

**CENTRAL BANK OF THE REPUBLIC OF ARMENIA  
BOARD RESOLUTION 39-N  
ADOPTED MARCH 1, 2011**

**On approval of the procedure of election of independent audit company by banks  
operating in the Republic of Armenia.**

Having regard to the Republic of Armenia law on Banks and Banking, article 58(1), law of the Republic of Armenia on Legal acts, article 16, guided by the Republic of Armenia law “On the Central bank”, article 20(e), the board of the Central bank of the Republic of Armenia decides:

1. To approve the procedure of election of independent audit company by the banks operating on the territory of the Republic of Armenia according to the appendix (attached)
2. To repeal the resolution 162-N adopted June 29, 2004 by the board of the Central bank “On the procedure of election of independent audit company by banks operating on the territory of the Republic of Armenia”.
3. After adopting this decision banks shall adopt legal acts enacted upon the entry into force of this regulation within 3 months and during 15 days after adoption shall represent them to the Central bank of Armenia.
4. This decision applies to the audit of the financial and economic activity of banks of 2011 and hereafter.
5. This decision enters into force on the 10<sup>th</sup> day of its official publication.

Chairman of the Central bank of Armenia

A. Javadyan

March 4, 2011

**The procedure of election of independent audit company by banks operating on the territory of the Republic of Armenia.**

Chapter 1. General provisions.

1. This regulation establishes the criteria required for the election of independent audit company by banks operating on the territory of the Republic of Armenia (hereinafter-banks).

2. Bank by legal acts establishes the procedure detailing criteria and ensuring their practical application towards the election of independent audit company as defined in the Chapter 2 of this regulation, the methodology of application of criteria, the areas of audit and other provisions ensuring the fulfillment of the requirements of this regulation. Banks may determine criteria not contradicting the criteria determined in the chapter 2 of this regulation.

3. Definitions

Financial entity- bank, credit organization, insurance company, investment company, investment fund manager.

Responsible auditor of audit company- employee, who signs the auditor opinion of the audit company.

Audit group- a group of auditors of audit company which is directly involved in conducting of audit of economic and financial activity of the bank.

Chapter 2. Criteria required for the election of audit companies.

4. Bank elects the company which meets the following minimum criteria.

1) At least 5 years of experience in auditing of banking or insurance company. Moreover, the requirement of the experience in auditing of banking or insurance company does not apply to an internationally recognized audit companies (10 best audit companies included in the list by income on the website <http://firm-rankings.vrl-financial-news.com> and published in the International Accounting Bulletin),

2) The responsible auditor of the audit company shall have at least 3 years of work experience in auditing of financial organization and experience in auditing in at least 5 banking and insurance companies and shall have document (certificate) confirming the fact that at least half of the stages of international accounting and (or) audit (such as ACCA, CPA, CISA) qualification is completed,

3) At least half of the employees of the audit group shall have no less than 3 years of experience in audit company and a document (certificate) confirming the fact that at least half of the stages of international accounting and (or) audit (such as ACCA, CPA, CISA) qualification is completed or or have the qualification of auditor given by the Armenian Association of Accountants and Auditors or an authorized body of the Government of the Republic of Armenia,

4) Audit company agrees to take part in trilateral meeting between bank, audit company and Central Bank for the discussion of the results of the external audit with the invitation of the Central Bank and by the agreement signed with the bank.

5. The same responsible auditor cannot conduct the audit of the financial and economic activity of the same bank, if he continually conducted the audit of financial and economic activity of that bank during the 3 financial years preceding the given financial year.