

**BOARD OF THE
CENTRAL BANK OF THE REPUBLIC OF ARMENIA**

30 August 2005

N 444-N

RESOLUTION

**ON APPROVING REGULATION 11 “LICENSING, REGULATION AND SUPERVISION OF
ORGANIZING FOREIGN EXCHANGE TRADING IN THE REPUBLIC OF ARMENIA”**

By virtue of articles 9 and 10 of the Law of the Republic of Armenia “On Currency Regulation and Currency Control”, articles 20, 39, 49 of the Law of the Republic of Armenia “On the Central Bank of the Republic of Armenia”, article 1 of the Law of the Republic of Armenia “On Bargaining”, and article 43 of the Law of the Republic of Armenia “On Licensing”, the Board of the Central Bank of the Republic of Armenia decides:

1. To approve regulation 11 “Licensing, Regulation and Supervision of Organizing Foreign Exchange Trading in the Republic of Armenia” according to appendix 1 (attached).
2. Upon entering into force of this Resolution, to repeal the Central Bank of the Republic of Armenia Board Resolution N69 of March 19, 2002 “On approving Regulation 11 “Licensing, Regulation and Supervision of Organizing Foreign Exchange Trading in the Republic of Armenia””.
3. This Resolution shall enter into force on the 10th day after its publication.

Chairman of the Central Bank
of the Republic of Armenia

T. Sargsyan

REGULATION 11

LICENSING, REGULATION AND SUPERVISION OF ORGANIZING FOREIGN EXCHANGE TRADING IN THE REPUBLIC OF ARMENIA

CHAPTER 1

GENERAL PROVISIONS

Rule 1. Subject of the Regulation

1.1 This Regulation, being based on the authorities reserved to the Central Bank of the Republic of Armenia (hereafter Central Bank) by Laws of the Republic of Armenia “On Currency Regulation and Currency Control”, “On Licensing”, “On Bargaining” and other legal statutes, stipulates the procedures of licensing, regulation and supervision of trading of foreign exchange.

1.2 The licenses envisaged by this regulation shall be provided without a term to those legal entities (hereafter Exchange), whose organizing of foreign exchange trading activities comply with the requirements of Republic of Armenia Laws and other legal statutes.

1.3 The license forms approved by this regulation shall be considered documents of strict bookkeeping, the bookkeeping and safekeeping of which shall be done by the Legal Department of the Central Bank.

(point 1.3 amended 07.04.09 N 84-N)

Rule 1.1 Terminology used in Regulation

1.1.1 Terms used in this regulation shall have the following meanings:

- 1) **Maximum rate:** As a result of foreign exchange transactions entered into in the Exchange, the maximum rate of the particular foreign exchange for the required time period;
- 2) **Trading session:** the time period of the business day, during which trading of foreign exchange is organized in the Exchange, according to the rules of Exchange;
- 3) **Business day:** a working day, during which trading of foreign exchange is organized in the Exchange;
- 4) **Opening rate:** a rate, with which the first transaction of the particular foreign exchange has been entered into during the trading session;
- 5) **Minimum rate:** As a result of foreign exchange transactions entered into in the Exchange, the minimum rate of the particular foreign exchange for the required time period;
- 6) **Circulation:** the volume (with Armenian Drams and with the foreign exchange of the transaction) of trading transactions with the particular foreign exchange entered into in the Exchange for the required time period;
- 7) **Closing rate:** a rate, with which the last transaction of the particular foreign exchange has been entered into during the trading session.

(rule 1.1 amended 07.04.09 N 84-N)

CHAPTER 2

LICENSING OF ORGANIZING TRADING OF FOREIGN EXCHANGE

Rule 2. Provision of a license for organizing trading of foreign exchange

2.1 For acquiring a license for organizing trading of foreign exchange the applicants shall submit to the Central Bank the following documents:

- a) application for acquiring a license (appendix 2),
- b) charter of the Exchange,
- c) statement about the Executive Director and the Chief Accountant of the Exchange (curriculum vitae, where information on the professional activities shall be presented for the past 5 years, particularly: place of employment, employment starting and ending dates, and positions occupied),
- d) statement provided by the authorized agency certifying that the Executive Director and the Chief Accountant of the Exchange do not have criminal record or are not involved in criminal investigation,
- e) statement about the owners of the Exchange (appendix 3, 4)
- f) foreign exchange trading rules adopted by the Exchange,
- g) clearing and settlement rules of foreign exchange trading adopted by the Exchange,
- h) regulations adopted by the Exchange on organizing foreign exchange trading, which shall include all the documents concerning the rules and procedures of organizing the trading,
- i) payment slip showing the amount of the state duty stipulated by the Law of the Republic of Armenia "On State Duty" for acquiring a license,
- j) resolution of the authorized body of the Exchange or the respective section from the minutes on organizing foreign exchange trading,
- k) registration certificate of the Exchange.

2.2 Not later than 60 days from the moment the documents stipulated by point 2.1 of this regulation are submitted to the Central Bank, the Central Bank shall grant the license (appendix 1) or adopt a decision to reject the application for acquiring a license. In case the application for acquiring a license is not rejected in the mentioned time period, the application shall be deemed accepted, and the applicant from that day shall have the right to engage in activities subject to licensing, disregarding the fact if the license is given or not.

The decision on granting a license or rejecting the application to acquire a license shall be taken by the Board of the Central Bank.

2.3 With three days after the Board of the Central Bank takes the decision to grant a license, the Central Bank shall hand the license to the licensed entity.

Rule 3. Rejection of the application for acquiring a license for organizing trading of foreign exchange

3.1 The Central Bank Board shall reject the application to acquire a license, if:

- a) the submitted documents are incomplete, obviously bogus or distorted,
- b) the submitted documents do not comply with Law of the Republic of Armenia "On Licensing" and other legal statutes,
- c) the submitted documents do not comply with the requirements of chapter 3 of this regulation,
- d) according to the law the applicant does not have the right to engage in foreign exchange trading business.

3.2 In the existence of insignificant shortcomings (typos, non legal mistakes and other similar shortcomings) in the application for acquiring a license or the attached documents, the licensing body may approve the application on the condition that the license will be given to the applicant in case the shortcomings have been fixed.

3.3 The shortcoming of the documents may serve as a basis to reject the application to acquire a license, if within 10 days from the day the Central Bank duly sends the warning, the applicant does not provide the necessary documents or materials. Meanwhile, the Central Bank shall send the warning on the incompleteness of the documents within 15 days from the day it receives those documents.

3.4 In case the application for acquiring a license is rejected, the applicant has the right to submit an application for acquiring a license *de novo*.

3.5 In case it rejects the application, the Central Bank shall inform the applicant in writing, and mention the reasons and legal basis for the rejection.

Rule 4. Provision of a copy of the license for organizing foreign exchange trading, reformulating thereof, and changing the business address or engaging in the same activity subject to licensing in another place

4.1 Provision of a copy of the license for organizing foreign exchange trading, reformulating thereof, and changing the business address or engaging in the same activity subject to licensing in another place shall be done according to the Law of the Republic of Armenia “On Licensing”.

CHAPTER 3

TERMS AND CONDITIONS OF ORGANIZING FOREIGN EXCHANGE TRADING

Rule 5. Regulation of the activities of the Exchange

5.1 Regulations adopted by the Exchange on organizing foreign exchange trading, the rules and procedures of organizing the trading may not contradict this Regulation.

5.2 The Exchange that has acquired a license for organizing foreign exchange trading shall acquire the consent of the Central Bank for each amendment made to the regulations on organizing foreign exchange trading, including all the documents concerning the rules and procedures of organizing the trading.

5.3 The regulations of the Exchange shall include the following provisions:

5.3.1 rules for intervening in the trading of foreign exchange (by the Exchange or the Central Bank),

5.3.2 rules for termination and restart of foreign exchange trading,

5.3.3 rules on prohibiting price manipulation and insider trading by participants,

5.3.4 rules on supervising the trading rules and on imposing sanctions,

5.3.5 dispute resolution rules,

5.3.6 rules for ensuring the security and confidentiality of the trading system.

5.4 The Central Bank, commercial banks, credit organizations and currency dealers that have acquired a license from the Central Bank may participate in foreign exchange trading.

5.5 Foreign exchange trading may be organized only for foreign currencies envisaged by rules of the Exchange and only against Armenian Dram.

5.6 Relationships between the Exchange and the participants of foreign exchange trading shall be regulated by two party agreements.

5.7 The Exchange shall inform the Central Bank within a reasonable time period from the moment it becomes aware of, about any amendment made to the documents stipulated by point 2.1 of the Regulation.

Rule 6. Conditions for organizing foreign exchange trading

6.1 The Exchange shall ensure the security and confidentiality of the trading system.

6.2 The Exchange is obliged to ensure the unification and standardization of all rules and conditions of foreign exchange trading for all participants.

Rule 7. Authorities of the Central Bank

7.1 The Central Bank shall have the right to participate in the foreign exchange trading organized at the Exchange.

7.2 During trading the Central Bank may acquire information on bids submitted by the trading participants, and volumes and rates of transactions entered into.

7.3 The Central Bank has the right to adopt a decision to terminate and restart the trading, or announce a break during the trading.

CHAPTER 4

SUBMISSION OF REPORTS ON ORGANIZING FOREIGN EXCHANGE TRADING AND ITS SUPERVISION

Rule 8. Submission of reports

8.1 The Exchange is obliged to provide the participants of foreign exchange trading with a report on the transactions entered into by them during the trading session.

8.2 The Exchange is obliged to submit a report (appendix 5, form 1) on foreign exchange trading transactions to the Central Bank's statistics department's division responsible for receiving and compiling reports, not later than 15:30 of the day during which foreign exchange trading has been done. In the report Form 1, the foreign exchange trading transactions entered into between 10:00 and 15:10 during the reporting day shall be reported. The report on foreign exchange trading transactions entered into after the mentioned hour shall be submitted along with the report being submitted the next day. The reports shall be submitted to the Central Bank on protected files ("Microsoft Office 97" or a more advanced version thereof) provided by the Central Bank Statistics Department's division for receiving and compiling reports, the altering of which is prohibited. A report submitted otherwise shall be considered not received.

(point 8.2 edited, 21.11.06 N 689-N, 26.02.08 2iv 52-N)

Rule 9. The publication of updated information by the Exchange in its website on foreign exchange transactions entered into in the Exchange, and the procedure of publishing such information

9.1 From the moment of opening of the trading session until its closing, the Exchange shall for each type of foreign currency continuously publish updated information on foreign exchange transactions entered into in the Exchange (hereafter updated information).

9.2 The updated information shall include the following information for each foreign exchange trading transaction entered into during the trading session:

- 1) the ISO code of the sold or purchased foreign currency,
- 2) the rate with which the foreign exchange trading transaction has been entered into,
- 3) the absolute and percentile change of the rate compared to the previous transaction,
- 4) the maximum and minimum opening rates recorded as a result of transactions entered into during the particular trading session,
- 5) the rate and transaction volume of the last transaction entered into at the moment of publication,
- 6) the circulation that shall cover the time period between the opening of the trading session and the last transaction entered into at the moment of publication,
- 7) the last update date of the transaction and the published information, successively mentioning the last update day, month, year, hour, minute and second,
- 8) any amendment or addendum of published and available online information on current trading.

9.3 The Exchange shall publish information about current trading on its website not 30 minutes later than the real time regime, excluding information stipulated in point 9.4 of this Regulation.

9.4 The Exchange shall publish information about decisions on suspending the trading of any type of foreign currency and the termination of the suspension thereof, not later than within 3 minutes from the moment such decisions are adopted.

9.5 Information stipulated in this rule and published by the Exchange during the trading session of each trading day shall be kept in the website and availability of the pages containing such information shall be ensured for the public until the end of that trading session.

9.6 The reflection in various currencies of prices of transactions entered into shall be done according to the list of average rates published by the Central Bank for that day.

9.7 The Exchange may publish other updated information about the foreign exchange trading transactions entered into in the Exchange, for each type of foreign currency.

(9th rule has been edited 07.04.09 2iv 84-N)

Rule 9.1. The publication of information by the Exchange in its website on foreign exchange transactions entered into in the Exchange after the end of the trading session, and the deadlines of publishing such information

9.1.1. On a daily basis the Exchange shall publish the following information on foreign exchange transactions entered into in the Exchange, for each type of foreign currency:

- 1) the ISO code of the foreign currency,
- 2) the opening and closing rates recorded as a result of transactions entered into during the trading session of the trading day,
- 3) the minimum, maximum and average weighted rates of transactions entered into during the particular trading day,
- 4) the amount and circulation of transactions entered into during the trading session of that trading day,
- 5) any amendment or addendum of published and available online information on foreign exchange trading transactions entered into in the Exchange.

9.1.2. The Exchange shall publish the information stipulated in this chapter on its website not later than 30 minutes after the end of the trading session of that trading day, excluding information stipulated in point 9.1.3 of this Regulation.

9.1.3 The Exchange shall publish information about decisions on allowing and forbidding the trading of any type of foreign currency, not later than the next day from the day such decisions are adopted.

9.1.4. In case information stipulated in this rule is published, the last update date of the transaction and the published information shall be reflected, successively mentioning the last update day, month, year, hour, minute and second,

9.1.5. The Exchange shall keep the published information stipulated in this rule in the website and ensure the availability of the pages containing such information for the public for 1 year after such information is published.

9.1.6. The website of the Exchange shall give its visitors the opportunity to receive the information stipulated in this rule and published in the website on a daily basis for a time period not more than the time stipulated for keeping such information in the website, in xls, csv or any other electronic format.

9.1.7. The reflection in various currencies of prices of transactions entered into shall be done according to point 9.6 of this Regulation.

9.1.8 The Exchange may publish other information about the foreign exchange trading transactions entered into in the Exchange, for each type of foreign currency.

(9th rule has been edited 07.04.09 2iv 84-N)

Rule 10. Suspension and termination of the license, and the appeal of decision on rejecting the applications, suspending and terminating the license

10.1 Suspension and termination of the license, and the appeal of decision on rejecting the applications, suspending and terminating the license shall be done according to the Law of the Republic of Armenia "On Licensing".

Appendix 1

LICENSE FORM FOR ORGANIZING FOREIGN EXCHANGE TRADING

Central Bank of the
Republic of Armenia Board's
200 ____
N ____ resolution

L I C E N S E N ____

According to the Laws of the Republic of Armenia "On Currency Regulation and Currency Control" and "On Licensing", the license for organizing foreign exchange trading is granted to

(name of the legal entity)

to organize foreign exchange trading.

Chairman of the Central Bank of the
Republic of Armenia

Appendix 2

Chairman of the Central Bank of the
Republic of Armenia
Mr. _____

A P P L I C A T I O N

Please grant a license for organizing foreign exchange trading

(name of the legal entity)

The place of business is

Management of the legal entity is composed of

Manager _____
..... 200__
S. P.

STATEMENT

ABOUT SHAREHOLDING BY A LEGAL ENTITY IN «_____» EXCHANGE

1. Information on the shareholder (organization) of the legal entity				
1.1. Name _____				
1.2. Place of business /Address/ TPRN (for residents) _____				
1.3. Date of registration _____ Place _____ day/month/year				
1.4. Main business _____				
2. Owned stocks (shares)				
2.1. Total number of stocks (shares)		_____	_____	
		amount	percentage (%)	
including voting stocks (shares)		_____	_____	
		amount	percentage (%)	
2.2. Current market price of the stocks (share) _____				
3. Information about shareholdings in other entities				
<i>CBA may additionally request the financial reports of organizations mentioned in point 3.1.</i>				
3.1. For stocks (shares) granting voting rights.				
Name of organization / TPRN (for residents)		Place of business		Participation (in drams)
				Participation (%)
1.				
2.				

4. Information on shareholders of organization

CBA may additionally request the financial reports of organizations mentioned in point 4.1.

4.1. Legal entities

Name of organization / TPRN (for residents)		Place of business		Participation (in drams)		Participation (%)
1.						
2.						

4.2. Natural persons

Name, family name, passport number, social security number (in case it exists)		Address		Participation (in drams)		Participation (%)
1.						
2.						

5. Information on the managers of the organization (members of management bodies and chief accountant)

Name, family name, passport number, social security number (in case it exists)		Position		Years working in the organization (years in that position)		Address
1.						
2.						

*6. I verify that the information contained in this document is trustworthy and complete. I understand that, the act of submitting false information or document may result in criminal, administrative and disciplinary liability.
I agree to inform the Central Bank about any change in information submitted heren.*

Name and Family name of the Executive Officer _____

Signature _____ Date _____
day/month/year

S.P.

STATEMENT

ABOUT SHAREHOLDING BY A NATURAL PERSON IN «_____» EXCHANGE

1. Information on natural person shareholder			
1.1. Name, family name, father's name _____			
1.2. Sex _____			
1.3. Year, month, day of birth _____ day/month/year			
1.4. Citizenship _____			
1.5. Passport serial number and number _____ Social security number (in case it exists) _____			
1.6. Address (permanent and of residence at this moment)			
1.7. Telephone number _____		1.9. Email (if has one) _____	
1.8. Employment Place of employment Position _____			
2. Owned stocks (shares)			
2.1. Total number of stocks (shares)		_____	_____
		amount	percentage (%)
including voting stocks (shares)		_____	_____
		amount	percentage (%)
2.2. Current market price of the stocks (share)			

3. Information about shareholdings in other entities

CBA may additionally request the financial reports of organizations mentioned in point 3.1.

3.1. For stocks (shares) giving voting rights

Name of organization / TPRN (for residents)		Place of business		Participation (in drams)		Participation (%)
1.						
2.						

4. Information about shareholders of the organization

If you need extra space please use additional pages

4.1. Mention information about persons who work or have worked in the financial-banking sector and who are affiliated with you.

Name, family name, passport number, social security number (in case it exists)		Place of employment, position		Address		Telephone
1.						
2.						

10. I verify that the information contained in this document is trustworthy and complete. I understand that, the act of submitting false information or document may result in criminal, administrative and disciplinary liability.

I agree to inform the Central Bank about any change in information submitted herein.

Signature _____ Date _____

day/month/year

R E P O R T

ON FOREIGN EXCHANGE TRANSACTIONS

(Name of Exchange)					Reporting period		day	month	year	
N	Serial identification number of the transaction	Foreign currency code	Type of Transaction	Term	Name of the counterpart party to the transaction		Amount of foreign currency of the transaction (lot)	Total amount of transaction (foreign currency)	Price of foreign currency of the transaction	Total amount of transaction (Armenian dram)
					buyer	seller				
1										
2										
3										
4										
5										
6										

Executive director of the Exchange _____
(signature)

S.P.

(date)

1. Form 1 report shall be filled by the Exchange on a daily basis.
2. In the column "Serial identification number of the transaction" the serial identification number given by the trading system shall be filled.
3. In the column "Foreign currency code" the ISO code of the foreign currency of the transaction shall be filled (e.g. US dollar: USD, euro: EUR, etc.)
4. In the column "Type of Transaction" the transaction code shall be filled, which exists from two parameters and has the following form: "1n/1n", where the letter "n" means that the parameters are filled by number format.

The first parameter show the type of transaction and may have the following values: "1" – Spot transactions, "2" – Swap transactions (currency swap, forward, futures, option).

The second parameter show the type of transaction counterpart: "1" - for residents (as well as for not filling), "2" – for non-residents: For the purposes of this report the residency shall be decided on the basis of place of registration.

For example, 2/2 swap transaction with a non-resident

5. In the column "Term" the term of that transaction shall be filled in days.
6. In the column "Name of the counterpart party to the transaction" the name of the party entering into foreign currency transaction shall be filled.
7. In the column "Amount of foreign currency of the transaction (lot)" the amount of bought/sold foreign currency lots shall be filled.
8. In the column "Total amount of transaction (foreign currency)" the total volume of bought/sold foreign currency shall be filled
9. In the column "Price of foreign currency of the transaction" the rate of that transaction shall be filled, expressed in Armenian drams.
10. In the column "Total amount of transaction (Armenian dram)" the total volume of bought/sold foreign currency shall be filled, expressed in Armenian drams.

(5th appendix edited 26.02.08 N 52-N)