

## THE REPUBLIC OF ARMENIA

## LAW

## ON CURRENCY REGULATION AND CURRENCY CONTROL

*Adopted November 24, 2004*

## CHAPTER 1

**GENERAL PROVISIONS****Article 1. Scope of the Law**

This Law establishes terms and conditions of currency operations, cases and terms and conditions of ownership, management and use of currency values and regulates other relations pertaining to currency regulation and currency control in the Republic of Armenia.

**Article 2. Legal regulation of currency operations and persons performing currency operations**

Currency operations, activities of persons, performing currency operations, and other relations pertaining to currency regulation and currency control in the Republic of Armenia are regulated by this Law, the Civil Code of the Republic of Armenia, the Law of the Republic of Armenia on ‘The Central Bank of the Republic of Armenia’, other Armenian laws, international agreements of the Republic of Armenia and other legal acts stipulated by the law.

**Article 3. Main Concepts**

Within the meaning of this law and other legal acts adopted on its basis:

1. Types of property as currency value include:
  - a) currency of the Republic of Armenia means dram of the Republic of Armenia,
  - b) payment securities denominated in currency of the Republic of Armenia,
  - c) foreign currency (foreign exchange),
  - d) payment securities denominated in foreign currency,
  - e) banking gold,
  - f) rights and obligations arising from currency values specified in this part, in monetary terms.
2. The currency of the Republic of Armenia is:
  - a) legal tender, such as notes and coins (including souvenir coins) in circulation or out of circulation, but subject to exchange, issued by the Central Bank of Armenia (hereinafter – the Central Bank),
  - b) resources denominated in Armenian dram, which are available in accounts and deposits of the Republic of Armenia banks and their branches abroad,
  - c) resources denominated in Armenian dram, which are available in accounts and deposits of foreign banks and other financial and credit organizations, pursuant to agreements signed

by the Government and the Central Bank of the Republic of Armenia with the respective foreign counterparts on using the Armenian currency as legal tender.

**d) (Repealed AL-39-N, 16.01.07)**

3. Foreign currency (foreign exchange) means:
  - a) legal tender, such as notes and coins (including souvenir coins) in circulation or out of circulation, but subject to exchange, in one or several foreign countries,
  - b) resources denominated in foreign currency and/or international monetary units, which are available in accounts and deposits of the Republic of Armenia banks.
4. Banking gold includes gold bullions produced in refineries, which are member of the London bullion market association, granted with individual certificate and carrying brand of the refinery, its weight, assay and serial number. Bank gold bullions shall weight 350-450 ounces (10886-13996 gr.), have not less than 99.50 assay and carry date of manufacture.
5. Residents are:
  - a) individuals (except for private entrepreneurs) that have spent in Armenia 183 and more days in a 12-month period beginning or ending from January 1 to December 31, or whose center of key interests is the Republic of Armenia, and employees of the Republic of Armenia state and local governmental agencies temporarily working in foreign countries,
  - b) organizations incorporated (registered, accounted) in the Republic of Armenia and private entrepreneurs, registered in the Republic of Armenia,
  - c) Armenian embassies, consulates and military forces in foreign countries,
  - d) Armenian resident representative offices in international organizations,
  - e) foreign branches and representative offices of residents defined in clause "b", hereof,
  - f) managers, other employees and family members of residents defined in clauses "c" and "d", which have Armenian citizenship,
6. Non-residents are:
  - a) non-resident individuals, including foreign civil servants temporarily working in Armenia,
  - b) organizations created abroad, their branches and representative offices,
  - c) foreign embassies, consulates, military forces and international organizations in Armenia and their managers, other employees and family members, which do not have Armenian citizenship,
  - d) Armenian branches and representative offices of non-residents defined in clause "b",
  - e) other non-resident persons not defined in clauses "a"- "d".
7. Center of key interests is the place where family or economic interests of a person are concentrated. Family or economic interest is the place of house (apartment), country of residence, basic business (professional) activity of a person or his family, or the place where his or his family's main property is located.
8. Currency operations are operations related to:
  - a) transfer of currency or other property rights and use of foreign exchange payment documents as payment means,
  - b) use as payment means of foreign exchange and Armenian currency in foreign economic operations,
  - c) transportation, import and delivery of currency values to Armenia from abroad, their transportation, export and delivery from Armenia.
9. Current currency operations are operations and payments between residents and non-residents irrespective of their amount (unless otherwise provided in clause "c", hereof) as follows:
  - a) sale of goods (property), payments on execution of work, use of property, rendering of services, as well as extension of short-term loans and borrowings,
  - b) interest on loans and borrowings, dividends and other payments on other investments,
  - c) minor amounts used for repayment of loans, borrowings and direct investments,

d) incoming and outgoing non-commercial transfers (remittances), such as salary, pension, inheritance, financial aid, and charity transfers.

10. Maturity of short-term loans and size of minor amounts is determined by the Central Bank normative acts, agreed with the Government.

11. Capital flow and financial currency operations are operations concluded between residents and non-residents, which are not considered as current currency operations.

12. Residency or non-residency of individuals is determined pursuant to clauses 5 and 6 hereof, based on documents or justifications of non-residency provided by an individual. Where an individual fails to provide documents or justifications of non-residence, he is deemed as a resident.

13. Specialized entities are banks, branches of foreign banks operating in Armenia, credit organizations, payment and settlement organizations, and foreign currency dealers/brokers licensed by the Central Bank, foreign currency exchange offices, and persons arranging foreign currency auctions.

14. Price quotation is the announcement, fixing, establishment, or otherwise notification about the price or remuneration for any goods (property), services, use of property, execution of works, salary or payments equivalent to salary.

15. Consumer borrowing or consumer loan is the borrowing or loan specified in the Law of the Republic of Armenia "On Credit Organizations".

16. Trade center is a complex of trade objects, which is owned and managed by the organizer of trade business as a single unit.

17. Organizer of trade is a legal person organizing works of a trade center, having powers or duties of a trade organizer, set forth in the Law of the Republic of Armenia on "Trade and Services".

***(Article 3 amended AL-39-N, 25.12.06)***

## CHAPTER 2

### ***PERFORMANCE OF CURRENT CURRENCY, CAPITAL FLOW AND FINANCIAL CURRENCY OPERATIONS***

#### **Article 4. Performance of current currency, capital flow and financial currency operations**

1. No restriction shall be applied to current currency operations.

2. The Central Bank is entitled to define terms and conditions for implementation of capital flow and financial currency operations with the view to ensuring stability of the financial system, combating legalization of proceeds from crime and financing terrorism, preventing economic risks and for statistical purposes.

3. Residents may carry out currency operations outside Armenia without limitations, in accordance with legislation of foreign countries.

4. Investment operations carried out by non-residents in Armenia are regulated by Armenian legislation and international agreements.

***(Article 4 amended AL-39-N, 25.12.06)***

#### **Article 5. Transportation, delivery, import and export of currency values**

1. Residents and non-residents may unrestrictedly and without declaration transport, deliver, import currency values to Armenia and transport, deliver and export currency values from Armenia, unless otherwise provided in clause 2 of this Article.

2. The Central Bank is entitled to define terms and conditions of transportation, delivery, import, export and declaration of currency values, with the view to ensuring stability of the financial system, combating legalization of proceeds from crime and financing terrorism, preventing economic risks and for statistical purposes.

## CHAPTER 3

### *OPERATIONS WITH CURRENCY VALUES*

#### **Article 6. Operations with the Republic of Armenian Currency in the Republic of Armenia**

1. Prices for sale of goods (property), provision of services, payment of salaries and payments equivalent to salary, assessment of property and execution of works and use of property within the Republic of Armenia shall be quoted in dram of the Republic of Armenia.

2. Payments between residents of the Republic of Armenia against sale of goods (property), rendering of services, execution of works use of property, including interest payments on financial operations, compensation for execution or transfer of rights or privilege and insurance contributions and indemnifications shall be accepted and made in drams of the Republic of Armenia, unless otherwise provided by this Law.

3. Contributions to statutory funds and share capital of legal entities shall be made in drams of the Republic of Armenia.

4. Monetary winnings (prizes) may be advertised and paid only in drams of the Republic of Armenia.

5. Price on services rendered to the aviation companies arranging incoming and outgoing flights (scheduled, non-scheduled, and chartered) to the Republic of Armenia, and transit flights over the air space of the Republic of Armenia may be quoted in foreign currency for:

- a) services on airplane escort, departure, landing, lighting, terminal control, installation and operation of ladders, telescopic bridges, provision of ground handling facilities (including aerotow services),
- b) provision of ground services and check-in of passengers, luggage, freight and airmail,
- c) aviation safety and airplane maintenance services,
- d) supply of fuel and liquids,
- e) wheel truck services,
- f) air navigation service to international transit airplanes passing through airspace of the Republic of Armenia, and to airplanes, flying into airports of the Republic of Armenia,
- g) air navigation service for take-off and landing within a radius of 20 km from the airports of the Republic of Armenia.

Non-resident aviation companies may pay in foreign currency for the services indicated above.

6. Tariffs in computer data base of aviation companies on incoming, outgoing and transit transportation of passengers, freight and mail, may be quoted in foreign currency.

7. Prices in contracts signed between resident legal person or private entrepreneur and non-resident legal person or private entrepreneur, providing for payment through banking transfer may be quoted in foreign currency.

8. Transaction quotations or payments performed in the free market zone created in the territory of the Republic of Armenia, as well as the transaction quotations or noncash payments performed between the free market zone operators and the legal entities (individual entrepreneurs) which are the resident of the RA, regardless of their amount, can also be performed in free convertible currency.

**(Article 6 AL-253-N, 08.12.05; AL-111-N, 01.06.06, AL-39-N, 25.12.06; AL- 258-N, 13.11.07,AL-198-N,25.05.2011)**

### **Article 7. Foreign Currency Operations Carried Out in the Republic of Armenia**

1. In the Republic of Armenia, residents and non-residents may trade in foreign currency without limitation, by paying immediately or in installments, with a right to repurchase or convert to other currency or obligation for a certain price in a certain period of time or on any other terms.

2. Foreign currency trade operations, including operations carried out in the Republic of Armenia as defined in part 1 of this article, shall be executed by specialized entities. Specialized entities shall determine the exchange rate and value of foreign currency trade operations.

3. Except for Armenian embassies and consulates in foreign countries, cash and non-cash payments on current currency, capital flow and financial currency operations in the Republic of Armenia shall be made in the Republic of Armenia currency, unless otherwise provided in parts 4, 5, 7 and 8 of this Article.

4. Non-cash payments on current currency, capital flow and financial currency operations may be made in foreign currency between:

- a) legal entities,
- b) private entrepreneurs,
- c) entities as defined in clauses “a” and “b”, hereof.

5. Except for salary payments, non-commercial operations, defined in article 9.9, clause “d” of this Law, can be made in foreign currency, either in cash or through bank transfer.

5<sup>1</sup>. Except for consumer borrowings, which are provided solely in drams of the Republic of Armenia, other borrowings may be provided in foreign currency.

5<sup>2</sup>. Payments on sale of goods (property) in duty-free shops may be made in foreign currency.

6. Charity, donation and inheritance operations between residents may be made in foreign currency.

7. In cases and according to procedure, coordinated between the Central Bank and the Government, payments and price quotations by international organizations against provision of works and services may be made in foreign currency.

8. Banks, credit organizations, payment and settlement organizations are entitled by virtue of this law to carry out financial operations, including attraction of deposits and provision of loans, in foreign currency, unless otherwise provided by this law and other laws.

8<sup>1</sup>. Banks and credit organizations shall provide consumer borrowings and loans exclusively in drams of the Republic of Armenia.

9. Specialized entities must provide their customers with an invoice, verifying foreign currency purchase and sale operations (receipt), in accordance with the procedure, terms and conditions set by the Central Bank.

**(Article 7 amended AL-39-N, 25.12.06; AL-258-N, 13.11.07)**

### **Article 7<sup>1</sup>. Foreign currency dealers/brokers, foreign currency exchange points, foreign currency auctioneers, and their activity**

1. Currency dealer/broker is a legal person, which has the right to carry out currency dealer and broker operations pursuant to license provided by the Central Bank.

Currency dealer and broker activity is a non-cash trade of foreign currency based on order, commission or agency agreement signed in accordance with law, undertaking a commitment or power to pay immediately or in installments, repurchase after certain period at certain price, exchange to another currency, and/or make an offer to carry out such operations. Currency dealer/broker may also carry out such operations on his own behalf and account.

Words “Person carrying out currency dealer/broker operations”, “Currency dealer/broker”, or other words indicating currency dealer and broker activities and persons carrying out such activity, their translation and derivatives, and purchase and sell exchange rate plates, can be used only by persons having license to carry out currency dealer/broker operations, their branches and representative offices.

Persons without license to carry out dealer/broker operations are prohibited to use words “Person carrying out currency dealer/broker operations”, “Currency dealer/broker”, or other words indicating currency dealer and broker activities and persons carrying out such activity, their translation and derivatives, and purchase and sell exchange rate plates.

2. Person buying and selling currency (currency exchange point) is a legal person or private entrepreneur, which pursuant to license provided by the Central Bank is entitled to carry out currency trade cash operations in drams of the Republic of Armenia and only with individuals.

License to carry out currency purchase and sale in a store can be granted only to person, trading in that store, in shopping center - the organizer of trade and in hotel - the legal person, which provides hotel service.

The expressions “Foreign currency purchasing and selling party”, “Exchange office”, other words, that stand for parties carrying out foreign currency purchase and sale, phrases “Currency buy/sell”, “Currency exchange”, or other words indicating currency trade and currency exchange activities, their translation and derivatives, and purchase and sell exchange rate plates.

*(Article 7 added AL-39-N, 25.12.06)*

#### **Article 8. Publication of Armenian Dram/Foreign Exchange Average Market Exchange Rate**

The Central Bank shall publish the Armenian dram/foreign exchange average market exchange rate.

*(Article 8 amended AL-152-N, 09.04.07)*

### **CHAPTER 4**

#### **CURRENCY CONTROL**

#### **Article 9. Currency Supervision and Control**

1. Currency supervision institutions shall implement supervision of currency in the Republic of Armenia, and currency control agents shall implement the currency control.

Currency supervision institutions in the Republic of Armenia are the institutions defined in parts 3, 4 and 5 of this Article.

Currency control agents are the banks operating in the Republic of Armenia, credit organizations, and money transfer organizations. Currency control agents are accountable to the Central Bank in a manner set by the Central Bank.

2. Currency supervision institutions and currency control agents shall supervise and control currency operations carried out by residents and non-residents, compliance of these operations with provisions of the Republic of Armenia laws and other legal acts, and observance of the licensing terms and conditions. The Board of the Central Bank shall set terms and conditions of currency control performed by currency control agents.

3. The Central Bank shall supervise compliance of the activities of licensed entities with provisions of this law and other regulations adopted on its basis and observance of licensing terms by performing on-site and off-site inspections in a manner set by the Republic of Armenia law on "The Central Bank of the Republic of Armenia".

4. Public authority in charge of financial management shall supervise compliance of entities licensed by the public authority in charge of financial management with provisions of this law and other regulations adopted on its basis.

5. Supervision over compliance of entities not specified in parts 3 and 4 of this Article with provisions of this law and other regulations adopted on its basis shall be performed by a government authorized institution in a manner set by the law of the Republic of Armenia on "Organization and Performance of Inspections in the Republic of Armenia".

6. The Central Bank shall set the single model forms of operations registration, respective statements, records and statistics, the terms and conditions of their preparation and reporting.

**(Article 9 amended AL-253-N, 08.12.05; AL-39-N, 25.12.06)**

## CHAPTER 5

### **LIABILITY FOR VIOLATION OF LAWS REGULATING CURRENCY RELATIONS AND OTHER RESPECTIVE LEGAL ACTS**

#### **Article 10. Liability**

1. Where person licensed by the Central Bank violates provisions of laws regulating currency relations and other respective legal acts for the first time, the Central Bank shall issue a warning with an instruction to eliminate the violation and prevent its future recurring.

2. Where after being brought to responsibility, person licensed by the Central Bank violates provisions of laws regulating currency relations and other respective legal acts for the second time in a year, the Central Bank shall suspend it license for up to one year, or impose fine equal to two thousand times minimal salary.

3 Where after being brought to responsibility, person licensed by the Central Bank violates provisions of laws regulating currency relations and other respective legal acts for the third and more times in a year, the Central Bank shall revoke the license, or impose fine equal to four thousand times minimal salary

4. Public authority in charge of financial management shall impose sanctions stipulated by parts 1, 2 and 3 of this article, over persons licensed by public authority in charge of financial management.

5. Where persons violating provisions of laws regulating currency relations and other respective legal acts are residents not specified in parts 1 and 4 of this article or non-residents, the institution

authorized by the government shall impose sanctions stipulated by the Republic of Armenia Code of Administrative Infringements.

6. Where persons trading in foreign exchange (currency dealers and currency exchange points), and persons organizing foreign exchange auctions fail to provide their customers with a document verifying foreign currency trade operations (invoice), the Central Bank shall impose a fine equal to four thousand times minimal salary or revoke the license.

Where banks and credit organizations fail to provide their customers with a document verifying foreign currency trade operations (invoice), they shall be brought to responsibility in a manner established by the Republic of Armenia laws on “The Central Bank of the Republic of Armenia”, “Banks and Banking” and on “Credit Organizations”.

**7. (Part 7 repealed AL-56-N, 18.03.09)**

7<sup>1</sup>. In cases specified in points 1, 2, 3 and 6 herein, The Central Bank is entitled to in addition to each applied sanction revoke qualification certificate of the manager of the licensed person or its employee.

8. The Central Bank shall apply sanctions set by this Article as defined in the law of the Republic of Armenia on “The Central Bank of the Republic of Armenia”.

9. Where during one year after the application of sanctions stipulated by this Article a person does not violate provisions of laws regulating currency relations and other respective legal, it is recognized as person not being imposed to sanctions.

Within the meaning of this law and other regulations adopted on its basis, the time of imposing a sanction is the time when the entity starts to fulfill provisions of the decision on imposing sanctions.

10. In case of revocation of license of a person trading in foreign exchange (currency dealers and currency exchange points), or a person organizing foreign exchange auctions (for violating provisions of laws regulating currency relations and other respective legal acts), the respective person (including a shareholder with 50% and more percent equity interest in statutory fund or share capital of such legal person at the time of termination of license) shall not have right for trading in foreign exchange (currency dealer and currency exchange point operations), or organize foreign exchange auctions (directly or by establishing a legal person, acquisition of participation in the statutory fund of a legal person, a capacity to predetermine decisions of a legal person without such participation, or performing as an employee of foreign currency dealers/brokers, foreign currency buyers/sellers and foreign currency auction organizers) for a period of three years after termination of the license, or revoking qualification certificate of the manager of the licensed person or its employee by the Central Bank.

**(Article 10 amended AL-253-N, 08.12.05; AL-39-N, 25.12.06; AL-56-N, 18.03.09)**

## CHAPTER 6

### TRANSITIONAL PROVISIONS

#### Article 11. Transitional Provisions

1. Upon entry of this Law into force, the Law of the Republic of Armenia on “Currency Regulation and Currency Control” adopted on September 2, 1993, shall be repealed.

2. This Law shall enter into force after six months upon promulgation.

***President of the Republic of Armenia,***



**ROBERT KOCHARYAN**  
*December 21, 2004, Yerevan*  
*AL-135-N*