-2. Issuance of licenses

13-2.1. The Central Bank of the Republic of Azerbaijan shall verify compliance of the application and documents thereto with the requirements of Article 13-1 herein. In the event the Central Bank of the Republic of Azerbaijan reveals shortfalls that are possible to be eliminated and that do not cause rejection to issue a license in the application and documents thereto (taking into account the requirements of Article 13-1.4 of this Law), it shall deliver information on their elimination within 5 business days upon the application's registration date or send via registered mail and explain to him/her legal consequences of incompliance with formal requirements. The applicant shall be informed on all shortfalls in the meantime.

13-2.2. The applicant shall eliminate shortfalls within 10 working days upon receiving the information. At that the period related to issue of the license shall be suspended and the suspended period shall not be included to the timeframe of the issue of the license. The flow of period shall be recovered after the Central Bank of the Republic of Azerbaijan receives the applicant's appeal on elimination of shortfalls.

13-2.3. If the applicant fails to eliminate shortfalls detected in the application and documents thereto within the timeframe specified in Article 13-2.2 herein, the Central Bank of the Republic of Azerbaijan shall decide to terminate the review of the application and deliver or send via registered mail relevant information to the applicant within two working days.

13-2.4. The applicant may apply to the Central Bank of the Republic of Azerbaijan again to obtain a license after he/she eliminates detected shortfalls in the case specified in Article 13-2.3 herein. The application shall be reviewed again on Articles 13-1 and 13-2 herein.

13-2.5. The Central Bank of the Republic of Azerbaijan shall decide to issue or reject to issue a license ~~in coordination with the relevant executive authority~~ within 20 working days after the application's registration date based upon results of the review of the application and documents thereto.

13-2.6. The Central Bank of the Republic of Azerbaijan shall send the decision on issue of the license to the applicant no later than the timeframe specified in Article 13-2.5 herein. The applicant shall pay the state duty for issue of the license within five working days after he/she receives the decision and deliver the payment confirmation to the Central Bank of the Republic of Azerbaijan. The decision on rejection to issue the license shall be delivered to the applicant or sent via registered mail within two working days after the date the decision is taken.

13-2.7. The license shall be presented to the applicant no later than two working days or sent via registered post after the applicant delivers the public duty payment confirmation statement to the Central Bank of the Republic of Azerbaijan. If the public duty payment confirmation statement is not delivered to the Central Bank of the Republic of Azerbaijan, it shall revoke the license and deliver relevant information to the applicant within two working days or send by registered mail.

13-2.8. The license shall include:

13-2.8.1. the date of issue and registration number of the license.

13-2.8.2. the name and address of the license issuing authority.

13-2.8.3. information on the license holder (the name and the legal address of resident legal entity ~~or individual~~, or non-resident legal entity's branch, the address of the licensed facility, the TIN).

13-2.8.4. the type of the licensed activity.

13-2.9. The license issued for the person engaged in currency exchange shall be perpetual.

13-2.10. The license shall be signed by the authorized person of the Central Bank of the Republic of Azerbaijan and stamped.

13-2.11. The license shall take effect from the day it is issued by the Central Bank of the Republic of Azerbaijan and may be used solely by the recipient. The license may not be transferred to third parties. The force of the license shall not apply to legal entities founded (participated) by the license holder, and

other legal entities that operate with the license holder based on the agreement on joint activity, including a cooperation agreement. Services other than currency exchange shall be prohibited in currency exchange offices.

13-2.12. An annex to the license shall be issued if currency exchange is conducted in territorially separate objects.

13-2.13. The heading of the annex to the license shall include the words 'annex to the license'. The annex shall indicate the address of the object where the currency exchange is conducted. Annex to the license shall be presented per object where the activity is conducted.

13-2.14. To obtain annex to the license, the license holder may apply to the Central Bank of the Republic of Azerbaijan upon the issue of the license. The application shall only be attached with the documents specified in Articles 13-1.2.4, 131.2.8 and 13-1.2.9 herein (considering the requirements of Article 13-1.4 of this Law), as well as documents confirming the increase in authorized (share) capital as per Article 13-10.9 herein.

13-2.15. Annex to the license shall be signed and confirmed as per Article 13-2.10 -herein.

13-2.16. Legal consequences of re-formalization of the license, issue of the duplicate, its suspension and revocation shall apply to the annex to the license.

13-2.17. Under this Law, grounds for license's suspension or revocation shall be the grounds for suspension or revocation of the annex to the license. Legal consequences of suspension and revocation of the annex to the license shall not apply to the license.

Article 13-3. Refusal to issue a license

13-3.1. The license shall be rejected to be issued when:

13-3.1.1. the application and documents thereto contain information incompliant with the law (except for the case implied in the second sentence of Article 13-2.1 herein).

13-3.1.2. the applicant fails to meet conditions on issue of the license.

13-3.1.3. the source of funds channeled to the acquisition of a share in authorized (share) capital is unknown.

13-3.1.4. there are facts that indicate that the influence of qualifying holding or beneficial owners on the person engaged in currency exchange activities will endanger its reliable and prudential management, as well as persons discharging management functions, qualifying holding owners (if a legal entity, the head of its executive body) or beneficiary owners fail to meet civil impeccability requirements.

13-3.1.5. founder's (of non-resident legal entity in relation to the non-resident legal entity) financial stance is unsatisfactory.

13-3.2. The decision on license rejection shall be substantiated referring to rejection cases. The applicant may appeal the decision ~~in the administrative order and~~ at court.

Article 13-4. License fees

The amount of the state fee to be paid for the issue of currency exchange license shall be determined by the Law of the Republic of Azerbaijan 'on State Duties'.

Article 13-5. Re-formalization of the license

13-5.1. The license shall be re-formalized when:

13-5.1.1. the resident legal entity – the license holder is reorganized.

13-5.1.2. the name or the legal address of the resident legal entity – the license holder or the branch of the non-resident legal entity changes.

~~13-5.1.3. 1st, middle, last names, or the activity address of the resident individual – the license~~

holder change.

13-5.2. *In the event of the grounds specified in 13-5.1 herein, the license holder or his/her legal heir shall apply to the Central Bank of the Republic of Azerbaijan to re-formalize the license within 5 working days after those grounds arise.*

13-5.3. *The application shall be attached with copies of the license to be re-formalized, the excerpt from the public registry of legal entities, ~~resident individual's ID card~~ and tax registration certificate (considering the requirements of Article 13-1.4 of this Law).*

13-5.4. *Under Articles 13-5.2 and 13-5.3 herein, the Central Bank of the Republic of Azerbaijan shall deliver the re-formalized license to the license holder or his/her legal heir or send to him/her with registered post upon making relevant changes within three working days after it receives the application and documents attached thereto.*

13-5.5. *Over the license re-formalization period the license holder's or his/her legal heir's activity shall base upon a statement on application's registration date and number delivered to the Central Bank of the Republic of Azerbaijan.*

13-5.6. *In the event the name of the Central Bank of the Republic of Azerbaijan changes or its authority to issue a license passes to another licensing authority, previously issued license shall be only re-formalized in the order specified in Articles 13-5.3 and 13-5.4 herein at the license holder's appeal.*

Article 13-6. Issuance of a duplicate license

13-6.1. *If the license is lost or damaged, the license holder shall apply to the Central Bank of the Republic of Azerbaijan for a duplicate license.*

13-6.2. *The Central Bank of the Republic of Azerbaijan shall prepare and deliver or send by registered mail to the applicant a duplicate license within three working days after the application is received.*

13-6.3. *Within the period a duplicate license is issued, the license holder shall fulfill his/her activities based on the registration date and number of the statement presented to the Central Bank of the Republic of Azerbaijan. The statement in question shall be signed and stamped by the authorized person of the Central Bank of the Republic of Azerbaijan.*

13-6.4. *The duplicate license shall have the same legal force as the lost or damaged license.*

Article 13-7. Suspension of licenses

13-7.1. *Licenses shall be suspended when:*

13-7.1.1. *the license holder presents a relevant application.*

13-7.1.2. *the license holder fails to implement Central Bank of the Republic of Azerbaijan's instructions on elimination of requirements of the present Law for currency exchange, as well as requirements determined by the Central Bank of the Republic of Azerbaijan ~~and the financial markets supervisory authority~~ in the legislative order (except for the cases that are grounds for license revocation).*

13-7.1.3. *in other cases, specified by the law.*

13-7.2. *The license shall be suspended at the Central Bank of the Republic of Azerbaijan's resolution, which will indicate the cases that led to suspension and the period of suspension. The resolution on license suspension on the grounds specified in Articles 13-7.1.2 and 13-7.1.3 herein shall also include actions to be taken to eliminate the cases that led to suspension and results of elimination of the cases in question within the license suspension period.*

13-7.3. *The license holder shall eliminate the cases specified in Articles 13-7.1.2 and 13-7.1.3 herein until the license suspension period expires and inform the Central Bank of the Republic of Azerbaijan on results in writing.*

13-7.4. *The license suspended on the ground as per 13-7.1.1 herein shall be recovered based on the*

license holder's relevant application, while the license suspended as per Articles 13-7.1.2 and 137.1.3 herein based on written information by the license holder on elimination of the said cases at the resolution of the Central Bank of the Republic of Azerbaijan.

13-7.5. The license suspension period as per Article 13-7.1.1 herein may not exceed 3 months and be more than once over a calendar year.

13-7.6. The license suspension period as per Articles 13-7.1.2 and 13-7.1.3 herein may not exceed 6 months.

13-7.7. The decision on license suspension and recovery shall be submitted to the license holder within two working days after it is taken or sent by registered mail.

13-7.8. The license holder may file a complaint ~~in the administrative order and~~ to the court on the resolution on license suspension.

Article 13-8. License revocation

13-8.1. The license shall be revoked when:

13-8.1.1. the license holder presents a relevant application.

13-8.1.2. license holder resident legal entity, the branch of the non-resident legal entity is liquidated.

~~13-8.1.3. the license holder resident individual dies or is declared dead or missing in the court order.~~

~~13-8.1.4. activity of the resident individual license holder as a private entrepreneur is terminated.~~

13-8.1.5. there is a relevant court order.

13-8.1.6. inaccurate information is revealed later in the documents submitted for license.

13-8.1.6-1. the amount of minimum authorized (share) capital or the amount of funds equal to the authorized capital of a branch of a non-resident legal entity, as well as the amount of collateral falls below the amount set by the Central Bank of the Republic of Azerbaijan.

13-8.1.7. the Central Bank of the Republic of Azerbaijan is not provided with written information as per Article 13-7.3 herein.

13-8.1.8. the license holder fails to start operating within 3 months after receiving the license.

13-8.1.8-1. the currency exchange activity is suspended for 3 months without a relevant application submitted by the license holder or an application for restoration of the suspended license is not submitted in accordance with Article 13-7.1.1 of this Law.

13-8.1.8-2. reports are not submitted to the Central Bank of the Republic of Azerbaijan for two consecutive reporting dates or distorted reports are submitted.

13-8.1.8-3. facts specified in Article 13-3.1.4 herein are revealed.

13-8.1.9. the grounds as per Articles 13-7.1.2 and 13-7.1.3 herein are not eliminated within 6 months and the Central Bank of the Republic of Azerbaijan does not take a decision on license recovery.

13-8.1.10. the law does not require a license for currency Exchange.

13-8.1.11. the ban specified in Sentence 3 of Article 13-2.11 herein is not followed.

13-8.1.12. in other cases, specified by the law.

13-8.2. The license shall be revoked at the resolution of the Central Bank of the Republic of Azerbaijan referring to the cases specified in Article 13-8.1 herein (except for Article 13-8.1.5 herein). The resolution shall be delivered or sent by registered mail to the license holder within two working days after it is taken.

13-8.3. The license holder may file a complaint ~~in the administrative order and~~ to the court on the resolution on license revocation.

Article 13-9. Control over currency exchange

The Central Bank of the Republic of Azerbaijan shall control compliance of the person licensed to engage in currency exchange with related requirements set by the law, as well as regulations of the Central Bank of the Republic of Azerbaijan ~~and the financial markets supervisory authority~~. The order of control shall be established by the Central Bank of the Republic of Azerbaijan.

Article 13-10. Requirement for pledged amount and authorized (share) capital to engage in currency exchange

13-10.1. A person willing to obtain a currency exchange license shall place pledged funds to a special account with an assigned bank in the amount established by the Central Bank of the Republic of Azerbaijan.

~~13-10.2. In the event a person licensed to engage in currency exchange provides this activity in two or more objects, requirements on pledged amount shall be set in fifty percent of the amount set as per Article 13-10.1 herein for each second and following object.~~

13-10.3. Full pledged amount set as per Article 13-10.1 herein shall be kept in a special deposit account with the assigned bank and not returned over the validity of the license.

13-10.4. Under Articles 13-8.1.1–13-8.1.4 and 13-8.1.6–13-8.1.11 herein the person whose license is revoked may withdraw pledged funds from the assigned bank presenting Central Bank of the Republic of Azerbaijan's opinion, whose form is established by the Central Bank of the Republic of Azerbaijan.

13-10.4-1. In the event the Central Bank of the Republic of Azerbaijan reduces the pledged amount set under Article 13-10.1 herein, the excess part of pledged funds in the special account by the person licensed to engage in currency exchange may be redeemed from the assigned bank by submitting the opinion of the Central Bank of the Republic of Azerbaijan.

13-10.5. Pledged funds shall be returned based on a court order in the cases specified in Articles 13-8.1.5 and 13-11.6 herein.

13-10.6. The assigned bank shall deliver the information on the account opened for the person willing to obtain a currency exchange license in the order specified herein and on pledged funds placed in this account to the Central Bank of the Republic of Azerbaijan within three business days.

13-10.7. The assigned bank shall submit information on pledged amount returned in the cases specified in this Law to the Central Bank of the Republic of Azerbaijan within 3 working days.

13-10.8. The person willing to get a currency exchange license shall establish the minimum authorized (share) capital in the form of money in the national currency of the Republic of Azerbaijan.

13-10.9. When a person licensed for currency exchange activity performs this activity in two or more objects, minimum authorized (share) capital shall be increased by the amount set in Article 13-10.10 herein for each additional object.

13-10.10. The minimum amount of authorized (share) capital of a person willing to obtain a license for currency exchange activities, as well as the amount of the part of authorized (share) capital to be increased for each second and subsequent object in which a person licensed for currency exchange activities carries out this activity, shall be set by the Central Bank of the Republic of Azerbaijan.

13-10.11. Changes to requirements for minimum amount of authorized (share) capital shall enter into force no sooner than 6 months after persons licensed for currency exchange activity are officially notified.

13-10.12. The requirements stipulated in Articles 13-1.2.8-2, 13-10.8 - 13-10.11 herein for authorized (share) capital shall also apply to funds of a branch of a non-resident legal entity held equal to authorized capital.

Article 13-11. Delivery of the Central Bank of the Republic of Azerbaijan's opinion to the person whose license is revoked

13-11.1. Under Articles 13-8.1.1–13-8.1.2, 13-8.1.6–13-8.1.9 and 13-8.1.11 herein, after taking a decision on license revocation the Central Bank of the Republic of Azerbaijan, and after appointing a court review on the grounds specified in Article 13-8.1.5 herein the court shall publish a relevant notice on an official periodical within two working days. The notice shall include:

13-11.1.1. the name, legal and operation address of the resident legal entity, or the branch of the non-resident legal entity engaged in currency exchange whose license is revoked (court review appointed).

~~13-11.1.2. the first and last names, registration and operation address of the resident individual engaged in currency exchange whose license is revoked (court review appointed).~~

13-11.1.3. the date and number of the resolution on license revocation (appointment of court review).

13-11.1.4. the order of court appeal and the name of the court where court review will be held under the Civil Practice Act.

13-11.1.5. if court review is appointed under Article 13-8.1.5 herein, the date of court review too.

13-11.2. Persons willing to raise claims against the persons whose license is revoked, or court review is appointed with respect to license revocation in the order specified herein may apply to court within 2 months after the notice as per 13-11.1 herein is published.

13-11.3. The court shall inform the Central Bank of the Republic of Azerbaijan within two working days after the former receives the claim specified in Article 13-11.2 herein.

13-11.4. Courts shall review claims submitted under Article 13-11.2 herein according to the Civil Practice Act.

13-11.5. If the Central Bank of the Republic of Azerbaijan is not informed that the court has received a claim within the timeframe provided for in Article 13-11.2, also in the cases specified in Articles 13-2.7, ~~13-8.1.8~~, 13-8.1.10 and 13-8.1.12 herein, it shall issue an opinion on returning the pledged amount from the assigned bank within two working days.

13-11.6. According to Article 13-11.2 of this Law, when an appeal is made to the court, the return of the collateral amount by the authorized bank is resolved based on the court decision.

Article 13-12. Register of currency exchange licenses

13-12.1. The Central Bank of the Republic of Azerbaijan shall develop a public register of currency exchange licenses. The register shall include names, legal and operational addresses of persons licensed to engage in currency exchange, information on registration numbers and dates of their issued, suspended, and revoked licenses, of license annexes on additional objects.

13-12.2. Persons engaged in currency exchange shall inform the Central Bank of the Republic of Azerbaijan on changes to the information entered to the register within 5 working days.

Article 13-13. Acquisition of qualifying holding in authorized (share) capital

13-13.1. Any person may acquire qualifying holding in authorized (share) capital of a legal entity licensed for currency exchange activities, including a participation share that increases the qualifying holding to reach or exceed 50 percent of voting shares or authorized capital as defined by this Law.

13-13.2. To acquire the share specified in Article 13-13.1 herein the competent management body of the license holder submits the following documents to the Central Bank of the Republic of Azerbaijan together with the application and decision:

13-13.2.1. if it is a legal entity that is willing to acquire a participation share:

13-13.2.1.1. information on legal entity's name, address, type of commercial activity, audited financial statements covering at least recent three financial years (if established in less than three years, recent financial years or year) and auditor opinions, as well as an approved copy of the decision of the

competent management body allowing to acquire the implied participation share of that person.

13-13.2.1.2. information on civil impeccability of the head of the executive body of that person (if the head is a foreigner, a reference from relevant public authorities of his/her home country on his/her criminal records legalized as per the legislation).

13-13.2.1.3. the charter (statute) legalized as per the legislation, a document confirming state registration in its home country, audited financial statements covering at least recent three financial years (if established in less than three years, recent financial years or year) and auditor opinion in addition to the above documents by foreign legal entities.

13-13.2.2. if it is an individual who is willing to acquire a participation share:

13-13.2.2.1. information of the ID card specifying his/her 1st, middle, last names and citizenship, information and documents specifying his/her type of employment, as well as information on his/her civil impeccability.

13-13.2.2.2. if an individual is a foreigner, in addition to the above information and documents, positive recommendations from one or several financial institutions of his/her home country and/or statements from bank accounts (except for foreigners whose permanent place of residence is the Republic of Azerbaijan) and a reference from relevant public authorities of his/her home country on his/her criminal records legalized as per the legislation.

13-13.2.3. information and documents about the source of funds channeled to acquisition of the participation share.

13-13.3. The Central Bank of the Republic of Azerbaijan shall review the application submitted as per Article 13-13.2 herein within 20 working days at the latest and refuse to issue a permit when:

13-13.3.1. the documents specified in Article 13-13.2 herein are submitted not in full (considering the requirements of Article 13-13.7 of this Law).

13-13.3.2. the source of funds channeled to acquisition of the participation share is unknown, or the facts specified in Article 13-3.1.4 herein have been revealed.

13-13.3.3. persons willing to acquire a participation share (if a legal entity, the head of its executive body) fail to meet civil impeccability requirements.

13-13.3.4. financial condition of the person willing to acquire a participation share is unsatisfactory.

13-13.4. The permit issued by the Central Bank of the Republic of Azerbaijan on acquisition of the participation share shall specify deadline for acquisition of the participation share. After this period expires or deals are concluded for the acquisition of the participation share without the permit by the Central Bank of the Republic of Azerbaijan, those deals shall be deemed invalid from the moment they are concluded.

13-13.5. Any person with qualifying holding in the capital of the legal entity licensed for currency exchange activities shall inform the Central Bank of the Republic of Azerbaijan in writing prior to reducing voting rights or the share in authorized (share) capital owned by him/her below 50 per cent.

13-13.6 Where the Central Bank of the Republic of Azerbaijan reveals the circumstances specified in Articles 13-13.3.2 and 13-13.3.3 herein, it shall apply to court for alienation of the share of the person with a participation share or repurchase (acquisition) by the person licensed for currency exchange activities.

13-13.7. In case of possibility to obtain documents specified in Article 13-13.2 of this Law through the Electronic Government Information System from the relevant public authority (institution), those documents shall not be required from the applicant. In the cases of impossibility to obtain such documents through the Electronic Government Information System, their submission shall be required from the relevant public authority (institution) upon request at the consent of the person willing to acquire a participation share or provided by him/her.

Chapter III CURRENCY CONTROL

Article 14. Objectives and directions of currency control

1. The objective of currency control is to ensure compliance with the currency legislation when carrying out currency operations.
2. The main directions of currency control shall be to:
 - a) identify compliance of currency operations with the effective legislation and availability of relevant licenses and permits.
 - c) check the status of execution of liabilities on a foreign currency due to the state and sale of currency in the foreign exchange market of the Republic of Azerbaijan by residents.
 - d) validate whether payments in a foreign currency are substantiated.
 - e) check whether accounts and reports on operations with currency, including operations of non-residents with the national currency are complete and true.

Article 14-1. Prevention of legalization of criminally obtained ~~funds and other~~ property and the financing of terrorism

14-1.1. In the event of disclosure of signs of legalization of criminally obtained ~~funds or other~~ property, and the financing of terrorism when delivering foreign currency riches and the national currency into and from the Republic of Azerbaijan, the relevant executive authority of the Republic of Azerbaijan should take measures to preserve and collect evidence of the crime, send the obtained information and documents to the competent criminal prosecution authority, and also submit this information and documentation to the financial monitoring authority.

14-1.2. Persons licensed to engage in currency exchange should comply with the requirements of the Laws of the Republic of Azerbaijan 'on Prevention of the Legalization of Criminally Obtained ~~Funds and other~~ Property and the Financing of Terrorism' and 'on Targeted Financial Sanctions'.

Article 15. Currency control authorities and agents

1. Control over operations with currency in the Republic of Azerbaijan shall be carried out by the authorities of control over operations with currency and their agents.
2. The main currency control authorities of the Republic of Azerbaijan are the Central Bank of the Republic of Azerbaijan, ~~the financial market supervisory authority~~, and the relevant executive authority. Currency control agents are authorized ~~banks and individuals licensed to engage in currency exchange activities~~.
3. The executive authority implementing the customs policy of the Republic of Azerbaijan carries out currency control in accordance with the relevant legislation over the movement of national and foreign currency, as well as other currency valuables, across the customs border of the Republic of Azerbaijan by residents and non-residents. It also exercises currency control in other cases as provided for by the Customs Code of the Republic of Azerbaijan.

Article 16. Powers of currency control authorities and agents

1. Currency control authorities, within their power, shall adopt *normative legal acts and regulations* binding for all residents and non-residents in the Republic of Azerbaijan.
2. Currency control authorities and agents within their power shall:
 - a) monitor the compliance of foreign exchange operations carried out by residents and

non-residents in the Republic of Azerbaijan with the applicable legislation, ~~the terms of licenses and permits~~, as well as the enforcement of the acts issued by currency control authorities.

b) check operations with currency carried out by residents and non-residents.

c) establish forms and procedures for ~~accounting~~, reporting (*except for financial statements*) and documentation related to operations with currency carried out by residents and non-residents.

Article 16-1. A single information system on currency operations

16-1.1. The Central Bank of the Republic of Azerbaijan shall create a single information system where information on currency transactions of residents and non-residents is collected to ensure currency control. Currency control agents shall enter information on their currency operations to this information system and use the system for currency control purposes. The order of submission and retrieval of information on currency operations to/from the single information system, other issues related to the type of submitted information and the operation of the system shall be determined with the statute approved by the Central Bank of the Republic of Azerbaijan.

16-1.2. Information collected in the single information system on currency transactions shall be stored during storage of documents on transactions with funds, and banking secrecy rules shall apply to the information collected and retrieved in/from this system.

16-1.3. Consent of data subject residents and non-residents shall not be required for collection and processing of information on currency transactions in the single information system, they may not object to collection and processing of information in the system and request destruction of the data therein.

Article 17. Rights and duties of residents and non-residents

1. Residents and non-residents carrying out operations with currency in the Republic of Azerbaijan and non-residents carrying out operations with the national currency and securities in the national currency shall be entitled to:

a) familiarize with results of inspections carried out by currency control authorities and agents.

b) issue complaints against actions of currency control agents to respective currency control authorities, and against currency control authorities— in the order specified by the legislation of the Republic of Azerbaijan.

c) exercise other rights specified in the present Law and other legislative acts of the Republic of Azerbaijan.

2. Residents and non-residents carrying out foreign currency operations and non-residents carrying out national currency operations in the Republic of Azerbaijan should:

a) provide currency control authorities and agents with information and documents necessary to discharge their functions.

b) deliver explanations to currency control authorities and agents during examinations, as well as on findings of examinations.

c) provide a written explanation on reasons for refusal to sign the act of examination if there are any disagreements concerning the facts specified in the said acts of examinations carried out by currency control authorities and agents.

d) maintain accounting, prepare, and keep for at least 5 years reports on their currency operations.

e) implement requirements (instructions) of currency control authorities to mitigate revealed violations.

f) discharge other duties specified in the legislation of the Republic of Azerbaijan.

Article 18. Responsibility for violations of the currency legislation

1. Residents and non-residents, including assigned banks that have violated the provisions of the present Law shall be kept responsible as follows:

a) forfeiture of profits gained from deals illegal under the present Law, as well as from illegal activity rather than, the profit gained through transactions and transfer thereof to the Treasury.

b) residents and non-residents, including assigned banks, according to the legislation of the Republic of Azerbaijan, shall be kept responsible for lack of accounting of operations with currency or accomplishment of the said operations with violations of the established order, for non-presentation or untimely presentation of documents and information as per Item 2 of Article 17 of the present Law to currency control authorities and agents.

2. The sanctions specified in the present Article shall be imposed by currency control authorities, including at the currency control agents' presentation: with respect to legal persons – unconditionally, with respect to individuals – through the court.

3. For violation of the currency legislation officials of resident and non-resident enterprises and organizations, including officials of assigned banks *and other currency control agents*, as well as individuals shall bear administrative, civil-legal, and criminal responsibility under the legislation of the Republic of Azerbaijan.

Article 19. Rights and obligations ~~of officials~~ of currency control authorities and agents

1. Currency control *authorities and agents* shall be entitled to:

a) check all documents related to currency operations, obtain necessary explanations and information on questions arising during examination, as well as confiscate documents revealing violations of the currency legislation.

b) suspend operations with accounts in assigned banks in the event of non-delivery of the documents and information specified in this Article.

~~c) terminate or revoke licenses and permits giving the right to conduct currency operations by residents, including assigned banks, and non-residents.~~

d) other rights envisaged by the legislation of the Republic of Azerbaijan.

2. Currency control authorities and agents, their officials should keep confidential commercial information of residents and non-residents, which became known to them during discharge of their functions on control over operations with currency.

3. In the event currency control authorities and their officials fail to fulfill properly their assigned duties and responsibilities, they may be kept responsible in the order specified in the legislation of the Republic of Azerbaijan.

Heydar Aliev
President of the Republic of Azerbaijan

Baku, October 21, 1994.

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