

REPUBLIC OF ARMENIA

LAW

ON BANKS AND BANKING

(Adopted on June 6, 1996)

Article 18. Restrictions on the acquisition of significant equity interests in the statutory funds of banks

1. An individual or affiliated persons may acquire a significant participation in the statutory fund of a bank as a result of one or several transactions only upon the prior consent of the Central Bank. The Central Bank of Armenia shall set forth the list and format of the documents, information to be submitted to the Central Bank by a person or affiliated persons with the mediation of the bank for the prior consent of the Central Bank to acquire a significant participation in the statutory fund of the bank.

Within a month after the Central Bank receives all the documents required under this Paragraph it shall examine them. To clarify several facts required by the Central Bank, the one-month period may be suspended under the resolution of the Board of the Central Bank. The consent shall be deemed obtained in case the Central Bank does not decline the application within a month or does not advise the person or affiliated persons about the suspension of the one-month period.

2. The Central Bank shall decline the application notifying the applicant hereof within ten days, if:

- a) the applicant has been convicted for committing a deliberate crime;
- b) the applicant has been denied the right to working in financial, banking, tax, customs, trade, economic, legal positions by a court decision;
- c) the applicant has been recognized bankrupt and has overdue /non-forgiven/ liabilities;
- d) his/her previous activities induced bankruptcy of a bank or other person;
- e) the given person or affiliated persons have previously performed in such a way, which as justified by the guidelines approved by the Central Bank, in the opinion of the Central Bank, gives grounds to doubt that the actions of a member having a right to voting during the decision making of the highest body of the bank's management may lead to the bankruptcy

of the bank or the deterioration of the financial status , or discrediting of the prestige and business reputation .

f) this transaction is directed to or results in or may result in restriction of free economic competition;

g) as a result of this transaction the person or his/her affiliated persons acquiring a significant participation in the statutory fund of the bank shall acquire a dominant position in the banking market of the Republic of Armenia as a result of the given transaction, which enables them to predetermine the tariffs or terms of operations or at least one of them stipulated by Article 34 of this law;

h) the documents have been submitted with the violations of the format and procedure established by the Central Bank or have reflected fraudulent and unreliable information.

3. A contract on the acquisition of a significant participation in the statutory fund of the bank without the prior consent of the Central Bank shall be annulled.”

4. The restrictions set in this Article do not refer to the acquisition of the participation in the statutory capital of the bank that is considered to be the reported issuer according to the law of the Republic of Armenia on “Regulation of the securities market”, if that has happened in the Stock Exchange and does not exceed 20% of the statutory capital of the bank, while in the case when it exceeds the latter the preliminary consent of the CBA shall be obtained according to the procedure set by this law.

5. The natural persons that have a permanent place of residence or operate in offshore areas, as well as legal persons founded and registered in such zones, individuals without legal status or affiliated persons to the ones stipulated by this Paragraph may obtain participation in the statutory capital of the bank due to one or several transactions (irrespective of the proportion of the participation) according to procedure exclusively set by this Article with the preliminary consent of CBA. The list of offshore zones is set by the Board of CBA.

The legal entities created by the participation of the persons or affiliated to them persons set by this paragraph may obtain participation in the statutory capital of the bank (irrespective of the proportion of the participation) exclusively in the manner defined by this Article with the preliminary consent of CBA.

Article 21. Governing bodies of banks. Committee of control The internal supervision of the bank

1. Governing bodies of banks are:

- a) general assembly of the participants. Functions of the general assembly in a state joint-stock bank are performed by the state or local administrative organs,
- b) board of directors or observer board ,
- c) managing director,
- d) board, when envisaged by the charter. In this case the charter shall separate the authorities of the board and managing director,

Procedures for the formation and functioning of banks' governing bodies are defined in the "Company Law", and the charter of the bank, unless envisaged otherwise by the legislation.

2. Committee of control shall consist of at least three persons, appointed by the general assembly of the bank. Members of the council of the bank may not be members of the committee of control at the same time.

3. Committee of control:

- a) controls accounting and reporting of the bank
- b) reports to the council on the conformity of the bank's activity with the laws and by-laws, and timely execution of the resolutions of the Central Bank.
- c) comments on the proposals of the council
- d) executes other powers, as defined in the "Company Law" and charter of the bank.

Sessions of the control committee shall be convened at least four times in a year. An extraordinary session is called at a request of at least two members of the control committee.

4. In order to supervise the current activities of banks, banks shall establish a structural unit for internal supervision (internal control group or supervisor, inspector), who shall be accountable to the bank's executive body. The minimum conditions for internal supervision shall be established by the Central Bank. The Bank's board members, members of examination commission or other bank management shall not be appointed to the structural unit of internal supervision."

5. The Board of CBA shall be authorized to convene an extraordinary CBA board meeting (directors or Board observers) by its own decision to discuss the problems relating to the bank supervision and regulation, and to make appropriate decisions.

Article 22. Standards for Governors

1. Governors of a bank are the Chairman of the CBA board (directors or Board observers), the deputy chairman and board members, executive director, his deputies, the chairman and members of the bank division, chief accountant, his deputy, the chairman of the examination commission, his deputy and members of control committee or members of bodies undertaking similar authorities prescribed by the founding documents of the bank, as well as heads of territorial and structural sub-divisions of the bank, justified by the bank department, division, section as well as the criteria set by the Central Bank, the staff of the sub-division having some impact in the decision making by the authorities under the direct leadership of the executive director or bank administration or related to the bank's main activities in the opinion of the Central Bank.

2. Persons having had any of the following may not be acting as bank managers:

a) have been convicted for committing an intentional crime;

b) have been denied by the court of the right to work in financial, banking, tax, customs, trade, economic, legal sectors.

c) have been recognized as bankrupt and having (non-forgiven) outstanding liabilities;

d) the qualification or professional skills of whose do not meet the qualification or professional adequacy criteria set by the Central Bank;

e) have previously performed in such a way, which as justified by the guidelines approved by the Central Bank, in the opinion of the Central Bank provides grounds to doubt that this person, as a manager of the bank, may not manage adequately the corresponding area of bank's operation, or his activities may lead to the bankruptcy of the bank, the deterioration of the financial conditions or the discrediting of the prestige and business reputation of the bank.

f) are considered as suspected, accused or defendant in a criminal case.”

3. The Central Bank shall define the standards and procedure for the governors of a bank, except for the heads of the departments.

4. Regardless of the form of the bank, provisions of Articles 65, 66, 67 and 68 of the “Company Law” shall apply to governors of all banks.

Article 23. Banking license

1. Banking license is a document issued by the Central Bank which authorizes banking activity.

2. The Central Bank has an exclusive authority on issuing banking licenses.

3. Banking license is provided for an unlimited period of time and is non- negotiable or transferable in any other manner.
4. Banking license shall have a license number, date of issue, corporate name of the bank or branch of a foreign bank and the registration number. The single form of the license is fixed by the Central Bank.
5. Banking license may be declared void or non-valid by the resolution of the Central Bank.
6. Shall a bank or a branch of a foreign bank be liquidated, the banking license is declared void and shall be returned to the Central Bank within the terms envisaged.
7. Shall a bank or a branch of a foreign bank lose the license for bank activity, the Central Bank must be immediately notified. The Central Bank shall provide a new banking license within one month after the appeal.
8. The procedure for the licensing of the banking shall be defined by this law and the legal acts of the Central Bank. In the event there are other provisions about the licensing of the banking defined by other laws, the provisions of this law shall be prevailing.

Article 24. Licensing stages

1. Licensing process starts from the moment of submitting a mediation letter and ends by issuing a license or a denial.
2. Licensing consists of the following stages:
 - a) prior approval
 - b) registration of the bank or the branch of a foreign bank
 - c) issuing a license

Article 25. Documents to be submitted for a prior approval

The following documents shall be submitted for a prior approval:

- a) a mediation letter from the initiative group or a foreign bank,
- b) draft charter of the bank, or constituent documents and draft charter of a branch of a foreign bank.

c) the economic program of actions of the bank under creation or the foreign bank branch in the manner defined by the Central Bank, which should be consisting of the banks activities for the coming three years and should contain the organizational chart, incomes and expenditures estimates, long-term financial development tendencies, description of markets projected for investments, the main tools of attracting resources, techniques to withstand competition, principles for bank management and potential risk assessment.

d) other documents defined by the Central Bank.

Article 26. Prior approval on obtaining license

1. Within one month after the submission of the necessary documents, as defined in Article 25, the Central Bank shall scrutinize the mediation. The Central Bank shall reject the mediation if:

a) activities of the bank the branch of a foreign bank contradict the existing legislation,

b) economic program of the bank or the branch of a foreign bank does not comply with the norms defined by the Central Bank, and/or as justified by the norms approved by the Central Bank, by acting in conformity with the program, in view of the Central Bank, the bank shall not be able to undertake regular banking activity, or the economic program is unrealistic.

c) the foreign bank of the mediating branch is not authorized to conduct banking activity in the country of registration, or the Central Bank considers that there is adequate supervision, implemented by the state banking supervision bodies, over the bank and its branches in the country of registration.

2. In order to receive certain information required by the Central Bank the one-month period of examining the motion may be suspended by the decision of the Board of the Central Bank. In the event the Central Bank does not reject the application within a month or does not inform about the suspension of the one-month period to the person, the initial approval shall be deemed as obtained. The Central Bank shall make available its decision on prior approval to the person submitting the motion within a day upon the first request of the applicant.

3. The CBA Board Decision on the provision or rejection of the prior approval shall not be subject to appeal.

Article 27. Registration of banks and branches of foreign banks

1. The following documents shall be submitted to the Central Bank by a bank or branch of a foreign bank for the registration:

a) application on registration; resolution of the general assembly or other authorized body of the bank or foreign bank on adopting the charter of the bank or the branch of a foreign bank and the election (appointment) of bank's governors.

b) information on previous work of the governors of the bank or the branch of a foreign bank, according to norms defined by the Central Bank.

c) charter of the bank or the branch of a foreign bank,

d) list of governors of the bank or the branch of a foreign bank, with the list of authorized signatures

e) for persons with sufficient equity interests in the statutory fund of the bank, declaration on the absence of reasons indicated in Article 18 of this law, in accordance with the norms set by the Central Bank.

f) Other documents defined by the Central Bank.

2. The Central Bank shall register the bank or foreign bank branch or reject their registration within a month upon the receipt of all the documents defined by the part 1 of this Article. To obtain further information required by the Central Bank the one-month period for consideration of application for registration may be suspended for an indefinite period. In case the Central Bank does not notify the person on the non-declining of the application or the suspension of the one-month period the bank shall be deemed as registered.

3. The Central Bank shall decline the motion for the bank or a foreign bank branch registration, if the submitted documents contain untrustworthy or fraudulent information (data) or incomplete or deficient documents have been submitted.

4. A bank or a foreign bank branch shall be registered only in the appropriate account opened in the Central Bank if the bank has the minimum statutory fund set by the Central Bank.

5. After registration in the Central Bank the bank acquires the status of a legal person.

6. The Central Bank produces a registration certificate to the bank or the branch of a foreign bank within three days after the registration.

7. The Central Bank notifies the state registration bodies on the registration of the bank or the branch of a foreign bank within five days after the registration.

Article 28. Registration of branches and representative offices

1. Branches of the banks registered in Armenia shall be registered by the Central Bank upon submission of the following documents:

- a) resolution of the general assembly or other authorized body of the bank on opening the branch,
- b) mediation of the bank,
- c) charter of the branch
- d) information on previous professional experience of the governors of the established bank or the branch of a foreign bank, in accordance with the norms defined by the Central Bank
- e) economic program of the branch, in accordance with the norms defined by the Central Bank, including the organization chart, the main areas of activity, preliminary estimation of the composition of the assets and liabilities, estimation of profit and loss account for the period of two years.
- f) a document on providing space to the branch, and information on the level of equipment, adequate to the norms set by the Central Bank.
- g) other documents defined by the Central Bank.

2. For registration of a representative office in the Republic of Armenia of the banks operating in the Republic of Armenia and foreign banks, the banks shall submit the following documents:

- a) motion of the founding bank;
- b) evidence (justification) for opening a representation;
- c) a copy of the charter of the founding bank;
- d) the charter of the representative office; and
- e) other documents defined by the Central Bank.

3. When establishing branches and representations outside the Republic of Armenia the banks operating in the Republic of Armenia shall obtain the consent of the Central Bank by submitting the motion of the founding bank, the economic program for establishing the branch and other documents defined by the Central Bank, and after being registered (licensed, patented) in other country, in the manner stipulated by the law of the corresponding country, they shall be registered in the Central Bank by providing evidence that documents the registration.

4. Within a one-month period after the Central Bank presents the motion and the documents required by this Article, the Central Bank shall register the branch, representation and issues a Certificate of registration, and in the case of the rejection of the registration shall notify the bank on the grounds for rejection within a period of ten days. The one-month period for examination of the application to obtain further information required by the Central Bank may be suspended. The initial approval shall be deemed obtained in case the Central Bank does not

notify the person on declining the application or on suspending the one-month period within a one-month period. The grounds for rejection of registration of bank branches and representative offices shall be specified by the Central Bank.

5. The Central Bank notifies the state registration bodies on the registration of the branch, or representative office within five days after the registration.

6. The CBA may reject the motion of the bank on registering the branch in or out of the territory of RoA, if:

- a) documents submitted contain inaccurate or false information,
- b) documents submitted are incomplete,
- c) space and technical adequacy of the bank's subsidiary do not meet requirements defined by the Central Bank,
- d) the professional know-how or the qualifications of the management of the bank's subsidiary do not meet the criteria defined by CBA,
- e) the bank has violated prudential economic standards in course of one year preceding time of presentation of subsidiary registration documents to CBA, or the final evaluation of the bank's indicators are lower than the size defined by the Central Bank, or the opening of the subsidiary by standards defined by the Central Bank will lead to the deterioration of the financial status of the Bank,
- f) In the case of establishing a subsidiary outside the territory of the Republic of Armenia the bank does not justify the need for the opening of the subsidiary in that country and in the opinion of the Board of the Central Bank it is planning to circulate the assets obtained in the criminal manner,
- g) Other grounds defined by the Central Bank.

7. The CBA may reject the motion on the registration of the representation of the bank or foreign bank created in the territory of the Republic of Armenia or the may not give its consent on the creation of representation of the bank that operates in the territory of the Republic of Armenia outside the territory of the Republic of Armenia, if:

- a) the documents submitted contain inaccurate or false information,
- b) documents submitted are incomplete,
- c) to the CBA's opinion opening of the representative office would harm the financial condition of the bank
- d) other grounds set by the CBA Board are available.

8. The procedure for the termination, including the procedure, conditions for the temporary termination of the activities of the subsidiaries and representations shall be defined by the Central Bank. The Central Bank may not allow to terminate or temporarily terminate the activities of the branches and representations in the case, procedure and terms defined by itself.

Article 29. Conditions on obtaining license

1. Bank shall apply to the Central Bank on obtaining a license within one year after the prior approval. The Central Bank issues license to the bank or branch of a foreign bank within one month, if the following conditions are met:

- a) completion of the minimum statutory fund, as set by the Central Bank,
- b) the allocated space and level of the equipment are adequate to the requirements of the Central Bank and economic program of the bank,
- c) the organizational structure and operation systems of the bank, or branch of a foreign bank have been set,
- d) standards for the governors of the bank, or branch of a foreign bank, except the heads of departments are adequate to the requirements of the Central Bank. The Central Bank can examine governors of the bank, or branch of a foreign bank, to establish the level of adequacy,
- e) agreement of the domestic state banking supervision body on conducting banking activities in Armenia, for the branches of foreign banks.
- f) other conditions defined by the Central Bank.

2. The one-month period for consideration of the application for getting a license for banking, to meet certain other conditions required by the Central Bank may be suspended.

3. The Central Bank may reject to grant a license to the bank if according to the conditions defined by itself the conditions under which the preliminary approval for granting a license to the bank had been obtained, have changed essentially after the preliminary approval of the license and registration of the bank, and /or/ after the registration of the bank illegal, discrediting actions have been undertaken by the managers of the bank, the financial status of the persons with significant participation in the statutory fund of the bank has changed.

4. Prior approval and registration of the Central Bank shall be considered void, if the application for license has not been submitted to the Central Bank within the period of time specified in the first section of this Article.

Article 30. Registration and licensing fee

Stamp duty shall be charged for registration and licensing of banks, foreign bank branches, other persons; for registration of bank branches and representations, as well as for recovery of the lost license or registration certificate in the amount and manner stipulated by the law of the Republic of Armenia on "The State Duty." The Central Bank may charge a fee for service from persons passing professional adequacy and qualification test at the Central Bank in the amount set by the Central Bank.

Article 31. Registration log

The Central Bank shall keep a log for the registration of the banks, branches of the domestic and foreign banks and representative offices of the domestic and foreign banks, where the following data shall be registered:

- a) number of the registration certificate,
- b) date of registration,
- c) legal form ; corporate name,
- d) place of business ,
- e) list of the founders (shareholders, participants),
- f) magnitude of the statutory fund,
- g) address and corporate name, department, or representative office,
- h) liquidation of a bank.

Article 32. Legal consequences of the withdrawal of licenses

1. The Board of the Central Bank may revoke the banking license of a bank in case the bank or foreign bank branch has obtained the license on the basis of fraudulent documents or information in the licensing proceeding.

In this law "fraudulent information" is the information or documents, on the basis of which the Central Bank has made a decision that would not have been made were those information accurate and/or reliable.

2. The Central Bank Board decision on revoking a license shall be published immediately in mass media.

3. The bank shall be deprived of the right to undertake banking activity starting from the day the license is recognized as invalid, except for those transactions which are targeted at the execution of liabilities assumed by the bank and the sale of the assets and their final distribution in the manner defined by law.

4. The CBA Board decision on cancellation of the license together with the grounds for cancellation shall be immediately submitted to the bank in writing or the branch of the foreign bank. The appealing of the CBA Board decision on the cancellation of the bank's banking license to the court shall not suspend the effectiveness of the said decision during the whole course of the court examination.

5. The bank's operating license shall be recognized as invalid exclusively in the manner defined by this law. In the case of having other provisions defined on the recognition of the license as invalid by other laws, the provisions of this law shall apply.

Article 33. Registration of amendments

1. Banks and branches of foreign banks operating in the territory of Armenia shall be obliged to present the following amendments to be registered with the CBA:

- a) any amendments made in the Charter of the bank and the branch of the foreign bank;
- b) amendments made in the management structure (except for the management of the structural divisions);
- c) other amendments, stipulated by Law or the legal acts of the Central Bank.

2. The Central Bank shall either register the amendments stipulated by the Paragraph 1 of this Article or reject the registration within one month period, since the moment of the receiving the documents required for the registry of the above mentioned amendments. For the purpose of the clarification of certain facts required by the Central Bank the one-month period may be suspended. The amendment shall be considered registered in the event the bank is not notified about the non-rejection of the registration within one month by the Central Bank or the suspension of the one-month period.

The Central Bank shall register the amendments, if they do not contradict the laws and other legal acts and have been presented in the procedure and manner defined. The procedure and the format of presenting the amendments to registration shall be defined by the Central Bank.

3. The amendments stipulated under this Article shall enter into force since the moment of their registration by the CBA.

4. In the case of changing the size of the statutory fund the banks acting in the territory of the Republic of Armenia shall open an accrual account in the Central Bank. The funds of the accrual account shall be frozen by the Central Bank and the Bank may not possess, dispose and use

those funds unless the changes are registered in the Central Bank in the procedure defined by this Article.

The banks that operate in the territory of the Republic of Armenia may not open an accrual account in other banks in the case the size of the statutory fund is changed.

Article 57. Supervision of banks

1. The Central Bank has the exclusive right of supervising banks. The Central Bank executes the supervision in accordance with principles set in the legislation.

2. Employees of the Central Bank shall carry out on-site checks of banks, in accordance with procedures and within terms set by the Central Bank.

3. All banks and branches shall accept and assist employees of the Central Bank. No person may interfere with supervision and checks of the employees of the Central Bank.

4. The Central Bank may disclose such information on the findings of the examination of the given bank to a relevant state authority having the exclusive right to supervise the banks of another country, national bank or any other agency, which are necessary for them to supervise the regional branch of any Armenian bank, operating in its territory or issuing authorization for establishment of a regional branch in its territory, in the manner, set under the international agreement, concluded between the Central Bank and the relevant state authority of the particular foreign country with the exclusive right to implement the supervision of the banks of the given country. The Central Bank may provide the information, specified under this Paragraph even in case the said information represents a bank or other secret.

5. The procedures for formation and utilization of the reserve for the potential investment losses in the investment securities of the banks, classification of loans and receivables and formation of reserves for potential losses shall be defined by the authorized body of the RA Government jointly with the Central Bank.

Article 60. Violations of laws

The Central Bank may apply sanctions against the banks, if:

- a) the statutory fund or other parts of the total capital have been replenished with the breach of laws and other legal acts;
- b) the requirements of this Law, other laws regulating banking activity and other legal acts adopted based on them are violated;

- c) the charter of the bank's branch is changed and are supplemented with the violations of the laws and other legal acts;
- d) the main economic normatives of the bank's performance are violated, or in the opinion of the Central Bank, the bank has undertaken such actions (activity), which may risk the interests of the depositors or the creditors of the bank;
- e) the regulations on the maintenance of accounting are violated, as well as the procedure and the conditions for the presentation and publication of the financial statements, and (or) those documents reflect false or unreliable information;
- f) the bank failed to fulfill the directive issued by the Central Bank in the manner, set by this Law;
- g) the CAMELS rating of the bank is below the scale, defined by the Central Bank for the banks' rating;
- h) the bank has failed to pay-in the guarantee fees to the deposit insurance fund under the laws and other legal acts.

Article 61. Penalties for violations of laws

1. In the cases, specified in Article 60 of this Law the CBA may apply the following sanctions towards banks:

- a) warning and directive on elimination of violations;
- b) fine;
- c) deprivation of the bank manager's qualification certificate;
- d) recognition of the license as ineffective."

2. The application of sanctions specified in this Article shall not release the banks and the bank managers from the liability set by the laws, other legal acts and contracts.

3. For each violation of legislation the Central Bank may simultaneously issue a warning to the bank and (or) the bank management (except for the board members) along with the directive on eliminating the violations, and (or) a fine to the bank or the bank manager, and (or) deprivation of the qualification certificate of the bank managers.

Article 62. Warning and instruction to correct the violations

1. Warning is issued as a statement on the violation to notify the violating bank on the violation.
2. Warning is also an instruction on correcting and/or termination of certain transactions, operations concluded by the bank, modification of their terms the violation and/or taking measures on preventing such violations in future, within the period set by the Central Bank. The instruction is mandatory for the warned bank.
3. Warning as a punitive measure may be applied if any of the provisions, defined in Article 60 are evident.

Article 63. Fines

1. Fine is imposed upon the appeal of the Central Bank, by the decision of the Court if the bank disagrees on the imposition of the fine or its size. The amount is withdrawn from the correspondent account in favor of the state budget.
2. Fine as a punitive measure may be imposed if any of the provisions defined in Article 60 are evident.
3. The size of the fine imposed for each violation is set by the Central Bank:
 - a) fine imposed for every violation of banking norms, or for the delay in submission of reports to the Central Bank may not exceed 5% of minimum statutory fund, set by the Central Bank. This provision does not apply on the violations of mandatory reserves.
 - b) fine imposed for any other violation of banking legislation may not exceed 1% of minimum statutory fund set by the bank.
4. The size of the fine shall not lead to law performance of the bank.
5. The Central Bank may assign a fine to the bank managers (except for the board members) in the amount not exceeding the 1000-fold size of the minimum salary in cases when the institution exposes itself to unjustified risks, violates the core economic normative of the maximum risk amount related to the per borrower maximum risk amount or the maximum risk amount of the bank affiliate at the moment of issue, files the statements with delay or reflects unreliable information in the statements, hinders the examinations of the Central Bank or fails to perform the directives by the Central Bank in the manner, set in this Law. The fine shall be charged by the court decision, upon the claim of the CBA, when the bank manager objects to the fine or its size. The fines, imposed on the said persons shall be charged from their personal resources to the state budget.

Article 64. Deprivation of the Bank Managers' of the Qualification Certificate

1. The bank managers shall be deprived of the qualification certificate upon the decision of CBA in case:

- a) they have intentionally violated the laws and other legal acts;
- b) have conducted unjustified and dangerous activity during his/her office term, have hindered the Central Bank, the activities of its employees in the execution of supervision;
- c) have carried out such activities, as a result of which the bank has undergone or may undergo significant financial or other losses;
- d) bank managers have undertaken actions evolving from his/her personal interests which are in conflict with the interests of the bank or its customers;
- e) bank managers have discharged his/her responsibilities in a dishonest and negligent manner, including the trusteeship obligations assumed towards the bank and bank's customers;
- f) bank managers do not meet the qualification requirements, set by the CBA;
- g) they have not performed the directive of the Central Bank or have failed to follow the warning of the Central Bank.

2. Since the moment the decision of the Central Bank on deprivation of the bank manager of the qualification certificate comes into force, the authorities of the given person, issued to the latter under the legislation of the Republic of Armenia, the Bank Charter and other internal documents shall be terminated.

Article 65. Withdrawal of license

1. License shall be withdrawn if:

- a) provisions of this law, other banking laws and by-laws have been violated,
- b) bank did not operate within one year after obtaining license,
- c) bank did not eliminate the violations, as instructed by the Central Bank, within terms set by the Central Bank,
- d) bank seized to function.

2. Banking license is withdrawn upon the CBA decision The Bank's license on banking shall be recognized as ineffective exclusively in the manner defined by this law. In the event there are

other provisions on the recognition of the license as ineffective by other laws the provisions of this law shall supersede.

3. License shall be withdrawn from branches of foreign banks also if the banking license was withdrawn from the foreign bank in the country of its registration, or functioning.

Article 66. Publication of the resolution on license withdrawal and legal consequences

1. The resolution of the Central Bank on withdrawal of license, as in accordance with Article 65, shall be published immediately. The resolution goes in effect from the day of publication, unless other terms are envisaged in the decision.

2. From the moment the resolution on license withdrawal becomes effective, the bank may not perform banking activities, except the activities on covering the liabilities, sale of funds and their final allocation and shall be liquidated in the manner defined by law.

3. Copy of the resolution on withdrawal of license with the explanatory note on the reasons shall be submitted to the bank or branch of a foreign bank within three days. The appeal of the decision of the CBA Board on the recognition of the license of the banking of the bank as ineffective to the court shall not suspend the effectiveness of that decision during the whole process of the court examination.

Article 72. Reasons for liquidation

1. The bank shall be liquidated in these cases:

- a) Recognition of license as invalid;
- b) Recognition of license as having lost its force;
- c) All cases specified in the Law of the Republic of Armenia "On the Bankruptcy of Banks";
- d) Self-liquidation of banks;
- e) Other grounds stipulated by Laws."

2. In the cases defined by sub-Paragraph "c" of Paragraph 1 of this Article banks shall be liquidated in the manner set by the RoA Law "On the Bankruptcy of the Banks."