

## THE REPUBLIC OF ARMENIA

## LAW

## ON BANK SECRECY

Adopted October 7, 1996

**Article 1. Subject of the Law**

This Law shall define information construing bank secrecy, legal grounds thereof and procedures for publishing, maintaining and providing such information, legal rights and obligations of persons participating in relation to bank secrecy as well as liability for violations of provisions of this Law.

**Article 2. Legislation on Bank Secrecy**

Relations to bank secrecy shall be governed by the present Law, other laws and, if prescribed by law, other normative acts.

**Article 3. Scope of the Law**

The provisions of this Law shall apply to the Central Bank of the Republic of Armenia (hereinafter referred to as the Central Bank), banks operating in the Republic of Armenia, including branches (subsidiaries), representative offices (hereinafter referred to as banks) thereof, and of foreign banks operating in the Republic of Armenia, as well as natural and legal persons and entities without legal status (hereinafter referred to as persons) that have been provided with or have been informed about information construing bank secrecy under this Law. Unless otherwise provided for by the clause, the term "bank" in the context of this Law shall include the Central Bank also with respect to liability prescribed therein.

This Law shall apply to banks in liquidation unless otherwise provided for by law.

*(Article 3 amended AL-228-N, 15.11.05)*

**Article 4. Bank Secrecy**

1. Subject to bank secrecy shall be information that becomes known to the bank in the course of its official business with a customer, such as information on customer's accounts, transactions made by instruction or in favor of the customer, as well as customer's trade secret, facts relating to any projects or plans of its activity, invention, sample products and any other information which a customer has intended to keep in secret and that the bank becomes aware or may have become aware of such intention.

2. Information on banks and their customers with respect to supervision thereof prescribed by the first paragraph of this Article that has come to the Central Bank's attention shall be subject to bank secrecy. Banks shall be deemed the customers of the Central Bank.

**Article 5. Third Parties**

In the meaning of this Law third parties shall be considered to be all other persons except the given bank and its customers. In cases defined by Republic of Armenia law "On Guarantee of Remuneration of Bank Deposits of Physical Entities" Deposit Guarantee Fund, the Central Bank, banks and credit organizations defined by the Republic of Armenia law "On Credit Organizations", the credit bureaus defined by Republic of Armenia law " On circulation of credit information and activities of credit bureaus" shall not be deemed as third parties.

Securitization Fund, securitization fund manager, seller, servicer, as well as other persons providing services to Securitization Fund relating to securitization defined by Republic of Armenia Law "On Asset Securitization and Asset Backed Securities" shall not be deemed as third parties.

*(Article 5 amended AL-367-N, 29.05.02; AL-146-N, 24.11.04, AL-98-N, 26.05.08, AL-187-N, 22.10.08)*

#### **Article 6. Bank Secrecy Disclosure**

1. Bank secrecy shall be deemed disclosed when any information construing bank secrecy is made publicly available or otherwise disseminated in its oral or written expression in mass media or otherwise, when it becomes known to a third party or parties, or efforts have been directly or indirectly made to enable the parties to gain such information as it could be the case of permitting, not preventing or, in the result of respective secrecy duties violations, making possible the disclosure of secrecy, unless otherwise provided for in Article 43 of the Republic of Armenia Law "On Banks and Banking" .

2. Information or provision of bank secrecy by the bank to any persons or organizations who are engaged in providing legal, accounting, other advisory or representation services or carrying out some specific jobs for the bank, provided that it is necessary for providing such services or carrying out such jobs and that such persons or organizations are obliged to refrain themselves from carrying out activities or inaction defined in Article 8 of this Law, shall not be deemed disclosure of bank secrecy.

3. The Central Bank shall quarterly publish names of negligent debtors holding major liabilities to banks and (or) a bank in press and (or) other mass media. For purposes of this implementing this provision, a major liability is a liability amounting to 20 million drams of the Republic of Armenia, or an equivalent to it and over. The equivalency of a liability in foreign currency to dram liability shall be calculated using the average exchange rate of exchange markets, determined by the Central Bank as of the last business day of the previous quarter. A negligent debtor is a party holding its contractual obligations overdue for 180 and more days. Publishing of information provided for in this Article is not deemed as illegal publication of bank secrecy.

4. Publication of decisions about the application of the Central Bank's sanctions towards a bank and (or) bank managers, which have infringed the laws or normative acts, shall not be deemed as an illegal disclosure of bank secrecy. When publishing decisions about sanctions it is prohibited to specify the names of bank customers.

*(Article 6 amended AL-48-N, 03.03.04; AL-228-N, 15.11.05, AL-112-N, 27.02.07)*

#### **Article 7. Prohibiting Disclosure of Bank Secrecy**

1. Bank secrecy disclosure is prohibited by a person, organization, public authority or official who have been entrusted in keeping such information, but have become informed during their service or office activity or have been provided with such information by this Law.

2. This Article shall not apply to the bank customers to the extent such information refers only to them, as well as the banks to the extent such

information is disclosed to the Central Bank under its supervision authority, as well as to the extent of information disclosed to the Guarantee Deposit Fund under the Republic of Armenia Law "On Guarantee of Remuneration of Bank Deposits of Physical Entities".

3. Facts or any information construing bank secrecy with respect to a certain customer may be subject to publication if such customer authorizes in writing or publicly announces thereto ad litem. Upon such permission, information exclusively concerning to the relevant customer may be published pursuant to Article 14 of this Law.

*(Article 7 amended AL-146-N, 24.11.04, AL-187-N, 22.10.08)*

#### **Article 8. Protection of Bank Secrecy**

1. Banks shall guarantee protection of bank secrecy.

2. Bank managers and employees acting or formerly acting for the bank, as well as persons and organizations providing or formerly providing services (jobs) to the bank, are prohibited from disclosing any information construing bank secrecy that has been entrusted to them or has come to their attention due to their service or job, to make use of it in personal or for third parties interest, by promoting directly or indirectly the use of such information to third parties that is permitting, not preventing or, by violating secrecy maintenance duties, making possible the disclosure of such secrecy.

3. Banks shall undertake safety measures and set administrative rulings, which will ensure decent maintenance of bank secrecy.

4. A bank may disclose bank secrecy related to the customer at the court, provided it is necessary for protecting rights and lawful interests thereof, if the dispute has arisen between the bank and the relevant customer. In such case, the court proceeding, solicited by either the bank or the customer, may be held closed-door.

#### **Article 9. Provision of Bank Secrecy**

1. Provision of information construing bank secrecy shall be considered to be the informing to the state bodies, officials and citizens such information orally or in writing only in cases and on grounds as determined by this Law.

2. The parties or organizations, except for banks, which have been entrusted or acquainted with information construing bank secrecy in connection with their service or job, shall have no rights to provide such information. The Central Bank shall have no right to provide state bodies, officials and citizens or any other parties with information construing bank secrecy on banks customers disclosed in connection with bank supervision.

#### **Article 10. Provision of Bank Secrecy to Criminal Prosecution Authorities**

1. Banks shall provide, by this Law, the criminal prosecution authorities with confidential information concerning accused and suspected persons only in case of court decision, made pursuant to this Law and the Code of Criminal Procedures of the Republic of Armenia.

2. A bank, upon receipt of the court decision, shall be bound to provide, within two bank days, information and documentation indicated and required by the court decision in a closed and sealed envelope to the criminal prosecution authorities or an authorized person thereof. The bank is prohibited from informing its customers about the fact of providing the criminal prosecution authorities with confidential information.

3. Bank managers or employees shall not be interrogated for obtaining information construing bank secrecy on the customers, except for the cases prescribed by Articles 11, 12 and 16 of this Law.

*(Heading amended AL-112-N, 27.02.07)*

*(Article 10 amended AL-112-N, 27.02.07)*

#### **Article 11. Provision of Bank Secrecy to the Court**

1. Banks shall disclose and provide by this Law, information construing bank secrecy on their customers as a party of civil and criminal action exclusively on a court decision made pursuant to the Code of Civil Procedure or the Code of Criminal Procedure of the Republic of Armenia, as well as on a final judgment of court effected for seizure of customer bank accounts.

2. Upon receipt of the court decision or judgment of court, a bank shall be bound to provide, within two bank days, information and documentation indicated and required by the court decision or judgment of court in a closed and sealed envelope to the court or an authorized person thereof. In the meantime, the bank shall take necessary measures to inform its customers about the bank's obligations of obtaining the court decision or judgment, made pursuant to the Code of Civil Procedure of the Republic of Armenia, and providing the confidential information.

The bank is prohibited from informing its customers about the bank's obligations of obtaining the court decision or judgment, made pursuant to the Code of Criminal Procedure of the Republic of Armenia, and providing the confidential information.

*(Article 11 amended AL-112-N, 27.02.07)*

#### **Article 11.<sup>1</sup> Provision of Bank Secrecy to the Financial Mediator**

Banks shall disclose and provide by this Law, information construing bank secrecy also to the financial sector mediator, provided the latter is considering a claim against the revelant bank.

*(Article 1<sup>1</sup> amended AL-1282-N, 17.06.08)*

#### **Article 12. Provision of Bank Secrecy to the Customer's Heirs (Legal Successors)**

1. Banks shall provide by this Law, bank secrecy information on the customers to their heirs (successors), if the latter persons, or the representatives thereof, have submitted appropriate necessary documents verifying rights on such heritage (succession).

2. On receipt of the documents verifying heritage (succession) rights, a bank shall, within five bank days, notify the applicants (persons or organizations), if the documents are insufficient, about incompleteness of the documents by indicating the lacking list of necessary documents, and in case of completeness of the documents, it shall, within ten bank days, provide the applicants with a complete information and handle the appropriate documents that the bank possesses with respect to the customer.

3. Any refusal by the bank to submit information and documents in the manner prescribed by this Article, or failure to submit such information and documents in the fixed time frame, may be appealed to the court. Any losses caused to the applicants because of such refusal or failure shall be subject to a complete compensation if the refusal has been groundless or the fixed terms have been violated through the bank's fault.

#### **Article 13. Provision of Bank Secrecy to the Tax Authorities**

Banks, pursuant to this Law, shall submit confidential bank information on their customers to the Tax Authorities of the RA only on the ground of a court decision taken under the Code of Civil Procedure or Code of Criminal Procedure of the Republic of Armenia as well as on a final judgment of court effected for seizure of customer bank accounts.

*(Article 13 amended AL-164, 02.12.97)*

**Article 13<sup>1</sup>. Provision of Bank Secrecy in the Frameworks of Combating  
Legalization of Proceeds from Crime and Terrorism Financing**

The Central Bank shall strictly inform the criminal prosecutions authorities if the analysis of information carried out by the Central Bank in accordance with the Republic of Armenia law "On Combating Money Laundering and Terrorism Financing" reveals that there has been a case or an attempt of legalization of proceeds from crime or of terrorism financing. The Central Bank shall strictly inform the criminal prosecutions authorities if the analysis of information carried out by the Central Bank in accordance with the Republic of Armenia law "On Combating Money Laundering and Terrorism Financing" reveals that there has been a case or an attempt of money laundering or of terrorism financing. In addition to informing, or subject to inquiry of the criminal prosecution authorities, Central Bank may also disclose information construing bank secrecy.

In accordance with the Republic of Armenia law "On Combating Money Laundering and Terrorism Financing", the Central Bank may provide information construing bank secrecy to the criminal prosecution authorities of foreign countries.

*(Article 13<sup>1</sup> amended AL-14-N, 14.12.0; AL-84-N, 26.05.08)*

**Article 13<sup>2</sup>. Provision of Bank Secrecy to the Credit Bureau**

1. Provision of information construing bank secrecy to credit bureau by banks and credit organizations shall not be deemed a disclosure of banking secrecy.

*(Article 13<sup>2</sup> amended AL-187-N, 22.10.08)*

**Article 14. Bank Secrecy Circulation between Banks**

1. With a view to ensure sustainability of business, repayment of loans and other investments, banks may exchange or provide information on their customers to each other and credit organizations defined under the Republic Of Armenia Law "On Credit Organizations", notwithstanding that information thereof may construe a banking secrecy.

2. While executing its supervisory duties, the Central Bank shall be empowered to obtain and review information from banks on their customers, notwithstanding that information thereof may construe a banking secrecy.

*(Article 14 amended AL-367-N, 29.05.02; AL-48-N, 03.03.04)*

**Article 15. Limitations on Provision of Bank Secrecy**

1. As prescribed by Articles 10, 11, 12 and 13 of this Law, a bank may disclose confidential information exclusively with respect to its customers. Furthermore, if the documents on customers maintained in the bank indicate names of other persons or organizations, terms of transactions and any other similar information, such information, pursuant to this Article, shall be deemed information on the customer.

2. While disclosing information on a relevant customer in manner prescribed by law, the bank may not disclose information on persons and organizations which are parties of agreements or other transactions of the customer, unless provided for otherwise by this Law.

**Article 16. Rejection of a Request for Disclosing Bank Secrecy**

Banks shall reject any request made for obtaining information construing bank secrecy, if such a request contradicts to provisions of this Law.

**Article 17. Obligation for Reporting on Crimes**

1. Bank managers shall be obliged to report the Criminal Prosecution Authorities on any premeditated or committed crime that they are certainly aware of. Furthermore, information and documents construing bank secrecy shall be submitted to the Criminal Prosecution Authorities in accordance with Article 10 and 11 of this Law. Bank employees shall be obliged to report in writing the bank managers or at least one of them on any premeditated or committed crime that they are certainly aware of.

2. All provisions in this law shall not be interpreted as exempting persons liable for concealing crime and illegal proceeds or for failure to report on crime as provided by Criminal Code of the RA.

**Article 18. Liability for Violations of Provisions of this Law**

Persons and organizations violating provisions of Articles 7, 8, 10, 11 and 15 of this Law shall fully compensate damages inflicted to the bank customer in consequence of violation. Such violations may lead to a fine from two thousand up to ten thousand fold minimum salary as well as criminal liability envisaged by law. Collection of fine shall be enforced by court.

**Article 19. Transitional Provisions**

Until the new Code of Criminal Procedures is adopted, the banks, pursuant to Article 10 hereof, shall disclose bank secrecy exclusively on persons accused for crime, based on a search sanction provided by prosecutor office in accordance with the Code of Criminal Procedures in force.

*President of the Republic of Armenia,*

**LEVON TER-PETROSYAN**

*October 14, 1996, Yerevan*

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