

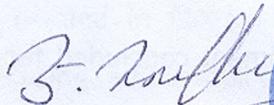
OFFICIAL TRANSLATION

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"TRANSLATION CENTRE OF THE MINISTRY OF JUSTICE
OF THE REPUBLIC OF ARMENIA"

STATE NON-COMMERCIAL ORGANISATION

EMILIA ADUMYAN



DIRECTOR

12 SEPTEMBER 2023



LAW

OF THE REPUBLIC OF ARMENIA

Adopted on 17 June 2008

ON ATTRACTING BANK DEPOSITS

The purpose of this Law is to establish uniform rules on the terms and procedure for attracting deposits of citizens and to protect consumer rights through these rules.

Article 1. Subject matter of the Law

1. This Law shall regulate the scope of information disclosed in the process of attracting deposits of citizens by banks, the procedure and terms for providing that information, advertising deposit agreements, calculating interests on deposits, as well as other legal relationships protecting the rights and legitimate interests of depositors.

Article 2. Main concepts used in the Law

1. The following main concepts are used in this Law:
 - (1) **bank deposit** (hereinafter referred to as "deposit") — bank deposit or funds available in a bank account;
 - (2) **deposit agreement** — an agreement concluded for attracting the deposit defined by this Law;
 - (3) **depositor** — a citizen who has concluded a deposit agreement;
 - (4) **bank** — a bank or a branch of a foreign bank that has received a banking activity licence by the Central Bank of the Republic of Armenia (hereinafter referred to as "the Central Bank");
 - (5) **tariffs** — payments made by a depositor for activities of a bank servicing the deposit, or other payments reducing the annual percentage yield, except for payments made as a default penalty;
 - (6) **Annual Percentage Yield or APY** — interest which a person will receive against AMD 1000 deposit within a period of 365 days, based on application of the annual simple interest, interest compounding and payment frequency. Regulatory legal acts of the Central Bank may provide for the procedure for calculating the Annual Percentage Yield;
 - (7) **Annual Rate of Simple Interest** — interest rate calculated annually, which is paid against each transaction on interest compounding;
 - (8) **default penalty (penalty, fine)** — compensation paid to bank, or reduction of the Annual Percentage Yield or occurrence of any other adverse consequence for depositor for failure on the part of a depositor to fulfil obligations or failure to duly perform such obligations;
 - (9) **Financial System Mediator** — a person prescribed by the Law of the Republic of Armenia "On Financial System Mediator".

Article 3. Disclosable information

1. Any advertisement, announcement, proposal, offer or invitation to make an offer on attracting deposits and concluding deposit agreements, which is carried out by a bank in the Republic of Armenia or posted on Internet and which includes a reference on the amount of interest rate, yield or any other compensation paid on the deposit, shall include at least in Armenian (except for newspapers and special editions printed in foreign languages) the following clear information without any misleading, ambiguous or confusing language:
 - (1) amount of the Annual Percentage Yield calculated as prescribed by the Central Bank;
 - (2) validity period of the deposit agreement, during which the depositor shall receive the promised Annual Percentage Yield;
 - (3) the minimum required account balance and the time period, or time limitations for ensuring Annual Percentage Yield;
 - (4) the minimum required initial amount of the deposit for ensuring Annual Percentage Yield, if that amount exceeds the minimum required account balance for ensuring Annual Percentage Yield;
 - (5) where for a specific type of account the bank envisages or sets tariffs or other terms reducing Annual Percentage Yield, then an announcement to the effect that application of tariffs or other terms set by the bank may entail reduction in Annual Percentage Yield;
 - (6) where for a specific type of account the bank envisages or sets any default penalty, then an announcement on cases of applying such a default penalty;
 - (7) announcement on taxes on interest.
2. Where any advertisement, announcement, proposal, offer or invitation to make an offer on attracting deposits, concluding deposit agreements or opening

accounts, which is carried out by a bank in the Republic of Armenia or posted on the Internet and which includes a note that the compensation of deposits is guaranteed by the Deposit Guarantee Fund, then it shall be in Armenian and contain clear information without any misleading, ambiguous or confusing formulations on the amounts of deposits guaranteed under the Law of the Republic of Armenia “On guaranteeing compensation of bank deposits of natural persons”. The use of other languages along with Armenian is not prohibited.

3. The information provided for by points 3, 4, 5 and 6 of part 1 of this Article shall not be subject to mandatory disclosure in case of its advertisement, announcement, proposal, offer or invitation to make an offer by television transmission or through outdoor billboards. The advertisement mentioned in this part shall include a reference on the place where a person may learn about terms of the advertised deposit.
4. For certain types of information provided for by part 1 of this Article the Central Bank may introduce in its regulatory legal acts mandatory texts or model forms and minimum requirements.

Article 4. Information bulletins

1. For each type of proposed deposit agreement a bank shall approve and issue information bulletins on tariffs, interest rates, Annual Percentage Yield, default penalties and the procedure and terms for attracting deposits. Information bulletins on all types of deposit agreements may be consolidated also in a single information bulletin, provided that the single information bulletin contains information on each type of deposit agreement prescribed by this Law.
2. Each information bulletin approved by the bank and issued to citizens must contain the following clear information without any misleading, ambiguous or confusing formulations:
 - (1) information on tariffs and default penalties, namely:

- a. description, amounts (or method of calculation thereof) of tariffs and default penalties to be charged from the account or to be paid by the depositor, and the cases, procedure and terms for applying them;
 - b. where tariffs or default penalties are charged for failure to keep the minimum account balance, then the minimum account balance amount or the methods of its calculation;
- (2) information on interest rates, in particular:
- a. amount of Annual Percentage Yield calculated as prescribed by the Central Bank;
 - b. validity period of the deposit agreement, during which the depositor shall receive the promised Annual Percentage Yield;
 - c. Annual Rate of Simple Interest;
 - d. interest compounding and frequency of payment of interests;
 - e. method of calculation of the account balance on which interests shall be paid;
 - f. amount of the account balance, which shall be kept to receive the promised interest or other income, as well as the method of calculation of the account balance;
 - g. requirements on the time period, which shall be observed to receive the promised interests or other income;
 - h. if applicable, information to the effect that interests accrued but yet not paid shall not be extended in the event of early deposit withdrawal request by the depositor;
 - i. statement that the bank reserves the right to revise interest rates on demand deposits and funds available on the bank account, unless otherwise provided for by the agreement;

- j. an example of calculation of interest payable under specific type of deposit agreement;
 - (3) information on the procedure, terms and limitations on settlement of disputes arising from account servicing or deposit agreement, as well as information on protection of rights of the depositor;
 - (4) other disclosable information not covered by this Article, but provided for by Article 3 of this Law;
 - (5) other information prescribed by regulatory legal acts of the Central Bank.
3. Information bulletins shall be in Armenian. Use of other languages along with Armenian is not prohibited.
 4. For the purpose of proper application of this Article the Central Bank may define in its regulatory legal acts a mandatory form, text or model information bulletins, as well as minimum requirements thereon.

Article 5. Issuing and publication of information bulletins

1. A bank shall post and maintain information bulletins on its official website, as well as provide them free of charge to:
 - (1) any person in the premises of the bank, upon first demand;
 - (2) a depositor — before signing the deposit agreement and/or opening the account;
 - (3) the depositor with whom the bank has signed a term deposit agreement exceeding the period of thirty days, and that agreement is subject to extension without notification to the bank by the depositor. In this case, the bank shall provide the depositor with information bulletin or deliver it to the depositor within fifteen calendar days prior to the day of expiry of the term of the deposit agreement.

2. In the case provided for by point 3 of part 1 of this Article the bank shall not provide an information bulletin unless the terms and conditions of the extended deposit agreement are modified.
3. For deposit agreements signed through mechanical or other types of copying facsimile equipment, electronic digital signature or other similar types of signature the Central Bank may establish in its regulatory legal acts minimum requirements for provision by the bank an information bulletin to the depositor.

Article 6. Account statements

1. Unless otherwise provided for by part 2 of this Article, a bank shall provide to the depositor at intervals specified thereby or in the deposit agreement, but not to exceed one month period, statement on each account of the depositor maintained in the bank, which clearly states the following information without any misleading, ambiguous or confusing formulations:
 - (1) debited, credited amounts and account balance on a daily basis;
 - (2) amount of Annual Percentage Yield earned;
 - (3) amount of interest received;
 - (4) tariffs and default penalties charged;
 - (5) number of days included in the representative period.
2. The bank shall not be obliged to provide an account statement to the depositor unless the bank has debited or credited the given account during the representative period.
3. At the request of the depositor, a bank shall within a period of five days provide to a depositor a statement on the bank account, at tariffs announced by the bank.

4. Annual Percentage Yield, earned Annual Percentage Yield and annual percentage rate shall be rounded at least to one hundredth of percent (0.1%).
5. Statements provided for by this Article shall be provided to the depositor in writing through electronic communication, except when the depositor renounces his or her right to receive account statements through electronic communication upon request submitted in writing, including in electronic form, provided that depositor receives account statements through postal service or other means of communication. Moreover, upon written request of the depositor, the latter shall be entitled to unilaterally change the means of communication not more than once a year and such modification shall apply to the period after 30 days once the bank receives the written request. The depositor shall have the right also to receive statements provided for by this Article in the premises of the bank, *i.e.* in person, in which case the bank shall be obliged to provide the same information to the depositor through postal service, electronic or other means of communication. Any provision or agreement restricting the right of the depositor to receive account statements through electronic or other means of communication or personally in the premises of the bank, shall be null and void. Furthermore, the bank shall not force the depositor, including by creating unfavourable conditions for the depositor, so that the depositor waives the right to receive account statements through means of electronic communication.
6. ***(part repealed by HO-470-N of 27 October 2020)***
7. The Central Bank may establish in its regulatory legal acts model forms, as well as minimum requirements for an account statement provided for by part 1 of this Article.

(Article 6 amended, edited by HO-470-N of 27 October 2020)

(Law [HO-470-N](#) of 27 October 2020 contains a transitional provision)

Article 7. Calculation of interest

1. The Bank shall calculate the interests on the total amount of deposit available on the account for the whole period of the deposit agreement, on a daily basis. Moreover, the bank shall calculate the interest rates for each day using the ratio of at least 1/365 of the fixed interest rate (and for the leap years the bank uses the ratio of 1/366).

Article 8. Restriction on the use of the word “free of charge”

1. Banks shall not use the words “free of charge” or other words having similar meaning to describe, explain or advertise a deposit agreement in any advertisement, announcement, proposal, offer or an invitation to make an offer made by the bank in relation to attracting deposits, conclusion of deposit agreements or opening accounts, where:
 - (1) in any respective time period it is necessary to do the following to avoid paying tariffs or default penalties:
 - a. ensure minimum account balance within the relevant period; and/or
 - b. keep the maximum number of account transactions established for the relevant period; and/or
 - c. ensure the minimum number of account transactions established for the relevant period;
 - (2) the bank charges or will charge fee for servicing the account.

Article 9. Communication between the bank and the depositor

1. Any communication between the bank and the depositor which pertains to defining, amending or terminating the terms and conditions of the deposit

agreement, or the procedure for communication between the parties, or the rights, obligations or liabilities of the parties, or concerns laws, regulatory legal acts or internal acts of the bank affecting the deposit agreement, shall be done in writing, through electronic communication, except for the cases referred to in part 2 of this Article. Moreover, the information referred to in this part shall constitute information subject to mandatory submission.

2. The depositor may, upon his or her written request, including the request submitted electronically, renounce from the right to receive through electronic communication the information prescribed by part 1 of this Article, provided that the depositor receives information subject to mandatory submission through postal service or other means of communication. Moreover, upon the written request of the depositor, the latter shall be entitled to unilaterally change the means of communication not more than once a year and such modification shall apply to the period after 30 days once the bank receives the written request. The depositor shall have the right also to receive the information subject to mandatory submission, as prescribed by part 1 of this Article, in the premises of the bank, *i.e.* in person, in which case the bank shall be obliged to provide the same information to the depositor through postal service, electronic or other means of communication. Any provision or agreement restricting the right of the depositor to receive the information subject to mandatory submission through electronic, postal service or other means of communication or personally in the premises of the bank, shall be null and void. Furthermore, the bank shall not force the depositor, including by creating unfavourable conditions for the depositor, so that the depositor waives the right to receive information subject to mandatory submission through means of electronic communication.
3. ***(part repealed by HO-470-N of 27 October 2020)***
4. Where a bank officer provides oral response to the depositor's inquiry on the interest rates paid on the deposit, the bank officer shall be obliged to specify the Annual Percentage Yield and Annual Rate of Simple Interest.

5. In case the terms and conditions of the deposit agreement or the rights, obligations or liability of the parties are defined, amended or terminated, or internal acts of the bank affecting in any way the deposit agreement are amended which results in the change of Annual Percentage Yield, the bank shall be obliged to notify the depositor of the new terms in the manner prescribed by this Article at least 15 days prior to the day of change of Annual Percentage Yield.
- 5.1. Where state of emergency or the martial law is announced in the Republic of Armenia non-conformity with the procedure for communication prescribed by this Article and Article 6 shall not entail liability for the bank provided for by this Law in all cases when such procedure could not be observed due to declaring state of emergency or martial law.
6. For the purpose of protection of depositor rights, the Central Bank may establish in its regulatory legal acts the procedure, terms, forms and the minimum requirements for communication provided for by this Article.

(Article 9 amended, edited, supplemented by HO-470-N of 27 October 2020)

(Law [HO-470-N](#) of 27 October 2020 contains a transitional provision)

Article 10. Protection of depositor rights through court, arbitration and Financial System Mediator

1. Rights of depositors prescribed by this Law and other regulatory legal acts shall be subject to protection through court, and in cases prescribed by law, through arbitration, as well as the Financial System Mediator.
2. Where the bank and the depositor conclude an arbitration agreement in relation to the deposit agreement, the bank shall disclose to the depositor sufficient information on the rights and obligations of the parties.

3. For the purpose of protection of depositor rights, the Central Bank shall establish in its regulatory legal acts the minimum requirements and/or model form of the information provided for by part 2 of this Article.

The bank shall not define arbitration agreement as a condition precedent for signing a deposit agreement.

Article 11. Fine as liability imposed on the bank

(title edited by HO-139-N of 24 March 2021)

1. The Central Bank may impose fine for violating by a bank within 365 days the requirements of this Law or other legal acts adopted under this Law:
 - (1) for violating once — in the amount of three hundred thousand to five hundred thousand Armenian drams;
 - (2) for violating twice — in the amount of five hundred thousand to one million Armenian drams;
 - (3) for violating three times or more — in the amount of one million to two million Armenian drams.
2. The fine shall be levied upon a court judgment based on a claim of the Central Bank, if the bank disagrees on the fact of imposing fine or the amount of the fine. The fine shall be levied in favour of the State Budget of the Republic of Armenia, as revenue.
3. For the purpose of this Law, where several violations of each requirement of this Law or other legal acts adopted under this Law are committed, then each violation shall constitute a separate violation.
4. While choosing measure of punishment, the Central Bank shall be guided by this Article when imposing fine as a sanction, within the scope of its powers, for violations of this Law or other legal acts adopted under this Law. As a sanction, the fine

prescribed by this Article shall be imposed by the Central Bank under the Law of the Republic of Armenia "On the Central Bank of the Republic of Armenia".

(Article 11 edited by HO-139-N of 24 March 2021)

(Law [HO-139-N](#) of 24 March 2021 contains a transitional provision)

Article 12. Bank's obligation towards depositor

1. Where the fact of violation of any of the rights of the depositor using the services of the bank prescribed by this Law or legal acts adopted thereunder is confirmed, the bank shall — upon court judgment, award of the commercial arbitration or the decision of the Financial System Mediator — pay AMD 300 000 (three hundred thousand) to the depositor, except for the case when as of the day of applying to the court, the commercial arbitration or the Financial System Mediator:
 - (1) bank has effectively undertaken actions to restore the violated rights of the depositor; and
 - (2) [bank has] actually eliminated violation of those rights of the depositor, which can be eliminated; and
 - (3) depositor has not actually suffered material damage prescribed by the Civil Code of the Republic of Armenia due to violation of his or her rights, and where such damage is incurred, the bank has compensated for the damage.
2. Where it is impossible to eliminate the violations of the rights prescribed by this Law or legal acts adopted thereunder, the existence of conditions prescribed by points 1 and 3 of part 1 of this Article shall be sufficient to apply the exemption provided for by this Article.

Moreover, the right of the depositor provided for by this Article may not be interpreted as a provision restricting or annulling the right of a consumer to claim compensation of damages.

(Article 12 edited by HO-470-N of 27 October 2020)

(Law HO-470-N of 27 October 2020 contains a transitional provision)

Article 13. Control over observance of requirements of this Law

1. The Central Bank shall be responsible for the control over observance of the requirements of this Law.

Article 14. Transitional provisions

1. This Law shall enter into force after six months following its official promulgation.
2. This Law shall not apply to deposit agreements concluded prior to the entry into force of this Law, unless at least one of the significant terms and conditions of the deposit agreement concluded prior to the entry into force of this Law is amended, or when the validity period of the deposit agreement has been extended. In case at least one of the significant terms and conditions of the deposit agreement concluded prior to the entry into force of this Law is amended, or when the validity period of the deposit agreement is extended, the whole deposit agreement must be brought into compliance with the requirements of this Law.

**President
of the Republic of Armenia**

S. Sargsyan

12 July 2008

Yerevan

HO-124-N

