

THE CENTRAL BANK OF ARMENIA

BOARD RESOLUTION

**Approval of Regulation 16 "Licensing of Money
Transfer Organizations;
Registration of Branches; Manager Qualification"**

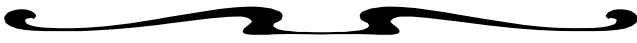
By virtue of Armenian Law on "Licensing", Article 43; Armenian Law on "Regulations", Article 16; and Armenian Law on "The Central Bank", Article 20 (e), the Board of the Central Bank of Armenia enacts:

1. To approve Regulation 16 "Licensing of Money Transfer Organizations; Registration of Branches; Manager Qualification", pursuant to Annex 1 (attached).
2. To the Central Bank Chairman, Deputy Chairman and Board Administration to arrange official English and Russian translation and publication of this Regulation approved by this Resolution within three months upon entry of this Resolution into force.

T. Sargsyan

*Chairman of the Central Bank of Armenia
December 11, 2002 no. 389-S*

R E G U L A T I O N 16



**“Licensing of Money Transfer Organizations;
Registration of Branches; Manager
Qualification”**

CHAPTER 1. GENERAL PROVISIONS

1. This Regulation establishes the licensing of the organizations involved in transfer of money; the registration of the branches of such organizations and the procedure of qualification of the management of such organizations; and other issues relating to the above entities, under authority of the Central Bank of the Republic of Armenia (the Central Bank).

2. This Regulation shall not apply to the banks, their branches and foreign bank branches operating in Armenia.

CHAPTER 2. LICENSING OF MONEY TRANSFER ORGANIZATIONS

3. For a license to perform transfer of money, documents shall be presented to the Central Bank, as follows:

- a. an application for license, pursuant to Annex 1, by indication of the name, corporate

- status, location and place of business of the legal entity,
- b. copies of the by-laws and state registration certificate,
 - c. professional integrity certificate/s for the manager/s issued by the Central Bank,
 - d. a properly registered contract for lease or sublease or for free use, signed for at least 3 years upon presentation of a copy of the certificate of ownership of premises or the documents to the Central Bank. For a sublease contract, the copy of the general lease contract is also required to present,
 - e. information on compliance of premises pursuant to requirements of Chapter 3 hereunder,
 - f. information on technical adequacy pursuant to requirements of Chapter 3 hereunder (applies only to the organizations performing on a cash basis),
 - g. a state duty payment receipt for a license,
 - h. a reference from the State Tax Service attesting receipt of a tax payer registration number,
 - i. copies of the contracts provided for in Chapter 3 hereunder in the event the till or the room of fire-proof safes are missing (applies only to the organizations performing on a cash basis),
 - j. regulations of business of the money transfer organization that covers the types, terms and conditions of the payment and settlements services rendered by such organizations.

4. The above listed documents shall be reviewed by the unit in charge of the payments and information systems development of the Central Bank within 7 business days, by the unit in charge of bank supervision of the Central Bank within 3 business days, and by Legal Department of the Central Bank within 3 business days. These units shall develop

opinion on compliance of activity of a new establishment with the laws and other regulations.

Based on the opinion, the Central Bank shall grant a license (Annex 2) or decide to waive an application for a license within 30 days upon the receipt of the above documents. An application shall be deemed honored if not waived in the period specified, and the applicant shall have the right to engage in the licensed activities thereafter, whether or not such license is granted.

Decisions to grant, or waive an application for, a license shall be made by the Board of the Central Bank.

5. The Central Bank shall grant a license and its loose leaf to the licensee and the management, respectively, within a day upon decision by the Board of the Central Bank on granting a license (Annex 3). The lists of the rules and normative requirements or regulatory requisites shall be granted along with the license.

The Central Bank shall inform about changes in these lists to the licensee not later than within 15 days following the entry of such changes into effect.

6. Before submitting the documents, listed in point 3 hereinabove, to the Central Bank, the persons eligible should pass a professional integrity examination at the Central Bank as required in Chapter 7 hereunder.

7. The Board of the Central Bank shall waive the application for a license, if:

- a. the documents submitted are incomplete, deceptive or misleading,
- b. the documents submitted do not comply with Armenian laws and other regulations,
- c. the applicant has no right under the law or pursuant to its By-Laws to engage in transfer of money,
- d. the business premises does not conform to the Central Bank requirements,

e. the technical adequacy does not conform to the Central Bank requirements (applies only to the organizations performing on a cash basis).

8. In case of inessential defects in the application for a license or in other support documents (errors, mistakes of non-legal character and other similar omissions), the licensor may honor the application with reservation that the license shall be issued to the applicant once such defects are eliminated.

9. The application with incomplete documents for a license shall be waived if the applicant fails to present necessary documents or materials within 10 days following properly executed warning of the Central Bank about the incompleteness of the documents. The Central Bank shall file such warning within 10 days upon receipt of the documents.

10. The Central Bank shall in writing notify the applicant of the waiver by stating the reason and legal grounds for a waiver.

CHAPTER 3. PREMISES AND TECHNICAL REQUIREMENTS

11. The money transfer organizations and their branches shall have premises by ownership or by leasing. The rights arising out of a contract for lease/sublease or free use must have been stipulated in the State Committee of the Property Register, and the contract signed for at least 3-year period upon submitting the same to the Central Bank. The money transfer organizations and their branches shall also have a guideboard to indicate the licensee's title (name, last name), the business days and hours.

12. The business premises of the money transfer organizations and their branches (if performing on a cash basis) shall meet the requirements as follows:

12.1. they shall be separate from adjacent buildings,

12.2. they shall be used only for a business stipulated by the license,

12.3. they shall have a cash department designed for cash operations, customer service and safe storage of cash.

The cash department shall include:

- Operational till (till).

The till shall be separated from the adjacent premises by the firm and glass-made walls. The till shall have an entry with a single lockable door. The till's front wall made of stone, metal and other building materials shall be of 1 - 1,2 m. height to end onto a glass part, which shall be placed in such a way as to prevent direct contact between the customer and the cashier and ensure reciprocal control over calculation of money. A mobile, officer-handled box for transfer of money shall be placed where the wall and glass meet. A table shall be placed outside for re-calculation of money.

- Cash vault (with pre-vault) or a room of fire-proof safes, which shall be separate from adjacent premises and the external windows (if any) shall be barred.

Such sub-premises are not required if there are contracts signed with collection service and/or a bank or its branch holding a cash vault to arrange daily transportation, delivery and safe storage of cash. New contracts shall be signed upon expiry of the above contracts, and the documents verifying prolongation of such contracts shall be presented to the Central Bank within 15 days.

The room of fire-proof safes shall have a single lockable door, with an entry only from the till.

The cash vault shall have no windows. It shall have a single armored, fire-proof door, with an entry only from the till.

The cash vault shall not share a common wall with external walls of a building or with other

institutions in the same building. If it is built close to external walls of a building or those of other institutions, there should be an observation line to enable security and control of walls of the cash vault.

The cash vault must not have a basement. If there is an organization above the cash vault or it is on the last floor, the ceiling of the cash vault shall be separated by an observation line to enable security and control of the ceiling.

- Customer service hall, which shall be separate from the outside and ensure the customer's security. Such hall is not required if the licensee's premises are in an non open-air household service area.

- A security alarm system. In case of interruption of power supply to the system the licensee must suspend its activities until recovery of the supply of power.

13. Implementation of money transfers (if the money transfer organizations and their branches perform on a cash basis) shall require technical equipment as follows:

- 13.1. fire-proof safe,
- 13.2. money tester,
- 13.3. guideboard to indicate the licensee's title (name, last name), business days and hours.

CHAPTER 4. REGISTRIES FOR LICENSE; SUPPLY OF INFORMATION

14. The forms of licenses are strictly recorded; these have registration numbers, series, and are handled and stored by the Licensing unit of the Central Bank (the Licensing unit).

15. The Licensing unit shall handle the registries for license to include information as follows:

- 15.1. the licensed legal entity's title and location,
- 15.2. the number of license,

- 15.3. the date of issue and number of registration of the license,
- 15.4. the type of activity to be evolved according to the license,
- 15.5. the place of business,
- 15.6. information on re-registration, suspension and termination of the license.

16. The Licensing unit shall prepare a file for any individual licensee, with an enclosed license returned as operated revoked.

17. Information contained in the registry for license on other parties may be provided to the physical and legal entities within 3 days, against payment of state duty.

Information contained in the registry for license on the physical and legal entities may be provided to the same parties within 3 days, free of charge.

**CHAPTER 5. ISSUE OF DUPLICATE LICENSE OR LOOSE LEAF;
RE-ISSUE OF THE LICENSE**

18. The licensee shall report to the Central Bank of any loss of the license or loose leaf to receive a duplicate, and shall announce of such loss through the mass media.

The Central Bank shall issue a duplicate of the license or loose leaf to the licensee within 3 business days following the 15-th day upon publication of the announcement.

The licensee shall report to the Central Bank of the license or loose leaf rendered unused, to receive a duplicate. The Central Bank shall issue the duplicate to the licensee on the 3-rd day upon request, and shall take the license rendered unused.

The upper right corner of the duplicate of the license or loose leaf shall bear an indication "Duplicate".

19. The licensee shall apply to the Central Bank for re-issue of the license if changes occur in its

organizational structure or title or address, within 15 days upon entry of such changes into force. The documents verifying such changes shall be enclosed with the application.

- 19.1. The license shall be re-issued on the 3-rd business day following the licensee's application to the Central Bank.
- 19.2. Re-issue of the license shall require the Central Bank to make changes in the registry for license as appropriate.
- 19.3. Applications for re-issue of the license shall be waived as stipulated in point 7 hereinabove.
- 19.4. The decisions on applications for re-issue of the license shall be made without the Central Bank Licensing and Supervision Committee's (the Committee) conclusion. However, in the event there is reason to waive the application, or at an applicant's request, the application shall be reviewed through the hearing at the Committee.
- 19.5. A duty shall be charged for re-issue, duplication of the license, under Armenian Law on "State Duty".

CHAPTER 6. TRANSFER OF MONEY IN ANOTHER PLACE AS WELL, OR CHANGE OF PLACE OF BUSINESS

20. For carrying out transfer of money in another place as well or changes of the place of business, the licensee shall present documents to the Central Bank as follows:

- a. an application on carrying out transfer of money in another place as well stating the requisites of the license received in the past,
- b. a statement in writing on changes in the documents submitted before,

- c. a reference issued from an authorized body on changes in the by-laws, the actual changes made,
- d. the documents required by Chapter 3 hereinabove for the premises,
- e. information on premises compliance provided for in Chapter 3 hereinabove,
- f. information on technical adequacy provided for in Chapter 3 hereinabove (applies only to the organizations performing on a cash basis),
- g. a receipt for payment of state duty for the license,
- h. contracts signed with the collection service and/or a bank holding a cash vault, for daily transportation, delivery and storage of the cash, if the room of fire-proof safes and the cash vault are missing (applies only to the organizations performing on a cash basis),

21. The licensee's application for carrying out transfer of money in another place as well, or changes of the place of business shall be waived in the cases stipulated in point 7 hereinabove.

22. The decisions on carrying out transfer of money in another place as well, or changes of the place of business shall be made without the Committee's conclusion, within 10 days upon presentation of the application and the support documents to the Central Bank. The previously granted license shall be replaced by the new one reflecting the changes of the place of business as appropriate. However, in the event there is reason to waive the application, or at an applicant's request, the application shall be reviewed through the hearing at the Committee.

CHAPTER 7. ASSESSMENT OF MANAGEMENT QUALIFICATION AND PROFESSIONAL INTEGRITY

23. Assessment of qualification and professional integrity of the management listed in the loose leaf of the license (the assessment), particularly, the executive director, deputy executive director, chief accountant (the proposed parties), shall be conducted by the Committee openly.

24. The assessment shall be conducted as:

24.1. an examination in writing (test) to be held by use of a computer serviced by a computer specialist of the Central Bank, or

24.2. an interview to be held at the Committee's meeting.

25. The examination in writing shall be held for persons with higher education in economics, engineering or law.

26. The examination through interview shall be held for persons with higher education in economics, engineering or law, having served in the payment and settlements area in the capacity as manager for at least 3 years in the course of the last 5 years preceding the application for license.

27. Participation in the examination in writing shall require presentation of documents as follows:

27.1. an application from the proposed party (Annex 5),

27.2. the copies of the diploma/certificate, scientific degree (if any),

27.3. biographic data (Annex 6),

27.4. the receipt of payment of the state duty for assessment of qualification, as required by Armenian Law on "State Duty".

28. The examination in writing shall be held on a test basis, by presence of at least 3 members of the Committee.

29. The test of the examination in writing is a document containing questions designed by the Central Bank. The supplements and changes made to the lists of the examination topics shall be approved by the Board of the Central Bank and published not later than 6 months before the assessment of qualification.

30. The test includes 30 questions, and 45 minutes is provided to answer the questions.

31. Each question is designed for multiple-choice answers, one of which is correct. A correct answer scores one, an incorrect answer scores zero.

32. The proposed parties are allowed to participate in the assessment upon presentation of the passport or another identification document.

During an examination, an examinee is prohibited to use legislative, regulatory papers, professional literature, reference books, phone, etc., or communicate with other examinees.

33. Upon completion of the examination, the proposed party shall hand the test to the officer of the Committee.

Failure to meet each of the requirements in points 32 and 33 hereinabove will cause the proposed party to be deprived of the right to further participate in the assessment, and a negative conclusion shall be drawn up with regard to him/her.

34. The Committee's members shall survey the results of the answers of the test examination at least 30 minutes before the Committee's meeting and shall submit the same to the Committee's meeting.

35. Estimation and survey of the test answers shall be as follows:

35.1. an examinee does not fit the Central Bank criteria for professional integrity when he/she scores up to 21,

35.2. an examinee does fit the Central Bank criteria for professional integrity when he/she scores 21 and over.

36. The results of interview shall be marked on a 5-point basis; an examinee will fit the Central Bank criteria for professional integrity when he/she scores 3 and over.

37. The Committee's conclusion on the proposed party shall be presented to the Central Bank Chairman within 2 business days upon the Committee's meeting. In case of an adverse conclusion the Committee shall

detail the facts, which have served to draw up such conclusion.

38. In case of positive results of the examination or the interview, a qualification certificate shall be granted to the proposed party (Annex 7). If the proposed party does not fit the Central Bank criteria for professional integrity he/she may re-apply for examination.

39. The results of the test examination shall be properly informed, or the same delivered, to the examinee within 5 days following completion of the examination.

40. If qualification certificate is lost, the holder thereof may report of such loss to the Committee within 10 days. The Central Bank shall consider the lost certificate invalid and shall issue a new one, with an indication "Duplicate".

41. The registry of the qualification certificates granted shall record the holder's name, last name, address, the Central Bank chairman resolution number and date, the Committee's minutes number and date, the certificate's number and date of issue.

42. The Committee shall conduct examinations within 15 business days upon presentation of the package of documents.

43. The Central Bank's registration of the parties holding qualification and professional integrity certificates in a capacity as manager shall require presentation of the documents as follows:

- 43.1. an authorized letter from the money transfer organization for manager registration,
- 43.2. a copy of the qualification and professional integrity certificate,
- 43.3. an authorized body's decision (shareholder meeting's minutes, if decision is made by shareholders) on appointment of the proposed party as manager.

44. The Central Bank shall register the manager of the money transfer organization within 5 days upon receipt of the documents listed in point 43

hereinabove, and the manager shall be entitled to work thereafter. In case of change of the manager, the new manager shall also be entitled to work upon being registered at the Central Bank.

45. The qualification and professional integrity certificates for the managers of the money transfer organizations shall be granted for a 5-year term upon issue.

Upon termination of the certificate, the Central Bank shall remove the manager from registration unless a new certificate is granted to him/her.

Considering the lack of violations of respective Armenian laws and regulations by, and penalties to, the executive director, deputy executive director, chief accountant of the money transfer organizations in the period of validity of the certificates granted to such parties, the Central Bank may prolong the period of validity of the certificates for 5 years, without examination for qualification and professional integrity.

CHAPTER 8. SUSPENSION AND TERMINATION OF THE LICENSE

46. The suspension and termination of the license to the money transfer organizations shall be executed in the manner required by Armenian Law on "Licensing", Articles 34-37.

CHAPTER 9. FINAL PROVISIONS

47. The short title of this Regulation is "CB Regulation 16".

**Application form for license to money transfer
organizations**

Mr. _____,
Chairman of the Central Bank

Please, issue a license for money transfer operations.

Attached presented are:

Title _____

Corporate status _____

Location _____

Place of business _____

Type of activity subject to licensing

Applicant _____

(signature) (name, last name)

**Form of license for money transfer operations
The Central Bank of the Republic of Armenia**

License* issued based on the
Central Bank Board Resolution
no. ____ 200_

License no. ____ for money transfer operations

This license is issued to

(legal entity's name)

to carry out operations on transfer of money.

Place of business (address) _____

This license is issued for unlimited period.

Chairman of the Central Bank _____

* Changes to the license shall require an indication on the right upper corner of it.

Seal:

Annex 3

Approved:

Mr. _____,
Chairman of the Central Bank
_____ 200_

**Loose leaf of license no. ___ to money transfer
organizations**

On professional integrity of management

Name, last name

Passport details

1. _____
2. _____
3. _____

This loose leaf is an integral part to the license no.
_____ (issued _____ 200__) to

(licensee's name)

for money transfer operations.

**Application form for money transfer operations in
another place as well, or permission for change of place
of business**

Mr. _____,

Chairman of the Central Bank

_____ 200_

Please, permit me to carry out money transfer operations
also at the following address of
_____, for the
purpose of establishment of a new branch, for a change in a
place of business (please underline).

Attached presented are:

Applicant _____ 200_

Money transfer operations license no. ____, issued on ____

**Application form for participation in qualification
assessment**

Mr. _____,

Chairman of the Central Bank

Please, permit me to participate in qualification assessment for a license to carry out money transfer operations.

Attached presented are:

Applicant _____

(signature) (name, last name)

Proposed manager reference

1. _____
(proposed position)

2. General information:

Name, last name _____

Sex _____

Date of birth _____

Place of birth _____

Citizenship _____

Family status _____

Passport details _____

Address _____

Phone _____

3. Please, state your current and previous names, and the period over which you have carried these.

Name, last name _____ Period _____

4. Education and qualification:

Institutions (including, school)	Place	Attendance from/to	Degrees

5. What foreign language/s do you know?

6. Work experience:

N	Organization	Location	Period of employment from/to	Positi on	Notes
1 .					
2 .					
3 .					

7. Please, describe in detail your role and scope of responsibility as manager.

8. Please, list the persons who know you personally and who have worked or are working in the financial and banking, and payment and settlements area, if any:

N	Name, last name	Work or position	Address	Phone
1 .				
2 .				
3 .				
4				

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8. Other information:

10. I certify that the information contained in this reference is correct and complete.

I agree to report to the Central Bank of any changes, which occur or are anticipated to occur in my personal, biographical and financial information.

_____ (date)
_____ (signature)

Form of manager qualification certificate

Professional qualification certificate

Mr./Mrs. _____

(name, last name)

(passport details)

has been granted a positive conclusion to be qualified as manager of the money transfer organization, pursuant to Chairman decision no.____ ____ 200_ (the Licensing and Supervision Committee's minutes no. ____ ____ 200_) of the Central Bank of the Republic of Armenia.

Mr. _____,
Chairman of the Central Bank

