

OFFICIAL TRANSLATION

HO-150-N/24.11.2004/EN/I-09.06.2022/19.10.2023

"TRANSLATION CENTRE OF THE MINISTRY OF JUSTICE
OF THE REPUBLIC OF ARMENIA"
STATE NON-COMMERCIAL ORGANISATION

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19 OCTOBER 2023



LAW

OF THE REPUBLIC OF ARMENIA

Adopted on 24 November 2004

**ON PAYMENT AND SETTLEMENT SYSTEMS AND PAYMENT
AND SETTLEMENT ORGANISATIONS**

The aim of this Law is to regulate and develop payment and settlement systems in the Republic of Armenia, ensure stability of financial and banking system of the Republic of Armenia, as well as regulate the activities of payment and settlement organisations.

CHAPTER 1

GENERAL PROVISIONS

Article 1. Subject matter of the Law

This Law shall regulate the activities, as well as licensing of payment and settlement systems and payment and settlement organisations in the Republic of Armenia, the procedure and terms for exercising control over those activities, define violations of laws and other legal acts by payment and settlement organisations and payment and settlement systems, sanctions imposed on payment and settlement systems and organisations, as well as settlement finality rules.

This Law shall not apply to payment and settlement systems, conducting settlements arising from security transactions concluded on the stock exchange, as well as derivative financial instruments concluded on the stock exchange (including settlement and offsetting mutual liabilities (claims) arisen from transactions concluded on the stock exchange).

(Article 1 amended by HO-180-N of 4 October 2005, supplemented by HO-201-N of 27 October 2016)

Article 2. Legal regulation of the activities of payment and settlement system and payment and settlement organisations

1. The operation of payment and settlement system and payment and settlement organisations is regulated by the Civil Code of the Republic of Armenia, this Law, the Law of the Republic of Armenia “On the Central Bank of the Republic of Armenia”, other laws of the Republic of Armenia, international treaties of the Republic of Armenia, and in cases and on terms provided for by law — by

regulatory legal acts and other legal acts of the Central Bank of the Republic of Armenia (hereinafter referred to as “the Central Bank”).

2. The insolvency and bankruptcy procedure of payment and settlement organisations is regulated by the Law of the Republic of Armenia “On Insolvency (Bankruptcy)”, except for cases provided for by this Law.
3. Grounds and procedures for re-organisation, liquidation of payment and settlement organisations are regulated by this Law, the Civil Code of the Republic of Armenia and laws and other legal acts regulating the activities of payment and settlement organisation of a given organizational and legal type.

Article 3. Main concepts used in the Law

Within the meaning of this Law and other legal acts adopted on the basis thereof:

- (a) **“payment and settlement system”** shall mean a totality (commonality) of payment instruments, common rules, procedures and supporting technical and software facilities on clearing, transfer of funds and final settlement, through which a payment to a beneficiary is ensured.

Rules on operation of payment and settlement system shall be a part of rules of procedure of the operation of payment and settlement system, which is subject to approval by an authorised management body of an operator of payment and settlement system;

- (b) **“payment and settlement organisations”** shall be persons, mentioned in point 2 of Article 19 of this Law;
- (c) **“payment and settlement document”** shall be any electronic or paper document, drawn up and certified (verified) as prescribed by the laws of the Republic of Armenia, by regulatory legal acts of the Central Bank and pursuant

to them by banking rules, which contains an instruction to a payment and settlement system participant on crediting, debiting or transferring funds;

- (d) **“payment and settlement system operator”** shall be the participant of payment and settlement system, which is responsible for the operation development of payment and settlement system and defines rules of the system;
- (e) **“payment instrument”** shall be a message, document or consent provided in paper, electronic, audio (or other) format, which regardless of the form and manner of use, application or execution enables its holder and (or) user to make payments;
- (f) **“clearing”** shall be a process including full or partial collection, sorting and exchange of payment and settlement documents as well as calculation of positions of a payment and settlement system participants for final settlement;
- (g) **“final settlement”** shall be an action, which results in discharge of monetary obligations arisen in respect of transfer of funds between two or more participants of a payment and settlement system;
- (h) **“netting”** shall be offsetting of monetary claims or obligations arising from payment and settlement documents filed by two or more participants of a payment and settlement system to each other;
- (i) **“resident and non-resident”** shall be the concepts, defined by the Law of the Republic of Armenia “On currency regulation and currency control”;
- (j) **“processing”** shall be collection, keeping of payment and settlement documents, development, transfer of information contained therein, in some cases also identification of participating parties, verification of validity of payment and settlement documents (payment instrument), approval of transfer of funds;
- (k) **“payment card”** shall be a payment instrument in the form of debit, credit, electronic purse or in any other type of card, accepted in international practice,

which is used for receiving cash or making non-cash payments, as well as for carrying out other operations, established by an issuer of a payment card;

- (l) “**moment of irrevocability**” shall be a moment upon which a payment and settlement document entered into a payment and settlement system may not be revoked or changed according to rules on operation of payment and settlement system;
- (m) “**transfer of funds**” shall be a shift (transfer) of ownership rights to cash or non-cash assets — with respect to execution of payment — from one participant of a payment and settlement system to another;
- (n) “**payment**” shall be a discharge of monetary obligations through provision of a payment and settlement document, containing instruction on transfer of funds or payment of monetary obligations or funds;
- (o) “**servicing of payment instrument**” shall be an insurance of implementation of services or a part thereof established by an issuer of a payment instrument or a third person, which are authorised as such by an issuer or in accordance with rules on payment and settlement system;
- (p) “**moment of interruption of payment and settlement activities**” shall be the moment of deprivation a participant of a payment and settlement system (revocation of a licence of a person providing payment and settlement services, suspension of that licence, suspension of its activities within payment and settlement system and any other decision, as a result of which a participant of a payment and settlement system may not provide payment and settlement services) of the right of providing payment and settlement services under the laws of the Republic of Armenia and (or) by the decision of a competent body. Within the meaning of this Law for those payment and settlement organisations which apart from providing payment and settlement services carry out other activities, a moment of interruption of payment and settlement activities shall also

be the moment, when a given organisation is liquidated or is declared bankrupt or insolvent as prescribed by laws and other legal acts, or a competent body takes such a decision so that a given organisation does not or may not continue its regular activity;

- (q) “**interim manager**” shall be an interim administration, liquidation or bankruptcy manager, liquidation committee or any other person exercising such powers, appointed as prescribed by laws of the Republic of Armenia and other legal acts in case of occurrence of the moment of interruption of payment and settlement activities of a payment and settlement participant;
- (r) “**intra-bank payment and settlement system**” shall be a payment and settlement system, where only the head office and branches of a given bank or a person providing payment and settlement services are engaged;
- (s) “**Armenian payment and settlement system**” shall be a payment and settlement system ensuring payments in the territory of the Republic of Armenia or a payment and settlement system ensuring payments outside the territory of the Republic of Armenia, the operator of which is a resident of the Republic of Armenia;
- (t) “**foreign payment and settlement system**” shall be a foreign or international payment and settlement system, ensuring payments outside the territory of the Republic of Armenia, the operator of which is not a resident of the Republic of Armenia;
- (u) “**electronic money**” shall be a monetary value representing monetary claims towards the issuer, which:
 - is stored in an electronic device;
 - is issued on receipt of funds, the value of which may not be less than the value of issued electronic money;

- is accepted as a means of payment by persons other than the issuer;
- (v) “beneficiary” shall be the final addressee to receive the payment.

(Article 3 amended, supplemented by HO-131-N of 14 April 2011, amended by HO-109-N of 28 June 2019)

CHAPTER 2

PAYMENT AND SETTLEMENT SYSTEMS

Article 4. Participants of a payment and settlement system

1. Participants of the Armenian payment and settlement system may be the Central Bank, banks and branches of foreign banks (hereinafter referred to as “bank”) operating in the territory of the Republic of Armenia, payment and settlement organisations, other persons entitled to provide payment and settlement services under the legislation or international treaties of the Republic of Armenia, as well as those non-resident organisations of the Republic of Armenia, which are entitled to carry out payment and settlement and (or) other similar services in their countries.
2. Persons not mentioned in this Article are prohibited to create Armenian payment and settlement systems or be participant thereof.

Article 5. Permit of the Central Bank on establishment and operation of the Armenian payment and settlement system, as well as participation in foreign payment and settlement systems, suspension or revocation of the permit

(title supplemented by HO-131-N of 14 April 2011)

1. Armenian payment and settlement systems shall be established and operate upon the permit of the Board of the Central Bank, which is issued as prescribed by this Law and regulatory legal acts of the Central Bank. For the establishment of an intra-bank payment and settlement system the permit of the Central Bank is not required.

The requirement to obtain the permit prescribed by this part shall not apply to those payment and settlement systems, where the Central Bank acts as an operator of the system.

2. Banks and other organisations, which in accordance with a licence issued by an authorised body are competent to provide payment and settlement services, may participate in foreign payment and settlement systems (hereinafter referred to as “participants of foreign payment and settlement system”) upon the permit of the Board of the Central Bank, which is issued as prescribed by this Law and other regulatory legal acts of the Central Bank, except for the payment and settlement service prescribed by point “c” of part 1 of Article 17 of this Law, in case of which co-operation with foreign payment and settlement systems is carried out through the Armenian payment and settlement system as prescribed by the Central Bank.
3. The Board of the Central Bank may set the following criteria under which the permit prescribed by parts 1 and 2 of this Article shall be issued as prescribed by part 4 of Article 7 or part 5 of Article 8 of this Law:
 - (a) number of participants of a payment and settlement system;

- (b) volume of a separate payment made through the system;
 - (c) volumes of total payments;
 - (d) ratio of participants' capital and volume of the payments;
 - (e) list of payment and settlement systems (taking as a basis the means and (or) measures targeted at reduction of system specific risks).
4. The Central Bank may change the criteria it has set. The decisions of the Central Bank on tightening the criteria shall enter into force six months after adoption thereof, unless a later time-limit is prescribed by the Board of the Central Bank.
5. The Board of the Central Bank may suspend or revoke its permit on establishment and operation of the Armenian payment and settlement system, as well as on participation in foreign payment and settlement systems, in case the operator and (or) participants of the Armenian payment and settlement system, a participant of foreign payment and settlement system:
- (a) has violated the requirements of this Law, regulatory legal acts of the Central Bank;
 - (b) in cases prescribed by part 4 of Article 8 of this Law.

During the entire suspension period the operator and other participants of the Armenian payment and settlement system, a participant of foreign payment and settlement system may not provide any payment and settlement service through given payment and settlement system, except for certain payment and settlement services mentioned in the suspension decision of the Board of the Central Bank.

6. In case of non-compliance with the set criteria as a result of change of the criteria prescribed by part 3 of this Article or change of the operation of payment and settlement system the operator of the Armenian payment and settlement system, and its participant — in case of participation in a foreign payment and settlement system — shall — within a week upon entry into force of

relevant changes — be obliged to apply to the Central Bank for obtaining a new permit as prescribed by this Law.

7. The Board of the Central Bank may set technical, security, software requirements for payment and settlement systems, as well as requirements to the content of rules on operation of the system.
8. The Central Bank shall maintain a register for permits it has issued. The form, rules of maintenance of a register, as well as information included therein, the list of public information shall be established by the Board of the Central Bank.

(Article 5 supplemented by HO-131-N of 14 April 2011, HO-109-N of 28 June 2019)

Article 6. Requirements for a payment and settlement system

1. For the purpose to obtain the permit of the Central Bank mentioned in part 1 of Article 5 of this Law the payment and settlement system shall meet the following requirements:
 - (a) have an operator of payment and settlement system, the head of the executive body of which shall meet the qualification requirements prescribed by regulatory legal acts of the Central Bank;
 - (b) existence of a contract signed between participants of a payment and settlement system on operation under provisions established by point “b” of part 1 of Article 7 of this Law;
 - (c) meet technical, security, software, participation requirements as well as requirements to the rules on operation of the system imposed on payment and settlement systems as prescribed by regulatory legal acts of the Central Bank.

Article 7. Issuance of a permit on establishment and operation of the Armenian payment and settlement system

1. For the purpose to obtain a permit on establishment of the Armenian payment and settlement system the operator of payment and settlement system shall submit to the Central Bank the following documents:
 - (a) a letter of request to obtain a permit on establishment of a payment and settlement system, decision of a competent management body of each participant of payment and settlement system on a membership in the system;
 - (b) a copy of a contract (contracts) on operation signed between participants of payment and settlement system, where the operator of a system shall be prescribed, as well as competence, duties and responsibilities of participants of a system, as well as other provisions at the discretion of participants of payment and settlement system shall be mentioned;
 - (c) a statement of information in the form established by the Board of the Central Bank, which shall contain information on participants of the system, on distribution of obligations among participants, on arrangement, management, operation of the system;
 - (d) a rule of procedure on operation of payment and settlement system approved by a competent management body of the operator of a payment and settlement system, whereas in case of another prescribed form of approval of rule of procedure under contract on operation prescribed by this Law — a rule of procedure approved in the form prescribed by that procedure. The rule of procedure shall cover rules on operation of the system, specified functions and procedures, management and organisation procedure and conditions, in case of having a supervisory board — procedure and conditions of formation, operation of the system. Provisions

of the rule of procedure prescribed by this point shall be binding for all participants of the system;

- (e) economic action plan of the system in the form prescribed by the Board of the Central Bank, which shall contain an economic feasibility for establishment of the system, funding sources, estimation of income and expenses planned for upcoming three years, trends for prospective development, assessment of potential risks arising in the sphere of settlements within the system and measures targeted at their prevention;
- (f) statement of information on the executive officers of the operator of a payment and settlement system in the form established by the Board of the Central Bank.

2. The Central Bank shall, within a period of two month upon receipt of all documents prescribed in part 1 of this Article, issue or refuse the issuance of a permit on operation of payment and settlement system.

The period of two month provided for by this part may, for the purpose of clarifying certain facts, be suspended for a period of up to one month by the decision of the Central Bank. In case of a failure to inform the operator of a payment and settlement system of non refusal of application within a two-month period or suspension of a two-month period by the Central Bank the permit shall be deemed to be issued.

3. ***(Part repealed by HO-131-N of 14 April 2011)***

4. For the purpose to obtain the permit prescribed by part 3 of Article 5 of this Law the operator of payment and settlement system shall submit to the Central Bank a statement of information on criteria in the form prescribed by the Board of the Central Bank, a letter of request on establishment of payment and settlement system and documents prescribed by point “c” of part 1 of this Article. In twenty days upon submission of documents to the Central Bank a permit shall be deemed to be issued, unless the Central Bank informs within that period the

operator of payment and settlement system of non-compliance with the criteria prescribed by part 3 of Article 5 of this Law or deficiency of information submitted.

5. The operator of payment and settlement system shall submit to the Central Bank a decision on change of the operator of payment and settlement system or changes in the rule of procedure of the system operation for the purpose of agreeing thereupon.

The Central Bank shall, within a period of two month upon receipt of application, issue the permit provided for by this Article, unless this change contradicts the requirements of this Law, other laws and other legal acts adopted based thereon or this change endangers the stability or security of payment and settlement system. The amendments prescribed by this part shall enter into force upon the consent of the Central Bank.

If the Central Bank does not refuse an application within a period of two month the permission shall be deemed to be issued.

6. The operator of payment and settlement system shall, within a period of five day upon making changes within the composition of participants of payment and settlement system, inform the Central Bank on the changes made.
7. The technical conditions and form of submission of changes prescribed in parts 5 and 6 of this Article to the Central Bank shall be established by the Board of the Central Bank.
8. The permit on establishment of the Armenian payment and settlement system is termless.

(Article 7 edited, amended by HO-131-N of 14 April 2011)

Article 8. Issuance of permit on participation in foreign payment and settlement system

1. For the purpose to obtain a permit on participation in foreign payment and settlement system banks, other organisations, which based on the licence issued by a competent body are entitled to provide payment and settlement services (hereinafter referred to as “applicant”) shall submit to the Central Bank:
 - (a) a letter of request for obtaining a permit in the form prescribed by regulatory legal acts of the Central Bank;
 - (b) economic feasibility of participation;
 - (c) general description of operation of foreign payment and settlement system (goal of operation, geography, participants, applied payment instruments, types of carried out operations of the system);
 - (d) statement of information on rights and obligations of an applicant, which shall at least contain the information prescribed by regulatory legal acts of the Central Bank;
 - (e) contract concluded or a draft contract to be concluded with the operator of foreign payment and settlement system;
 - (f) a statement of information containing assessment of potential risks of participation in the foreign payment and settlement system in the form prescribed by regulatory legal acts of the Central Bank;
 - (g) other documents established by the Central Bank.
- 1.1. A statement of information provided for by point “d” of part 1 of this Article need not contain the information, which is already covered by the contract or draft contract provided for by point “e” of part 1 of this Article or other documents submitted to the Central Bank.

2. The Central Bank shall, within a period of two month upon receipt of all documents prescribed by part 1 of this Article, issue or refuse the issuance of the permit on participation of an applicant in a foreign payment and settlement system.

The period of two month provided for by this part may for the purpose of clarifying certain facts be suspended for a period of up to one month by the decision of the Central Bank. In case of a failure to inform an applicant on non refusal of application within a two-month period or suspension of a two-month period by the Central Bank, the permit shall be deemed to be issued.

3. ***(Part repealed by HO-131-N of 14 April 2011)***

4. In cases of change of a certain type in rules on operation of foreign payment and settlement system a participant of foreign payment and settlement system shall be obliged to inform the Central Bank thereof at least within a three-month period. The list of changes provided for by this part shall be established by the Board of the Central Bank. The Board of the Central Bank may suspend or revoke the permit on participation in foreign payment and settlement system, if as a result of change of rules on operation of system or other documents governing the relations between operator of the system and the Armenian participant or as a result of emergence of other circumstances in accordance with the guidelines approved by the Board of the Central Bank, the stability and (or) liquidity and (or) repayment ability of financial system in the Republic of Armenia may be endangered.

5. For the purpose to obtain a permit on participation in foreign payment and settlement system prescribed by part 3 of Article 5 of this Article an applicant shall submit to the Central Bank a statement of information on criteria in the form established by the Board of the Central Bank, letter of request on participation in payment and settlement system and documents prescribed by points “d”, “e” and “g” of part 1 of this Article. In twenty days upon submission

of documents to the Central Bank a permit shall be deemed to be issued, if the Central Bank does not inform an applicant within that period of non-compliance with criteria prescribed by part 3 of Article 5 of this Law or deficiency of information submitted.

(Article 8 supplemented, amended, edited by HO-131-N 14 April 2011)

Article 8.1. Refusal to issue a permit on establishment and operation of the Armenian payment and settlement system. Refusal to issue a permit on participation in the foreign payment and settlement system

1. The Central Bank shall refuse the issuance of a permit on creation and operation of an Armenian payment and settlement system or issuance of a permit on participation in a foreign payment and settlement system, if:
 - (a) false or unreliable information has been submitted;
 - (b) the documents submitted are deficient, incomplete or contradict the laws and legal acts of the Republic of Armenia;
 - (c) the rule of procedure on operation of the Armenian payment and settlement system does not meet technical, security, software, participation requirements prescribed by regulatory legal acts of the Central Bank or requirements for the rules on operation of the system;
 - (d) in accordance with the guidelines approved by a regulatory legal act of the Central Bank the operation of such a system may endanger the stability and (or) liquidity and (or) repayment ability of financial system in the Republic of Armenia;
 - (e) the establishment of a payment and settlement system or the participation in foreign payment and settlement system shall entail deterioration of financial situation of a bank which is a participant of a system as

substantiated by criteria prescribed by regulatory legal acts of the Central Bank.

(Article 8.1 supplemented by HO-131-N of 14 April 2011)

Article 8.2. Payment and settlement unions

1. Persons providing payment and settlement services may for the purpose of coordinating their activities, representing and protecting interests thereof, exchanging information and jointly resolving other issues as prescribed by law establish non-profit payment and settlement unions and (or) participate therein.
2. Payment and settlement union may not provide payment and settlement services.
3. Payment and settlement union shall within 10 days upon state registration notify the Central Bank thereof mentioning information on its registered office, management bodies and executive officers. In case of a change in the information submitted to the Central Bank the payment and settlement union shall within 10 days inform the Central Bank thereof.

(Article 8.2 supplemented by HO-131-N of 14 April 2011, amended by HO-37-N of 16 December 2016)

CHAPTER 3

IRREVOCABILITY, SAFEKEEPING OF PAYMENT AND SETTLEMENT DOCUMENTS, IRREVOCABILITY OF NETTING, FINAL SETTLEMENT

Article 9. Irrevocability of payment and settlement documents

1. If the payment and settlement document has been entered in a payment and settlement system and is deemed to be irrevocable until the moment of

interruption of payment and settlement activities of a participant of payment and settlement system, the liabilities prescribed by payment and settlement document shall remain in force and be subject to unconditional fulfilment by an interim manager according to the rules on payment and settlement system.

2. If the payment and settlement document has been entered in a payment and settlement system and is deemed to be irrevocable upon the moment of interruption of activities of a payment and settlement participant of a payment and settlement system, though during the occurrence of the moment of interruption of activities of payment and settlement system, obligations under a payment and settlement document shall remain in force and be subject to unconditional fulfilment by a temporary interim manager according to rules on payment and settlement system, if the operator of the system proves that it has not been aware and (or) might not have been aware of the moment of interruption of payment and settlement activities of a participant.
3. The decision of a competent body on the moment of interruption of payment and settlement activities of a participant of payment and settlement system shall not have retroactive effect on those rights or obligations of a participant, which are related to settlements in payment and settlement system and have arisen prior to the moment of interruption of payment and settlement activities.
4. The moment of entry of a payment and settlement document in payment and settlement system, as well as the moment of irrevocability of payment and settlement document shall be prescribed by rules on payment and settlement system agreed upon with the Central Bank, and in case of absence thereof — by regulatory legal acts of the Central Bank.

Article 10. Irrevocability of netting

1. If netting is carried out within the system according to rules on payment and settlement, as a result of netting a participant of payment and settlement system may have only one net liability to make a payment or only one net claim to receive payment towards another participant (participants).
2. If netting is carried out within a payment and settlement system according to rules on payment and settlement system and a payment and settlement document has been entered in a payment and settlement system and is deemed to be irrevocable until the moment of interruption of payment and settlement activity of a participant of payment and settlement system, the netting of these payment and settlement documents may not be declared invalid and re-settled.
3. In the systems which carry out settlements based on netting, the rules of Article 9 of this Law shall apply.

Article 11. Use of financial assets by the Central Bank, by a participant engaged in clearing or final settlement

1. Funds (money or securities) of a participant of payment and settlement system deposited with the purpose of ensuring discharge of obligations in relation to execution of payment and settlement documents in the Central Bank, in organisations engaged in clearing or final settlement as of the date of starting the moment of interruption of payment and settlement activities of a participant of payment and settlement system may without any restriction (attachment) be disposed, possessed and used by the Central Bank, an organisation engaged in clearing or final settlement with the purpose of final settlement of payments deemed to be irrevocable under articles 9 and 10 of this Law in an amount necessary for final settlement.

2. The provisions of this Article, as well as articles 9 and 10 of this Law shall apply in accordance with part 1 of Article 7 and part 1 of Article 8 of this Law to participants of payment and settlement systems operating upon permission of the Central Bank, as well as to participants of those payment and settlement systems within which the Central Bank act as an operator of the system and (or) a settlement bank.

Article 12. Safekeeping of payment and settlement documents

1. Payment and settlement documents, as well as data on payment and settlement services (also stored on electronic devices) shall be kept and backed up by participants of payment and settlement system in the manner and within time-limits prescribed by laws and other legal acts of the Republic of Armenia, though not less than for a period of five year upon their creation.
2. Participants of payment and settlement system shall keep contracts on bank accounts, as well as contracts, agreements and other similar documents and information on provision of other payment and settlement services prescribed by this Law, amendments or supplements thereon in the manner and within time-limits prescribed by laws and other legal acts of the Republic of Armenia, though not less than for a period of five year upon termination of contracts, agreements and other similar documents prescribed by this part.
3. Participants of payment and settlement system shall be obliged to keep copies of seized documents at their place.
4. A responsibility to arrange safekeeping of the documents and information mentioned in parts 1 and 2 of this Article shall lie with the executive officer of an organisation.

CHAPTER 4

CONTROL OVER THE OPERATION OF PAYMENT AND SETTLEMENT SYSTEM

Article 13. Control over the operation of payment and settlement system

1. Control over the operation of payment and settlement system and its participants in the territory of the Republic of Armenia shall be exercised by the Central Bank.
2. The Central Bank may require from the operator and other participants of the Armenian payment and settlement system, as well as participants of the foreign payment and settlement system information relating to provision of payment and settlement services, even if that information is the one constituting bank, trade or other secret.
3. The Central Bank shall exercise control over payment and settlement system and persons provided for by part 2 of this Article through reports submitted to the Central Bank and on-site inspections.
4. The forms of reports submitted to the Central Bank by persons provided for by part 2 of this Article, technical specifications and time-limits for submission thereof shall be prescribed by regulatory legal acts of the Central Bank.
5. The Central Bank shall carry out inspections at entities provided for by part 2 of this Article as prescribed by the Law of the Republic of Armenia “On the Central Bank of the Republic of Armenia” and regulatory legal acts of the Republic of Armenia.
6. The Central Treasury and the Central Bank of the Republic of Armenia shall exchange information on payment and settlement services as prescribed jointly by an authorised government body and the Central Bank.
7. ***(Part repealed by HO-180-N of 4 October 2005)***

8. The provisions of the Central Bank on competence to exercise control over participants of payment and settlement system as prescribed by this Article shall not apply to the Central Treasury of the Republic of Armenia.

(Article 13 amended by HO-180-N of 4 October 2005)

Article 14. Control over a supervisory board of payment and settlement system over participants of payment and settlement system

With the purpose of exercising control over participants of payment and settlement system the participants of payment and settlement system may establish a supervisory board where the representatives of the operator of a payment and settlement system, as well as representatives of all participants of payment and settlement system shall be involved. The procedure and conditions of formation, operation of a supervisory board shall be prescribed by the rule of procedure on operation of payment and settlement system.

Article 15. Responsibility for violation of legislation requirements by participants of payment and settlement system

1. The Central Bank may, for the violation of the requirements of this Law and regulatory legal acts of the Central Bank adopted thereunder, deliver a warning and a recommendation to the operator of payment and settlement system on eliminating the violations or complying with the requirements of this Law and regulatory legal acts of the Central Bank adopted based thereon. In the recommendation the Central Bank may establish time-limits for carrying out the recommendation and a requirement for implementing certain actions, which shall be binding for a person warned.

2. In case of a failure by a participant of a payment and settlement system to carry out or not to carry out within specified time-limit the recommendation provided for by part 1 of this Article the Central Bank may prohibit the activities of a participant (except for an operator) of payment and settlement system in the Armenian payment and settlement system, whereas in case of foreign payment and settlement system — suspend or revoke its permit on participation in a foreign payment and settlement system.
3. In case a participant of a payment and settlement system commits again the same violation during one fiscal year, the Central Bank may require from participants of payment and settlement system to change the operator of the Armenian payment and settlement system, whereas in case of non fulfilment of such a requirement — suspend or revoke its permit on establishment and operation of the Armenian payment and settlement system.
4. In case a participant of a payment and settlement system commits the same violation three times during one fiscal year the Central Bank may impose a fine on a participant and (or) operator of payment and settlement system in the amount of thousand-fold of the minimum salary.

In case a participant of payment and settlement system commits the same violation four and more times during one fiscal year the Central Bank may impose a fine on a participant and (or) operator of payment and settlement system in the amount of two thousand-fold of the minimum salary.

The amount of fines provided for by this part shall be charged as revenues to the state budget of the Republic of Armenia.

5. In addition to the sanctions provided for by this Article a participant and operator of payment and settlement system shall also bear responsibility prescribed by the laws of the Republic of Armenia.

(Article 15 supplemented by HO-131-N of 14 April 2011)

Article 16. Publication of information

1. Operator of the Armenian payment and settlement system shall be obliged to publish information on operation of payment and settlement system on regular basis in the form and periodicity established by the Board of the Central Bank.
2. The provisions prescribed by this Article shall not apply to the Central Treasury of the Republic of Armenia.

(Article 16 amended by HO-180-N of 4 October 2005)

CHAPTER 5

***PAYMENT AND SETTLEMENT SERVICES AND ORGANISATIONS PROVIDING
PAYMENT AND SETTLEMENT SERVICES***

Article 17. Payment and settlement services

1. Within the meaning of this Law and other legal acts of the Republic of Armenia payment and settlement services are:
 - (a) opening and maintenance of bank accounts;
 - (b) settlements through bank accounts of legal or natural persons;
 - (c) acceptance of payments in Armenian dram or foreign currency as an entrepreneurial activity for the purpose of paying to a beneficiary in any manner directly or through another person providing payment and settlement services or payment as an entrepreneurial activity to a beneficiary in Armenian dram or foreign currency at the expense of amounts received in any manner to the benefit of those persons;

- (d) emission of payment cards, cheques, electronic money and other payment instruments established by the Board of the Central Bank;
 - (e) servicing and realisation (distribution) of payment cards, cheques, electronic money and other payment instruments established by the Board of the Central Bank;
 - (f) processing;
 - (g) clearing;
 - (h) cash operations for third persons;
 - (i) other operations accepted in international practice specific to persons providing payment and settlement service upon the consent of the Central Bank.
2. The Central Bank may — by its regulatory legal acts — establish rules on carrying out payment and settlement services and (or) rules on circulation of payment instruments and (or) forms of settlements, as well as the list of certain types of services mentioned in part 1 of this Article, which may be provided by persons not mentioned in part 1 of Article 18 of this Law.
 3. The rules, as well as forms of settlements provided for by part 2 of this Article must be the same for the persons providing payment and settlement services holding the same licence.

(Article 17 edited, supplemented by HO-131-N of 14 April 2011)

Article 18. Persons providing payment and settlement services

1. Persons providing and entitled to provide payment and settlement services in the Republic of Armenia shall be:

- (a) the Central Bank — in compliance with the Law of the Republic of Armenia “On the Central Bank of the Republic of Armenia”;
- (b) a bank — in compliance with laws regulating the activities of banks and regulatory legal acts of the Central Bank;
- (c) payment and settlement organisations — in compliance with this Law and regulatory legal acts of the Central Bank;
- (d) the Central Treasury of the Republic of Armenia as prescribed by the legislation of the Republic of Armenia on the treasury system;
- (e) ***(point repealed by HO-180-N of 4 October 2005)***
- (f) other persons that are entitled to provide payment and settlement services in accordance with the laws, international treaties of the Republic of Armenia.

2. ***(Part repealed by HO-131-N of 14 April 2011)***

(Article 18 amended by HO-180-N of 4 October 2005, HO-131-N of 14 April 2011)

Article 19. Payment and settlement organisations

1. Payment and settlement organisation is a legal entity which has received a licence on provision of payment and settlement services as prescribed by this Law and regulatory legal acts of the Central Bank. Types of licences of payment and settlement organisations are the following:
 - (a) carrying out money transfers;
 - (b) processing and clearing of payment instruments and payment and settlement documents.

2. Within the meaning of this Law, other laws and regulatory legal acts of the Republic of Armenia, regulating activities of payment and settlement organisations, types of payment and settlement organisations are the following:
 - (a) organisations carrying out money transfers, which are providing payment and settlement services provided for by point “c” of part 1 of Article 17 of this Law, as well as other payment and settlement services relating thereto and permitted by the Board of the Central Bank;
 - (b) organisations carrying out processing and clearing of payment instruments and payment and settlement documents, which are carrying out processing and (or) clearing for third persons, as well as other payment and settlement services permitted by the Board of the Central Bank, which are related to provision of payment and settlement services of a given type.
3. Payment and settlement organisations may not carry out commercial, industrial and other type of activity, except for cases prescribed by law and part 5 of this Article.
4. Without a respective licence issued by the Central Bank the provision of payment and settlement services shall be prohibited, except for cases prescribed by this Law.
5. Payment and settlement organisations prescribed by point “a” of part 2 of this Article may carry out processing and clearing of payment and settlement documents and payment instruments, provision of postal services upon availability of a respective licence, as well as conversion of foreign currency exclusively related to the implementation of monetary (money) transfers as prescribed by the Central Bank.

Payment and settlement organisations prescribed by point “b” of part 2 of this Article may carry out activities relating to creation, exploitation, maintenance of hardware,

software systems, facilities relating to processing, clearing, as well as money transfers upon availability of a respective licence.

- 5.1. An organisation carrying out money transfers may without establishing a branch carry out payments outside its registered office as prescribed by regulatory legal acts of the Central Bank.
6. The phrase “payment and settlement organisation” in the name of an organisation may be used solely by an organisation which has been issued a licence of a payment and settlement organisation. Use of that phrase or its derivatives by persons not having a licence of a payment and settlement organisation in advertisements, public offers, as well as support of such advertisers shall be forbidden.
7. Payment and settlement organisations shall provide payment and settlement services in compliance with the rules of work procedure approved by their highest management body.
8. In case of making supplements or amendments in the rule of procedure provided for by part 7 of this Article a payment and settlement organisation shall be obliged to submit the decisions on making supplements and amendments to the Central Bank to obtain its consent thereon.

The Central Bank shall, within fifteen working days upon receipt of the decision on making supplements and amendments, give its consent or refuse giving consent. For the purpose to clarify certain facts a fifteen-day period may be suspended for a period of one month by the decision of the Central Bank. In case of non refusal of application within a fifteen-day period or not informing an applicant of suspension of a fifteen-day period by the Central Bank, the consent shall be deemed to be given. The Central Bank shall refuse giving the consent, if supplements or amendments contradict this Law or other laws, as well as other legal acts adopted thereon.

The amendments prescribed by this part shall enter into force upon the moment of giving the consent by the Central Bank. Technical conditions and form of submission of supplements or amendments in the rules of work procedure to the Central Bank shall be established by the Board of the Central Bank.

(Article 19 supplemented by HO-10-N of 15 December 2011, HO-261-N of 13 November 2007, edited, supplemented by HO-131-N of 14 April 2011, edited by HO-184-N of 25 March 2020)

Article 19.1. Delegation of functions of payment and settlement organisations

1. A payment and settlement organisation may under a contract of delegation delegate performance of any function or a part thereof to another person for a specified or unlimited period of time.
2. Delegation of functions of a payment and settlement organisation should not entail deterioration of internal control quality of a payment and settlement organisation or the capacity of a payment and settlement organisation to monitor the compliance of a payment and settlement organisation with the requirements of legislation carried out by a competent body of payment and settlement organisation.
3. Delegation of payment and settlement services shall not be allowed.
4. A payment and settlement organisation may delegate performance of its functions to another person, if the following conditions are met simultaneously:
 - (a) delegation should not result in transfer of responsibility of the highest management bodies of payment and settlement organisation;
 - (b) relations of payment and settlement organisation with clients and its responsibility towards clients shall not be subject to changes;

- (c) fulfilment of requirements of legal acts which are necessary for obtaining and maintenance of licence, shall not be endangered;
 - (d) any other condition for provision of a licence to a payment and settlement organisation shall not be amended or abolished.
5. In case of delegation of performance of its functions to another person a payment and settlement organisation shall be responsible for failure to perform or improper performance by that person of an obligation relating to the delegated service.
 6. Provisions on exercise of control over payment and settlement organisation prescribed by this Law and other laws, shall also apply to those persons, who have been delegated the performance of functions — with respect to performance of delegated functions.
 7. Regulatory legal acts of the Central Bank may establish conditions for delegation of functions by a payment and settlement organisation, restrictions for delegation of certain functions, as well as the list of the functions the delegation of which is prohibited.

(Article 19.1 supplemented by HO-131-N of 14 April 2011)

Article 20. Licensing procedure of payment and settlement organisations

1. Licensing of payment and settlement organisations shall be carried out as prescribed by this Law and under the procedure established by regulatory legal acts of the Central Bank.

For licensing of a payment and settlement organisation its founders shall submit to the Central Bank the following:

- (a) licence application;

- (b) charter of the payment and settlement organisation approved as prescribed by the legislation — in three copies;
- (c) decision of a competent body of a payment and settlement organisation on appointment of executive officers of a payment and settlement organisation;
- (d) statement of information on participants and executive officers of payment and settlement organisation drawn up in the form established by the Board of the Central Bank, including the name, surname, address, nationality, passport data of a participant and an executive officer, written statement on the fact that the participant holding 10 percent and more of the voting right has no previous conviction for an intentionally committed crime (or such conviction has been expired or expunged as prescribed by Law);
- (e) rules of work procedure of a payment and settlement organisation, which is approved by its highest management body and include types, procedure and conditions of payment and settlement services provided by them;
 - (e.1) an economic action plan of a payment and settlement organisation in the form established by regulatory legal acts of the Central Bank;
- (f) ***(point repealed by HO-131-N of 14 April 2011)***
- (g) in case of organisations carrying out money transfers — a copy of contract on depositing required funds or securities in one of the banks operating in the territory of the Republic of Armenia or irrevocable bank guarantees, if such a requirement is prescribed by regulatory legal acts of the Central Bank;
 - (g.1) documents on compliance with prudential standards on the minimum amount of total capital;
- (h) document certifying payment of state duty.

2. The Central Bank shall — within a period of two month upon receipt of documents and information prescribed by part 1 of this Article — license a payment and settlement organisation or refuse licensing.

The period of two month provided for by this part may, for the purpose of clarifying certain facts, be suspended for a period of one month by the decision of the Central Bank.

(Paragraph repealed by HO-131-N of 14 April 2011)

3. The Central Bank shall, within a period of three day upon adoption of decision on licensing, issue a licence to a payment and settlement organisation.
4. An organisation shall be deemed to be licensed upon the moment of entry into force of a decision on licensing.

5. ***(Part repealed by HO-131-N of 14 April 2011)***

6. In case of non refusal of an application within a two-month period or non informing a payment and settlement organisation of suspension of a two-month period a payment and settlement organisation shall be deemed to be licensed provided a state duty prescribed by law is paid.

6.1. If there are formal mistakes in the documents submitted to the Central Bank, which may be corrected, the Central Bank shall specify them for an applicant by enabling the applicant to correct those mistakes or shall correct them itself informing thereof the applicant in advance or later. If the documents submitted to the Central Bank are incomplete, the Central Bank shall suggest an applicant to make them complete within a specified time-limit.

7. A licence of a payment and settlement organisation shall be for indefinite period of time.

A licence of payment and settlement organisation may not be given to other persons for use, be alienated or pledged.

In the licence of a payment and settlement organisation a phrase “the Central Bank of the Republic of Armenia”, number of a licence, date of licence issuance, name of a payment and settlement organisation and registered office thereof, place of activity of a payment and settlement organisation (if in accordance with the Law of the Republic of Armenia “On licensing” an activity subject to licensing shall be carried out only in the place mentioned in the licence), state registration number of a payment and settlement organisation, a type of activity, for performance of which a licence has been issued, period of validity of a licence, signature of the Chairperson of the Central Bank and a seal of the Central Bank featuring the state coat of arms shall be mentioned. A unified form of a licence of payment and settlement organisation shall be established by the Board of the Central Bank.

The Central Bank shall maintain a register of issued licences, which are publicly available. The form, procedure of maintenance of a register as well as information contained therein shall be established by the Board of the Central Bank.

(Article 20 amended, supplemented by HO-131-N of 14 April 2011, supplemented by HO-109-N of 28 June 2019, amended by HO-199-N of 9 June 2022)

Article 20.1. Refusal to issue a licence to a payment and settlement organisation

1. The Central bank may refuse to issue a licence to a payment and settlement organisation, if:
 - (a) false or unreliable information has been submitted;
 - (b) the documents submitted are incomplete or contradict the laws and legal acts of the Republic of Armenia;

- (c) the total capital of an organisation is less than the minimum amount prescribed by law;
- (d) place of activity of a payment and settlement organisation does not meet technical equipment, territory, software, security requirements prescribed by regulatory legal acts of the Central Bank;
- (e) executive officers of a payment and settlement organisation do not meet the qualification and professional competence criteria set by regulatory legal acts of the Central Bank;
- (e1) at least one of the participants holding 10 percent or more of the voting right of the organisation has previous conviction for an intentionally committed crime, and such conviction has not been expired or expunged as prescribed by law;
- (f) a payment and settlement organisation may not ensure a compliance of provision of payment and settlement services with the procedure or terms established by its rules of work procedure.

(Article 20.1 supplemented by HO-131-N of 14 April 2011, HO-109-N of 28 June 2019, amended by HO-199-N of 9 June 2022)

Article 21. Branches of a payment and settlement organisation, placing them on record

(title amended by HO-131-N of 14 April 2011)

1. A payment and settlement organisation, as prescribed by this Law and regulatory legal acts adopted by the Central Bank, may open branches in the territory of the Republic of Armenia or foreign countries, which may operate from the moment of being placed on record in the Central Bank. Branches of payment and settlement organisations in foreign countries shall be established in compliance

with the legislation of a given state and (or) international treaties of the Republic of Armenia.

2. The procedure for placing on record branches of a payment and settlement organisation, the list of the information and documents required for placing on record shall be established by regulatory legal acts of the Central Bank.
3. An application for placing a branch of a payment and settlement organisation on record shall be granted or refused by the Board of the Central Bank within a period of one month. In case of granting an application the Central Bank shall place a branch on record and issue certificate on being placed on record, whereas in case of refusal the Central Bank shall within a period of five day notify a payment and settlement organisation of grounds for refusal.
4. The Central Bank may refuse an application for placing a branch on a record, if:
 - (a) false or unreliable information has been submitted;
 - (b) documents submitted are deficient, incomplete or contradict the laws and other legal acts of the Republic of Armenia;
 - (c) within a period of one year preceding the submission of application, as well as within the period of consideration of application a payment and settlement organisation has committed three and more violations of this Law and regulatory legal acts of the Central Bank regulating the activities of payment and settlement organisations;
 - (d) place or terms of activity of a branch of a payment and settlement organisation do not meet the requirements prescribed by regulatory legal acts of the Central Bank.
5. A branch of a payment and settlement organisation shall be taken off the record by the Central Bank:

- (a) based on application of a payment and settlement organisation — within a period of one week upon submission of the application;
- (b) in case of revocation of a licence of a payment and settlement organisation on provision of payment and settlement services.

(Article 21 amended by HO-131-N of 14 April 2011)

CHAPTER 6

REGULATION AND CONTROL OVER THE ACTIVITIES OF PAYMENT AND SETTLEMENT ORGANISATIONS, SUBMISSION AND PUBLICATION OF REPORTS, AUDIT OPINIONS, INFORMATION

Article 22. Executive officers of payment settlement organisations, their professional criteria and qualification procedure

1. Executive officers of a payment and settlement organisation shall be heads of executive body of a payment and settlement organisation, its deputy, chief accountant.
2. The following persons may not be an executive officer of a payment and settlement organisation:
 - (a) persons convicted of an intentionally committed crime, whose criminal record has not been expired or expunged;
 - (b) persons deprived by the court of the right to hold offices in financial, banking, tax, customs, commercial, economic, legal fields;
 - (c) persons declared bankrupt and having outstanding (unreleased) liabilities;

- (d) persons, whose qualification or professional knowledge do not comply with professional or qualification eligibility criteria established by the Central Bank;
 - (e) persons which have committed in the past an act which, as substantiated by a guidance approved by the Central Bank, in the opinion of the Central Bank give grounds to suspect that the actions of a given person as the executive officer of a payment and settlement organisation may entail bankruptcy or deterioration of financial situation of a payment and settlement organisation.
3. Qualification, professional eligibility criteria and procedure for executive officers of a payment and settlement organisation shall be established by the Board of the Central Bank. It may be established by decision of the Board of the Central Bank that examinations on qualification, professional eligibility of executive officers of payment and settlement organisations shall be conducted by other specialized persons.
 4. A person may work as an executive of a payment and settlement organisation upon registration in the Central Bank, moreover for getting registered a person must have a qualification, professional eligibility certificate of an executive officer of a payment and settlement organisation. A registration provided for by this part shall be conducted within period of ten day upon filing an application.

(Article 22 amended by HO-199-N of 9 June 2022)

Article 23. Prudential standards and other requirements established for payment and settlement organisations

(title amended by HO-131-N of 14 April 2011)

1. ***(Part repealed by HO-131-N of 14 April 2011)***

- 1.1. A prudential standard of the minimum amount of total capital in the amount of one hundred million drams shall be set for payment and settlement organisations holding a licence for carrying out money transfers or a licence for processing and clearing of payment instruments and payment and settlement documents.
 - 1.2. The Board of the Central Bank may set prudential standard on liquidity for payment and settlement organisations.
 - 1.3. The procedure on calculation of prudential standards and elements involved in calculation shall be set by the Central Bank.
 - 1.4. Prudential standards shall be mandatory for payment and settlement organisations.
2. The Board of the Central Bank may set a requirement for organisations carrying out money transfers to deposit funds or securities or submit irrevocable bank guarantees.

The amount of deposited sums, types of securities, procedure, conditions, terms of depositing sums and securities, as well as conditions of bank guarantees provided for by this part shall be set by the Board of the Central Bank.

Moreover, the Board of the Central Bank may set the minimum amount of deposited sums or securities, as well as the coefficient which may be applied to each organisation carrying out money transfers based on the number of payment and settlement services provided by a given organisation and (or) volume of transfers and (or) geography and (or) applied payment instrument. Moreover, the coefficient may be set for each organisation or group of organisations carrying out money transfers.

3. Deposited sums, securities, bank guarantees are means of guarantee, which may be used only by the Central Bank to discharge liabilities of an organisation carrying out money transfers with respect to those persons, which has provided

with funds an organisation carrying out money transfers or in favour of which an organisation carrying out money transfers received funds to carry out money transfers. The procedure, conditions, time-limits for discharge of liabilities shall be established by the Board of the Central Bank.

4. The Central Bank may permit an organisation carrying out money transfers to dispose the deposited sums or securities or a bank guarantee, if there are no outstanding liabilities prescribed by part 3 of this Article.
5. Deposited sums or securities or bank guarantee may not be used for discharge of other liabilities of an organisation carrying out money transfers, other than the ones prescribed by part 3 of this Article, whereas in case of liquidation (voluntary liquidation) of an organisation carrying out money transfers on grounds prescribed by law, deposited sums or securities or bank guarantee shall not be included in the liquidation assets prescribed by law.
6. A participant holding 10 percent or more of the voting right of the payment and settlement organisation may not have previous conviction for an intentionally committed crime, unless such conviction has been expired or expunged as prescribed by law. The payment and settlement organisation shall submit to the Central Bank a report on the information provided for by this part about the participants and managers holding 10 percent or more of the voting right in the manner and within the time limits established by the Central Bank.

(Article 23 amended, supplemented, edited by HO-131-N of 14 April 2011, supplemented by HO-109-N of 28 June 2019, amended by HO-199-N of 9 June 2022)

Article 24. Control over the activity of payment and settlement organisations

1. An exclusive right for exercising control over payment and settlement organisations with respect to payment and settlement services shall belong to the

Central Bank. The Central Bank shall exercise that control as prescribed by the Law of the Republic of Armenia “On the Central Bank of the Republic of Armenia” and other legal acts.

2. Officers of the Central Bank shall carry out inspections and revisions in a payment and settlement organisation in the manner, time-limits, cases and periodicity prescribed by the Law of the Republic of Armenia “On the Central Bank of the Republic of Armenia” and by the Central Bank.

Article 25. Accounting and financial statements, audit inspection, publication of financial statements and audit opinion

1. *(Sentence deleted by HO-230-N of 26 December 2008)* Payment and settlement organisations shall separately maintain records of payment and settlement services, the procedure on which shall be established by the Board of the Central Bank in coordination with an authorised government body.
2. Payment and settlement organisations, in the manner and within time-limits established by the Board of the Central Bank, shall draw up, publish and submit to the Central Bank the financial statements established by laws and other legal acts of the Republic of Armenia, as well as other reports established by the Board of the Central Bank.
 - 2.1. Payment and settlement organisations shall draw up and submit the financial statements to be published in accordance with the Law of the Republic of Armenia “On Accounting”.
3. Every year the activities of a payment and settlement organisation in the payment and settlement field shall be audited by an independent audit organisation entitled to carry out audit activity, which is selected by a payment and settlement organisation.

4. A payment and settlement organisation shall submit an opinion of an independent audit organisation to the Central Bank within a period of six month upon the end of the fiscal year.
5. Payment and settlement organisations shall be obliged, within a period of six month upon the end of the fiscal year, to publish their financial statements and audit opinion in the press with print run of at least 2 000 copies.
6. Payment and settlement organisations shall be obliged to publish information on their payment and settlement activity on regular basis in the manner and periodicity established by the Board of the Central Bank.

(Article 25 amended, supplemented by HO-230-N of 26 December 2008)

CHAPTER 7

VIOLATIONS OF LAWS AND LEGAL ACTS AND SANCTIONS IMPOSED THEREFOR

Article 26. Violations of laws and other legal acts by payment and settlement organisations

Sanctions on payment and settlement organisations may be applied by the Central Bank, if:

- (a) a payment and settlement organisation has provided payment and settlement services violating laws and other legal acts;
- (b) the provisions of the laws regulating activities of payment and settlement organisations and other legal acts adopted thereunder have been violated;

- (c) the accounting rules, the procedure and terms for submission and publication of balance sheet, financial statements, other reports have been violated and (or) false data has been presented in those documents;
- (d) a payment and settlement organisation has not fulfilled a recommendation given by the Central Bank as prescribed by this Law;
- (e) prudential standards of a payment and settlement organisation have been violated;
- (f) a state annual duty has not been paid.

(Article 26 amended by HO-131-N of 14 April 2011, HO-109-N of 28 June 2019)

Article 27. Sanctions applied to payment and settlement organisations, suspension and revocation of a licence of a payment and settlement organisation

(title edited by HO-131-N of 14 April 2011)

1. The Central Bank shall apply to a payment and settlement organisation and (or) its executive officer the following sanctions for violating the requirements of laws and other legal acts:
 - (a) a warning — with a recommendation to eliminate violations;
 - (b) fine;
 - (c) deprivation of qualification certificate;
 - (d) suspension of a licence;
 - (e) revocation of a licence.

2. The sanctions provided for by points “a”, “b” and “c” of part 1 of this Article may be applied simultaneously for violation of each requirement of laws and other legal acts.
3. The recommendation to eliminate violations shall be mandatory for a payment and settlement organisation and may provide for a certain time-limit for elimination of violations.
4. The amount of fine imposed on a payment and settlement organisation may not exceed the five hundred-fold of the minimum salary, whereas the amount of fine imposed on an executive officer of a payment and settlement organisation may not exceed the three thousand-fold of the minimum salary, except for cases prescribed by legislation.
5. A licence of a payment and settlement organisation shall be revoked by the decision of the Board of the Central Bank.
6. The sanctions prescribed by this Article for payment and settlement organisations and their executive officers shall apply as prescribed by the Law of the Republic of Armenia “On the Central Bank of the Republic of Armenia”.
7. The Board of the Central Bank may suspend the licence of a payment and settlement organisation or revoke a licence of a payment and settlement organisation also based on a relevant application of a payment and settlement organisation. An application of a payment and settlement organisation may be refused, if suspension or revocation of a licence results in financial system destabilization, as well as in other cases prescribed by law.
8. The Board of the Central Bank shall revoke the licence of a payment and settlement organisation also in case of liquidation of a payment and settlement organisation.

(Article 27 edited by HO-131-H of 14 April 2011)

Article 27.1. Suspension of operations on bank accounts of a payment and settlement organisation

1. In case of having insufficient funds for fulfilment of obligations assumed towards clients a payment and settlement organisation shall notify of it within a day to the Central Bank.
2. In case of receiving a notification provided for by part 1 of this Article or disclosure of the fact of having insufficient funds for fulfilment of obligations assumed towards clients the Board of the Central Bank shall within a period of three day take a decision on suspension of operations on bank accounts of a payment and settlement organisation.
3. A payment and settlement organisation shall, within one day upon entry into force of a decision on suspension of operations on bank accounts of a payment and settlement organisation, submit to the Central Bank a report on the number of creditors who are natural persons and the total amount of liabilities.
4. A payment and settlement organisation shall submit a report to the Central Bank on the process of fulfilment of liabilities in the form and periodicity prescribed by regulatory legal acts of the Central Bank.
5. A payment and settlement organisation shall upon fulfilment of liabilities in full towards creditors who are natural persons notify the Central Bank thereof within a period of three day.
6. The Central Bank shall, where appropriate, upon analysing the report mentioned in part 3 of this Article follow the process of fulfilment of liabilities through carrying out on-site inspections within a period of one day.

(Article 27.1 supplemented by HO-131-N of 14 April 2011)

CHAPTER 8

FINAL PROVISIONS

Article 28. Payments relating to licensing and qualification of executive officers

1. A state duty for issuance of licences or their copies prescribed by this Law, for re-issuance of a licence, for provision of information on persons from licence register, for participation in qualification examination shall be charged (paid) in an amount and as prescribed by the Law of the Republic of Armenia “On State duty”.
2. The Central Bank may, for holding professional competence and qualification examinations, provision of qualification certificates, recovery of lost certificates, charge a service fee in the manner and amount it has established.

Article 29. Entry into Force of this Law

This Law shall enter into force after six months following the day of official publication thereof.

Article 30. Transitional provisions

1. Starting from the moment of entry into force of this Law:
 - (a) the organisations which have established payment and settlement systems shall be obliged within a period of six month to apply and obtain the permit of the Central Bank as prescribed by this Law and regulatory legal acts of the Central Bank adopted based on this Law;

- (b) the organisations which participate in foreign payment and settlement systems shall be obliged within a period of six month to apply and obtain the permit of the Central Bank as prescribed by this Law and regulatory legal acts of the Central Bank adopted based on this Law;
 - (c) the organisations which have received a licence for provision of payment and settlement services before the entry into force of this Law, shall be obliged within a period of six month to bring their activities in line with the requirements of this Law and regulatory legal acts of the Central Bank adopted thereon. Licences provided to mentioned organisations before the entry into force of this Law, shall be re-issued. A state duty shall not be charged for re-issuance of licences;
 - (d) the organisations which, before the entry into force of this Law, had carried out as a main activity the activity of a payment and settlement organisation prescribed by this Law, though had not had a licence for provision of payment and settlement services, shall, within a period of six month upon entry into force of this Law, apply to the Central Bank as prescribed by this Law for being licensed as a payment and settlement organisation. The Central Bank shall license the mentioned persons, if the requirements and conditions prescribed by this Law have been met;
 - (e) persons carrying out activities prescribed by part 2 of Article 18 of this Law within a period of six month, shall — within a period of three month upon entry into force of this Law — be obliged to inform the Central Bank as prescribed by this Law and regulatory legal acts of the Central Bank. Moreover, failure to inform the Central Bank shall entail a responsibility prescribed by laws of the Republic of Armenia.
2. In case of non fulfilment of requirements prescribed by part 1 of this Article upon the end of the prescribed time-limit the operation of a payment and

settlement system, participation in a foreign payment and settlement system, activities of a payment and settlement organisation shall be deemed to be terminated and a payment and settlement organisation shall be subject to liquidation.

**President
of the Republic of Armenia**

R. Kocharyan

HO-150-N

21 December 2004

Yerevan

...shall be obliged within a period of six months to obtain the permit of the Central Bank as prescribed by this Law and regulatory legal acts of the Central Bank adopted based on this Law.

...shall be obliged within a period of six months to bring their activities in line with the requirements of this Law and regulatory legal acts of the Central Bank adopted thereon. Licenses provided to maintain in force of this Law, shall be re-issued. A state duty shall be charged for re-issuance of licenses;

(d) the organizations which, before the entry into force of this Law, carried out as a main activity the activity of a payment and settlement organization prescribed by this Law, although had not had a license for payment and settlement services, shall, within a period of three months upon entry into force of this Law, apply to the Central Bank as prescribed by this Law for being licensed as a payment and settlement organization. The Central Bank shall license the mentioned persons, if the requirements and conditions prescribed by this Law have been met;

(e) persons carrying out activities prescribed by part 2 of Article 18 of this Law within a period of six months, shall — within a period of three months upon entry into force of this Law — be obliged to inform the Central Bank as prescribed by this Law and regulatory legal acts of the Central Bank. Moreover, failure to inform the Central Bank shall entail a responsibility prescribed by laws of the Republic of Armenia.

2. In case of non fulfillment of requirements prescribed by part 1 of this Article upon the end of the prescribed period of six months of a payment and



Կազմված է քսանչորս թղթից:
Comprises twenty-four sheets.