

**LAW
OF THE REPUBLIC OF ARMENIA
ON BANKS AND BANKING**

**Adopted by the National Assembly
on 30 June 1996**

(...)

Article 8. Affiliated persons

1. Within the meaning of this Law and other laws regulating the activities of banks, as well as the legislation regulating the activities of financial groups, legal persons shall be deemed affiliated if:
 - (a) the respective legal person possesses, with the right to vote, 20 per cent and more of voting stocks (shares, units, hereinafter referred to as “stocks”) of the other person, or by virtue of its shareholding or in accordance with an agreement concluded between the respective persons, is capable of predetermining the decisions of the other person;
 - (b) the participator (shareholder) and/or participators (shareholders) possessing more than 20 per cent of voting stocks of one of them or capable of predetermining its decisions in another way not prohibited by law, or their family members are entitled to directly or indirectly possess (including on the basis of sales and purchase, trust management, joint venture agreements, assignment or other transactions) more than twenty per cent of voting stocks of the other person or are capable of predetermining the decisions of the latter in another way not prohibited by law;
 - (c) one third of a management body of one of them or of other persons exercising such duties, as well as one third of their family members are, at the same time, members of a management body of the other person or other persons exercising such duties;
 - (d) they have been acting in agreement based on common economic interests, or they have been recognized as such by a reasoned opinion of the Central Bank.
2. Within the meaning of this Law and other laws regulating the activities of banks, as well as the legislation regulating the activities of financial groups, natural persons shall be deemed affiliated if they have been recognized as such by a reasoned opinion of the Central Bank or they are members of the same family, or run a common household or carry out joint business activity, or if they have been acting in agreement based on common economic interests.
3. Within the meaning of this Law and other laws regulating the activities of banks,

as well as the legislation regulating the activities of financial groups, natural and legal persons shall be deemed affiliated if they have been acting in agreement based on common economic interests, or they have been recognized as such by a reasoned opinion of the Central Bank, or if the respective natural person or a member of his or her family is:

- (a) a participator that disposes of more than 20 per cent of stocks of the respective legal person;
 - (b) a person capable of predetermining the decisions of the legal person in another way not prohibited by law;
 - (c) the chairperson of the board, the deputy chairperson of the board, a member of the board, the chief executive officer, the deputy thereof, the chairperson of the management board, a member of the management board, the chief accountant, the deputy thereof, the head, a member of the internal audit unit or the chairperson of the audit committee, a member of the audit committee or a member of such other bodies of the respective legal person;
 - (d) an employee of the legal person or its territorial subdivision or an employee of a structural subdivision (including directorate, department, division) that is, in accordance with the charter or other internal legal acts of the legal person or in an opinion of the Board of the Central Bank justified by the criteria defined by the Board of the Central Bank, in any way involved in the main activities of the legal person, or works under the direct supervision of the chief executive officer, or has a significant influence on the decision-making process of management bodies of the legal person.
4. Within the meaning of this Law and other laws regulating banking activity, as well as the legislation regulating the activities of financial groups, members of the same family are the spouse, as well as the following persons cohabitating or running a common household such as: parents, grandmother, grandfather, grandchild having attained the age of 18, child having attained the age of 18 and the spouse thereof, sister, brother having attained the age of 18 and the spouses thereof, and children thereof having attained the age of 18, spouse's parents, spouse's child having attained the age of 18.

Persons shall be deemed running a common household where worsening of financial situation for one of them results in or may result in worsening of financial situation for the other, or where the income or other financial means of one of them are used or may be used for financing common expenditures or expenditures of the other.

The Central Bank may define standards of running a common household.

(Article 8 edited by HO-253 of 23 October 2001, supplemented, edited by HO-227-N of 15 November 2005, supplemented by HO-134-N of 12 November 2015, edited by HO-188-N of 25 October 2017)