THE CENTRAL BANK OF THE REPUBLIC OF ARMENIA

COMPLIANCE OF TRANSPARENCY WITH INTERNATIONAL STANDARDS

THE CENTRAL BANK

2010

Introduction

The purpose of this paper is to present the compliance of transparency of the Central Bank with international standards. The term *transparency* is applied in a sense that the Central Bank's policy objectives, the legislative, institutional and policy implementation framework, data and information as well as its accountability need to be made available to general public in an understandable, affordable way and on a regular basis.

The Paper *Compliance of Transparency of the Central Bank with International Standards* has been first introduced to the general public in April 2008, published as a booklet and posted on the Central Bank's official website in Armenian, Russian and English languages. This is an update to the 2008-2009 Papers.

The structure of the paper has not changed. It contains 8 chapters, and the first four address monetary policy transparency issues relating, particularly, to the transparency in the Central Bank goals, tasks, scopes of responsibility and monetary policy formulation; the transparency in Central Bank publications, accountability and assurance of integrity. The next four chapters address issues in transparency in the financial policy area, such as the role of the Central Bank, Ministry of Finance, Armenian Central Depositary, Stock Exchange and Financial Monitoring Center responsible for transparency in financial policies and objectives, financial policy formulation and publication as well as accountability and assurance of integrity.

In the Paper, international standards are in italic, followed by presentation of the domestic environment.

Based on the information available for the period May 2008 – December 2010, it infers that the Central Bank is a transparent institution, since the Bank fully complies with 74 requirements out of 77, whereas 3 are not applicable to the Bank.

A. MONETARY POLICY AREA

1. Clarity of Roles, Responsibilities and Objectives of the Central Banks for Monetary Policy

1.1. The ultimate objective(s) and institutional framework of monetary policy should be clearly defined in relevant legislation or regulation, including, where appropriate, a central bank law.

The ultimate goal of monetary policy conducted by the Central Bank – ***ensuring price stability in the Republic of Armenia*** – and institutional framework[1] are clearly defined in: i) the Republic of Armenia Constitution, Article 83.3; ii) the Republic of Armenia Law on the Central Bank, Article 4(1); iii) the Central Bank Development Vision (approved under the Central Bank Board Resolution No. 179A on 24/06/2008); iv) Announcement on "Adopting an Inflation Targeting Strategy by the Central Bank" and the Paper "Rationale for an Inflation Targeting Strategy by the Central Bank" (19/12/2005); v) the Paper "Indirect Monetary Policy Instruments of the Central Bank and Implementation Mechanisms" (approved under the Central Bank Board Resolution No. 372A on 15/12/2009); vi) the Agreement on Principles of Cooperation between the Armenian Ministry of Finance and Economy and the Central Bank (signed on 13/10/2006); and vii) the Republic of Armenia Government Resolution No. 1354-N on Exchange of Information between some Executive Authorities and the Central Bank (19/08/2004).

Fully complies.

1.1.1. The ultimate objective(s) of monetary policy should be specified in legislation and publicly disclosed and explained.

The ultimate goal of monetary policy conducted by the Central Bank, i.e. ***ensuring price stability in the Republic of Armenia*** is defined in the Republic of Armenia Constitution, Article 83.3; and the Republic of Armenia Law on the Central Bank, Article 4(1). The yearly level of ultimate goal is set each year in the state budget law, which is published in Official Bulletin of the Republic of Armenia and placed on to official websites of the National Assembly, Central Bank, and the Government of the Republic of Armenia. The ultimate goal of the Central Bank is described in the Announcement "Adopting an Inflation Targeting Strategy by the Central Bank", the Paper "Rationale for an Inflation Targeting Strategy by the Central Bank", the Republic of Armenia Monetary Policy Program, the Central Bank's Annual and Quarterly (Inflation) Reports, public addresses by the Central Bank's officials, various newspaper and magazine articles concerning current issues on the ultimate goal, authored by the Central Bank's staff, press releases to mass media, and other media outlets. Official documents, public addresses in writing by the Central Bank's officials, research articles and press releases that explicate the ultimate goal of the Central Bank are also available at the Central Bank's official website.

Fully complies.

[1] The institutional framework of monetary policy refers to the basic conceptual structure of relations between various financial institutions and the relationships within that structure between the Central Bank and other governmental and non-governmental bodies.

1.1.2. The responsibilities[2] of the central bank should be specified in legislation.

The responsibilities of the Central Bank are defined in the Republic of Armenia Constitution, Article 83.3 and the Republic of Armenia Law on the Central Bank, Articles 4 and 5, and etc.

Fully complies.

1.1.3. The legislation establishing the central bank should specify that the central bank has the authority to utilize monetary policy instruments to attain the policy objective(s).

The Republic of Armenia Law on the Central Bank (Articles 9, 10, 37, 38 and 51) provides that the Central Bank has the authority to set the refinancing rate and implement outright market, deposit and lending operations; issue securities; determine the reserve requirement allocated with the Central Bank; hold, use and dispose foreign currency. In addition: a) the Paper "Indirect Monetary Policy Instruments of the Central Bank and Implementation Mechanisms" (approved under the Central Bank Board Resolution No. 372A on 15/12/2009) gives a detailed account of the Central Bank's toolkit, the procedures for utilization, and the frequency and format of reporting; and b) the "Procedure on Issuance, Placement, Circulation and Service for Redemption of Short-Term Government Securities issued by the Central Bank" (approved under the Central Bank Board Resolution No. 144-N on 07/04/2005) provides the general terms and conditions for issuance of securities by the Central Bank; describes the depository activities, and the procedure for placement auctions and the procedure for circulation, pledging and redemption of securities in the secondary market.

Fully complies.

1.1.4. Institutional responsibility for foreign exchange policy should be publicly disclosed.

The general aspects of institutional responsibility of the Central Bank of Armenia for implementing foreign exchange policy are provided in the Republic of Armenia Civil Code (Articles 142, 143 and 356); the Republic of Armenia Law on the Central Bank (Articles 5, 48-49 and 51); the Republic of Armenia Law on Currency Regulation and Currency Control (Articles 4, 5, 8, 9 and 10); the Central Bank's Announcement on "The Principles of Foreign Exchange Policy" (approved under the Central Bank Executive Board Resolution No. 122 on 19/07/1996); the "Procedure on Transportation, Delivery, Import, Export and Declaration of Currency Values" (approved under the Central Bank Board Resolution No. 386-N on 29/07/2005); the "Procedure on Making Foreign Currency Payments for Labor and Service Rendering by International Organizations in the Republic of Armenia" (approved under the Central Bank Board Resolution No. 387-N on 29/07/2005); and the Central Bank Decision No. 389-N on "Setting the Maturity of Short-Term Credit Facilities and the Payments of Moderate Amounts" (adopted on 29/07/2005).

The Republic of Armenia Law on Currency Regulation and Currency Control was first adopted on 02/09/1993 but radically changed on 24/11/2004.

As the Republic of Armenia Law on the Central Bank provides in Article 48 "The Central Bank acts as a currency agent of the Republic of Armenia and is authorized to conduct a foreign

[2] The responsibilities involve the specific duties which the central bank is required to perform as part of overall financial system and for which it can be held accountable to the legislature and the general public. A clear definition of such responsibilities under legislation helps public understand the scope of competence of the central bank as well as facilitates the process of reporting by the central bank.

exchange policy". The Central Bank has been exercising its sole authority to conduct a foreign exchange policy since June 30, 1996. Before 1996, that responsibility had been rested with the Central Bank and the Government of the Republic of Armenia.

The implementation of and current issues relating to the foreign exchange policy are mentioned in memoranda of understanding with the IMF and are available on the IMF's official website; in public addresses of the Central Bank Chairman in the Armenian National Assembly, the Monetary Policy Program of the Republic of Armenia, the Central Bank's annual and quarterly reports, mass media (newspapers, magazines, journals, television) and official website.

Fully complies.

1.1.5. The broad modalities of accountability, methods and processes for the conduct of monetary policy and for any other responsibilities assigned to the central bank should be specified in legislation.

The general aspects of instruments, methods, and procedures for the conduct of monetary policy by the Central Bank and for any other responsibilities assigned to the Central Bank are reflected in the Republic of Armenia Law on the Central Bank (Articles 6, 17, 50 and 52). These articles provide that the Central Bank shall develop, approve and implement quarterly monetary policy programs aimed at ensuring price stability in the Republic of Armenia. Once in a quarter, the Central Bank shall publish a monetary policy program for the upcoming 12 months. The program should be of an instructive nature. The monetary policy programs shall cover: a) inflation forecasts; b) the directions of monetary policy; and c) other provisions as set by the Board of the Central Bank. By May 1 of each year the Central Bank shall publish the Annual Report of the previous financial year to include audited financial accounts and provisions of the Central Bank governance. The Central Bank shall regularly, but not less than once in a quarter, publish Armenia's Financial Stability Report. The Central Bank shall regularly, but not less than once in a quarter, publish the quarterly balance sheet of the Central Bank of the previous reporting period. The Central Bank shall, within two months following the end of each quarter, report on the implementation of the Central Bank Board-approved Monetary Policy Program for the preceding 12-month period. By May 1 of each year, the Central Bank shall submit the first quarter's Monetary Policy Program and the previous year's Report on Implementation of the Program to the Armenian National Assembly and shall present the same as and when determined under the "Regulation of the National Assembly of Armenia".

Fully complies.

1.1.6. If, in exceptional circumstances, the government has the authority to override central bank policy decisions, the conditions under which this authority may be invoked and the manner in which it is publicly disclosed should be specified in legislation.

The Government of Armenia has no authority to override the decisions of the Central Bank concerning policy measures. Under the Republic of Armenia Constitution (Article 83.3) and the Republic of Armenia Law on the Central Bank (Article 1), the Central Bank is independent in implementing its objectives and functions.

Fully complies.

1.1.7. The procedures for appointment, terms of office, and any general criteria for removal of the heads and members of the governing body of the central bank should be specified in legislation.

The procedures for appointment, terms of office, and any general criteria for removal of the heads and members of the Central Bank management and governing bodies are specified in the Republic of Armenia Constitution (Article 83.3) and the Republic of Armenia Law on the Central Bank (Articles 18-20 and 22). These articles provide the procedures for appointment, removal and terms of office of Chairman, Deputy Chairman, and Members of the Board of the Central Bank, as well as these articles set forth requirements to and clear scopes of responsibilities of Chairman, Deputy Chairman, and Members of the Board of the Central Bank.

Fully complies.

1.2. The institutional relationship between monetary and fiscal operations should be clearly defined.

The demarcation of roles between the Central Bank and Ministry of Finance for monetary and fiscal operations and the institutional relationship between them are clearly defined in the Republic of Armenia Constitution (Article 83.3) and laws and regulations [the Republic of Armenia Law on the Central Bank, Articles 30-33; the Republic of Armenia Law on the Budgetary System, Articles 15, 16 and 21; the law on the budget of the given year; the Agreement on Principles of Cooperation between the Ministry of Finance and Economy and the Central Bank (signed on 13/10/2006); and the Republic of Armenia Government Resolution No 1354-N on Exchange of Information between some Executive Authorities and the Central Bank (19/08/2004)].

Fully complies.

1.2.1. If credits, advances, or overdrafts to the government by the central bank are permitted, the conditions when they are permitted, and any limits thereof, should be publicly disclosed.

Under the Republic of Armenia Law on the Central Bank (Article 34), direct credits, advances or overdrafts to the Government of Armenia by the Central Bank are prohibited.

Fully complies.

1.2.2. The amounts and terms of credits, advances, or overdrafts to the government by the central bank and those of deposits of the government with the central bank should be publicly disclosed.

Direct credits, advances or overdrafts to the Government of Armenia by the Central Bank are prohibited (the Republic of Armenia Law on the Central Bank, Article 34).

Deposits of the Government with the Central Bank are placed based on a Deposit Contract signed between the Central Bank and Ministry of Finance. The Contract specifies, for each individual case, the amount, period of maturity, and interest rate of the deposit.

Information on interest paid on Government deposits with the Central Bank is made available to the general public through the report on performance of the annual state budget.

Information on the total amount of Government deposits with the Central Bank is not disclosed to the general public. In the Central Bank's quarterly or annual balance sheets that are subject to release, all such Government resources are marked in one line and specified by currency only. According to the Republic of Armenia Law on the Bank Secrecy (Articles 3 and 4), information on deposits can only be published by the customer which, in this case, is the Government of Armenia.

Partially complies.

1.2.3. The procedures for direct central bank participation in the primary markets for government securities, where permitted, and in the secondary markets, should be publicly disclosed.

The Central Bank's participation in the primary market of treasury bills is prohibited under the Republic of Armenia Law on the Central Bank (Article 10), whereby the Central Bank cannot purchase government securities to its expense in a primary placement. The Central Bank can only obtain government securities upon instruction from and to the expense of foreign central banks or other prime-class banks. The Central Bank's participation in the secondary market of treasury bills is governed by the Republic of Armenia Law on the Central Bank (Article 10), whereby the Central Bank may, for monetary policy purposes, obtain and sell both government securities and other reliable securities in the financial market. The procedure of this operation is provided in the Paper "Indirect Monetary Policy Instruments of the Central Bank and Implementation Mechanisms" (approved under the Central Bank Board Resolution No. 372A on 15/12/2009). Information on a daily turnover of secondary market treasury bills, including data on volumes of Central Bank's participation and average yields, is available on the Central Bank official website.

Fully complies.

1.2.4. Central bank involvement in the rest of the economy (e.g., through equity ownership, membership on governing boards, procurement, or provision of services for fee) should be conducted in an open and public manner on the basis of clear principles and procedures.

The principles and scope of action of the Central Bank's involvement in the rest of the economy is clearly defined in the Republic of Armenia Law on the Central Bank (Article 56). All kinds of investment by the Central Bank shall be presented to the Armenian National Assembly and approved under the Republic of Armenia Law on the State Budget.

Fully complies.

1.2.5. The manner in which central bank profits are allocated and how capital is maintained should be publicly disclosed.

The procedure for calculating and allocating profits and maintaining/replenishing capital of the Central Bank is established in the Republic of Armenia Law on the Central Bank (Articles 11, 12 and 17). Actual information is published in Annual Report of the Central Bank.

Fully complies.

1.3. Agency roles performed by the central bank on behalf of the government should be clearly defined.

The functions of the Central Bank as the Government's agent are clearly defined in the Republic of Armenia Law on the Central Bank (Article 32). There is clear indication that the functions of the Central Bank as performer of monetary policy and as an agent are separated.

Fully complies.

1.3.1. Responsibilities, if any, of the central bank in (i) the management of domestic and external public debt and foreign exchange reserves, (ii) as banker to the government, (iii) as fiscal agent of the government, and (iv) as advisor on economic and financial policies and in the field of international cooperation, should be publicly disclosed.

According to the Republic of Armenia Law on the Central Bank (Articles 5, 8 and 32), the Central Bank as the Government's agent manages the operations on the state budget; services the domestic and foreign public debt; owns, uses and disposes international reserves of the Republic of Armenia; carries out banking service to the Government; acts as a financial agent and advisor to the Government; and represents Armenia's interests in international financial organizations.

The Central Bank communicates its functions as the Government's agent to the general public through quarterly and annual reports of the Central Bank (the Republic of Armenia Law on the Central Bank, Article 17).

Each quarter, the Central Bank provides the Government with information on the state and structure of Armenia's international reserves; it publishes that information (the Republic of Armenia Law on the Central Bank, Article 52), and places on to its official website.

Fully complies.

1.3.2. The allocation of responsibilities among the central bank, the ministry of finance, or a separate public agency for the primary debt issues, secondary market arrangements, clearing and settlement arrangements for trade in government securities, and in depository facilities should be publicly disclosed.

The allocation of responsibilities among the Central Bank, the Ministry of Finance, and the Central Depository of Armenia for the primary debt issues, secondary market arrangements, clearing and settlement arrangements for trade in government securities, and in depository facilities are clearly defined in procedures established under: i) the Republic of Armenia Government Resolution No. 1580-N on *Approval of Terms and Conditions for Issuance of the Republic of Armenia Treasury Bills; Placement, Circulation and Service of Redemption Thereof; and on Rescission of the Republic of Armenia Government Resolution No 1103-N of July 3, 2004* (adopted on 27/12/2007); ii) the Republic of Armenia Government Resolution No. 1606-N (19/10/2006); and iii) the Board of the Central Bank Resolution No. 75 (30/03/2004).

The procedures approved by the Armenian Government include: i) "*Procedure on Terms and Conditions for Issuance of Short-Term Treasury Bills and Placement, Circulation and Service of Redemption Thereof*"; ii) "*Procedure on Terms and Conditions for Issuance of Medium-Term Coupon Bonds with Partial Redemption and Placement, Circulation and Service of Redemption Thereof*"; iii) "*Procedure on Terms and Conditions for Issuance of Medium-Term Coupon Bonds Placement, Circulation and Service of Redemption Thereof*"; iv) "*Procedure on Terms and*

Conditions for Issuance of Long-Term Coupon Bonds and Placement, Circulation and Service of Redemption Thereof"; and v) *"Procedure on Terms and Conditions for Issuance of Savings Coupon Bonds and Placement, Circulation and Service of Redemption Thereof"*.

The procedures approved by the Board of the Central Bank include: i) *"Procedure on Primary Placement of Armenian Treasury Bills, and Placement, Repurchase, Service of Redemption of Under-Allocated Treasury Bills"*; ii) *"Procedure on Depository Arrangement of Armenian Treasury Bills"*; iii) *"Procedure on Implementation of Operations for Pledging of Armenian Treasury Bills"*; iv) *"Procedure on Coding of Account Numbers used in the Government Securities Accounting and Settlements System"*; v) *"Procedure on Circulation of Armenian Treasury Bills in the Secondary Market"*; and vi) *"Procedure on Minimum Requisites for Documentation in Operations by Treasury Bills"*.

The Board of the Central Bank Resolution No. 75-N (30/03/2004), with accompanying procedures, is available on the Central Bank's official website.

Information on all issuances, auctions, allocations and repurchases of government securities is made available to mass media and posted on the Central Bank's official website.

Fully complies.

2. Open Process for Formulating and Reporting Monetary Policy Decisions

2.1. The framework, instruments, and any targets that are used to pursue the objectives of monetary policy should be publicly disclosed and explained.

The principles, instruments, targets of monetary policy conducted by the Central Bank are described, commented and publicly disclosed in the Central Bank's annual reports, quarterly inflation reports, monthly bulletins, minutes of the refinancing rate and press-releases on refinancing rate. All this information is available on the Central Bank's official website. Reports are made publicly available as provided for under the Republic of Armenia Law on the Central Bank, Article 17.

Fully complies.

2.1.1. The procedures and practices governing monetary policy instruments and operations should be publicly disclosed and explained.

The procedure for utilization of monetary policy instruments of the Central Bank as well as the frequency and format of making them publicly available are provided in the Paper "Indirect Monetary Policy Instruments of the Central Bank and Implementation Mechanisms" and Master Agreements on "Attraction of Deposits", "Provision of Lombard Credit", "Concluding Repurchase and Reverse Repurchase Transactions", and "Operations by Government Bonds in the Secondary Market". These documents are available on the Central Bank's official website. The Procedure on Issuance, Placement, Circulation and Service of Redemption of Central Bank-Issued Short Term Treasury Bills (approved under the Board of the Central Bank Resolution No. 144-N on 07/04/2005) is also available on the Central Bank's official website.

Fully complies.

2.1.2. The rules and procedures for the central bank's relationships and transactions with counter parties in its monetary operations and in the markets where it operates should be publicly disclosed.

The rules and procedures for the Central Bank's relationships with counterparties in its monetary operations and in the markets where it operates are clearly set forth in the Paper "Indirect Monetary Policy Instruments of the Central Bank and Implementation Mechanisms", which is available on the Central Bank's official website. The information on actually implemented monetary operations and the attendant procedures are subject to public disclosure and placed on to the Central Bank's official website according to the set procedure. Master Agreements on "Attraction of Deposits", "Provision of Lombard Credit", "Concluding Repurchase and Reverse Repurchase Transactions", and "Operations by Government Bonds in the Secondary Market" are also placed on to the Central Bank's official website.

Fully complies.

2.2. Where a permanent monetary policy-making body meets to assess underlying economic developments, monitor progress toward achieving its monetary policy objectives, and formulate policy for the period ahead, information on the composition, structure, and functions of that body should be publicly disclosed.

The Board of the Central Bank is a permanent monetary policymaking body which meets to assess underlying economic developments, monitor progress toward achieving its monetary policy objectives, and formulate monetary policy for the period ahead. The procedure of publishing information on the composition, structure, and functions of the Board is determined in the Republic of Armenia Law on the Central Bank (Articles 19-21) and the Board of the Central Bank Resolution No. 310-A, 18/11/2008, on Rules of Procedure of the Board of the Central Bank (Chapter 2).

Fully complies.

2.2.1. If the policy-making body has regularly scheduled meetings to assess underlying economic developments, monitor progress toward achieving its monetary policy objectives, and formulate policy for the period ahead, the advance meeting schedule should be publicly disclosed.

The timetable of meetings (advance meeting schedule) of the Board of the Central Bank is provided for in the Republic of Armenia Law on the Central Bank (Articles 19-21) and the Board of the Central Bank Resolution No. 310-A, 18/11/2008, on Rules of Procedure of the Board of the Central Bank, (Chapter 2).

Fully complies.

2.3. Changes in the setting of monetary policy instruments (other than fine-tuning measures) should be publicly announced and explained in a timely manner.

The decision on setting of interest rates of the monetary policy instruments is made each month, at a Board of the Central Bank meeting, which is convened in accordance with pre-announced yearly time schedule; on the same day this information is made available to general public through press-release and placed on to the Central Bank's official website, according to the

"Rules of Procedure of the Board of the Central Bank" (Chapter 4(12)) and the Chairman of the Central Bank Decision No. 1/63L on "Approval of the Procedure for Press-Releases of the Central Bank", adopted on 15/02/2006 (Paragraph 2/A of the Procedure).

Fully complies.

2.3.1. The central bank should publicly disclose, with a pre-announced maximum delay, the main considerations underlying its monetary policy decisions.

The main considerations the Central Bank has with regard to its decisions in the field of monetary policy are reflected in the decision on the change in interest rates of the monetary policy instruments and in the Board's minutes on the refinancing rate. This information is publicly disclosed and placed on to the Central Bank's official website during the first decade of each month. The minutes on the refinancing rate are published also in the Monthly Bulletin and Quarterly Inflation Reports of the Central Bank. (The "Rules of Procedure of the Board of the Central Bank", Chapter 5).

Fully complies.

2.4. The central bank should issue periodic public statements on progress toward achieving its monetary policy objectives as well as prospects for achieving them.

The Central Bank issues periodic public statements on the progress toward achieving its monetary policy objectives as well as prospects for achieving them. In particular, the Central Bank issues such statements through the minutes on the refinancing rate on a monthly basis; through quarterly inflation reports, quarterly monetary policy programs, and annual reports as well as through public addresses of the Central Bank officials and research articles. Each quarter, the Board of the Central Bank appears before commercial banks and credit organizations with a statement explicating the deviations from forecasts, meanwhile delivering projections and monetary policy's directions for the quarter ahead. The Central Bank delivers explications to the Armenian National Assembly, its commissions, and consults with the Armenian Government, as provided for in the Republic of Armenia Law on the Central Bank, Articles 7 and 17.

Fully complies.

2.4.1. The central bank should periodically present its monetary policy objectives to the public, specifying, inter alia, their rationale, quantitative targets and instruments where applicable, and the key underlying assumptions.

The Central Bank discloses the objectives of its monetary policy to the general public, specifying, inter alia, their rationale, quantitative targets and instruments, and the key underlying assumptions. In particular, the Central Bank discloses such information through the minutes on the refinancing rate on a monthly basis; through quarterly inflation reports, quarterly monetary policy programs, and annual reports as well as through public addresses of the Central Bank officials and research articles. Each quarter, the Board of the Central Bank appears before commercial banks and credit organizations with a statement, delivering inflation forecasts and monetary policy's directions for the quarter ahead. The Central Bank delivers explications to the Armenian National Assembly, its commissions, and consults with the Armenian Government, as provided for in the Republic of Armenia Law on the Central Bank, Articles 7 and 17.

Fully complies.

2.4.2. The central bank should present to the public, on a specified schedule, a report on the evolving macroeconomic situation, and their implications for its monetary policy objectives.

The information on analysis of the macroeconomic situation in Armenia and its expected impact on realization of the monetary policy objectives is disclosed to the general public through the Central Bank's monthly bulletins, quarterly inflation reports, quarterly monetary policy programs and annual reports as well as through public addresses of Central Bank officials and research articles. The Central Bank's monthly bulletins, quarterly inflation reports, quarterly monetary policy programs and annual reports are available on the Central Bank's official website.

Fully complies.

2.5. For proposed substantial technical changes to the structure of monetary regulations, there should be a presumption in favor of public consultations, within an appropriate period.

For proposed changes to normative regulations[3] (e.g. regulations, procedures, normative acts and decisions) that materially influence performance of banks operating in Armenia, the Central Bank collaborates with the Association of Armenian Banks. Moreover, before making any such changes, the Central Bank consults with the Association and delivers necessary explanations (the Republic of Armenia Law on the Central Bank, Article 39). A representative of the Association participates in the meetings of the Board of the Central Bank. Each month, Chairman of the Central Bank meets with the representatives of the Association of Armenian Banks as part of cooperation and in order to review and regulate issues relevant to banking activities.
Information on decisions made at the Board meetings in relation to normative regulations is made available to mass media and posted on the Central Bank's official website.

Fully complies.

2.6. The regulations on data reporting by financial institutions to the central bank for monetary policy purposes should be publicly disclosed.

The procedure, timeframe and format for data reporting to the Central Bank by commercial banks is specified in the Central Bank Regulation 3 *Bank Statements; Reporting and Release* (approved under the Board of the Central Bank Resolution No. 50-N on 26/02/2008).

The procedure, timeframe and format for data reporting to the Central Bank by credit organizations is specified in the Central Bank Regulation 15 *Credit Organization Statements; Reporting and Release* (approved under the Board of the Central Bank Resolution No. 93-N on 03/03/2005).

The procedure, timeframe and format for data reporting to the Central Bank by insurance companies is specified in the Central Bank Regulation 3/04 *Insurance Company Statements; Information Included; Reporting and Timeframe* (approved under the Board of the Central Bank Resolution No. 366-N on 16/11/2007).

[3] The rules of implementation of monetary policy include the reserve requirement, the auction procedures for Treasury Bills and the Central Bank securities, the qualification requirement to and rules and procedures for counterparties with whom the Central Bank conducts open market operations.

The procedure, timeframe and format for data reporting to the Central Bank by payment and settlement organizations is specified in the Central Bank Regulation 22 *Payment and Settlement Organization Statements: Reporting and Timeframe* (approved under the Board of the Central Bank Resolution No. 333-N on 06/07/2005).

The procedure, timeframe and format for data reporting to the Central Bank by currency dealers-brokers is specified in the Central Bank Regulation 12 *Licensing and Regulation of Foreign Currency Dealer Trading* (approved under the Board of the Central Bank Resolution No. 135-N on 04/05/2007).

The procedure, timeframe and format for data reporting to the Central Bank by exchange offices is specified in the Central Bank Regulation 10 *Licensing and Regulation of Foreign Exchange Purchase and Sale Operations* (approved under the Board of the Central Bank Resolution No. 138-N on 15/05/2007).

The procedure, timeframe and format for data reporting to the Central Bank by pawnshop service providers is specified in the Board of the Central Bank Resolution No. 534-N on 12/09/2006.

The procedure, timeframe and format for data reporting to the Central Bank by investment service providers is specified in the Central Bank Regulation 4/03 *Investment Service Provider Statements; Reporting and Timeframe* (approved under the Board of the Central Bank Resolution No. 140-N on 22/04/2008).

The procedure, timeframe and format for data reporting to the Central Bank by reporting issuers is specified in the Central Bank Regulation 4/04 *Prospectus and Reporting Issuer Statements* (approved under the Board of the Central Bank Resolution No. 68-N on 11/03/2008).

The aforementioned code, regulations, procedures and decisions are first released as the Republic of Armenia Government Official Bulletins and afterwards published in the Central Bank periodicals and placed on to the Central Bank's offical website.

Fully complies.

3. Public Availability of Information on Monetary Policy

3.1. Presentations and releases of central bank data should meet the standards related to coverage, periodicity, timeliness of data and access by the public that are consistent with the International Monetary Fund's data dissemination standards.

Since November 7, 2003, the Republic of Armenia has joined as a member of the International Monetary Fund's statistics system – the Special Data Dissemination Standard (SDDS). Detailed information regarding SDDS is available at www.dsbb.imf.org. Membership to the SDDS system has been approved under the Republic of Armenia Prime Minister Resolution No. 11-A on "Preparation for Armenia's Membership to the IMF's SDDS System" (17/01/2003).

The National Statistics Service of Armenia serves as a coordinator for SDDS in Armenia. Within the framework of Armenia's membership to the SDDS system, the Central Bank provides information on the financial sector of the economy by coverage, periodicity, accessibility, and timeliness, as defined by the IMF standards. The Central Bank maintains and releases statistical data covering: i) surveyed balance sheet indicators of the Central Bank, ii) surveyed balance sheet

indicators of the overall banking system, iii) interest rates, iv) international reserves and foreign currency liquidity, and v) exchange rate, as provided for under the Republic of Armenia Law on the Central Bank (Article 5) and the Board of the Central Bank Resolution No. 416 on "Approval of Metadata of the Central Bank within the Framework of Armenia's Membership to the IMF's SDDS System", (09/12/2003).
More detailed information on Armenia's membership to the IMF's SDDS system is available on the Central Bank's official website (http://cba.am/statistics).

Fully complies.

3.2. The central bank should publicly disclose its balance sheet on a pre-announced schedule and, after a predetermined interval, publicly disclose selected information on its aggregate market transactions.

The schedule for public disclosure of the Central Bank's balance sheet and the procedure for publishing selected information on the aggregate market transactions are provided for under the Republic of Armenia Law on the Central Bank (Article 17) and the Board of the Central Bank Resolution No. 456-N on Terms and Conditions for Issuance and Publication of Central Bank Periodicals (13/09/2005) (Sub-Annex 1). According to these documents, the Central Bank discloses its balance sheet through its annual reports, monetary policy programs, annual statistical bulletins, quarterly reviews, and monthly bulletins as well as places it on to the Central Bank's official website. Moreover, on a daily basis, the Central Bank places selected information on the transactions carried out in the financial market and its surveyed balance sheet indicators on to the official website.

Fully complies.

3.2.1. Summary central bank balance sheets should be publicly disclosed on a frequent and pre-announced schedule. Detailed central bank balance sheets prepared according to appropriate and publicly documented accounting standards should be publicly disclosed at least annually by the central bank.

The schedule for public disclosure of the Central Bank's summary as well as detailed balance sheets is provided for under the Republic of Armenia Law on the Central Bank (Article 17), the Board of the Central Bank Resolution No. 70-N on Terms and Conditions for Issuance and Publication of Central Bank Periodicals (11/03/2008) (Sub-Annex 1) and the Central Bank Chairman Resolution No. 1/304L on Preparation, Approval, Publication, Distribution and Translation of Central Bank Periodicals (03/04/2008) (Sub-Annex 1), which provide that the Central Bank should, on a quarterly basis, present its summary balance sheet to the general public through quarterly reviews and its official website. The balance sheet detailed on the year-on-year basis and approved by an external auditor should be presented in annual reports of the Central Bank.

Fully complies.

3.2.2. Information on the central bank's monetary operations, including aggregate amounts and terms of refinance or other facilities (subject to the maintenance of commercial confidentiality) should be publicly disclosed on a pre-announced schedule.

The frequency and format of disclosure of information on the Central Bank's monetary operations, including aggregate amounts and terms of refinance and other facilities is described in

the Paper “Indirect Monetary Policy Instruments of the Central Bank and Implementation Mechanisms” and Master Agreements on “Attraction of Deposits”, “Provision of Lombard Credit”, “Concluding Repurchase and Reverse Repurchase Transactions”, and “Operations by Government Bonds in the Secondary Market”. These documents are available on the Central Bank’s official website. In particular, the information on operations carried out between the Central Bank and commercial banks in the foreign exchange and Armenian dram markets, and the information on actual balance sheet figures of the Central Bank are released on a daily basis. The information on operations carried out by the Central Bank on the foreign exchange stock market is released on a weekly basis. The daily- and weekly-released information is surveyed and presented in the Central Bank’s monthly bulletins and quarterly and annual reports.

The Board meetings in which decisions on setting interest rates of monetary policy instruments are made are convened, and interest rates are set accordingly, in accordance with the pre-announced yearly schedule subject to be published by November 30 of the current year, by means of electronic facilities or other means of communication. The said schedule shall be approved in accordance with the calendar for mandatory reservation, which is also subject to disclosure.

Fully complies.

3.2.3. Consistent with confidentiality and privacy of information on individual firms, aggregate information on emergency financial support by the central bank should be publicly disclosed through an appropriate central bank statement provided that such disclosure will not be disruptive to financial stability.

All loans provided to commercial banks by the Central Bank are reflected as aggregate in the Central Bank’s balance sheet, which is published on quarterly and annual bases. Also, more detailed information on such loans is disclosed in memorandum items to the Annual Report of the Central Bank.

According to the principle of materiality, as defined in International Standards for Disclosure of Financial Reports, in the event the volume of Lombard Credit to commercial banks grows material, the Central Bank will have to reflect these loans in a separate way.

Fully complies.

3.2.4. Information about the country's foreign exchange reserve assets, liabilities and commitments by the monetary authorities should be publicly disclosed on a pre-announced schedule, consistent with the International Monetary Fund's Data Dissemination Standards.

The Standard Table for Armenia’s foreign exchange reserve assets and foreign currency liquidity is prepared in compliance with the SDDS requirements and the IMF methodology. The Table provides detailed information on both foreign exchange reserve assets and foreign currency flows pertaining to international reserves. The data include Armenia’s international reserves, foreign government debt and government-backed debt service fees, and other flows for a period of up to 1 month, 1-3 months and up to 12 months. The Table is prepared on a monthly basis and placed on to the Central Bank’s and the IMF’s official websites.

The Central Bank’s Annual Report and Annual Statistical Bulletin disclose information about foreign commitments of the Central Bank.

Fully complies.

3.3. The central bank should establish and maintain public information services.

The Central Bank of Armenia has a public relations section (a press service unit) and makes sure it is functional. The Press Service of the Central Bank, based on its charter, the "Procedure on Press Releases of the Central Bank" and the "Activity Guideline for the Press Secretary of the Central Bank", regularly discloses the activity of the Central Bank to the general public. Resolutions of the Board of the Central Bank on repurchase (refinancing) rate are released on a monthly basis, and the minutes of the Board meeting follow within 10 days thereafter. The decisions after each Board Meeting are subject to public disclosure. The Central Bank's balance sheet and the information on Armenia's international reserves structure and performance are subject to public disclosure on a quarterly basis. Further, summary data on activity of institutional units of the financial and banking system (commercial banks, credit organizations, insurance companies, payment and settlement organizations), on the payment and settlement system, and on composite economic indices, are subject to release. Credit ratings of companies (rated by the Central Bank) are publicly disclosed on a regular basis. Research work by the staff of the Central Bank is made publicly available. There are regular accounts on visits by and meetings with Chairman of the Central Bank. The information on the average market exchange rate and issuance of Central Bank securities is disclosed on a daily basis.

Queries of citizens are responded verbally or in writing within five days after such queries have been put. The Press Service of the Central Bank responds to reporters' queries by organizing interviews or communicating in writing. Press conferences are organized to shed light upon important issues. Particularly, special press conferences are arranged prior to presentation of the Republic of Armenia Monetary Policy Program and Annual Report of the Central Bank to the National Assembly for approval.

Training seminars that are arranged once or twice a year are designed for journalists and reporters who address economic and financial issues, during which the Central Bank officials and staff talk about the Central Bank's policy, objectives, policy instruments, and applicable mechanisms.

There are in-tour sessions arranged within the Central Bank for high-school students. As part of such tours, pupils are explained of the Central Bank's objectives and functions. They also listen to the history of money and finances and learn other relevant information about the Central Bank.

Fully complies.

3.3.1. The central bank should have a publications program, including an Annual Report.

The Central Bank's program for issuing periodicals, including its Annual Report, is provided for under the Republic of Armenia Law on the Central Bank (Articles 6 and 17) and the Board of the Central Bank Resolution No. 70-N on Terms and Conditions for Issuance and Publication of Central Bank Periodicals (11/03/2008). According to these documents, the Central Bank shall release the "Central Bank Bulletin" on a monthly basis, the "Central Bank Review" on a quarterly basis, the "Central Bank Annual Report" and the "Central Bank Statistical Bulletin" on an annual basis as well as the 12-month monetary policy programs of the Republic of Armenia released on a quarterly basis. The procedure for preparation, approval, publication, distribution, and translation is approved under the Chairman of the Central Bank Decisions No. 1/794L, 03/04/2008.

Fully complies.

3.3.2. Senior central bank officials should be ready to explain their institution's objectives and performance to the public, and have a presumption in favor of releasing the text of their statements to the public.

Senior officials of the Central Bank regularly disclose their organization's performance indicators and objectives to the general public by presenting these in the Republic of Armenia Government and National Assembly (the Republic of Armenia Law on the Central Bank, Article 7). Each quarter they appear with announcements before commercial banks and credit organizations, explaining the deviations from inflation forecast, the forecasts for the quarter ahead and directions of the monetary policy; they have public appearances at the country's higher educational institutions and on television, as well as they organize lectures to explicate the Central Bank's activity to school teachers of economics, and publish research articles in the press.

Fully complies.

3.4. Texts of regulations issued by the central bank should be readily available to the general public.

Texts of regulations are published by the Central Bank in monthly, quarterly, semiannual and annual publications which are delivered to the Republic of Armenia National Assembly, Government, educational institutions, libraries, representatives of international financial organizations functioning in Armenia, non-government organizations, and news agencies. All such texts of regulations are to be placed on to the Central Bank's official website before being published.

Fully complies.

4. Accountability and Assurance of Integrity by the Central Bank

4.1. Officials of the central bank should be available to appear before a designated public authority to report on the conduct of monetary policy, explain the policy objectives of their institution, describe their performance in achieving their objectives, and, as appropriate, exchange views on the state of the economy and the financial system.

Accountability of officials of the Central Bank is governed under the Republic of Armenia Law on the Central Bank (Article 7), whereby Chairman or Deputy Chairman of the Central Bank should, on a regular basis, appear before the National Assembly or its commissions with clarifications or explanations on the policy objectives of the Central Bank. The Central Bank participates in drafting the Government's economic and financial programs, and assists in their implementation, if this does not contradict the objectives of the Central Bank. The Central Bank develops the monetary policy program in consultation with the Government. Chairman of the Central Bank may, with a consultative vote, participate in open meetings of the Government as well as deliver opinion concerning issues in question. An authorized Government representative may, with a consultative vote, participate in open meetings of the Board of the Central Bank as well as deliver opinion concerning issues in question. An authorized Government representative may also participate in the meetings of the Monetary Policy Committee and the Financial Committee of the Central Bank.

Fully complies.

4.2. The central bank should publicly disclose audited financial statements of its operations on a pre-announced schedule.

According to the Republic of Armenia Law on the Central Bank (Articles 15 and 16), the Central Bank shall, by May 1 of each year, publish the financial statements of the previous financial year, including the financial accounts approved by an independent audit form. The audited financial accounts are placed on to the Central Bank's official website.

Fully complies.

4.2.1. The financial statements should be audited by an independent auditor. Information on accounting policies and any qualification to the statements should be an integral part of the publicly disclosed financial statements.

The provisions concerning the Central Bank's accounting policy, content of the financial statements, and examination of such statements by an independent auditor are established under the Republic of Armenia Law on the Central Bank (Articles 15 and 16). These provisions mention that the Central Bank's accounting policy is conducted under the Central Bank Board-approved procedure and in compliance with International Accounting Standards as approved by the Board of IAS. For each financial year the Central Bank prepares a financial report in compliance with International Accounting Standards, which, afterwards, shall seek approval by an independent and internationally recognized audit firm. Financial statements include the annual balance sheet, income and expense account, statements on distribution of profit, and other provisions defined by the Board of the Central Bank.

Fully complies.

4.2.2. Internal governance procedures necessary to ensure the integrity of operations, including internal audit arrangements, should be publicly disclosed.

Audit Group established within the Central Bank is designed to perform functions of internal audit. The Group is a special structural unit and is called to carry out an independent, objective assurance and consultation activity to add value to the Central Bank and improve its overall performance.

The objective of Audit Group is to evaluate effectiveness and compliance of functions performed on the basis of analysis of control mechanisms within the Bank; to make recommendations to staff of the Bank, including the management, concerning the improvement of these mechanisms for raising efficiency of performance of their duties.

Audit Group has three units in its structure: 1) Financial Audit; 2) Operational Audit; and 3) Information Technologies Audit. Audit Group is managed by Chief Auditor. The status and terms of appointment of the Group's staff members and Chief Auditor, and the directions of activity of the Group are laid down in the Republic of Armenia Law on the Central Bank (Article 25). In performing their activities, the Group is guided by both the Republic of Armenia Law on the Central Bank and the Charter of Audit Group, which was approved by the Board of the Central Bank Resolution No 397-N (05/12/2002), and the "Rules of Ethics of Audit Group of the Central Bank" (effective from 2006), which have been developed in accordance with standards of the Institute of Internal Audit[4]. The Central Bank Chairman decision No. 1/958L (28/07/2009) set forth a professional integrity requirement to leading specialists of Audit Group of the Central

[4] See www.theiia.org.

Bank and to leading specialists of Accounting Unit of the Central Bank for professional development, performance improvement and compliance with international standards as well as for continued education.
The planning and conduct of the audit, including documentation, interaction with other structural units, reporting, and follow-up procedures, are described in the "Procedure on Organization and Conduct of Internal Audit of the Central Bank", approved under the Board of the Central Bank Resolution No. 397-N (05/12/2002).
While performing their duties, Audit Group is guided by International Professional Internal Audit Standards which have been developed by the Institute of Internal Audit. Work of internal audit has been evaluated in 2007 by independent international experts. Independent experts regularly carry out compliance inspection on the performance of internal audit under the aforementioned standards at least once in five years.

Fully complies.

4.3. Information on the expenses and revenues in operating the central bank should be publicly disclosed annually.

As provided for under the Republic of Armenia Law on the Central Bank (Article 17), the Central Bank should regularly but not less than once in a quarter publish its balance sheet of the previous period under review. The balance sheet is subject to public disclosure by the 30-th of the second month following the quarter under review and made available on the Central Bank's official website.
Annual Report of the Central Bank, which includes the independent auditor-approved financial statement, annual balance sheet, revenues and expenses account, and statements on distribution of profit, are subject to public disclosure by the 1-st of May of the next year.

Fully complies.

4.4. Standards for the conduct of personal financial affairs of officials and staff of the central bank and rules to prevent exploitation of conflicts of interest, including any general fiduciary obligation, should be publicly disclosed.

The provisions governing personal financial affairs of the Central Bank officials and employees, and the rules preventing exploitation of conflict of interests are established under the Republic of Armenia Law on the Central Bank (Articles 19, 23, 24, 26 and 27) and under the Republic of Armenia Law on Declaration of Personal Property and Income of Natural Persons (Article 5), whereby Chairman, Deputy Chairman, Board Members of the Central Bank, and the Central Bank employees should, even for one day in which they held a position, disclose information on the sources of their income, as well as any substantial financial interests of theirs and of all the persons with whom they share common economic interest. Officials shall be a declarer within 5 years after they have been released from their positions, and persons affiliated thereto shall be a declarer within 2 years after they have been released from their positions.
While serving in the Central Bank the employees of the Central Bank cannot hold other public position without consent from Chairman, or perform any other paid works, except for scientific, pedagogical and creative activities. Employees of the Central Bank cannot work in other banks or serve as members of management bodies thereof.
Chairman, Deputy Chairman and Board Members of the Central Bank as well as employees are not allowed to obtain, personally or through parties affiliated therewith, loans from commercial banks for entrepreneurial activity.

Board Members of the Central Bank cannot serve as members of governing body of any party; nor can they engage in politics, hold position in other state service or perform other paid work other than scientific, pedagogical and creative activities. Board Members of the Central Bank cannot hold any other position in the Central Bank.

Fully complies.

4.4.1. Information about legal protections for officials and staff of the central bank in the conduct of their official duties should be publicly disclosed.

Legal protections for officials and employees of the Central Bank in the conduct of their official duties are governed by the Republic of Armenia Labor Code (under Sections 1 and 2).

Fully complies.

B. FINANCIAL POLICY AREA

5. Clarity of Roles, Responsibilities and Objectives of Financial Agencies[5] Responsible for Financial Policies

5.1. The institutional framework of financial agencies should be clearly defined, preferably in relevant legislation or regulation.

The institutional framework of financial agencies is clearly defined in the Republic of Armenia Law on the Central Bank (Articles 35, 36, 37, 38, 39^{1}-39^{14}); the Republic of Armenia Law on Combating Legalization of Proceeds from Crime and Terrorism Financing (Article 10); the Republic of Armenia Law on Establishment of a Unified Financial Regulation and Supervision Framework (Article 5); and the Republic of Armenia Law on Guarantee of Remuneration of Bank Deposits of Physical Entities (Articles 4, 5 and 18).

Fully complies.

5.1.1. The ultimate objective of financial agencies should be clearly defined in legislation.

The objective of regulation and oversight of the Armenian financial system and payment and settlement system realized by the Central Bank is laid down in the Republic of Armenia Law on the Central Bank, Article 5. The product of the objective is summarized in the monetary policy program of the Republic of Armenia, the Central Bank's annual and quarterly reports, public addresses of the Central Bank officials as well as in various newspapers and magazines, research

[5] According to the IMF definition, a financial agency is an institution that has an exclusive authority for regulation and oversight of financial system and payment and settlement system. In Armenia, two institutions meet the definition of a financial agency - the Central Bank of the Republic of Armenia (according to the Republic of Armenia Law on the Central Bank, Articles 5, 39^{1}-39^{14}; the Republic of Armenia Law on Combating the Legalization of Proceeds from Crime and Terrorism Financing, Article 10; the Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, Article 13, and etc.) and the Deposit Guarantee Fund (according to the Republic of Armenia Law on Guarantee of Remuneration of Bank Deposits of Physical Entities, Article 4).

articles and press releases covering current issues relative the objective(s). All this information is also available on the Central Bank's official website.

The objective of the Deposit Guarantee Fund is summarized in the Republic of Armenia Law on Guarantee of Remuneration of Bank Deposits of Physical Entities, Article 18. The product of the objective is summarized in the monetary policy program of the Republic of Armenia, the Central Bank's annual and quarterly reports, public addresses of the Central Bank officials as well as in various newspapers and magazines, research articles and press releases covering current issues relative the objective(s). All this information is also available on the Central Bank's official website.

Fully complies.

5.1.2. The responsibilities of the financial agencies and the authority to conduct financial policies should be defined in legislation.

The responsibilities and authority of the Central Bank are defined under the Republic of Armenia Law on the Central Bank (Articles 4 and 5) as well as under laws that govern the activities of entities licensed and regulated by the Central Bank (e.g. Laws on Banks and Banking, Payment and Settlement Systems and Payment and Settlement Organizations, Securities Market, and so on).

Fully complies.

5.1.3. Where applicable, the broad modalities of accountability for financial agencies should be publicly disclosed.

The accountability of the Central Bank is defined under the Republic of Armenia Law on the Central Bank, Article 15(2), (17), and (20) and Article 20(i). The accountability of the Deposit Guarantee Fund is defined under the Republic of Armenia Law on Guarantee of Remuneration of Bank Deposits of Physical Entities, Article 24.

Fully complies.

5.1.4. Where applicable, the procedures for appointment, terms of office, and any general criteria for removal of the heads and members of the governing bodies of financial agencies should be publicly disclosed.

See Paragraph 1.1.7 for public disclosure of the procedures for appointment, terms of office, and any general criteria for removal of the heads and members of the governing bodies of the Central Bank.

Fully complies.

5.2. The relationship between financial agencies should be publicly disclosed.

See Paragraphs 1.2 and 1.3 and Sub-Paragraphs 1.2.1, 1.2.2, 1.2.3, 1.3.1, and 1.3.2 for the public disclosure of information on the relationship between the Central Bank and other financial agencies of Armenia.

Fully complies.

5.3. The role of oversight agencies with regard to payment and settlement systems should be publicly disclosed.

The role of the Central Bank in creating and developing an efficient payment and settlement system as well as performing oversight of payment service providers in the Republic of Armenia is laid down in the Republic of Armenia Law on the Central Bank (Article 5 and Articles in Chapter 5^{1}). Further, the Central Bank's responsibility for control over the payment and settlement system is defined under the Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations (Articles 13-16). The Central Bank is responsible for the oversight of the payment and settlement system of the Republic of Armenia in order to ensure it is efficient, safe and reliable and to enhance public confidence in non-cash payments. More detailed information about this area is available on the Central Bank's official website (Section *Payment and Settlement System*).

Fully complies.

5.3.1. The central bank as an agency overseeing the payment system should promote the timely public disclosure of general policy principles (including risk management policies) that affect the robustness of systemically important payment systems.

The Central Bank's authority of oversight over Armenia's payment and settlement system is stipulated in the Republic of Armenia Law on the Central Bank (Article 5), and the Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations (Articles 5-8 and 13-16). The Central Bank's policy of oversight and transparency in exercising such oversight are in accordance with the principles laid down in the Paper "Central Bank Oversight of Payment and Settlement Systems," BIS, 2005.

To make sure its policy of oversight is publicly disclosed, the Central Bank provides the payment and settlement system participants and general public with regular information and statistical data relating to that area. In particular, the Central Bank's Monthly Bulletin has an appendix for payment and settlement statistics, and the Central Bank's Quarterly Review and Annual Report contain, respectively, a section entitled "Armenia's Payment and Settlement System", which describes the development of the payment and settlement relations on a quarterly and annual basis. The Financial Stability Report provides evaluation and analysis of risks to the payment and settlement system. The Development, Supervision and Regulation of Armenia's Financial System yearly paper describes the Central Bank's measures for the development of the payment and settlement system as well as provides the amendment to the legal framework that governs this field. The Monetary Policy Program of the Republic of Armenia contains paragraphs that describe the work and activities carried out in the payment and settlement area during the previous year and planned for the year ahead. The payment and settlement system participants and units of mass media are provided with an informational pamphlet called *Armenia's Payment and Settlement System*, which is given on a quarterly and annual basis. This paper describes the current situation in the payment and settlement area for the period under review and presents relevant statistical data.

The "Concept of the Central Bank's Oversight of the Payment System", which was approved under the Board of the Central Bank Resolution No. 1/1384A (21/12/2006) is available on the Central Bank's website. The Paper describes the policy of oversight within the payment and settlement system by the Central Bank. It, particularly, describes the objectives, framework and process of oversight, the requirements to the systems covered by oversight, the cooperation with

other entities of competence, and the way the results of oversight are disclosed to the general public. According to the concept of keeping the general public informed of its activities in oversight of the payment and settlement system, the Central Bank releases information on mass media at least once in a year and places it on to its official website.

There is another Paper called "Armenia's Payment and Settlement System (the Red Book)", which is available on the Central Bank's official website. The Paper contains comprehensive information regarding payments and securities systems, applicable payment instruments, financial intermediaries in Armenia, and relevant statistical tables. Further, the Central Bank is member to the CISPI (the Commonwealth of Independent States Payments and Securities Settlement Initiative, a group established by the World Bank, Bank for International Settlements and central banks of CIS.

The paper *Financial System Stability* is available in the Central Bank's official website. The Paper has a section that contains a separate section *Oversight of Payment and Settlement System* This section contains a system-specific risk analysis and information about past and future measures to restrain such risks.

Fully complies.

5.4. Where financial agencies have oversight responsibilities for self-regulatory organizations (e.g., payment and settlement systems), the relationship between them should be publicly disclosed.

In October 2007, two self-regulatory organizations – the Armenian Stock Exchange and the Armenian Central Depository – were restructured into joint stock companies. Currently, no self-regulatory organizations operate in the Republic of Armenia.

Non-applicable.

5.5. Where self-regulatory organizations are authorized to perform part of the regulatory and supervisory process, they should be guided by the same good transparency practices specified for financial agencies.

See paragraph 5.4 hereinabove.

Non-applicable.

5.6. Other financial agencies should make all reports, statistical data and other relevant materials concerning their activities publicly available.

Among other financial agencies is the Financial Monitoring Center (FMC), which is one of structural units of the Central Bank. The Central Bank's official website contains information on FMC and FMC activity. According to Article 10 (1) (15) of the Republic of Armenia Law on Money Laundering and Terrorism Financing (the Law), (adopted on May 26, 2008 and effective since August 31, 2008), FMC shall publish annual reports on its activity and report to the supreme management body on annual and quarterly bases. Annual reports are open and thus posted on the Central Bank's official website. Annual reports contain statistics on FMC's operations as well as results of financial analyses.

Where reporting entities are in breach of the requirements of the Law and other regulations adopted by the Central Bank, the Bank and other supervisory functions shall exercise sanction to such entities. Any information concerning this is open and posted on the Central Bank's official website.

Operations of FMC include, *inter alia*, consulting and training services in the field of combating ML/TF. This presumes providing consulting services to the staff of state authorities, reporter entities and their customers, the Central Bank staff as well as wider public domain; developing, coordinating and realizing training programs in the field of combating ML/TF. Part of these operations is publicly disclosed.

FMC also cooperates with intrastate bodies and organizations in the framework of Intergovernmental Commission which has been established under the relevant Republic of Armenia President Decree. The Commission deals with issues pertaining to money and plastic card fraud and other fraud related to payment instruments as well as money laundering and terrorism financing in the Republic of Armenia. The Commission's main task is formulation and implementation of a single and concerted policy in the field of combating ML/TF. The Commission consists of representatives of those government departments and institutions which are involved in the fight against ML/TF. FMC is responsible for preparation and arrangement of the Commission's proceedings. The Commission reports to President of the Republic of Armenia on its activities, and this information is also posted on the Central Bank's official website.

FMC has developed and continues to develop typologies on money laundering based on international experience. These typologies are made available to financial institutions and other government departments and posted on the Central Bank's official website. This enables to increase awareness of the staff in charge and helps prevent risks to, and reveal cases of, money laundering.

Fully complies.

6. Open Process for Formulating and Reporting of Financial Policies

6.1. The conduct of policies by financial agencies should be transparent, compatible with confidentiality considerations and the need to preserve the effectiveness of actions by regulatory and oversight agencies.

In ensuring transparency of implementation of its monetary policy, the Central Bank adheres to the "Monetary and Financial Policy Transparency Standards and Rules" developed by the IMF.
According to the *Procedure on Press Release of the Central Bank*, Paragraph 2(C), on the day the Board of the Central Bank holds a meeting, the Press Service of the Central Bank publishes a press-release called 'In the meeting of the Board of the Central Bank', which contains information on the issues addressed during the meeting, except for the issues that contain banking and official secrecy and those of relating to monetary policy.

The Board of the Central Bank Resolution No. 179A adopted on 24/06/2008 has approved the "Development Vision of the Central Bank of Armenia" in which the financial policy directions of the Central Bank are detailed.

Fully complies.

6.1.1. The regulatory framework and operating procedures governing the conduct of financial policies should be publicly disclosed and explained.

In introducing changes to regulatory framework and operating procedures of the Central Bank and/or in adopting new regulations, units responsible for formulating financial policy of the Central Bank regularly arrange discussions with specialized unions of financial institutions in order to deliver comments. The results of such meetings are summarized and considered when making decisions by the Central Bank. The Board of the Central Bank delivers official explication in respect of normative regulations adopted and laws enforced by it, according to the Republic of Armenia Law on the Central Bank (Article 20 'kg') and the Republic of Armenia Law on Legal Acts (Article 87).
The regulatory framework and operating procedures governing the conduct of financial policies are publicly disclosed and explained through quarterly and annual publications of the Central Bank (e.g., "Armenia's Financial System: Development, Regulation, Supervision").

Fully complies.

6.1.2. The regulations for financial reporting by financial institutions to the central bank should be publicly disclosed.

See Paragraph 2.6 for the disclosure of the regulations for financial reporting by financial institutions to the Central Bank.

Fully complies.

6.1.3. The regulations for the operation of organized financial markets should be publicly disclosed.

See Paragraph 3.4 for the publication of the Central Bank's normative regulations for the operations of organized financial market.

Fully complies.

6.1.4. Where the central bank charges fees to financial institutions, the structure of such fees should be publicly disclosed.

The Central Bank charges no fees for registration of activity licenses and prospectuses, but rather there are state duties paid for them. Information on the size of state duty is specified in the Republic of Armenia Law on State Duty (Articles 8, 16, 19 and 20).

According to the Chairman of the Central Bank Decision No 1/1071L on "Approval of Publication of the Central Bank's Chairman Decisions and Board Resolutions on Sanctions" (03/11/2006), all Central Bank's decisions and resolutions on penalty applied to financial institutions by the Central Bank are subject to public disclosure within a day upon receipt from the department in charge, by placing them on to the Central Bank's official website. Brief description of any given sanction and explanation of its grounds come as attachment to such decisions in an affordable (non-legal) language.

Fully complies.

6.1.5. Where applicable, formal procedures for information sharing and consultation between financial agencies (domestic and international), should be publicly disclosed.

See Paragraphs 1.2, 1.3, 3.3, and 4.1; as well as point 2.1.2 for the formal procedures for information sharing and consultation between the Central Bank and other financial agencies. The Central Bank releases such information in its annual reports.
In the area of oversight of the securities market, the Central Bank collaborates with the CIS Member Countries in the framework of harmonization of countries' legislations, in order to integrate the markets. Further, the Central Bank is a member to IOSCO, and a Memorandum of Understanding is intended to be signed.

Fully complies.

6.2. Significant changes in financial policies should be publicly announced and explained in a timely manner.

See Paragraphs 6.1 and 3.4 for the disclosure of significant changes in financial policies conducted by the Central Bank.

Fully complies.

6.3. Financial agencies should issue periodic public reports on how their overall policy objectives are being pursued.

The Central Bank's accountability is defined under the Republic of Armenia Law on the Central Bank, Article 17. The Central Bank releases, on a yearly basis, the report "Armenia's Financial System: Development, Regulation, Supervision", which describes the processes and results of regulation and oversight of financial and payment and settlement systems by the Central Bank.
The Central Bank releases the report "Armenia's Financial Stability" in a frequency not less than once a year.
The Central Bank issues, on a quarterly basis, the report on implementation of the monetary policy program, in which there is a section describing the developments of regulatory framework for the financial system as well.
The publications are made available to the general public by placing them on to the Central Bank's official website.

Fully complies.

6.4. For proposed substantive technical changes to the structure of financial regulations, there should be a presumption in favor of public consultations, within an appropriate period.

When making substantive technical changes to the structure of financial regulations or introducing new prudential regulations, units in charge of formulating the Central Bank's financial policy regularly hold discussions with specialized unions of financial institutions in order to make sure the respective changes have been introduced and realized in a timely manner.

According to the Republic of Armenia Law on the Central Bank, Article 39, the Central Bank collaborates with banking unions and associations on matters concerning the banking. Moreover, before making any such changes that may materially impact the banking system and banking business, the Central Bank consults with these unions and delivers necessary explanations. The Central Bank may participate in proceedings of such bank unions, associations and relevant

workgroups as part of cooperation and in order to review and regulate issues relevant to banking activities.

The Chairman of the Central Bank Resolution No. 1/205L, dated 26/02/2009, has approved the procedure on *Presentation of Public Opinion with regard to the Drafts to Normative Regulations of the Central Bank* as such drafts to normative regulations are available in the Central Bank's official website. According to the procedure, people are allowed to deliver their opinion by visiting to the 'Feedback session' of the website within 14 days after such a draft to the normative regulation has been posted in an appropriate field in the website. The public opinion is discussed and, where appropriate, welcomed. After this, a revised version of the draft needs to be submitted to the Board of the Central Bank for consideration, while the opinion not welcomed should be briefed with an appropriate justification in a special reference material. Where appropriate, the person having delivered opinion may be invited to take part in the discussions of the subject matter by sending at least 3 days' advance notice to that person through an electronic mail or other means of communication.

Fully complies.

7. Public Availability of Information on Financial Policies

7.1. The central bank should issue a periodic public report on the major developments of the financial system for which it carries designated responsibility.

The Central Bank's accountability is defined under the Republic of Armenia Law on the Central Bank, Article 17. The Central Bank releases, on a yearly basis, the report "Armenia's Financial System: Development, Regulation, Supervision", which describes the processes and results of regulation and oversight of financial and payment and settlement systems by the Central Bank.
The Central Bank releases the report "Armenia's Financial Stability" in a frequency not less than once a year.
The Central Bank issues, on a quarterly basis, the report on implementation of the monetary policy program. The Report has a section describing the developments of regulatory framework for the financial system as well.
The Central Bank releases, on a quarterly basis, development trends of the financial system, in a tabular format. The information is broken down by banks, credit organizations, insurance companies and specialized securities market participants.
The publications are made available to the general public by placing them on to the Central Bank's official website.

Fully complies.

7.2. The central bank should seek to ensure that, consistent with confidentiality requirements, there is public reporting of aggregate data on a timely and regular basis.

According to the *Procedure on Press Release of the Central Bank*, Paragraph 2(D), the Central Bank should publish the Paper *Trends of Financial System*. This Paper contains tabular information, and is subject to be released on the 30-th day following each quarter.

Fully complies.

7.3. The central bank should publicly disclose its balance sheets on a pre-announced schedule.

See Paragraph 3.2 and Point 3.2.1 for the public disclosure of the Central Bank's balance sheets.

Fully complies.

7.4. Normative regulations adopted by financial agencies should be made publicly available.

See Paragraph 3.4 for the public openness of regulations adopted by the Central Bank.

Fully complies.

8. Accountability and Assurances of Integrity by Financial Agencies

8.1. Officials of financial agencies should be available to appear before a designated public authority to report on the conduct of financial policies, explain the policy objective(s) of their institution, describe their performance in pursuing their objective(s), and, as appropriate, exchange views on the state of the financial system.

This point is applicable to the countries where a separate supervisory body operates.
In Armenia, this requirement is being met by the Central Bank through monetary policy programs, annual reports on the financial sector, the Central Bank announcements as well as meetings with the financial system participants.

By May 1 of each year, the Central Bank shall submit the first quarter's Monetary Policy Program and the previous year's Report on Implementation of the Program to the Armenian National Assembly and shall present the same as and when determined under the "Regulation of the National Assembly of Armenia". During this, the Central Bank officials shall answer to questions relating to the financial policy and shall exchange views on the situation in the financial sector.

Fully complies.

8.2. Where applicable, financial agencies should publicly disclose audited financial statements of their operations on a pre-announced schedule.

Please, see paragraph 4.2 for the publication of financial accounts of the Central Bank as approved by independent auditors.

As required under the Republic of Armenia Law on Guarantee of Remuneration of Bank Deposits of Physical Entities (Article 24), each year the Fund's activities shall be examined by an independent audit firm in accordance with the procedure required under laws and appropriate regulations. The audit conclusion and audited annual accounts should be presented to the Central Bank.

The Deposit Guarantee Fund shall publicly disclose the brief conclusion by an independent audit firm within a four-month period after the end of a financial year.

Fully complies.

8.2.1. Financial statements should be audited by an independent auditor. Information on accounting policies and any qualification to the statements should be an integral part of the publicly disclosed financial statements.

The Central Bank's annual financial accounts should be examined by an independent audit firm and made publicly available, according to the Republic of Armenia Law on the Central Bank (Articles 15, 16 and 17). Please, see point 4.2.1.

Fully complies.

8.2.2. Internal governance procedures necessary to ensure the integrity of operations, including internal audit arrangements, should be publicly disclosed.

Internal governance procedures of the Central Bank are regulated under the Armenian laws and internal regulations of the Central Bank (which are available on the Central Bank's official website). The internal audit activity is regulated under to the Republic of Armenia Law on the Central Bank, the Charter of Audit Group of the Central Bank and regulations relative to the activity of the Audit Group (see point 4.2.2).

Fully complies.

8.3. Information on the operating expenses and revenues of financial agencies should be publicly disclosed.

Financial statements of the Central Bank and the Deposit Guarantee Fund, which incorporate a statement on operating expenses and revenues, are publicly disclosed annually. The financial statements are made available to the general public by placing them on to the Central Bank's official website.

Fully complies.

8.4. Standards for the conduct of personal financial affairs of officials and staff of financial agencies and rules to prevent exploitation of conflicts of interest should be publicly disclosed.

See Paragraph 4.4.

Fully complies.

8.4.1. Information about legal protections for officials and staff of financial agencies in the conduct of their official duties should be publicly disclosed.

In Armenia, a mechanism like this is lacking.

Non-applicable.

Appendix

Laws, Resolutions, Regulatory Papers and Other Information Materials Included in Appendices or Footnotes of the Paper "The Central Bank Transparency"

	Title of legislative and sub-legislative acts	*Article/paragraph and provision*
1.	**Clarity of Goals, Objectives and Scopes of Responsibility of the Central Bank of Armenia in Implementing Monetary Policy**	
1.1	The Republic of Armenia Constitution, Article 83.3	"The primary objective of the Central Bank is to ensure stability of prices in the Republic of Armenia. To attain its primary objective the Central Bank shall formulate, develop, approve and implement monetary policy programs".
	The Republic of Armenia Law on the Central Bank, Article 4	**The primary objective of the Central Bank** 1. The primary objective of the Central Bank is to ensure stability of prices in the Republic of Armenia. To realize this objective the Central Bank has a function of taking measures to ensure price stability. To attain its primary objective the Central Bank shall formulate, develop, approve and implement monetary policy programs.
	The Central Bank Development Vision (approved under the Central Bank Board Resolution No. 179-A, 24/06/2008)	http://www.cba.am/CBA_SITE/downloads/verluc/teslakan_09_11.pdf
	Announcement "Adopting an Inflation Targeting Strategy by the Central Bank"	http://www.cba.am/CBA_SITE/downloads/dram/gnach/1_gnach_haytarar.pdf
	Paper "Rationale for an Inflation Targeting Strategy by the Central Bank" (19/12/2005)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/gnach.pdf
	Paper "Indirect Monetary Policy Instruments of the Central Bank and Implementation Mechanisms" (approved under the Central Bank Board Resolution No. 372-A, 15/12/2009)	http://www.cba.am/CBA_SITE/downloads/Press_release_ARM/vor_372_a.pdf
	Agreement on Principles of Cooperation between the Armenian Ministry of Finance and Economy and the Central Bank (signed on 13/10/2006)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/hamacajnagir.pdf
	The Republic of Armenia Government Resolution No. 1354-N on Exchange of Information between some Executive Authorities and the Central Bank	http://www.cba.am/CBA_SITE/downloads/dram/gnach/1354.pdf

	(19/08/2004)	
1.1.1	The Republic of Armenia Constitution, Article 83.3	See point 1.1 of this Appendix
	The Republic of Armenia Law on the Central Bank, Article 4	See point 1.1 of this Appendix **"The primary objective of the Central Bank"**
	Announcement "Adopting an Inflation Targeting Strategy by the Central Bank"	http://www.cba.am/CBA_SITE/downloads/dram/gnach/1_gnach_haytarar.pdf
	Paper "Rationale for an Inflation Targeting Strategy by the Central Bank"	http://www.cba.am/CBA_SITE/downloads/dram/gnach/gnach.pdf
1.1.2	The Republic of Armenia Constitution, Article 83.3	The primary objective of the Central Bank is to ensure stability of prices in the Republic of Armenia. The Central Bank formulates, develops, approves and implements monetary policy programs. The Central Bank issues the currency of the Republic of Armenia, the Dram. The Central Bank is independent in realizing its goals and functions conferred thereto under the Republic of Armenia Constitution and law. Chairman of the Central Bank is appointed by the Armenian National Assembly upon recommendation of President of the Republic of Armenia, for a 6-year term. The same person cannot be appointed more than twice without intermittence as Chairman of the Central Bank. As and when stipulated by the law, the National Assembly may, upon recommendation of President of the Republic of Armenia, dismiss the Chairman, by the majority of votes of the total number of delegates.
	The Republic of Armenia Law on the Central Bank, Article 4	See point 1.1 of this Appendix **"The primary objective of the Central Bank"**
	The Republic of Armenia Law on the Central Bank, Article 5	**Objectives of the Central Bank are:** a) ensuring stability and normal activity of the financial system of the Republic of Armenia, including ensuring of necessary conditions for stability of the banking system, liquidity, solvency and normal activities of the Republic of Armenia, b) creating and developing an effective payment and settlement system, c) issuing the domestic currency of the Republic of Armenia, and organizing and regulating money circulation thereof, d) arranging and regulating the combat against legalization of criminal proceeds and financing of terrorism, e) ensuring essential conditions for protection of investors in securities, for formation and retention of equitable quotation at securities market, for regulation of normal, fair, transparent, trustworthy activities of securities market and its development, and f) ensuring essential conditions for protection of rights and lawful interests of consumers in the financial sector. **To realize its goals and objective, the Central Bank shall:** a) implement bank servicing of the Government, b) act as a fiscal agent and advisor to the Government, c) license banks, as well as other entities, as and when required by law, and regulate and supervise activities thereof, d) provide loans to the banks as a lender of last resort, e) regulate and supervise activities of payment and settlement system, including those of non-bank organizations, which provide such services, f) own, use, and dispose of international reserves of the Republic of Armenia, g) compile, survey and publish monetary and financial system statistics, and h) collect, coordinate and analyze information concerning legalization of

		criminal proceeds and financing of terrorism, exchange and deliver such information to intra-governmental competent authorities and international organizations, and competent authorities of other countries, if stipulated by international agreements of Armenia.
1.1.3	The Republic of Armenia Law on the Central Bank, Article 9	**Deposit and Credit Operations** 1. The Central Bank may accept demand or time deposits in domestic currency, the Dram, or foreign currency, or may hold material values on deposit exclusively from the state bodies of the Republic of Armenia and banks, central and other banks of foreign countries, international financial and credit organizations, and in some exclusive cases, under the Decision of the Board of the Central Bank, from other entities, as well as it may, at their discretion or consent, possess and use these deposits and material values. 2. Pursuing realization of its goals, the Central Bank may borrow from international organizations, as well as from governments, central banks and other prime banks of foreign countries.
	The Republic of Armenia Law on the Central Bank, Article 10	**Open Market Operations** 1. To implement monetary policy, the Central Bank may purchase and sell government securities as well as other reliable securities in financial markets in accordance with the procedures established by the Law. 2. The Central Bank cannot purchase Armenian government securities at its own expense in the period of their primary placement. The Central Bank may purchase government securities in the mentioned period solely at the notice and expense of the central or prime banks of other countries. 3. Based on its primary objective, the Central Bank, in order to implement open market operations, may issue short-term securities [up to one year of maturity] pursuant to a procedure mutually agreed with the authorized Government body.
	The Republic of Armenia Law on the Central Bank, Article 37	**Mandatory Reserves of Banks** 1. The Central Bank shall establish the size of mandatory reserves to be placed by banks in the Central Bank against time, demand and savings deposits and other liabilities, as well as define procedures for provisioning and usage thereof. 2. An identical mandatory provisioning procedure shall be established for and applied to the banks with identical banking activities and against identical liabilities incurred by them. 3. The Central Bank may establish a special mandatory provisioning procedure for non-resident foreign banks` branches operating in the territory of the Republic of Armenia, which shall be applicable to all such bank branches. 4. The Chairman of the Central Bank shall establish the size of amounts subject to mandatory provisioning (provisioning rate) by banks and the size of interest rates payable against the portion exceeding such provisioning rate. The size of interest rates prescribed herewith shall be the same for all the banks with identical activities and for identical liabilities incurred thereon. 5. In the event when a bank fails to meet properly provisioning requirements, the Central Bank shall penalize the bank in an amount set by the Central Bank, however, not more than 1% of the averaged amount of difference between the required and actual reserves calculated for each day of their noncompliance. 6. Based on the recommendation of the bank, the Central Bank Chairman, inspection department or as initiated by the Board of the Central Bank, as agreed with the bank, under article 39^{10} of this Law, the Board of the Central Bank shall adopt resolution on postponing imposition, reduction of the penalty or defining a time-schedule for imposition of the penalty, if such imposition of the penalty may lead to a distressed financial condition in the bank according to the criteria of the Board of the Central Bank.
	The Republic of Armenia Law on the Central Bank, Article 38	**Lending to Banks** 1. The Central Bank, as a lender of last resort, may provide, in accordance with its procedures, loans to banks with a maturity not exceeding six months.

		In exceptional cases, in order to preserve the integrity and soundness of the entire banking system of Armenia, the Central Bank may extend loans with a maturity of up to one year. 2. Loans provided by the Central Bank to banks must be secured by: a) government securities, b) reliable checks and promissory notes having not more than nine-month maturity, c) other securities agreed upon with the Board of the Central Bank, d) coins and standardized bullions made of gold and other precious metals, e) deposits in the Central Bank or in other banks as agreed with the Board of the Central Bank, in drams, in any sound foreign currency or in items defined in the clauses (a), (b), (c) and (d) of this Article. 3. In some cases, in order to ensure the sustainability and development of the entire banking system of Armenia, the Central Bank, in accordance with provisions set by the Board of the Central Bank, may extend loans secured by other means or may provide unsecured loans. 4. The Board of the Central Bank may establish varied interest rates and special lending procedures and conditions for certain types of loans. 5. In some cases, the Board of the Central Bank may issue guarantee in favor of banks liabilities in order to acquire loans from banks and other investors to support development and other special projects, particularly in case if: a) the interest rate payable by a bank against that certain loan is considerably below than the average market interest rate of such loans in the Republic of Armenia, b) it is a long-term loan, and c) the loan implementation program has been approved by the Board of the Central Bank. The Board of the Central Bank may impose additional terms for provision of guarantees.
	The Republic of Armenia Law on the Central Bank, Article 51	**Currency Operations of the Central Bank** 1. The Central Bank may own, use and dispose: a) coins and standardized bullions made of gold and other precious metals, b) foreign exchange, c) securities issued or guaranteed by central banks and prime banks of other countries, as well as those of issued or guaranteed by prime banks of other countries. 2. The Central Bank may define the exchange rate at which it purchases or sells foreign exchange or conducts other foreign exchange transactions.
	Paper “Indirect Monetary Policy Instruments of the Central Bank and Implementation Mechanisms” (approved under the Central Bank Board Resolution No. 372-A, 15/12/2009)	http://www.cba.am/CBA_SITE/downloads/Press_release_ARM/vor_372_a.pdf
	Procedure “Issuance, Placement, Circulation and Service for Redemption of Short-Term Government Securities issued by the Central Bank” (approved under the Central Bank Board Resolution No. 144-N, 07/04/2005)	http://www.cba.am/CBA_SITE/downloads/monetary/karger/kb_partatoms.pdf

1.1.4	The Republic of Armenia Civil Code, Article 142(4)	4. The case, terms and conditions for use of foreign currency in the Republic of Armenia are defined in the legislation.
	The Republic of Armenia Civil Code, Article 143	Types of property treated as currency values and the procedure for transactions concluded therewith are defined in the Republic of Armenia Law on Currency Regulation and Currency Control.
	The Republic of Armenia Civil Code, Article 356(4)	4. For settlement of liabilities in the Republic of Armenia, the usage of foreign currency and payment documents in foreign currency is allowed as and when required by the law.
	The Republic of Armenia Law on the Central Bank, Article 5	See point 1.1.2 of this Appendix "**To realize its goals and objective, the Central Bank shall…"**
	The Republic of Armenia Law on the Central Bank, Article 48	**The Central Bank as a Currency Dealer** 1. The Central Bank is the currency dealer of the Republic of Armenia and is authorized to conduct foreign exchange policy. 2. In accordance with the provisions of the Law, the Central Bank may appear with statements and provide information on foreign exchange policy it conducts.
	The Republic of Armenia Law on the Central Bank, Article 49	**Foreign Exchange Regulation** 1. The Central Bank shall establish procedures for foreign exchange transactions; determining exchange rate of Armenian Dram; and licensing foreign exchange sale and purchase operations. 2. The Central Bank shall be empowered to: a) establish procedures, terms and conditions of and adopt rules and regulations for carrying out foreign exchange operations, b) control and regulate activities of foreign exchange dealers, brokers, including banks, c) set foreign currency management norms by the dealers, brokers, including bank, investment companies, insurers, d) define methods to determine the exchange of Armenian Dram, e) exercise other powers stipulated by law and other normative regulations.
	The Republic of Armenia Law on the Central Bank, Article 51	See point 1.1.3 of this Appendix "**Currency Operations of the Central Bank"**
	The Republic of Armenia Law on Currency Regulation and Currency Control, Article 4	**Performance of Current Currency, Capital Movement and Financial Currency Transactions** The Central Bank may determine a procedure as well as terms and conditions for performance of transactions on movement of capital and financial currency, in order to prevent instability of financial system, statistical or economic risks as well as to combat the circulation criminal proceeds and terrorism financing.
	The Republic of Armenia Law on Currency Regulation and Currency Control, Article 5	**Transportation, Delivery, Import and Export of Currency Values** The Central Bank may determine a procedure as well as terms and conditions for performance of transactions on movement of capital and financial currency, in order to prevent instability of financial system, statistical or economic risks as well as to combat the circulation criminal proceeds and terrorism financing.
	The Republic of Armenia Law on Currency Regulation and Currency Control, Article 8	**Setting of the Dram Exchange Rate** The Central Bank shall set the official Armenian dram/foreign currency exchange rate.

	The Republic of Armenia Law on Currency Regulation and Currency Control, Article 9	**Currency Oversight and Control** 1. Currency oversight bodies shall implement the oversight of currency in the Republic of Armenia, and currency control agents shall implement the currency control. The oversight bodies in the Republic of Armenia are the authorities specified in points 3, 4 and 5 of this Article. The currency control agents are banks, credit organizations, and money transfer organizations. Currency control agents are accountable to the Central Bank according to the procedure set by the Central Bank. 2. Currency oversight bodies and control agents shall exercise oversight and control over the currency operations carried out by residents and non-residents, the compliance of these operations to the requirements of the Armenian laws and other respective regulations, and the observance of licensing terms. The Board of the Central Bank shall set the procedure and terms of currency control carried out by currency control agents. 3. The Central Bank shall oversee the compliance of the activities of licensed entities to the requirements of the Armenian laws and other respective regulations, and their observance of licensing terms through the on-site and off-site inspections according to the procedure provided for under the Republic of Armenia Law on the Central Bank. 4. The public finance management authority shall control the compliance of entities, licensed by the public finance management authority, to the requirements of this Law and respective regulations. 5. An authorized Government body shall control the compliance of entities, not specified in points 3 and 4 in this Article, to the requirements of this Law and other respective regulations according to the procedure provided for under the Republic of Armenia Law on Inspections in the Republic of Armenia. 6. The Central Bank shall set the model forms of transactions registration, respective statements, records and statistics, as well as the procedure and terms on how these will be handled and presented.
	The Republic of Armenia Law on Currency Regulation and Currency Control, Article 10	**Responsibility** 1. For one violation of the requirements of currency laws and other regulations by a licensed entity the Central Bank shall issue a warning with an instruction to eliminate the violation or exclusion of such violation in future, or impose a penalty at 500-fold of the minimum salary or at the amount of violation, or revoke the activity license. 2. For two violations of the requirements of currency laws and other regulations by a licensed entity the Central Bank shall suspend the activity license or impose a penalty at the amount of violation, or in the absence of amount, shall impose a penalty at from 200-fold to 700-fold of the minimum salary, or revoke the activity license. For the context of this Law and the respective regulations if a few violations of any requirement of currency laws and respective regulations occur, each violation shall be deemed as one. 3. For three or more violations of the requirements of currency laws and other regulations by a licensed entity the Central Bank shall revoke the activity license. 4. The public finance management authority shall apply liability measures stipulated by this Article, points 1, 2 and 3, towards entities licensed by the public finance management authority. 5. For violations of the requirements of currency laws and other regulations by

		resident and non-resident entities not specified in this Article, points 1 and 4, the Government authorized body shall apply liability measures as required by the Republic of Armenia Code on Administrative Violations. 6. If foreign currency dealer traders (currency dealers), foreign currency buying and selling parties (exchange offices), foreign currency trading session parties do not provide their customers with a document verifying foreign currency purchase/sale operations (receipt), the Central Bank shall impose a penalty at 200-fold of the minimum salary or revoke the activity license. If banks and credit organizations do not provide their customers with a receipt on foreign currency purchase/sale operations, they shall be held liable under the Republic of Armenia Law on Armenia Laws on the Central Bank; on Banks and Banking; and on Credit Organizations. 7. If foreign currency dealer traders (currency dealers), foreign currency buying and selling parties (exchange offices), foreign currency trading session parties violate the terms of the Central Bank licensing, the Central Bank shall impose a penalty at 500-fold of the minimum salary or revoke the activity license. 7^1. In cases specified in points 1, 2, 3, 6 and 7 herein, the Central Bank may, as an auxiliary sanction, deprive the manager of the licensed entity or its employee of the Central Bank's qualification certificate. 8. The Central Bank shall apply liability measures set by this Article in accordance with the Republic of Armenia Law on the Central Bank. 9. If an entity is not violating the requirements of currency laws and respective laws during a year after it has incurred liability stipulated by this Article, it shall be deemed as having incurred no liability. For the context of this law and respective regulations, incurring of liability shall occur when the entity meets the requirements of the decision on applying liability measures. 10. If the activity license of foreign currency dealer/broker traders, foreign currency buying and selling parties (exchange offices), foreign currency trading session parties has been revoked (for violations of licensing terms or currency laws and respective regulations), the entity (as well as the party with 50% and more participation in statutory fund or share capital of such legal entity at the moment of cancellation of license) shall have no right to perform foreign currency dealer/broker trading, foreign currency buying/selling and organizing foreign currency auctions (directly or through the establishment of a legal entity, acquisition of any participation in the statutory fund of a legal entity or an ability to predetermine decisions of a legal entity without such participation, or attraction of employees from foreign currency dealers/brokers, foreign currency buyers/sellers and foreign currency auction organizers) for a period of three years - upon cancellation of the license, depriving the manager of the licensed entity or its employee of the Central Bank's qualification certificate.
	Announcement "The Principles of Foreign Exchange Policy" (approved under the Central Bank Board Resolution No. 122, 19/07/1996)	http://www.cba.am/CBA_SITE/downloads/dram/haitarar.pdf
	Procedure "The Transportation, Delivery, Import, Export and Declaration of Currency Values" (approved under the Central Bank Board	http://www.cba.am/CBA_SITE/downloads/fmc/low/Arjutain.pdf

	Resolution No. 386-N, 29/07/2005)	
	Procedure "Making Foreign Currency Payments for Labor and Service Rendering by International Organizations in the Republic of Armenia" (approved under the Central Bank Board Resolution No. 387-N, 29/07/2005)	http://www.cba.am/CBA_SITE/downloads/dram/387N.pdf
	The Central Bank Board Decision No. 389-N "Setting the Maturity of Short-Term Loans and the Extent of Small-Size Amounts" (adopted on 29/07/2005)	http://www.cba.am/CBA_SITE/downloads/dram/389N.pdf
1.1.5	The Republic of Armenia Law on the Central Bank, Article 6	**Monetary Policy Program** 1. Once a quarter the Central Bank publishes the Monetary Policy Program for the next 12 months as a guideline. 2. The Monetary Policy Programs include: a) Inflation forecasts, b) Monetary Policy directions, and c) Other provisions defined by the Board of the Central Bank for implementing the issues marked by the law.
	The Republic of Armenia Law on the Central Bank, Article 17	**Annual and Quarterly Reports** 1. Before May 1 of each year, the Central Bank shall publish its annual report of the preceding year, which shall comprise: a) the financial report approved by the audit firm, b) other provisions on the Central Bank governance. The Control Chamber shall issue its conclusion with regard to the annual financial accounts of the Central Bank. 1.1. By May 1 of each year the Central Bank shall prepare and submit to the National Assembly the report as provided for under Article 15(3) of the law. 2. The Central Bank shall regularly, but not less than once a year, publish the report on financial stability of the Republic of Armenia and shall submit the same to the National Assembly, Government and other interested parties. The Financial Stability Report shall contain banking, credit organization, insurance and securities markets reviews as well as information on the measures designed to regulate and supervise these markets. The Central Bank shall regularly, but not less than once in a quarter, publish the balance sheet of the Central Bank for the proceeding reported period. 3. The Central Bank shall, within two months upon completion of each quarter, publish the report on implementation of the Monetary Policy Program for the previous 12 months, approved by the Board of the Central Bank. 4. By May 1 of each year, the Central Bank shall submit the first quarter's Monetary Policy Program and the previous year's Report on Implementation of the Program to the Armenian National Assembly and shall present the same as and when determined under the "Regulation of the National Assembly of Armenia". 5. The report specified herewith may comprise also other provisions or information

		set forth by the Board of the Central Bank.
	The Republic of Armenia Law on the Central Bank, Article 50	**Reporting on Foreign Exchange Transactions** 1. The Central Bank has the right to demand from the entities, licensed and supervised by the Central Bank, to report periodically on their foreign exchange transactions. 2. The Central Bank determines reporting forms on foreign exchange operations and procedures for presentation thereof.
	The Republic of Armenia Law on the Central Bank, Article 52(3)	**International Reserves of the Republic of Armenia** 3. The Central Bank shall, once in a quarter, report to the Government on the current situation and structure of the international reserves and shall disclose it publicly. Where the international reserves of the Republic of Armenia decline or, in the Central Bank's opinion, tend to decline in such an extent that jeopardizes the implementation of monetary and foreign exchange policies, the Central Bank shall submit a special information to the Government on the international reserves position and causes which have led or may lead the reserves to such a decline and on remedial measures to be taken therefore, and shall accordingly inform the President and the National Assembly of the Republic of Armenia.
	The Republic of Armenia Law on Rules of Procedure of the National Assembly, Article 102	**Presentation of Monetary Policy Programs by the Central Bank** 1. Monetary policy programs, which the Central Bank presents to the National Assembly under the Republic of Armenia Law on the Central Bank, are submitted to the consecutive National Assembly's session within a month after these have been delivered to the National Assembly. 2. Chairman of the National Assembly shall, within two days after having received the monetary policy program, forward the program to standing committees of the National Assembly and to the Government. 3. Chairman of the Central Bank has up to 40 minutes to present the program at the National Assembly's session. 4. Representatives from the Government and from the Standing Committee on Financial, Credit and Budgetary Issues have up to 20 minutes each for co-speeches. 5. The monetary policy program is discussed as required under the procedure laid down in Article 55 of the law, and such discussion is accomplished by closing remarks by a representative of the Standing Committee on Financial, Credit and Budgetary Issues and Chairman of the Central Bank, without having endorsed any document.
	The Republic of Armenia Law on Rules of Procedure of the National Assembly, Article 103	**Reporting by the Central Bank** 1. Reports, which the Central Bank presents to the National Assembly under the Republic of Armenia Law on the Central Bank, are submitted to the consecutive National Assembly's session within a month after these have been delivered to the National Assembly. 2. Chairman of the National Assembly shall, within two days after having received the report of Central Bank, forward the report to standing committees of the National Assembly and to the Government, and also to the Control Chamber when the report has been submitted in the period April-May. 3. Chairman of the Central Bank has up to 40 minutes to present the report of the Central Bank at the National Assembly's session. 4. For delivering co-speeches, up to 20 minutes are allotted to: a) the representative from the Standing Committee on Financial, Credit and Budgetary Issues who delivers the Committee's conclusion regarding the Central Bank report; b) the representative from the Government who delivers the Government's

		conclusion regarding the Central Bank report. Chairman of the Control Chamber shall deliver a co-speech for up to 20 minutes regarding the pervious annual financial report of the Central Bank. 5. The reports of the Central Bank are discussed as required under the procedure laid down in Article 55 of the law, and such discussion is accomplished by closing remarks, without having endorsed any document.
1.1.6	The Republic of Armenia Constitution, Article 83.3	The Central Bank is independent in realizing its goals and functions conferred thereto under the Republic of Armenia Constitution and law.
	The Republic of Armenia Law on the Central Bank, Article 1(5)	5. In realizing its tasks, the Central Bank shall be independent from the state authorities of the Republic of Armenia.
1.1.7	The Republic of Armenia Constitution, Article 83.3	Chairman of the Central Bank is appointed by the Armenian National Assembly upon recommendation of President of the Republic of Armenia, for a 6-year term. The same person may not be appointed more than twice without intermittence as Chairman of the Central Bank. As and when stipulated by the law, the National Assembly may, upon recommendation of President of the Republic of Armenia, dismiss the Chairman, by the majority of votes of the total number of delegates.
	The Republic of Armenia Law on the Central Bank, Article 18	**Chairman and Deputy Chairman of the Central Bank** 1. Chairman of the Central Bank is the highest rank official of the Central Bank. The Chairman shall be responsible for the fulfillment of the objectives of the Central Bank as set forth and prescribed by this Law. Where the Chairman is absent or otherwise unable to act, such powers shall be vested with the Deputy Chairman, and where the Deputy Chairman is absent or otherwise unable to act, such powers shall be vested with the eldest Board Member of the Central Bank. 2. Chairman of the Central Bank shall be appointed by the Armenian National Assembly upon recommendation of President of the Republic of Armenia, for a 6-year term. Deputy Chairman of the Central Bank shall be appointed by President of the Republic of Armenia, for a 6-year term. 3. Chairman and Deputy Chairman of the Central Bank cannot serve as a member of managing body of any party, be involved in political activities, hold another state position or perform other paid work, except for the scientific research, pedagogical and creative activities. 4. Chairman of the Central Bank shall: a) coordinate and organize the work and ensure the soundness of the activities of the Central Bank, the Board and the Board members, b) take the chair of the Board meetings, and sign acts and minutes of the meeting of the Board of the Central Bank, c) ensure execution of the acts of the Board of the Central Bank, d) represent the Central Bank in the Republic of Armenia, other states and international organizations, e) issue powers of attorney, f) approve the structure of the Central Bank and the staff, g) appoint and dismiss heads of subdivisions and other employees of the Central Bank unless otherwise stipulated by this Law, g^1) adopt individual and internal resolutions and orders, including resolutions on assigning inspections in supervised entities, h) assume other authorities, which are not reserved to the Board of the Central Bank under law.
	The Republic of Armenia Law on the Central Bank, Article 19	**Board of the Central Bank** 1. The Board of the Central Bank shall be the superior body of the Central Bank management. The Central Bank shall be governed by the Board of the Central Bank. The Board shall be comprised of the Chairman of the Central Bank, his/her deputy and five members.

		2. The Board members of the Central Bank shall be appointed by President of the Republic of Armenia for a 5-year term. The terms of office for the Board Members of the Central Bank shall be: One member - 1 year One member - 2 years One member - 3 years One member - 4 years One and all members appointed thereafter - 5 years In the event of vacancies on the Board, a new member shall be appointed to serve for the remaining period of office of the predecessor. 3. A Board Member of the Central Bank shall be responsible for carrying out duties reserved for him/her in the areas specified by the Board. 4. Members of the Board of the Central Bank shall be citizens of the Republic of Armenia, who shall be professionally capable to ensure the carrying out of the provisions stipulated in Article 20 of this Law. No person shall be a member of the Board of the Central Bank who: a) has been, by court decision, recognized disable or partially disable or, by an effected decision of the court, has been convicted of a premeditated crime, b) has been legally disqualified or deprived of a right to hold certain positions. 5. A Board Member of the Central Bank cannot be a member of a managing body of any party, be involved in political activities, hold any other state position, or perform any other paid work, except for the work of scientific, pedagogical and creative nature. Board members of the Central Bank cannot hold any other position in the Central Bank.
	The Republic of Armenia Law on the Central Bank, Article 20	**Powers of the Board of the Central Bank** The Board of the Central Bank shall: a) approve the Charter of the Central Bank, b) approve the Monetary Policy Program of the Republic of Armenia, c) establish the limits and interest rates of open market operations, credit extensions, and deposits to be attracted, carried out by the Central Bank, d) establish the procedure, terms and conditions of required reserves provisioning by the banks with the Central Bank, e) adopt the normative acts of the Central Bank, f) determine and approve, on the Chairman's recommendation, the responsibilities among the Board members, g) determine the face value and design of the national currency (for both banknotes and coins (including commemorative coins)), provide procedures and conditions of issuance and withdrawal thereof, as well as decide on matters of issue, revoke and withdrawal of banknotes and coins (including commemorative coins), by establishing appropriate terms, h) decide on issues concerning membership of the Central Bank to international organizations, i) approve the reports and statements made by the Central Bank, j) *(annulled according to LA-36-N, 25.12.06),* ja) approve the procedure for crediting to the banks, jb) take decisions on opening or closure of territorial subdivisions of the Central Bank, jc) approve the annual budget and annual and other statements of the Central Bank, jd) define the list of the securities, which the Central Bank may acquire, hold and dispose as well as provide the required procedures thereof, je) define the types of short-term securities issued by the Central Bank, as well as the terms of their issuance and redemption, the procedure of carrying out operations by them, in agreement with the body authorized by the Government of the Republic of Armenia, jf) grant banking and other licenses, revoke such licenses, make decision on filing a request to the court for revocation thereof, as well as set procedures for licensing banks and other entities as prescribed by law,

		jg) pursuant to the Republic of Armenia Law on Bankruptcy of Banks, Credit Organizations, Investment Companies, and Insurance Companies recognize a bank, credit organization, investment company or insurance company as insolvent and initiate bankruptcy procedures thereof, exercise other powers prescribed by the law, as well as take decisions on reorganization of banks, credit organizations, investment companies or insurance companies to the extent its authorities allow, jh) establish work norms and regulations of the Board of the Central Bank, ji) set the normative standards regulating the activities of the banks and procedure for calculation of such standards, k) give its initial consent to the acquisition of qualifying holding in the statutory capital of banks or reject it, ka) approve the forms of statements, submitted to the Central Bank by banks and other entities, licensed and supervised by the Central Bank, kb) set forth the minimum requirements for internal control at banks, kc) *(annulled according to LA-76-N, 23.05.06),* kc[1]) approve the procedures for operation by securities (depositary activities, accounting and settlements system operation, allocation, re-allocation, circulation, repurchase and redemption of securities in the secondary market, as well as procedures for securitized transactions), in agreement with the body authorized by the Government of the Republic of Armenia, kd) adopt normative regulations on payment and settlement relations and cash circulation in the Republic of Armenia, ke) exercise authorities as set forth in the Republic of Armenia Law on Guarantee of Remuneration of Bank Deposits of Physical Entities; kf) approve procedures and terms for issuing and publishing official and other periodicals of the Central Bank, kg) give explanations to normative regulations of the Central Bank, kh) determine credit risk assessment regulations subject to execution by banks, as well as terms and regulation for supervising those entities, the balance sheets of which are incorporated in the balance sheet of the Central Bank (consolidated balance sheet) in a manner defined by law and normative regulations of the Central Bank, ki) carry out other responsibilities envisaged by law, l) exercise authority conferred to it under the Republic of Armenia Law on Combating Legalization of Criminal Proceeds and Terrorism Financing, la) exercise authority conferred to it under the Republic of Armenia Laws on Insurance and Insurance Activities and on Securities Market, and lb) exercise authority conferred to it under the Republic of Armenia Laws on Credit Bureau Activity.
	The Republic of Armenia Law on the Central Bank, Article 22	**Removal of the Board Members of the Central Bank** 1. Chairman of the Central Bank may resign from office on his own volition by providing the President of the Republic of Armenia and the National Assembly of the Republic of Armenia a thirty days' written notice before the date of resignation. The Chairman shall be deemed resigned from office effective the 30-th day following such notice. Deputy Chairman and Board Members of the Central Bank may resign from office on their own volition by providing the President of the Republic of Armenia a month's written notice before the date of resignation. 2. The National Assembly of the Republic of Armenia shall, on the proposal of the President of the Republic of Armenia, remove the Chairman from his post, while the President of the Republic of Armenia shall remove the Deputy Chairman and other Board Members of the Central Bank from their posts, in the event if they: a) are no longer considered citizens of the Republic of Armenia, b) have been, by court decision, recognized disable or partially disable or, by

		an effected decision of the court, have been convicted of a premeditated crime, c) have been engaged in professional misconduct, d) have been legally disqualified or deprived of a right to hold certain positions, e) have not, for more than six months, performed their duties and responsibilities because of physical disability or otherwise, f) have been absent from the Board meetings more than five times during a year.
1.2	The Republic of Armenia Constitution, Article 83.3	The Central Bank is independent in realizing its goals and functions conferred thereto under the Republic of Armenia Constitution and law.
	The Republic of Armenia Law on the Central Bank, Article 30	**Bank Servicing of the Government** The Central Bank carries out banking servicing of the Government, free of charge, as prescribed by laws and other normative acts.
	The Republic of Armenia Law on the Central Bank, Article 31	**Consultancy** The Government or an authorized agency thereof, upon drafting the state budget, shall consult with the Central Bank on issues relating to the draft state budget, including issues on domestic and external public sector borrowings, on sources, amounts, terms and conditions thereof, as well as the main directions and targets the borrowed funds shall be addressed to. The Central Bank shall submit to the Government an official conclusion on the state budget. The official conclusion of the Central Bank shall be attached to the draft state budget and submitted to the National Assembly for consideration, pursuant to the prescribed by laws procedures.
	The Republic of Armenia Law on the Central Bank, Article 32	**Fiscal Agent** The Central Bank acts as the fiscal agent of the Government of the Republic of Armenia for: a) serving as central depository for government securities issued by an authorized government agency; b) performing transactions related to the state budget, and servicing of domestic and external public debt, as well as conducting other payment transactions; c) carrying out other transactions not contradicting the objectives of the Central Bank.
	The Republic of Armenia Law on the Central Bank, Article 33	**Information** 1. The Central Bank shall, in agreement with the authorized government agency, provide information to the Government on monetary and other issues prescribed by this Law for the Central Bank. 2. Information containing banking secrecy shall be provided in accordance with relevant laws. 3. The authorized government agencies, as well as the National Statistical Service of the Republic of Armenia shall, in the manner agreed with the Central Bank, furnish the following information to the Central Bank: a) on the state budget performance, its current expenses and revenues, b) on the borrowings by the state, including their sources, amounts, interest rates, maturity or repayment terms, and other commitments, as well as usage and targets of such funds, c) data on Balance of Payment and other financial and economic issues. 4. Information containing state secret shall be provided in accordance with the procedures set forth by the law.
	The Republic of Armenia Law on the Budgetary System, Article 15^1 (1)	The Republic of Armenia Government and Central Bank jointly determine the predicted level of inflation in the Medium-Term Expenditures program, on a regular basis.

	The Republic of Armenia Law on the Budgetary System, Article 16	1. The draft Budget includes: a) the budgetary memorandum of the Government; b) the draft law on the Budget; c) Official conclusion delivered to the Government by the Central Bank with regard to the draft law on the Budget; 5. Each year, the law on the Budget proposes the Central Bank to set a floating inflation target, *viz.* the target level of inflation and permissible tolerance for deviation, for decision-making in the course of the year. In making decisions on monetary policy during a year, the Central Bank is guided by the logic of achieving the target inflation for the 12-month period subsequent to the day such decisions were made.
	The Republic of Armenia Law on the Budgetary System, Article 21(2)	2. In drafting the law on the Budget, the Republic of Armenia Government or the body authorized by it shall consult with the Central Bank about issues concerning the draft budget, including medium-term inflation forecasts by the Central Bank, in accordance with the Republic of Armenia Law on the Central Bank, Article 31.
	The Republic of Armenia Law on the Budgetary System, Article 21(8.1)	8.1. Foreign currency's ins and outs of the state budget draft in dram terms are calculated based on the average dram exchange rate vis-à-vis foreign currency in the market as of the first day of the month in which the draft has been submitted to the National Assembly. Where the calculation of foreign currency's ins and outs within a reasonable timeframe by the use of average dram exchange rate is not possible, the calculated shall be based on the average dram exchange rate vis-à-vis foreign currency in the market as of the first day of the month preceding the month in question.
	The Republic of Armenia Law on the Budgetary System, Article 25(1)	1. The Government shall submit annual budget performance report to the National Assembly by May 1 of the subsequent year. The Government shall, along with that annual budget performance report, submit to the National Assembly the Central Bank's official opinion thereon.
	Agreement on Principles of Cooperation between the Armenian Ministry of Finance and Economy and the Central Bank (signed on 13/10/2006)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/hamacajnagir.pdf
	The Republic of Armenia Government Resolution No. 1354-N on Exchange of Information between some Executive Authorities and the Central Bank (19/08/2004)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/1354.pdf
1.2.1	The Republic of Armenia Law on the Central Bank, Article 34	**Credits to the Government** Making direct or indirect credits or otherwise providing funding to the Republic of Armenia Government or other state authorities by the Central Bank is prohibited, except for the cases stipulated under this Article.
1.2.2	The Republic of Armenia Law on the Central Bank, Article 34	See point 1.2.1 of this Appendix **"Credits to the Government"**.
1.2.3	The Republic of Armenia Law on the Central Bank, Article 10	See point 1.1.3 of this Appendix **"Open Market Operations"**.
	Paper "Indirect Monetary Policy Instruments of the	http://www.cba.am/CBA_SITE/downloads/Press_release_ARM/vor_372_a.pdf

	Central Bank and Implementation Mechanisms" (approved under the Central Bank Board Resolution No. 372-A, 15/12/2009)	
1.2.4	The Republic of Armenia Law on the Central Bank, Article 56	**Other Transactions of the Central Bank** The Central Bank may perform the following transactions: a) make investments in the capital of the legal entities, the activities of which are directly related to the objectives of the Central Bank; b) acquire or lease any real estate necessary for carrying out of its functions, c) acquire, own, use and dispose property or proprietary rights against its obligations, provided that the Central Bank disposes the mentioned property and proprietary rights at an earliest possible date; d) provide loans to chairman, deputy chairman, board members and employees of the Central Bank, as required by the established internal policies.
1.2.5	The Republic of Armenia Law on the Central Bank, Article 11	**Capital of the Central Bank** 1. The capital of the Central Bank comprises its statutory capital, general reserve, revaluation reserves of securities, fixed and other assets and retained earnings and profit. 2. The authorized capital of the Central Bank shall be AMD 100 million. 3. The statutory capital of the Central bank is the property of, and belongs to, the Republic of Armenia, and it cannot be pledged, confiscated or otherwise disposed against the obligations of the Republic of Armenia. 4. Where, by the end of the financial year, the losses resulted in the Central Bank's Balance Sheet exceed the aggregate amount of its reserves, the Government shall, within 30 days after public disclosure of the balance sheet, grant non-interest bearing demand government promissory notes as a contribution to the Central Bank capital, to the extent such losses exceed the aggregate amount mentioned. Redemption of the promissory notes shall be carried out through to the expense of the Budget upon request of the Central Bank or according to Article 12 of this Law.
	The Republic of Armenia Law on the Central Bank, Article 12	**Calculation and Allocation of the Profit of the Central Bank** 1. The Central Bank profit shall be calculated for each financial year in compliance with the International Accounting Standards as a balance of the total income earned and expenses incurred (including losses) throughout the financial year. The calculation of the profit of the Central Bank to be distributed shall not include positive difference of income and expense generated from revaluation and acquisition of gold, SDR, foreign currency and their equivalents under Article 13 of this Law, adjusted to the extent of provisioning to recompense adverse results of the previous period. 2. The profit of the Central Bank shall be allocated as follows: a) 20% of the profit shall be addressed to replenish the general reserve until its total amounts 25% of broad money, b) appropriations shall be made to cover redemption expenses of the promissory notes specified in Article 11 of this Law. 3. The balance of the profit of the Central Bank remaining after the aforementioned deductions shall be transferred to the Budget.
	The Republic of Armenia Law on the Central Bank, Article 17	See point 1.1.5 of this Appendix **"Annual and Quarterly Reports"**.
1.3	The Republic of Armenia Law on the Central Bank, Article 32	See point 1.2 of this Appendix **"Financial Agent"**.
1.3.1	The Republic of Armenia Law on the Central Bank, Article 5	See point 1.1.2 of this Appendix **"The objectives of the Central Bank are…"**.

	The Republic of Armenia Law on the Central Bank, Article 8	**International Cooperation of the Central Bank** The Central Bank shall, within the framework of its competence, represent interests of the Republic of Armenia in international financial organizations, international and foreign overseas banks, as well as in relations with the central and other banks of other countries, and shall conclude and execute international agreements as required by law. The Central Bank shall have the right to cooperate with foreign regulators of the securities market. The cooperation shall include obtaining and exchanging of information concerning the subject of regulation, contributing in receiving such information. The Central Bank shall have the right to transfer the lawfully possessed information to other bodies provided that the transfer shall not contravene the law; that the regime of confidentiality as set forth by the law shall not be violated; and that the information shall be used exclusively for the purpose of prevention of law violations or prosecution. For the purpose of such cooperation the Central Bank shall have the right to establish information exchange systems or to participate on its behalf in such systems, in particular, to sign memorandums and agreements which will set forth the composition of information, procedures and conditions of exchange of such information.
	The Republic of Armenia Law on the Central Bank, Article 17	See point 1.1.5 of this Appendix **"Annual and Quarterly Reports"**.
	The Republic of Armenia Law on the Central Bank, Article 32	See point 1.2 of this Appendix **"Financial Agent"**.
	The Republic of Armenia Law on the Central Bank, Article 52	See point 1.1.5 of this Appendix **"International Reserves of the Republic of Armenia"**.
1.3.2	The Republic of Armenia Government Resolution No. 1580-N on Approval of Terms and Conditions for Issuance of the Republic of Armenia Treasury Bills; Placement, Circulation and Service of Redemption Thereof; and on Rescission of the Republic of Armenia Government Resolution No 1103-N of July 3, 2004 (adopted on 27/12/2007)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/1580.pdf
	The Republic of Armenia Government Resolution No. 1606-N (19/10/2006) on Procedure on Terms and Conditions for Issuance of Savings Coupon Bonds and Placement, Circulation and Service of Redemption Thereof	http://www.cba.am/CBA_SITE/downloads/dram/gnach/1606.pdf
	The Board of the Central Bank Resolution No. 75-N	http://www.cba.am/CBA_SITE/downloads/monetary/karger/partatoms_auction.pdf

	(30/03/2004) on Procedure on Primary Placement of Armenian Treasury Bills, and Placement, Repurchase, Service of Redemption of Under-Allocated Treasury Bills	
	The Board of the Central Bank Resolution No. 75-N (30/03/2004) on Procedure on Depository Arrangement of Armenian Treasury Bills	http://www.cba.am/CBA_SITE/downloads/monetary/karger/partatoms_paharu.pdf
	The Board of the Central Bank Resolution No. 75-N (30/03/2004) on Procedure on Implementation of Operations for Pledging of Armenian Treasury Bills	http://www.cba.am/CBA_SITE/downloads/monetary/karger/partatoms_grav.pdf
	The Board of the Central Bank Resolution No. 75-N (30/03/2004) on Coding of Account Numbers used in the Government Securities Accounting and Settlements System	http://www.cba.am/CBA_SITE/downloads/monetary/karger/partatoms_hashvarum.pdf
	The Board of the Central Bank Resolution No. 75-N (30/03/2004) on Procedure on Circulation of Armenian Treasury Bills in the Secondary Market	http://www.cba.am/CBA_SITE/downloads/monetary/karger/partatoms_erkrord.pdf
	The Board of the Central Bank Resolution No. 75-N (30/03/2004) on Procedure on Minimum Requisites for Documentation in Operations by Treasury Bills	http://www.cba.am/CBA_SITE/downloads/monetary/karger/partatoms_vaverapaiman.pdf
2.	**Open Process for Formulating Monetary Policy and Making it Public**	
2.1	The Republic of Armenia Law on the Central Bank, Article 17	See point 1.1.5 of this Appendix **"Annual and Quarterly Reports"**.
2.1.1	Paper "Indirect Monetary Policy Instruments of the Central Bank and Implementation	http://www.cba.am/CBA_SITE/downloads/Press_release_ARM/vor_372_a.pdf

	Mechanisms" (approved under the Central Bank Board Resolution No. 372-A, 15/12/2009)	
	Master Agreement on "Attraction of Deposits" (approved under the Chairman of the Central Bank Resolution No. 1/1567A, 18/12/2009)	http://www.cba.am/CBA_SITE/downloads/monetary/karger/paymanagir_avand.pdf
	Master Agreement on "Provision of Lombard Credit" (approved under the Chairman of the Central Bank Resolution No. 1/745A, 07/06/2007)	http://www.cba.am/CBA_SITE/downloads/monetary/karger/paymanagir_vark.pdf
	Master Agreement on "Concluding Repurchase and Reverse Repurchase Transactions" (approved under the Chairman of the Central Bank Resolution No. 1/1573A, 24/12/2009)	http://www.cba.am/CBA_SITE/downloads/monetary/karger/repo_hakadarc.pdf
	Master Agreement on "Operations by Government Bonds in the Secondary Market" (approved under the Chairman of the Central Bank Resolution No. 1/306A, 28/04/2006)	http://www.cba.am/CBA_SITE/downloads/monetary/karger/paymanagir_erkrord.pdf
	The Board of the Central Bank Resolution No. 144-N (07/04/2005) on Procedure on Issuance, Placement, Circulation and Service of Redemption of Central Bank-Issued Short Term Treasury Bills	http://www.cba.am/CBA_SITE/downloads/monetary/karger/kb_partatoms.pdf
2.1.2	Paper "Indirect Monetary Policy Instruments of the	http://www.cba.am/CBA_SITE/downloads/Press_release_ARM/vor_372_a.pdf

	Central Bank and Implementation Mechanisms" (approved under the Central Bank Board Resolution No. 372-A, 15/12/2009)	
	Master Agreement on "Attraction of Deposits" (approved under the Chairman of the Central Bank Resolution No. 1/1567A, 18/12/2009)	http://www.cba.am/CBA_SITE/downloads/monetary/karger/paymanagir_avand.pdf
	Master Agreement on "Provision of Lombard Credit" (approved under the Chairman of the Central Bank Resolution No. 1/745A, 07/06/2007)	http://www.cba.am/CBA_SITE/downloads/monetary/karger/paymanagir_vark.pdf
	Master Agreement on "Concluding Repurchase and Reverse Repurchase Transactions" (approved under the Chairman of the Central Bank Resolution No. 1/1573A, 21/12/2009)	http://www.cba.am/CBA_SITE/downloads/monetary/karger/repo_hakadarc.pdf
	Master Agreement on "Operations by Government Bonds in the Secondary Market" (approved under the Chairman of the Central Bank Resolution No. 1/306A, 28/04/2006)	http://www.cba.am/CBA_SITE/downloads/monetary/karger/paymanagir_erkrord.pdf
2.2	The Republic of Armenia Law on the Central Bank, Article 19	See point 1.1.7 of this Appendix **"Board of the Central Bank"**.
	The Republic of Armenia Law on the Central Bank, Article 20	See point 1.1.7 of this Appendix **"Powers of the Board of the Central Bank"**.
	The Republic of Armenia Law on the Central Bank, Article 21	**Meetings of the Board of the Central Bank** 1. Meetings of the Board of the Central Bank shall be convened as deemed necessary, and at the request of Chairman, Deputy Chairman or at least three Board Members of the Central Bank, but not less than once a month. The meetings of the Board of the Central Bank shall be recorded into minutes.

		2. Closed sessions may be convened whenever issues related to individual banks are discussed, which contain banking secrecy, or issues related to individual insurers are discussed, which contain insurance secrecy, or issues subject to concern of the Board Members are discussed. The closed sessions of the Board may only be attended by the Members of the Board of the Central Bank and those who are formally invited. 3. The Board of the Central Bank shall be authorized to take decisions if at least five Members of the Board are present, including the Chairman or Deputy Chairman of the Central Bank. A decision shall be deemed taken if more than half of the Members present have voted for that decision. In case of equal votes, the vote of the Chairman, and in his absence or inability to perform, the vote of the Deputy Chairman, shall be decisive. 4. An authorized representative of the Government as well as the Member who have voted against the decision by the Board may require that their opinion be properly detailed in the minutes. 5. When necessary, the Board of the Central Bank may take decisions by and through inquiry, in compliance with the procedure established by Rules of Procedure of the Board of the Central Bank. Such decisions shall be taken with respect to the voting procedures as required under Paragraph 3 of this Article.
	The Board of the Central Bank Resolution No. 310-A (18/11/2008) on Rules of Procedure of the Board of the Central Bank, (Chapter 2)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/455.pdf
2.2.1	The Republic of Armenia Law on the Central Bank, Article 19	See point 1.1.7 of this Appendix **"Board of the Central Bank"**.
	The Republic of Armenia Law on the Central Bank, Article 20	See point 1.1.7 of this Appendix **"Powers of the Board of the Central Bank"**.
	The Republic of Armenia Law on the Central Bank, Article 21	See point 2.2 of this Appendix **"Meetings of the Board of the Central Bank"**.
	The Board of the Central Bank Resolution No. 310-A (18/11/2008) on Rules of Procedure of the Board of the Central Bank, (Chapter 2)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/455.pdf
2.3	The Board of the Central Bank Resolution No. 310-A (18/11/2008) on Rules of Procedure of the Board of the Central Bank, (Chapter 4, point 12)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/455.pdf
	The Board of the Central Bank Resolution No. 1/63L (15/02/2006)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/1-63L.pdf

	on Approval of the Procedure for Press-Releases of the Central Bank (Paragraph 2/A)	
2.3.1	The Board of the Central Bank Resolution No. 310-A (18/11/2008) on Rules of Procedure of the Board of the Central Bank, (Chapter 5)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/455.pdf
2.4	The Republic of Armenia Law on the Central Bank, Article 7	**Cooperation with government bodies** 1. While implementing its tasks, the Central Bank shall cooperate with state bodies of the Republic of Armenia. 2. Chairman or Deputy Chairman of the Central Bank shall, on a regular basis, provide the National Assembly and its Standing Committees with required clarifications or explications on the polices the Central Bank pursues. 3. The Central Bank shall participate in the drafting process of economic and financial programs of the Republic of Armenia Government as well as support implementation thereof, in case if it complies with the objectives of the Central Bank. The Central Bank shall consult with and seek advice from the Government when drafting the Monetary Policy Program. 4. Chairman of the Central Bank may participate at open meetings of the Government with a deliberative voting right, and may submit written comments on the topics discussed therein. The authorized representative of the Government may participate at open meetings of the Board of the Central Bank and may submit written comments on the topics discussed therein.
	The Republic of Armenia Law on the Central Bank, Article 17	See point 1.1.5 of this Appendix **"Annual and Quarterly Reports"**.
2.4.1	The Republic of Armenia Law on the Central Bank, Article 7	See point 2.4 of this Appendix **"Cooperation with government bodies"**.
	The Republic of Armenia Law on the Central Bank, Article 17	See point 1.1.5 of this Appendix **"Annual and Quarterly Reports"**.
2.5	The Republic of Armenia Law on the Central Bank, Article 39	**Cooperation with banking unions and associations** 1. The Central Bank shall cooperate with banking unions and associations on banking issues. To this regard, before adopting any norm that may have major impact on the banking system and its activities, the Central Bank shall consult the said organizations and provide necessary clarifications thereto. 2. While cooperating with banking unions and associations, the Central Bank, in order to investigate and regulate issues related to banking activities, may participate in the activities of working groups and other structures thereof.
2.6	Regulation 3 *Bank Statements; Reporting and Release* (approved under the Board of the Central Bank Resolution No. 50-N on 26/02/2008)	http://www.cba.am/CBA_SITE/downloads/orenk/kanon/kan-3.pdf
	Regulation 15 *Credit Organization*	http://www.cba.am/CBA_SITE/downloads/orenk/kanon/kan-15.pdf

	Statements; Reporting and Release (approved under the Board of the Central Bank Resolution No. 93-N on 03/03/2005)	
	Regulation 3/04 *Insurance Company Statements; Information Included; Reporting and Timeframe* (approved under the Board of the Central Bank Resolution No. 366-N on 16/11/2007)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/366.pdf
	Regulation 22 *Payment and Settlement Organization Statements; Information Included; Reporting and Timeframe* (approved under the Board of the Central Bank Resolution No. 333-N on 06/07/2005)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/333.pdf
	Regulation 4/03 *Investment Service Provider Statements; Reporting and Timeframe* (approved under the Board of the Central Bank Resolution No. 140-N on 22/04/2008)	http://www.cba.am/CBA_SITE/downloads/orenk/kanon/kan-403.pdf
	Regulation 12 *Licensing and Regulation of Foreign Currency Dealer Trading* (approved under the Board of the Central Bank Resolution No. 135-N on 04/05/2007)	http://www.cba.am/CBA_SITE/downloads/orenk/kanon/kan-12.pdf
	Regulation 10 *Licensing and Regulation of Foreign Exchange Purchase and Sale Operations*	http://www.cba.am/CBA_SITE/downloads/orenk/kanon/kan-10.pdf

	(approved under the Board of the Central Bank Resolution No. 138-N on 15/05/2007)	
	Procedure, timeframe and format for data reporting to the Central Bank by pawnshop service providers (approved under the Board of the Central Bank Resolution No. 534-N on 12/09/2006	http://www.cba.am/CBA_SITE/downloads/dram/gnach/534.pdf
	Regulation 4/04 *Prospectus and Reporting Issuer Statements* (approved under the Board of the Central Bank Resolution No. 68-N on 11/03/2008)	http://www.cba.am/CBA_SITE/downloads/orenk/kanon/kan_404.pdf http://www.cba.am/CBA_SITE/downloads/orenk/kanon/rus/reg_404.pdf
3.	**Public Availability of Information on Monetary Policy**	
3.1	The Republic of Armenia Law on the Central Bank, Article 5	See point 1.1.2 of this Appendix **"Objectives of the Central Bank are…"**.
	The Board of the Central Bank Resolution No. 416 on "Approval of Metadata of the Central Bank within the Framework of Armenia's Membership to the IMF's SDDS System", (09/12/2003)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/416.pdf
3.2	The Republic of Armenia Law on the Central Bank, Article 17	See point 1.1.5 of this Appendix **"Annual and Quarterly Reports"**.
	The Board of the Central Bank Resolution No. 70-N on Terms and Conditions for Issuance and Publication of Central Bank Periodicals (11/03/2008) (Sub-Annex 1)	http://www.cba.am/CBA_SITE/downloads/orenk/kanon/vor_70.pdf
3.2.1	The Republic of Armenia Law on the Central Bank,	See point 1.1.5 of this Appendix **"Annual and Quarterly Reports"**.

	Article 17	
	The Board of the Central Bank Resolution No. 70-N on Terms and Conditions for Issuance and Publication of Central Bank Periodicals (11/03/2008) (Sub-Annex 1)	http://www.cba.am/CBA_SITE/downloads/orenk/kanon/vor_70.pdf
	Preparation, Approval, Publication, Distribution and Translation of Central Bank Periodicals (under the Chairman of the Central Bank Resolution No. 1/304L on (03/04/2008) (Sub-Annex 1)	http://www.cba.am/CBA_SITE/downloads/orenk/kanon/vor_304.pdf
3.2.2	Paper "Indirect Monetary Policy Instruments of the Central Bank and Implementation Mechanisms" (approved under the Central Bank Board Resolution No. 372-A, 15/12/2009)	http://www.cba.am/CBA_SITE/downloads/Press_release_ARM/vor_372_a.pdf
	Master Agreement on "Attraction of Deposits" (approved under the Chairman of the Central Bank Resolution No. 1/1567A, 18/12/2009)	http://www.cba.am/CBA_SITE/downloads/monetary/karger/paymanagir_avand.pdf
	Master Agreement on "Provision of Lombard Credit" (approved under the Chairman of the Central Bank Resolution No. 1/745A, 07/06/2007)	http://www.cba.am/CBA_SITE/downloads/monetary/karger/paymanagir_vark.pdf
	Master Agreement on "Concluding Repurchase and Reverse Repurchase Transactions" (approved under the Chairman of the Central Bank	http://www.cba.am/CBA_SITE/downloads/monetary/karger/REPO__AGREEMENT_22.12.08.pdf

	Resolution No. 1/1573A, 24/12/2009)	
	Master Agreement on "Operations by Government Bonds in the Secondary Market" (approved under the Chairman of the Central Bank Resolution No. 1/306A, 28/04/2006)	http://www.cba.am/CBA_SITE/downloads/monetary/karger/paymanagir_erkrord.pdf
3.2.3	International Standards for Disclosure of Financial Reports	http://www.iasb.org
3.2.4	SDDS requirements and the IMF methodology	http://dsbb.imf.org/Applications/web/sddshome/
3.3	Procedure on Press Releases of the Central Bank (approved under the Chairman of the Central Bank Resolution No. 1/306A, 28/04/2006)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/1-63L.pdf
3.3.1	The Republic of Armenia Law on the Central Bank, Article 6	See point 1.1.5 of this Appendix **"Monetary Policy Program"**.
	The Republic of Armenia Law on the Central Bank, Article 17	See point 1.1.5 of this Appendix **"Annual and Quarterly Reports"**.
	The Board of the Central Bank Resolution No. 70-N on Terms and Conditions for Issuance and Publication of Central Bank Periodicals (11/03/2008)	http://www.cba.am/CBA_SITE/downloads/orenk/kanon/vor_70.pdf
	Procedure on Preparation, Approval, Publication, Distribution, and Translation of the Central Bank Periodicals (approved under the Chairman of the Central Bank Resolution No. 1/304L,	http://www.cba.am/CBA_SITE/downloads/orenk/kanon/vor_304.pdf

	03/04/2008)	
3.3.2	The Republic of Armenia Law on the Central Bank, Article 7	See point 2.4 of this Appendix **"Cooperation with government bodies"**.
4.	**Accountability and Assurance of Integrity by the Central Bank**	
4.1	The Republic of Armenia Law on the Central Bank, Article 7	See point 2.4 of this Appendix **"Cooperation with government bodies"**.
4.2	The Republic of Armenia Law on the Central Bank, Article 15	**Financial Accounting and Financial Reporting** 1. Financial accounting at the Central Bank shall be conducted pursuant to the procedure laid down by the Board of the Central Bank and in accordance with the accounting standards adopted by the International Accounting Standards Board. 2. The Central Bank shall prepare a financial statement for each financial year in accordance with the International Accounting Standards. The financial statement shall include: annual balance sheet, profit and loss statement, profit allocation report, as well as other statements defined by the Board of the Central Bank. 3. The Central Bank's report to the National Assembly consists of reports on the Central Bank Budget and Central Bank Capital Investments.
	The Republic of Armenia Law on the Central Bank, Article 16	**External Audit** Financial statement of the Central Bank shall be audited each year by internationally recognized independent auditing companies. External audit company (companies) shall be selected by the Board of the Central Bank for the term up to three years. The annual report of the Central Bank shall be audited by the Control Chamber of the Republic of Armenia, and the Control Chamber shall submit its opinion to the National Assembly of the Republic of Armenia. The Control Chamber of the Republic of Armenia shall supervise the activity of the Central Bank with regard to state budget and public debt service of the Republic of Armenia.
4.2.1	The Republic of Armenia Law on the Central Bank, Articles 15-16	See point 4.2 of this Appendix.
4.2.2	The Republic of Armenia Law on the Central Bank, Article 25	**Internal Audit Group and Chief Auditor** 1. The Internal Audit Group of the Central Bank shall be the special structural unit of the Central Bank. The Internal Audit Group of the Central Bank shall be managed by the Chief Auditor. The Board of the Central Bank shall, on the Chairman's recommendation, appoint and dismiss from office the Chief Auditor and the members of the Internal Audit Group. 2. The Internal Audit Group of the Central Bank shall: a) carry out control over the activities of the subdivisions of the Central Bank, b) audit the performance of the budget of expenditures of the Central Bank, as well as the accounting and accounts thereof, c) audit and ratify the financial statement of the Central Bank, other similar documents thereof. 3. The Internal Audit Group of the Central Bank shall be accountable and report to the Board of the Central Bank. The Internal Audit Group of the Central Bank shall inform the Chairman and the Board of the Central Bank on each disclosed case of breach or dereliction.
	Charter of Audit Group (approved by the Board of the Central Bank Resolution No 397-N, 05/12/2002	http://www.cba.am/CBA_SITE/downloads/dram/gnach/397.pdf
	Rules of Ethics of Audit Group of the Central Bank	http://www.cba.am/CBA_SITE/downloads/dram/gnach/ethics.pdf
	Procedure on Organization and Conduct of Internal	http://www.cba.am/CBA_SITE/downloads/dram/gnach/397.pdf

	Audit of the Central Bank (approved under the Board of the Central Bank Resolution No. 397-N), 05/12/2002	
	Professional integrity requirement to leading specialists of Audit Group of the Central Bank and to leading specialists of Accounting Unit of the Central Bank for professional development, performance improvement and compliance with international standards as well as for continued education (under the Chairman of the Central Bank Resolution No. 1/958L (28/07/2009)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/35_1.958L.pdf
4.3	The Republic of Armenia Law on the Central Bank, Article 17	See point 1.1.5 of this Appendix **"Annual and Quarterly Reports"**.
4.4	The Republic of Armenia Law on the Central Bank, Article 19	See point 1.1.7 of this Appendix **"Board of the Central Bank"**.
	The Republic of Armenia Law on the Central Bank, Article 23	**Declaration on Income and Interests of the Board Members of the Central Bank** 1. Chairman, Deputy Chairman and Board Members of the Central Bank, when proposed for and appointed to their respective positions, and after being appointed thereto, once in every year, shall announce in public the sources of their income and any substantial financial interests they and those who have common household with them may have. 2. Whenever any issue related to the interests indicated in this Article is discussed at the Board of the Central Bank, the Board Member in concern shall, before starting discussion, disclose his or her interest and shall not participate in such discussion and in voting process thereon.
	The Republic of Armenia Law on the Central Bank, Article 24	**Employees of the Central Bank** 1. Employees of the Central Bank shall be the staff and service personnel (staff) of the Central Bank. The staff of the Central Bank shall be the persons who are involved directly in the carrying out of the objectives of the Central Bank and hold positions prescribed by the Charter and the list of staff of the Central Bank. 2. The staff of the Central Bank, during their tenure of employment at the Central Bank, may not hold any other state positions without consent of Chairman of the Central Bank, or perform any other paid job, except for those in research, pedagogical and creative activities. The staff of the Central Bank may not be employed by banks, or be members of managing bodies thereof. 3. Chairman, Deputy Chairman, the Board Members of the Central Bank and the Central Bank staff shall be prohibited to take loans, personally or through interrelated persons, from commercial banks for entrepreneurial or commercial purposes. Such persons shall keep the Central Bank informed of all the loans received by them not prescribed herewith, which are not provided by the Central Bank. Such loans shall be recorded by the Central Bank.

		4. The service staff of the Central Bank shall be employees whose duties are not directly related to the execution of the objectives of the Central Bank, including those involved in auxiliary household services. The staff-list, duties, remuneration rate and working conditions thereof shall be determined by Chairman of the Central Bank.
	The Republic of Armenia Law on the Central Bank, Article 26	**Remuneration of Board Members and Employees of the Central Bank** 1. The size of remuneration of Chairman, Deputy Chairman and Board Members of the Central Bank shall be established by the Board of the Central Bank. 2. Remuneration rates of the employees of the Central Bank shall be established by Chairman of the Central Bank, based on provisions provided for in Paragraph 2 of Article 14 of this Law. Remuneration rate shall incorporate the salaries and the supplementary payments made by the Central Bank.
	The Republic of Armenia Law on the Central Bank, Article 27	**Conflict of Interests** 1.While performing their official duties and responsibilities Chairman, Deputy Chairman, Board Members and the staff of the Central Bank shall be governed by laws and interests of the Central Bank that are necessary to achieve the objectives thereof. 2. Chairman, Deputy Chairman, Board Members and Heads of Subdivisions of the Central Bank as well as persons affiliated therewith, shall not, during their term of employment, acquire shares or advice to acquire shares in banks. 3. Chairman, Deputy Chairman, Board Members shall have no rights to participate directly or indirectly in any transactions by the securities of a reporting issuer or of a specialized entity otherwise than set forth in the law. 4. The securities issued by the reporting issuer which belong to Chairman, Deputy Chairman, Board Members and the employees of the Central Bank (their spouses) should be handed to disposal or to trust management within one month after they take up their official duties or service.
	The Republic of Armenia Law on Declaration of Personal Property and Income of Natural Persons (Article 5 (2))	**Article 5. The declarer** Regardless of the provisions laid down in this article 9, the following persons shall present declaration: - chairman, deputy chairman, board members and employees of the Central Bank.
4.4.1	The Republic of Armenia Labor Code, Sections 1 and 3	http://www.parliament.am/legislation.php?sel=alpha&lang=arm
5.	**Clarity of Roles, Responsibilities and Objectives of Financial Agencies Responsible for Financial Policies**	
5.1	The Republic of Armenia Law on the Central Bank, Article 35	**Relations with Banks and Other Entities Licensed by the Central Bank** 1. The Central Bank shall promote bank activities and sustained development of banks and other entities licensed by the Central Bank and shall provide equal and fair conditions for their competition through undertaking proper measures envisaged by laws. 2. The Central Bank shall not interfere with current activities of banks and other entities licensed by the Central Bank, unless otherwise provided for by laws. 3. Under the procedures and terms set forth by the Central Bank, a customer solvency information system, i.e. a Credit Registry, shall be established in the Central Bank. Participation in Credit Registry for all the banks operating on the territory of the Republic of Armenia shall be mandatory. The Central Bank shall publish names of negligent debtors, holding major liabilities to banks and (or) a bank, as determined in article 6 of the Republic of Armenia Law on Bank Secrecy.
	The Republic of Armenia Law on the Central Bank, Article 36	**Regulation and Licensing of Banking Activities. Licensing of Other Entities** 1. The Central Bank shall be empowered by law to establish main and other prudential economic standards for regulation of banking activities and define calculation procedures thereof, and set regulations on possible loss provisioning and capital calculation. 2. The Central Bank shall be empowered by law to license banking activities, supervise banks operating in the territory of the Republic of Armenia, and define reporting formats, timeframes and forms of banks to the Central Bank. Banking supervision shall be the exclusive authority of the Central Bank. The Central Bank may, if required by law, enforce penalties and sanctions against banks. 3. The Central Bank shall license other entities in accordance with laws. 4. The exclusive right to obtain statements from banks, credit organizations and

		other entities, licensed and supervised by the Central Bank, belongs to the Central Bank, except for the cases, envisaged by the law.
	The Republic of Armenia Law on the Central Bank, Article 37	**Mandatory Reserves of Banks** 1. The Central Bank shall establish the size of mandatory reserves to be placed by banks in the Central Bank against time, demand and savings deposits and other liabilities, as well as define procedures for provisioning and usage thereof. 2. An identical mandatory provisioning procedure shall be established for and applied to the banks with identical banking activities and against identical liabilities incurred thereof. 3. The Central Bank may establish a special mandatory provisioning procedure for non-resident foreign banks' branches operating in the territory of the Republic of Armenia, which shall be applicable to all such bank branches. 4. Chairman of the Central Bank shall establish the size of amounts subject to mandatory provisioning (provisioning rate) by banks and the size of interest rates payable against the exceeding portion of such provisioning rate. The size of interest rates prescribed herewith shall be the same for all the banks with identical activities and for identical liabilities incurred thereon. 5. Where a bank fails to meet properly provisioning requirements, the Central Bank shall penalize the bank in an amount set by the Central Bank, however, not more than 1% of the averaged amount of difference between the required and actual reserves calculated for each day of their noncompliance. 6. Based on the recommendation of the bank, the Central Bank Chairman, inspection department or as initiated by the Board of the Central Bank, as agreed with the bank, under article 39^{10} of this Law, the Board of the Central Bank shall adopt resolution on postponing imposition, reduction of the penalty or defining a time-schedule for imposition of the penalty, if such imposition of the penalty may lead to a distressed financial condition in the bank according to the criteria of the Board of the Central Bank.
	The Republic of Armenia Law on the Central Bank, Article 38	See point 1.1.3 of this Appendix.
	The Republic of Armenia Law on the Central Bank, Article 38	See point 2.5 of this Appendix.
	The Republic of Armenia Law on the Central Bank, Chapter 5^{1}	**Inspections, Supervision, Examinations Carried out by the Central Bank; Holding Licensed Entities Accountable** Article 39^{1}. Supervision and Inspections carried out by the Central Bank Article 39^{2}. Terms of Inspections Article 39^{3}. Obligations of the Supervised Entity. Responsibility of the Central Bank Article 39^{4}. Rights and liabilities of the inspection team Article 39^{5}. Scope of Inspections and Follow-up Article 39^{6}. Inspections in Branches of the Supervised Entity Article 39^{7}. Grounds of Sanction and the Sanction Article 39^{8}. Recording Violation Article 39^{9}. Charge of Penalties, other Sanctions Article 39^{10}. Contracts Between a Bank, Investment Company, Insurance or Reinsurance Company, or Credit Organization, and the Central Bank Article 39^{11}. Limitation Period Article 39^{12}. Abatement of the Proceedings Article 39^{13}. Suspension of Proceedings Article 39^{14}. Decision on Postponement of Charging of Penalty, Non-Imposition of Penalty or other Sanction, or Mitigation of Penalty (The details of these articles are provided in full version of the Republic of Armenia Law on the Central Bank available on http://www.cba.am/orenk/orenk1.pdf).
	The Republic of Armenia Law on Establishment of a Unified Financial Regulation and	**Regulation and supervision of activities of other participants of financial system** 1. The function of regulation and supervision over the activities of other participants of the financial system shall be transferred to the Central Bank according to the procedures and terms established under this Law and other regulations adopted

	Supervision System, Article 5	pursuant thereto. 2. The functions and authorities of the Central Bank as the financial system regulator and supervisor shall be established under this Law, the Republic of Armenia Law on the Central Bank, and other laws governing the activities and specialized activities of the financial system participants.
	The Republic of Armenia Law on Guarantee of Remuneration of Bank Deposits of Physical Entities, Article 4	**The Guarantor** The guarantor of deposits is the Deposit Guarantee Fund (hereinafter Fund) established under this Law, other laws and regulations.
	The Republic of Armenia Law on Guarantee of Remuneration of Bank Deposits of Physical Entities, Article 5	**Event of remuneration of guaranteed deposits** The event of remuneration of guaranteed deposits occurs when a bank is recognized insolvent or bankrupt through a procedure determined by the Republic of Armenia Law on Bankruptcy of Banks, Credit Organizations, Investment Companies and Insurance Companies and if the bank is not able to refund the deposits, as determined by a decision of the Board of the Central Bank within the timing set by law and contracts. The Board of the Central Bank makes a decision on the bank unable to refund the deposits within the timing set by law and contracts within a week upon the disclosure of this fact.
	The Republic of Armenia Law on Guarantee of Remuneration of Bank Deposits of Physical Entities, Article 18	**The Functions of the Fund** The Fund shall: a) collect contribution charges, b) do analysis of the Fund assets, the number of guaranteed deposits, depositors, and other analyses, c) file claims to the Central Bank for sanctions to the banks that fail to make contributions, determined hereunder; for inspections by the Central Bank to identify accuracy of bank reporting, d) manage the Fund's assets, as determined hereunder, e) remunerate guaranteed deposits as determined hereunder, f) receive loans (borrowings), guarantees, grants, gifts, and donations, g) obtain required information for arranging remuneration as determined hereunder, h) carry out efforts to elucidate guarantee and remuneration of deposits, i) perform other functions as determined hereunder.
5.1.1	The Republic of Armenia Law on the Central Bank, Article 5	See point 1.1.2 of this Appendix **"The objective of the Central Bank".**
	The Republic of Armenia Law on Guarantee of Remuneration of Bank Deposits of Physical Entities, Article 18	See point 5.1 of this Appendix **"The Functions of the Fund".**
5.1.2	The Republic of Armenia Law on the Central Bank, Article 4	See point 1.1 of this Appendix **"The Primary Objective of the Central Bank"**
	The Republic of Armenia Law on the Central Bank, Article 5	See point 1.1.2 of this Appendix **"The objective of the Central Bank".**
5.1.3	The Republic of Armenia Law on the Central Bank, Article 15	See point 4.2 of this Appendix.
	The Republic of Armenia Law on the Central Bank, Article 17	See point 1.1.5 of this Appendix.
	The Republic of Armenia Law on the	**Powers of the Board of the Central Bank** i) approves the reports and statements made by the Central Bank

	Central Bank, Article 20(i)	
	The Republic of Armenia Law on Guarantee of Remuneration of Bank Deposits of Physical Entities, Article 24	**Exchange of information; Reporting by the Fund; Control over Activity** (The details of this article are provided in full version of the Republic of Armenia Law on Guarantee of Remuneration of Bank Deposits of Physical Entities available on http://www.cba.am/CBA_SITE/downloads/orenk/orenk/rus/law_on_guarantee.pdf).
5.3	The Republic of Armenia Law on the Central Bank, Article 5	See point 1.1.2 of this Appendix **"The objective of the Central Bank".**
	The Republic of Armenia Law on the Central Bank, Chapter 5^1	See point 5.1 of this Appendix **"Inspections, Supervision, Examinations carried out by the Central Bank; Holding Licensed Entities accountable".**
	The Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, Article 13	**Oversight of Payment and Settlement Activities** (The details of this article are provided in full version of the Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, which is available on http://www.cba.am/CBA_SITE/downloads/orenk/orenq_vchar.pdf).
	The Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, Article 14	**PSS supervisory board oversight of activities of PSS participants** (The details of this article are provided in full version of the Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, which is available on http://www.cba.am/CBA_SITE/downloads/orenk/orenq_vchar.pdf).
	The Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, Article 15	Liability for infringement of legislation by PSS participants (The details of this article are provided in full version of the Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, which is available on http://www.cba.am/CBA_SITE/downloads/orenk/orenq_vchar.pdf).
	The Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, Article 16	**Release of information** (The details of this article are provided in full version of the Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, which is available on http://www.cba.am/CBA_SITE/downloads/orenk/orenq_vchar.pdf).
5.3.1	The Republic of Armenia Law on the Central Bank, Article 5	See point 1.1.2 of this Appendix **"The objective of the Central Bank".**
	The Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, Article 5	**The Central Bank permission for creation and operation of Armenian PSS and for participation in overseas PSS; Nullifying permission** (The details of this article are provided in full version of the Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, which is available on http://www.cba.am/CBA_SITE/downloads/orenk/orenq_vchar.pdf).
	The Republic of Armenia Law on Payment and Settlement Systems and	**Requirements to payment and settlement system** (The details of this article are provided in full version of the Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, which is available on

	Payment and Settlement Organizations, Article 6	http://www.cba.am/CBA_SITE/downloads/orenk/ orenq_vchar.pdf).
	The Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, Article 7	**Permission for creation and operation of payment and settlement system** (The details of this article are provided in full version of the Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, which is available on http://www.cba.am/CBA_SITE/downloads/orenk/ orenq_vchar.pdf).
	The Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, Article 8	**Permission for creation and operation of overseas payment and settlement system** (The details of this article are provided in full version of the Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, which is available on http://www.cba.am/CBA_SITE/downloads/orenk/ orenq_vchar.pdf).
	The Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations, Articles 13-16	See point 5.3 of this Appendix.
	Concept of the Central Bank's Oversight of the Payment System (approved under the Board of the Central Bank Resolution No. 1/1384A), 21/12/2006	http://www.cba.am/CBA_SITE/downloads/vchar/hrap/conception.pdf
6.	**Open Process for Formulating and Reporting of Financial Policies**	
6.1	Procedure for Press-Releases of the Central Bank (Sub-paragraph 2c)	The Press-Release "In the Board of the Central Bank Meeting" shall contain information on: 1) new adopted or changed normative individual regulations; 2) activity licenses issued, suspended, or revoked; 3) registration of prospectus and securities, suspension of registration of prospectus and securities, or annulment of registration of securities; 4) suspension of the sale of securities; 5) registration of self-regulatory entities and of the rules thereof; 6) assignment of temporary administration in the bank or credit organization and on approval of a rehabilitation plan for the bank or credit organization; 7) decisions subject to public disclosure under the law.
	The Central Bank Development Vision (approved under the Central Bank Board Resolution No. 179/A, 24/06/2008)	http://www.cba.am/CBA_SITE/downloads/verluc/teslakan_09_11.pdf
	The Republic of Armenia Law on the Central Bank, Article 20	See point 1.1.7 of this Appendix **"Powers of the Board of the Central Bank"**.
6.1.1	The Republic of Armenia Law on Legal Acts, Article 87	**Explaining a legal act** 1. A legal act, when its provisions are unclear or dubious for understanding, or when its provisions are in conflict with those of acts of higher or identical legal effect, or when in conflict with other provisions of that legal act, or in other cases whatever, or when concern arises with regard to specifying the date of entry of the legal act into force, clarifying issues of legal effect as well as other issues whatever, shall be explained. There should be a day of reception, as well as a serial number and title determined

		for official explanation of a legal act. Official explanation of a legal act shall be delivered by: a) a body of executive authority that enforces the legal act authorized by the Republic of Armenia Government. Only an appropriate body shall have the right to deliver explanation concerning that specific area. b) the Central Bank of the Republic of Armenia which enforces or has adopted that legal act.
6.1.4	The Republic of Armenia Law on State Duty, Article 8	AMD 1000 is determined to be the Base Rate of Duty.
	The Republic of Armenia Law on State Duty, Article 16	5. for registration of banks, investment companies, insurance companies, pension funds – at 40-fold of the base duty; 5.1. for current state registration of investment companies, insurance companies, pension funds – at 20-fold of the base duty; 6. for registration of branch offices of foreign banks, investment companies, insurance companies, pension funds – at 40-fold of the base duty; 7. for registration of branch offices of banks, investment companies, insurance companies, pension funds incorporated in the Republic of Armenia – at 40-fold of the base duty; 8. for registration of representative offices of foreign banks, investment companies, insurance companies, pension funds – at 10-fold of the base duty; 9. (Article 16(9) has been rescinded under the RoL-249-N, 08.12.2005); 16. for registration of securities prospectus: a) if the securities are registered by the Central Bank – at 50-fold of the base duty; b) if the securities are registered by the Stock Exchange – at 25-fold of the base duty.
	The Republic of Armenia Law on State Duty, Article 19	5.1. for banking business – at 3000-fold of the annual base rate; 5.2. for organizing pawnshops – at 100-fold of the annual base rate; 5.3. for investment company and investment fund activities – at 200-fold of the annual base rate; 5.4. for performing life insurance by each class – at 700-fold of the annual base rate; 5.4.1. for performing non-life insurance by each class – at 250-fold of the annual base rate; 5.4.2. for performing reinsurance by each class – at 2000-fold of the annual base rate; 5.6. for performing insurance brokerage – at 100-fold of the annual base rate; 5.8. for credit activity – at 500-fold of the annual base rate; 5.9. for performing money remittance – at 250-fold of the annual base rate; 5.10. for performing processing and clearing of payment instruments and payment documents – at 250-fold of the annual base rate; 5.11. for credit bureau activity – at 500-fold of the annual base rate
	The Republic of Armenia Law on State Duty, Article 19	8. for issuing a document (certificate) attesting the service (measures) of a state monopoly nature for each taking of examination (save for examinations for medical, pharmaceutical, licensing securities market professional and chartered trust manager qualification) – at 3-fold of the base rate; 8.1. for participating in examinations for qualification as securities market professional – at 10-fold of the base rate.
	The Chairman of the Central Bank Resolution No. 1/1071L on Approval of Publication of the Central Bank's Chairman and Board Resolutions on Sanctions, (03/11/2006)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/1071.pdf
6.3	The Republic of Armenia Law on the Central Bank, Article 17	See point 1.1.5 of this Appendix **"Annual and Quarterly Reports"**.

6.4	The Republic of Armenia Law on the Central Bank, Article 39	See point 2.5 of this Appendix "**Cooperation with banking unions and associations"**.
	Presentation of Public Opinion with regard to the Drafts to Normative Regulations of the Central Bank (under the Chairman of the Central Bank Resolution No. 1/205L, 26/02/2009)	http://www.cba.am/CBA_SITE/downloads/dram/gnach/37_1-205L-26_pdf.pdf
7.	**Public Availability of Information on Financial Policies**	
7.1	The Republic of Armenia Law on the Central Bank, Article 17	See point 1.1.5 of this Appendix **"Annual and Quarterly Reports"**.
7.2	Procedure for Press-Releases of the Central Bank (Paragraph 2d)	Tables are released each quarter and contain: 1) summary data on commercial banks and their branch offices, their number, bank capital, assets and liabilities, as well as dynamics of individual components thereof, for the previous period; 2) summary data on compliance of the Armenian banking system with the regulatory framework established by the Central Bank. Information is released in a format whereby certain numerical ranges are provided for individual ratio and the number of banks that have such indicators within these ranges, as of end-quarter; 3) summary data on insurance market; 4) summary data on securities market.
8.	**Accountability and Assurances of Integrity by Financial Agencies**	
8.2	The Republic of Armenia Law on Guarantee of Remuneration of Bank Deposits of Physical Entities, Article 24	**Exchange of information; Reporting by the Fund; Control over Activity** 1. The Fund and the Central Bank shall exchange information as and when appropriate under this Law, as determined by law and the Central Bank regulations. Banks shall prepare and present to the Central Bank quarterly statements on calculation of contribution charges, the number of the depositors and the amount due to be remunerated, in conformity with the format and procedure determined by the Board of the Central Bank. The Fund may receive the statements from the Central Bank within ten days upon their submission to the Central Bank. 2. Except for the statements provided for hereinabove, the Fund may obtain information pertaining to bank secrecy from the Central Bank and/or banks solely

		upon occurrence of the event of remuneration provided for hereunder, as determined by the Republic of Armenia Law on Bank Secrecy. Employees of the Fund shall adhere to public, banking, commercial and official secrecy requirements, and make use thereof, as determined by Civil Code of the Republic of Armenia, and other laws. 3. Each year the activities of the Fund shall undergo an audit carried out by an independent audit firm, as determined by law and other regulations. The audit firm's opinion and audited financial accounts shall be presented to the Central Bank. The Fund will publish a concise independent auditor's opinion in the press within four months following closing of a financial year. 4. Information on the resources of the Fund, except for the information on the expenditures of the Fund, can not be made public, made available to other parties and public bodies. The storage, provision and publishing of such information are carried out as determined by the Republic of Armenia Law on Bank Secrecy. 5. Control over the activity of the Fund, determined hereunder, other laws and relevant regulations governing the activity of the Fund, shall be exercised by the Central Bank, under the Republic of Armenia Law on the Central Bank. The Central Bank shall submit the report on the audit of the activities of the Fund to the National Assembly of the Republic of Armenia as the part of the annual report provided for by the Republic of Armenia Law on the Central Bank. 6. The Central Bank may exercise a warning to the Fund for the violations provided for in Article 24(8) hereunder, and issue a recommendation to eliminate such violations in a specified period of time. The warning shall also provide for a recommendation to eliminate the violation within the time set by the Central Bank, and/or to take action to prevent the violation. 7. For the violations provided for in Article 24(8) hereunder, the Central Bank may exercise sanctions to the director of the Fund, as follows: - a warning and a recommendation to eliminate the violation in a specified period of time, and/or - a penalty, or - depriving him/her from a qualification certificate. 8. The Central Bank may exercise the sanctions provided for herewith to the Fund and/or the director of the Fund, if the Fund and/or the director of the Fund: a) infringed the requirements of this Law, other laws and relevant regulations governing the activities of the Fund, b) infringed the bookkeeping rules and the procedure and terms for presentation and publishing of financial and other statements, and/or if such documents contain false or inaccurate data, c) failed to accomplish the recommendation issued by the Central Bank under this Law. 9. The Central Bank shall exercise the sanctions provided for herewith to the Fund and/or the director of the Fund as determined by the Republic of Armenia Law on the Central Bank.
8.2.1	The Republic of Armenia Law on the Central Bank, Article 15	See point 4.2 of this Appendix **"Accounting and Financial Statement"**.
	The Republic of Armenia Law on the Central Bank, Article 16	See point 4.2 of this Appendix **"External Audit"**.
	The Republic of Armenia Law on the Central Bank, Article 17	See point 1.1.5 of this Appendix **"Annual and Quarterly Reports"**.