

OFFICIAL TRANSLATION

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

STATE NON-COMMERCIAL ORGANISATION

ANAHIT ABRAHAMYAN

DIRECTOR

16 DECEMBER 2024



**"Registered"**

by the Ministry of Justice  
of the Republic of Armenia

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BOARD OF THE CENTRAL BANK

OF THE REPUBLIC OF ARMENIA

25 March 2003

No 114-N

## DECISION

### **GUIDELINES FOR ACTING AS A HEAD, CANCELLING THE REGISTRATION OF THE HEAD OF OR ACQUIRING QUALIFYING HOLDING, OTHER HOLDING, TERMINATING THE QUALIFYING HOLDING IN THE FINANCIAL ORGANISATION**

*(title edited by No 269-N of 20 June 2006, No 345-N of 30 October  
2011, No 13-N of 15 January 2008, No 228-N of 14 December 2022)*

Based on sub-point "e" of part 2 of Article 18 and sub-point "e" of part 2 of Article 22 of the Law of the Republic of Armenia "On banks and banking", point 7 of part 1 of Article 18, point 5 of part 1 of Article 23, point 5 of part 3 of Article 90 of the Law of the Republic of Armenia "On insurance and insurance activities", point 9 of part 1 of Article 55, point 4 of part 2 of Article 58, point 5 of part 3 of Article 114, point 5 of part 1 of Article 179 of the Law of the Republic of Armenia "On securities market", Article 16 of the Law of the Republic of Armenia "On legal acts", guided by point "e" of Article 20 of the Law of the Republic of Armenia "On the Central Bank of the Republic of Armenia", the Board of the Central Bank of the Republic of Armenia hereby **decides:**

*(Preamble supplemented by No 13-N of 15 January 2008)*

1. To approve the **"Guidelines for acting as a head, cancelling the registration of the head of or acquiring qualifying holding, other holding, terminating the qualifying holding in the financial organisation"**, pursuant to Annex 1 to this Decision.

*(point 1 edited by No 345-N of 30 October 2011, No 13-N of 15 January  
2008, No 228-N of 14 December 2022)*

2. To repeal Decision of the Board of the Central Bank of the Republic of Armenia No 34 of 6 February 2002 "On approving the Guidelines for acquiring qualifying holding or holding a managerial position in the bank".

*(Decision amended by No 345-N of 30 October 2011)*

**Governor of the Central Bank  
of the Republic of Armenia**

**T. Sargsyan**

28 March 2003

Yerevan

**Annex 1**  
**to Decision of the Board**  
**of the Central Bank**  
**of the Republic of Armenia**  
**No 228-N of 14 December 2022**

**GUIDELINES FOR ACTING AS A HEAD, CANCELLING THE REGISTRATION**  
**OF THE HEAD OF OR ACQUIRING QUALIFYING HOLDING,**  
**OTHER HOLDING, TERMINATING THE QUALIFYING HOLDING**  
**IN THE FINANCIAL ORGANISATION**

*(title edited by No 269-N of 20 June 2006, No 345-N of 30 October 2011,  
No 13-N of 15 January 2008, No 228-N of 14 December 2022)*

**CHAPTER 1**

**GENERAL PROVISIONS**

1. These Guidelines shall define the grounds under which a person may be rejected to act as a head of the financial organisation or to acquire qualifying holding, other holding in the financial organisation, as well as the registration of the head may be cancelled, and the existing qualifying holding may be terminated.
2. Within the meaning of these Guidelines, a financial organisation shall be a bank, branch of a foreign bank, an insurance company, a branch of a foreign insurance company, an investment company, a regulated market operator, Central Depository, and an investment fund manager.

**CHAPTER 2**

**GROUNDS FOR REJECTING ACTING AS A HEAD OR THE ACQUISITION  
 OF THE QUALIFYING HOLDING, OTHER HOLDING, CANCELLING  
 THE REGISTRATION OF THE HEAD OF, TERMINATING THE QUALIFYING  
 HOLDING IN THE FINANCIAL ORGANISATION**

3. The application for acting as a head of or acquiring qualifying holding, other holding in a financial organisation shall be rejected, the registration of the head shall be cancelled, the existing qualifying holding shall be terminated, where the person or in case of the qualifying holding — the affiliate thereof has committed such an act in the past that in the opinion of the Central Bank of the Republic of Armenia (hereinafter referred to as "the Central Bank") substantiated by these Guidelines provides a ground to suspect that the given person in the capacity of the head of the financial organisation may not properly manage the relevant area of activities of the financial organisation, or the actions of the given person may lead to the bankruptcy of the financial organisation or deterioration of the financial situation or undermine the authority and the business reputation thereof.
  
4. The Central Bank shall consider the applications for acting as a head of or acquiring qualifying holding in a financial organisation that concern the persons:
  - (1) that have been declared as having no or limited active legal capacity under the legislation of the Republic of Armenia or other states;
  - (2) that have been subjected to criminal liability for a crime provided for by the Criminal Code of the Republic of Armenia or other states;
  - (3) that have been involved or are involved as accused by the law enforcement bodies of the Republic of Armenia or other states;
  - (4) that have been subjected to administrative liability in the recent 5 years in the tax, customs, and financial sectors;

- (5) that have acted as a head, employee or a qualifying holder in financial organisations operating in the territory of the Republic of Armenia or other states, and as a result of their actions or omission during the term of office or activity whereof the financial organisation has been declared as insolvent or bankrupt, or as a result of the actions or omission whereof the situation of the financial organisation has deteriorated according to the criteria approved by the Board of Central Bank of the Republic of Armenia;
- (6) that have acted as a head or a qualifying holder in an organisation registered in the Republic of Armenia or a foreign state, and during the term of office whereof the organisation has been declared as insolvent or bankrupt;
- (7) that personally or their affiliate have or had a significant overdue obligation characterising the conduct (consciousness) that they display or have displayed with respect to the bank, credit or other financial organisations operating in the territory of the Republic of Armenia;
- (8) that were held liable once or more than once within 1 year under the legislation regulating the activities of financial organisations;
- (9) that have acted as a head or employee of the financial organisation and during their term of office:
  - a. have intentionally violated laws and other legal acts;
  - b. have carried out unreasonable and dangerous activities, hindered the actions of the Central Bank, its officers related to the exercise of supervision during the term of office;
  - c. have carried out such actions as a result of which the financial organisation incurred or might have incurred considerable financial or

- other loss;
- d. have carried out such actions out of personal interest during their activities that contradict the interests of the financial organisation or customers of the financial organisation;
  - e. have displayed dishonest and unconscientious attitude towards their official duties, including the duties assumed with respect to the financial organisation and the customers of the financial organisation;
  - f. have failed to carry out the assignment of the Central Bank or disregarded the warning of the Central Bank;
- (10) cases of rejection of the registration, licensing, authorisation have occurred, or a sanction has been imposed on the organisation as a result of their actions or omission during the term of office or activities in the organisations of the Republic of Armenia or foreign organisations;
- (11) the bankruptcy application whereof has been accepted for proceedings by the court;
- (12) that have been dismissed from the previous job at the initiative of the employer on any one of the grounds provided for by sub-points 3, 5, 6, 8, and 9 of point 1 of Article 113 of the Labour Code of the Republic of Armenia;
- (13) reduction in or full alienation of the holding of the qualifying holder of the financial organisation as a result of acquisition of other holding in the financial organisation may lead to the discrediting or decline in the authority or business reputation of the financial organisation;
- (14) reduction in or full alienation of the holding of the qualifying holder of the financial organisation as a result of acquisition of other holding in the

financial organisation may lead to violation of the corporate management principles of the financial organisation, deterioration of the corporate management quality thereof;

- (15) the transaction or the preliminary written agreement with respect to the transaction for acquisition of qualifying or other holding is suspicious within the meaning of the Law of the Republic of Armenia "On combating money laundering and financing of terrorism".
5. In case of existence of the grounds referred to in point 4 of these Guidelines, issues concerning acquisition of qualifying and other holding in or registration of the head of the financial organisation, as well as cancellation of the registration of the head, termination of the existing qualifying holding shall be discussed at the sitting of the Board of the Central Bank and may serve as a ground for rejecting the applications for acquiring qualifying, other holding in the financial organisation or registering a head, as well as cancelling the registration of the head, terminating the existing qualifying holding.
6. In case a person is considered as a head based on Decision of the Board of the Central Bank No 146-N of 12 April 2005 "Criteria for declaring a person that has any influence on the decision-making by the management bodies of the financial organisation or renders decisions independently as the head of the financial organisation", where at least one of the grounds referred to in point 4 of these Guidelines exists, and upon the decision of the Central Bank that person may not act as a head, the financial organisation must — within a period of 10 days from the day of receiving the relevant decision of the Central Bank — dismiss the above-mentioned person from the position held or limit the scope of the competences of that person in such a way that he or she is no longer considered as a head of the financial organisation under the Guidelines approved by the Central Bank.
7. Where while registering as a head in the financial organisation the Central Bank



has once considered and issued a positive opinion on applications for registering those persons, with whom the grounds referred to in point 4 of these Guidelines existed, the applications for registering the specified persons shall not be submitted to the Central Bank for consideration in re-registering as a head in the same financial organisation or another financial organisation, provided that no ground referred to in point 4 of these Guidelines has arisen with the specified persons after receiving the positive opinion of the Central Bank.

8. The Central Bank shall request from the persons having applied to acquire qualifying holding, other holding in or register as a head of the financial organisation a statement to the effect that the grounds referred to in point 4 of these Guidelines do not exist with them.

***(Annex supplemented by No 316-N of 7 December 2004, edited, supplemented, amended by No 269-N of 20 June 2006, No 345-N of 30 October 2007, edited, supplemented by No 13-N of 15 January 2008, supplemented by No 191-N of 6 August 2013, edited by No 228-N of 14 December 2022)***

Կազմված է հինգ թիղթից:

Comprises five sheets.

