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EVALUATION OF ANTI-MONEY
LAUNDERING MEASURES AND THE
FINANCING OF TERRORISM
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1. Annex – Law of the Republic of Azerbaijan on prevention of legalization of criminally obtained funds or other property and financing of terrorism

This law is aimed at creating a legal mechanism for detecting and preventing the offenses related to the legalization of criminally obtained funds or other property and the financing of terrorism, creating a regime that excludes the use of the financial system for the purposes of the legalization of criminally obtained funds or other property and the financing of terrorism, and protecting the interests of the state and public.

SECTION I GENERAL PROVISIONS

Article 1. Basic definitions

1.0. The definitions used in this Law shall have the following meanings:

1.0.1. *criminally obtained funds or other property* – funds of every kind, property, whether movable or immovable, corporeal or incorporeal, tangible or intangible, legal documents evidencing the title to such property, obtained directly or indirectly through the commission of an offence provided by the Criminal Code of the Republic of Azerbaijan;

1.0.2. *legalization of criminally obtained funds or other property* – carrying out of financial transactions or other transactions by using the criminally obtained funds or other property either for the purposes of giving legal status to criminally obtained funds or other property, or for the purposes of concealing of the real sources of their obtainment;

1.0.3. *transactions with funds or other property* – transactions aimed at acquisition, exercising, change or termination of civil rights to the funds or other property as a result of transactions with them;

1.0.4. *financing of terrorism* – deliberate full or partial, direct or indirect direction of funds or other property to commitment of terrorism or collecting funds or other property for the same purposes;

1.0.5. *Financial Monitoring Organ (FMO)* – state authority empowered to function in the sphere of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism;

1.0.6. *monitoring* – measures of control carried out by the FMO, based on the information on transactions with the funds or other property received from the monitoring entities, other persons involved in monitoring, the supervision authorities, or other known sources;

1.0.7. *monitoring entities* – persons defined in article 4 of this Law and obligated to implement the measures stipulated under articles 9–12 of this Law for the purposes of preventing the legalization of criminally obtained funds or other property and the financing of terrorism;

1.0.8. *other persons involved in monitoring* – lawyers, notaries, other persons providing legal or audit services that implement the measures provided by this Law for the purposes of preventing the legalization of criminally obtained funds or other property and the financing of terrorism;

1.0.9. *supervision authorities* – the designated competent authorities responsible for ensuring compliance by monitoring entities and other persons involved in monitoring with requirements of the articles 9–12 of this Law;

1.0.10. *internal control system* – the complex internal supervision measures in the sphere on preventing the legalization of criminally obtained funds or other property and the financing of terrorism as defined by article 12 of this Law, carried out by the monitoring entities and other persons involved in monitoring which are legal persons;

1.0.11. *customer* – any natural or legal person using the services of the monitoring entities or other persons involved in monitoring the persons, that concern the transactions with the funds or other property;

1.0.12. *beneficial owner* – natural person(s) who ultimately owns or controls a customer and/or the person on whose behalf a transaction is being conducted; it also incorporates those persons who exercise ultimate effective control over a legal person or arrangements;

1.0.13. *currency values* – cash foreign currency, securities the value or nominal of which is expressed in foreign currency, precious stones, precious metals, as well as the jewelries or other goods made of the precious stones or precious metals;

1.0.14. politically exposed persons of foreign country – individuals who are or have been entrusted with prominent public functions in a foreign country (Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials), as well as their family members or close associates.

Article 2. Scope of application of this Law

2.1. For the purposes of detection and prevention of acts concerning legalization of criminally obtained funds or other property and the financing of terrorism, this Law regulates the relations of the citizens of the Republic of Azerbaijan, foreigners, stateless persons, legal persons carrying out transactions with the funds and other property, as well as the activity of supervision authorities empowered to supervise execution of transactions with funds or other property on the territory of the Republic of Azerbaijan.

2.2. This Law shall apply to the activities related to legalization of the criminally obtained funds or other property and the financing of terrorism outside the jurisdiction of the Republic of Azerbaijan in accordance with the international instruments to which the Republic of Azerbaijan is a party.

SECTION II

PREVENTION OF THE LEGALIZATION OF CRIMINALLY OBTAINED FUNDS OR OTHER PROPERTY AND THE FINANCING OF TERRORISM

Article 3. Measures against the legalization of criminally obtained funds or other property and the financing of terrorism

3.0. Measures against legalization of criminally obtained funds or other property and the financing of terrorism include:

3.0.1. monitoring;

3.0.2. preparation and application of the internal control system by the monitoring entities and other persons involved in monitoring, which are legal persons;

3.0.3. prohibition of informing the customer or any other person on the measures implemented against the legalization of criminally obtained funds or other property and the financing of terrorism;

3.0.4. other measures as defined by the laws of the Republic of Azerbaijan and the international instruments to which the Republic of Azerbaijan is a party.

Article 4. Monitoring entities

4.0. Monitoring entities are the following:

4.0.1. credit institutions;

4.0.2. insurers, reinsurers, insurance intermediaries;

4.0.3. brokers, who professionally participate in the securities market and those, who are engaged in the professional management of securities;

4.0.4. credit institutions providing leasing services;

4.0.5. institutions and other organizations providing post services that are engaged in transfers of the funds;

4.0.6. pawnshops;

4.0.7. investment funds;

4.0.8. legal persons engaged in buying and selling of precious stones, precious metals, as well as the jewelry or the other goods made of precious stones and precious metals;

4.0.9. non-governmental or religious organizations parts of activities of which consist of receiving, collecting, delivering or transferring the funds;

4.0.10. the lottery organizer;

4.0.11. legal persons providing intermediary services on the buying and selling of real estate.

Article 5. Other persons involved in monitoring

5.1. The requirements of this Law concerning the identification and verification of customers and beneficial owners, documenting, filing, archiving and the requirement of reporting of information indicated in article 7.2 of this Law apply to lawyers, notaries, other persons providing

legal or audit services when they prepare for or carry out transactions for their customers with respect to the following activities:

5.1.1. buying and selling of real estate;

5.1.2. managing of customer funds, securities or other property;

5.1.3. managing of customer bank and securities accounts;

5.1.4. creation, operation or management of legal persons, buying and selling of legal persons, organization of contributions for the creation, operation or management of legal persons.

5.2. Lawyers, notaries, other persons providing legal or audit services that submitted information to the FMO shall not disclose it.

5.3. The provisions of the article 5.1 of this Law shall not apply to the information that is considered as professional secrecy or legal professional privilege.

Article 6. Supervision authorities

6.1. Supervision authorities are the following bodies:

6.1.1. the National Bank of the Republic of Azerbaijan – for credit institutions and the ones providing leasing services;

6.1.2. a relevant executive authority carrying out supervision over the securities market – for brokers, who are the professional participants of the securities market, those who professionally operate in the management of securities, lottery organizers and investment funds;

6.1.3. a relevant executive authority – for insurers, reinsurers and insurance intermediaries, legal persons that engaged in buying and selling of precious stones, precious metals, as well as the jewelry or the other goods made of precious stones or precious metals;

6.1.4. a relevant executive authority that supervises over the institutions providing post services – for the institutions providing post services;

6.1.5. the relevant executive authorities – for the non-governmental or religious organizations part of activities of which concerns receipt, collection, deliver or transfer of funds;

6.1.6. a relevant executive authority – for the notaries and other persons providing legal services;

6.1.7. the Bar of Lawyers of the Republic of Azerbaijan within the framework of competence – for the lawyers;

6.1.8. the Chamber of Auditors of the Republic of Azerbaijan within the framework of competence – for the persons providing audit services.

6.2. If a supervision authority is not envisaged for any monitoring entity and other persons involved in monitoring, the supervision over the compliance with the requirements of this Law shall be carried out by the FMO.

6.3. If the supervision authorities detect incompliance with the requirements of the articles 9–12 of this Law by the monitoring entities and other persons involved in monitoring, they shall impose administrative penalty or implement other measures as provided by the legislation in respect to the monitoring entity and other persons involved in monitoring, and shall inform the FMO about that.

6.4. Violation of the requirements of this Law by the monitoring entities and other persons involved in monitoring, acting on the basis of a license may become a cause for suspension or revocation of the license in accordance with the legislation of the Republic of Azerbaijan or undertaking other measures provided by the legislation of the Republic of Azerbaijan.

Article 7. Transactions with funds or other property subject to monitoring

7.1. The monitoring entities shall submit to the FMO the information on transactions with funds or other property, the list and minimum threshold of total amount (hereinafter – limit) of which is designated by the National Bank of the Republic of Azerbaijan.

7.2. Funds or other property, transactions with them and the attempts to carry out transactions involving the following features shall be subject to monitoring regardless of their amount:

7.2.1. situations that cause suspicions or reasonable grounds for suspicions that funds or other property are the proceeds of a criminal activity or are related to terrorist financing;

7.2.2. any transaction with the funds or other property associated with the citizens of the country (territory) determined by the article 7.3 of this Law, with the persons registered or that, who has a residency or permanent business in this country (territory), with the persons who has a bank account in banks registered in this country (territory);

7.2.3. any transactions from bank accounts of politically exposed persons of foreign country;

7.2.4. transfer of funds from anonymous accounts that are out of the jurisdiction of the Republic of Azerbaijan to the Republic of Azerbaijan, as well as transfer funds to the anonymous accounts that are out of the jurisdiction of the Republic of Azerbaijan.

7.3. The list of countries that are suspected in either legalization of criminally obtained funds or other property, financing of terrorism, support of the dangerous trends of transnational organized crime, armed separatism, extremism and mercenary, participation in illegal narcotic drug dealership and other psychotropic substances production or circulation thereof, or the countries that do not require disclosing identification information when conducting financial transactions is determined by the FMO. The relevant list shall be submitted to the monitoring entities and other persons involved in monitoring by the FMO directly or via supervision authorities.

Article 8. Monitoring of transportation of currency values into or from the territory of the Republic of Azerbaijan

8.1. The relevant executive authority of the Republic of Azerbaijan shall immediately submit the information to the FMO on the following transactions:

8.1.1. transportation of the currency values into or out of the Republic of Azerbaijan by the persons envisaged by the article 7.2.2 of this Law;

8.1.2. transportation of the currency values, the initial source of which is the country (territory) envisaged by the article 7.3 of this Law, into or out of the Republic of Azerbaijan by any person.

8.2. Based on the Law of the Republic of Azerbaijan «On Currency Regulation», the information on currency values transported through the customs boundary of the Republic of Azerbaijan shall be submitted to the FMO as well.

8.3. The form of the compiling of information listed in article 8.1 of this Law shall be determined by the relevant executive authority.

Article 9. Due diligence measures for customers and beneficial owners

9.1. The monitoring entities shall identify their customers and beneficial owners, when:

9.1.1. before establishing business relations;

9.1.2. before carrying out occasional transactions above the applicable designated threshold;

9.1.3. before carrying out wire transfers.

9.2. If the total amount of a transaction is not known before the execution of that transaction, the identification of the customer and the beneficial owner shall be carried out from the moment when the amount of transaction will exceed the limit.

9.3. Identification of a legal person shall be carried out on the basis of the notarized copy of their charter and state registration certificate of the legal person.

9.4. Identification of a natural person shall be carried out on the basis of his ID documents.

9.5. Identification of a natural person engaged in the entrepreneurship activity without forming a legal person shall be carried out on the basis of his/her ID cards and a certificate issued by the relevant tax agency.

9.6. Representatives authorized to act on behalf of a customer shall submit the documents evidencing their competence, as well as other documents listed in articles 9.3–9.5 of this Law depending on the customer being a physical or a legal person.

9.7. Copy of ID card, notarized copies of the certificate given by the relevant tax agency, power of attorney for the representative confirming his right to act on behalf of the customer, the charter and the state registration certificate of the legal person submitted for the identification purposes shall be kept by monitoring entity.

9.8. The monitoring entities, in cases stipulated in article 9.1 of this Law, shall verify the identification data of their customers and beneficial owners using reliable, independent sources.

9.9. The measures applying for verification of a legal person are the following:

9.9.1. comparing the information submitted by a legal person with information included into the state register of legal persons;

9.9.2. obtaining the information on activity of legal person from mass-media, internet or official publication;

9.9.3. comparing the latest submitted information with previously received information.

9.10. The measures applying for verification of a natural person are the following:

9.10.1. confirming the date of birth from birth certificate document, passport, driving license or other official documents;

9.10.2. confirming the permanent address from an utility bill or based on extract from state registry of immovable property confirming the state registration right of ownership, billet, lease or rent contract.

9.11. The monitoring entities shall conduct ongoing due diligence measures on the customer's business relationship and scrutiny of transactions undertaken throughout the course of that relationship.

9.12. For identification of customers and beneficial owners, the monitoring entities shall perform enhanced due diligence measures under the circumstances listed below and in accordance with article 11 of this Law shall inform the FMO about that:

9.12.1. in cases specified by the article 7.2 of this Law;

9.12.2. in cases when there are doubts about the veracity or adequacy of previously obtained identification data on customer or beneficial owner;

9.12.3. in cases when there are suspicions or reasonable grounds to suspect that customer does not act on his/her behalf or represent a third person.

9.13. The enhanced due diligence measures performed by the monitoring entities are the following:

9.13.1. verification of accounts and business relationships or other transactions carried out with other means, clarification of the purpose and nature of the transactions;

9.13.2. learning the names of the shareholders and their shares, in case if the customer is a legal person;

9.13.3. obtaining from other reliable sources and comparing more precise information about the customers, beneficial owner, and if possible, about the sources of funds or other property.

9.14. Where it is impossible to identify the parties of transactions in order as defined by this Law or whether refused from submitting identification information on the customer or beneficial owner, the monitoring entities shall not perform the relevant transaction.

9.15. Taking into account the features of the activity of a monitoring entity, additional documents for identification of the customer and beneficial owner may be required in order specified by legislation.

9.16. Legal persons engaged in buying and selling of precious stones, precious metals, as well as the jewelry or the other goods made of precious stones or precious metals, as well as the legal persons providing intermediary services on the buying and selling of real estate, shall carry out the identification measures as defined in this article in course of conducting cash transactions above the limit.

Article 10. Obligation to preserve the identification documents and documents on transactions with the funds or other property

10.0. The monitoring entities shall preserve the identification documents envisaged by the article 9 of this Law and documents on the transactions with the funds or other property in the information carriers or in the electronic format within the timeframes indicated below, if no longer period is envisaged by the legislation, and submit it to the FMO in case of necessity:

10.0.1. identification documents of the customer, beneficial owner or authorized representative – at least for 5 (five) years after the customer's account is closed or after termination of legal relations with the customer;

10.0.2 documents on the transactions with the funds or other property conducted by the customer (account files, business correspondence and other relevant documents) and the information prepared in accordance with article 11 of this Law – at least for 5 (five) years following completion of the transaction.

Article 11. Submission of information by the monitoring entities to the FMO

11.1. The monitoring entities in cases listed in articles 7 and 9.12 of this Law shall submit the following information to the FMO in the form determined by the FMO:

11.1.1. type of transaction;

11.1.2. date of execution of transaction;

11.1.3. amount of executed transaction;

11.1.4. necessary information received by the monitoring entities in accordance with articles 9.3–9.5 of this Law for the identification of legal and natural persons conducting the transaction;

11.1.5. information about the beneficial owner;

11.1.6. information on the nature, as well as the information describing a chronological history of the transaction;

11.1.7. the grounds stipulating the suspiciousness of transaction.

11.2. The information on transactions mentioned in article 7.1 of this Law shall be submitted within 3 (three) business days after receiving the order (commission) to execute the transaction.

11.3. The information on transactions mentioned in articles 7.2 and 9.12 of this Law shall be submitted before the execution of the transaction. Where non-execution of a transaction is impossible or where it is known that non-execution of the transaction may cause impediments for identification of the beneficial owner, after execution of the transaction the monitoring entities shall immediately inform the FMO.

11.4. Since the time, when monitoring entity reports to the FMO on the transactions specified by the articles 7.2 and 9.12 of this Law, the monitoring entity shall not execute the transactions for two working days. If during that period, the FMO does not order to suspend these transactions the monitoring entity may execute the transaction.

11.5. In case of urgency, the information mentioned in article 11.1 of this Law shall be orally submitted to the FMO. The same information shall be immediately submitted in a written format to the FMO.

11.6. In accordance with this Law, the information submitted to the FMO shall not be disclosed. This information may only be demanded from monitoring entities by the criminal investigation bodies in the course of criminal proceeding. In this case, information may be disclosed only on the basis of the court decision that has come into force.

11.7. Except the cases prescribed by the legislation of the Republic of Azerbaijan, informing the customers or any other persons about the measures to be taken against legalization of criminally obtained funds or other property and the financing of terrorism shall entail responsibility, as defined by the legislation.

Article 12. Internal control system of the monitoring entities and other persons involved in monitoring, which are legal persons, on measures against the legalization of criminally obtained funds or other property and the financing of terrorism

12.1. The monitoring entities and other persons involved in monitoring, which are legal persons, shall establish and maintain internal control system against the legalization of criminally obtained funds or other property and the financing of terrorism. This system shall include, *inter alia*, the followings:

12.1.1. to establish the internal rules and procedures against the legalization of criminally obtained funds or other property and the financing of terrorism;

12.1.2. to establish the centralized internal archive, which shall make possible to identify and verify the customers, the persons acting on behalf of customers, the beneficial owners and the transactions;

12.1.3. to prepare the rules on the documentation and the confidentiality of information;

12.1.4. to ensure that employees are kept informed of new developments, including information on current techniques, methods and trends of the legalization of criminally obtained funds or other property and the financing of terrorism;

12.1.5. to define the criteria for detecting the transactions to be monitored taking into account features of the activity of the monitoring entities and other persons involved in monitoring;

12.1.6. to establish measures aimed at resolution of problems caused by the suspension of a transaction;

12.1.7. to establish the internal audit mechanism to test compliance of the application by monitoring entities and other persons involved in monitoring of the rules as stipulated by this Law;

12.1.8. to appoint in the monitoring entities and other persons involved in monitoring, which are legal persons of a person at the level of management or heads of structural units, who shall be responsible for controlling the implementation of internal rules and procedures on the activity against the legalization of criminally obtained funds or other property and the financing of

terrorism, for carrying out the exchange of information with the FMO, as well as for preparing and submitting reports on the transactions, which are subject to monitoring;

12.1.9. to put in place screening procedures to ensure high standards when hiring employees depending on features of the activity, as well as the other mechanisms and rules for detecting and preventing any transactions, the nature of which is suspicious, and submission of the necessary information to the FMO in accordance with article 11 of this Law.

12.2. A person defined in article 12.1.8 of this Law and employed with a monitoring entity and other persons involved in monitoring, which are legal persons, shall report only to the senior management of that legal person.

12.3. The monitoring entities and other persons involved in monitoring, which are legal persons shall develop their internal control systems in accordance with the requirements of the FMO.

12.4. The monitoring entities and other persons involved in monitoring, the quarterly turnover of which is less than 50 000 AZN, shall be exempted from the requirement to develop the internal control system.

Article 13. Submission of information by supervision authorities to the FMO

For the purposes of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism, the FMO may request the supervision authorities to submit relevant information. In this case, requested information shall be submitted to the FMO.

Article 14. Exemption from liability for reporting of the transaction which is subject to monitoring

Where the monitoring entities and other persons involved in monitoring, its personnel, as well as the personnel of the supervision authorities submit the information on the transaction which is subject to monitoring to the FMO in order as defined by this Law, they shall be exempt from any liability for breach of any restriction on disclosure of the bank or other legally protected secrecy, as well as causing the material and moral damage emerged as a result of the disclosure of information.

Article 15. Exemption from liability for executing the transactions

Where the transaction, which is subject to monitoring, has been executed and there are no bargain to commit the crime between the customer or beneficial owner and the responsible persons (*who make arrangement for execution of this transaction*) of the monitoring entity or other persons involved in monitoring, as well as where the information on this transaction has been reported to the FMO in accordance with article 11 of this Law, the monitoring entity and other persons involved in monitoring, its personnel shall be exempt from any liability.

Article 16. Prohibition to reject submitting information

16.1. Banking or other legally protected secrecy regimes shall not be invoked as a ground to reject submitting to the FMO information as defined in article 11.1 of this Law.

16.2. The requirements of this Law shall not apply to the state secrets.

**SECTION III
ORGANIZATION OF THE ACTIVITY OF THE FMO**

Article 17. The Financial Monitoring Organ

17.1. The state authority carries out powers of the FMO is defined by the relevant executive authority.

17.2. The FMO shall gather and analyze the information submitted by the monitoring entities, other persons involved in monitoring, supervision authorities and by the relevant executive authority mentioned in article 8.1 of this Law.

17.3. Upon receiving information from the known sources on transaction which is subject to monitoring, the FMO may request monitoring entities, other persons involved in monitoring, supervision authorities and relevant executive authority mentioned in article 8.1 of this Law to submit information defined in article 11.1 of this Law for the purposes of inquiry, also within the framework of analysis and its own authority the FMO may obtain from mentioned bodies or other state authorities additional information needed to properly undertake its functions.

17.4. Information held by the FMO shall be securely protected and used solely for the goals of this Law; also the FMO shall create an information protection system.

17.5. Where the FMO, within the framework of analysis determines that the executed transaction is related to the legalization of criminally obtained funds or other property and the financing of terrorism, the information on the legalization of criminally obtained funds or other property shall be submitted to the General Prosecutor Office, and the information on the financing of terrorism shall be submitted to the relevant executive authority.

17.6. Where the FMO, in course of carrying out of its employment duties, obtains information on non-compliance of the monitoring entities and other persons involved in monitoring with the requirements of this Law, it shall submit such information to the relevant supervision authorities for enforcement of administrative or stipulated by the national legislation other measures to these persons.

17.7. The powers of the FMO are defined by this Law and the Statute approved by the relevant executive authority.

Article 18. Collection of statistical information on the offences related to the legalization of criminally obtained funds or other property and the financing of terrorism

18.1. In order to centralize statistical information, the relevant executive authority and General Prosecutor Office within the framework of their powers shall submit statistical information on the offences related to the legalization of criminally obtained funds or other property and the financing of terrorism to FMO on semiannual basis.

18.2. A form of submission of information stated in article 18.1 of this Law is defined by the FMO after being agreed with the relevant state authorities.

Article 19. Suspension of the execution of a suspicious transaction concerning the legalization of criminally obtained funds or other property and the financing of terrorism

19.1. The FMO, based on the information obtained, may within two business days take substantiated decision to suspend the execution of a suspicious transaction on the legalization of criminally obtained funds or other property and the financing of terrorism. In this case, the relevant instruction shall be immediately sent by the FMO to the monitoring entities and other persons involved in monitoring executing the transaction.

19.2. Execution of a suspicious transaction on the legalization of criminally obtained funds or other property and the financing of terrorism, may be suspended by FMO for a period not exceeding 72 hours.

19.3. Where the FMO takes decision to suspend the execution of a suspicious transaction, the decision and relevant documents shall be immediately sent to the state authorities which are responsible for criminal prosecution on legalization of criminally obtained funds or other property and the financing of terrorism. The same state authorities may take measures, in the order specified by the Criminal Procedure Code of the Republic of Azerbaijan, for prolongation of a period specified in article 19.2 of this Law for suspension of execution of a suspicious transaction for a longer period.

19.4. Information about the suspension of the execution of the suspicious transaction on the legalization of criminally obtained funds or other property and the financing of terrorism shall not be disclosed to the customer.

Article 20. International cooperation in the field of combating against legalization of criminally obtained funds or other property and the financing of terrorism

20.1. State authorities of the Republic of Azerbaijan carrying out their activity in the field of combating against the legalization of criminally obtained funds or other property and the financing of terrorism, shall cooperate with the competent authorities of foreign states in the sphere of combating against legalization of criminally obtained funds or other property and the financing of terrorism, exchange of information on committed crimes, execution of the court decisions and criminal prosecution in accordance with the legislation of the Republic of Azerbaijan and the international treaties to which the Republic of Azerbaijan is a party.

20.2. The FMO shall submit information on issues as defined in article 20.1 of this Law to the foreign competent authorities upon their requests or on its own initiative, as well as to request such information from the foreign competent authorities in accordance with the legislation of the Republic of Azerbaijan and the international treaties to which the Republic of Azerbaijan is party.

20.3. This information shall be submitted to the competent authority of the foreign state only if it does not contradict with the legislation of the Republic of Azerbaijan and does not affect its national interests or the submitted information forms a basis for a competent authority of the foreign state to initiate a criminal investigation or to send a relevant request.

20.4. The information shall be submitted to the competent authority of the foreign state provided that the information will not be used for purposes not indicated in the request.

20.5. The execution of requests in legal aid on issues of legalization of criminally obtained funds or other property and the financing of terrorism, also the recognition and execution of the court decisions of foreign states in that sphere shall be regulated in accordance with the legislation of the Republic of Azerbaijan and the international treaties to which the Republic of Azerbaijan is a party.

20.6. In accordance with the legislation of the Republic of Azerbaijan and the international treaties to which the Republic of Azerbaijan is a party, based on article 20.5 of this Law, the funds or other property confiscated on the territory of the Republic of Azerbaijan may be fully or partially delivered to the state where the court decision has been made.

SECTION IV FINAL PROVISIONS

Article 21. Liability upon violating this Law

The persons, who violate the requirements of this Law, shall bear responsibility in accordance with the legislation of the Republic of Azerbaijan.

Article 22. Effective date of this Law

This Law shall enter into force from the date of publication.

Ilham ALIYEV

President of the Republic of Azerbaijan

**Baku, «10» February 2009
№ 767-IIIQ**

Published in «Azerbaijan» official newspaper, dated 25 February № 44

2. Annex – Decree of the President of the Republic of Azerbaijan on application of the law of the Republic of Azerbaijan «on the prevention of the legalization of criminally obtained funds or other property and the financing of terrorism»

In order to provide the application of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism», I take the decision:

1. To establish the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan, in order to provide implementation of the state policy in the sphere of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism, to improve the inspection system and to coordinate the activity of the relevant state authorities in this field.

2. The Central Bank of the Republic of Azerbaijan shall prepare and submit to the President of the Republic of Azerbaijan the draft of Statute of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan within one month.

3. To assign Cabinet of Ministers of the Republic of Azerbaijan, within 2 month:

3.1. preparation and submission to the President of the Republic of Azerbaijan the proposals related to the conformity of the legislative acts being in the effect to the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism»;

3.2. ensuring the conformity of normative legal acts of the relevant central executive authorities and Cabinet of Ministers to this Law and informing the President of the Republic of Azerbaijan on these issues;

3.3. determination of the form of the compiling of information submitted to the Financial Monitoring Service under the National Bank of the Republic of Azerbaijan envisaged in the articles 8.1 and 8.3 of the Law and informing the President of the Republic of Azerbaijan on these issues;

3.4. preparation and submission to the President of the Republic of Azerbaijan the draft of the legislative act defining the types of responsibilities for violation of the Law;

3.5. addressing other issues arising from the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism».

4. To determine that:

4.1. The President of the Republic of Azerbaijan carries out the authorities of the «relevant executive authority» envisaged in the articles 17.1 and 17.7 of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism»;

4.2. The Cabinet of Ministers of the Republic of Azerbaijan carries out the authorities of the «relevant executive authority» envisaged in the articles 8.3 of the Law;

4.3. The State Committee for Securities of the Republic of Azerbaijan carries out the authorities of the «relevant executive authority» envisaged in the article 6.1.2 of the Law;

4.4. The Ministry of Finance of the Republic of Azerbaijan carries out the authorities of the «relevant executive authority» envisaged in the article 6.1.3 of the Law;

4.5. The Ministry of Communication and Information Technologies of the Republic of Azerbaijan carries out the authorities of the «relevant executive authority» envisaged in the article 6.1.4 of the Law;

4.6. In relation to the non-governmental organizations the Ministry of Justice of the Republic of Azerbaijan and in relation to the religious organizations the State Committee of the Republic of Azerbaijan for the Works with Religious Associations carries out the authorities of the «relevant executive authority» envisaged in the article 6.1.5 of the Law;

4.7. The Ministry of Justice of the Republic of Azerbaijan carries out the authorities of the «relevant executive authority» envisaged in the article 6.1.6 of the Law;

4.8. The State Customs Committee of the Republic of Azerbaijan carries out the authorities of the «relevant executive authority» envisaged in the articles 8.1 and 8.2 of the Law;

4.9. The Financial Monitoring Service under the National Bank of the Republic of Azerbaijan carries out the authorities of the «financial monitoring organ» envisaged in the article 17.1 of the Law;

4.10. The Ministry of National Security of the Republic of Azerbaijan carries out the authorities of the «relevant executive authority» envisaged in the articles 17.5 and 18.1 of the Law.

5. This Decree shall enter into force since the date of its publication.

Ilham ALIYEV

President of the Republic of Azerbaijan

**Baku, «23» February 2009
№ 66**

Published in «Azərbaycan» official newspaper, dated 25 February № 44.

3. Annex – Decree of the President of the Republic of Azerbaijan on approval of the statute on the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan

In order to provide the functioning of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan,

I hereby order the following:

- 1.** «Statute on the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan» shall be approved (attached).
- 2.** The Central Bank of the Republic of Azerbaijan shall be assigned:
 - 2.1.** within 15 days to approve the structure and the staff list of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan;
 - 2.2.** to solve other issues within its competence, arisen from this Decree.
- 3.** The Cabinet of Ministers of the Republic of Azerbaijan shall be assigned within 1 month:
 - 3.1.** to prepare and submit to the President of the Republic of Azerbaijan the proposals related to the conformity of the legislative acts being in the effect to this Decree;
 - 3.2.** to ensure the conformity of normative legal acts of the relevant central executive authorities and Cabinet of Ministers of the Republic of Azerbaijan to this Decree and inform the President of the Republic of Azerbaijan on this;
 - 3.3.** to solve issues on provision of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan with appropriate administrative building and its material–technical maintenance;
 - 3.4.** to solve other issues within its competence, arisen from this decree.

Ilham ALIYEV

President of the Republic of Azerbaijan

**Baku, July 16/2009
№ 122**

Published in «Azərbaycan» official newspaper, dated 17 July, 2009 # 154

**Approved by the Decree of the
President of the Republic of Azerbaijan from
July 16, 2009 # 122**

**STATUTE
on the Financial Monitoring Service
under the Central Bank of the Republic of Azerbaijan**

I. GENERAL PROVISIONS

1. The Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan (hereinafter referred to as the Financial Monitoring Service) was established by the Decree of the President of the Republic of Azerbaijan from February 23, 2009 # 66.

2. The Financial Monitoring Service is the state authority, which implements competences stipulated by the legislation and present Statute in the sphere of prevention of the legalisation of criminally obtained funds or other property and the financing of terrorism in the Republic of Azerbaijan (hereinafter referred to as the relevant sphere).

3. The Financial Monitoring Service is guided in its activity by the Constitution of the Republic of Azerbaijan, international agreements to which the Republic of Azerbaijan is a party, the Law of the Republic of Azerbaijan «On the prevention of the legalisation of criminally obtained funds or other property and the financing of terrorism» and other normative legal acts, relevant international standards, as well as the present Statute.

4. In order to execute the functions and responsibilities, the Financial Monitoring Service interacts with other state authorities.

5. The Financial Monitoring Service builds its activity on base of respects to human rights and fundamental freedoms, rule of law and humanism principles.

6. The Financial Monitoring Service possesses an independent balance sheet, state property being respectively under its disposal by law, accounts in banks, seal with the State Emblem of the Republic of Azerbaijan and its title engraved on it, respective stamps and letterheads.

7. Maintenance and functioning of the Financial Monitoring Service is financed by the Central Bank of the Republic of Azerbaijan and other sources stipulated by the existing legislation.

8. The Financial Monitoring Service is located in Baku city.

II. SCOPE OF ACTIVITY OF THE FINANCIAL MONITORING SERVICE

9. Scope of activity of the Financial Monitoring Service is as follows:

9.1. implements state policy and ensures supervision in the relevant sphere;

9.2. coordinates the activity in the relevant sphere of monitoring entities, other persons involved in monitoring, supervision authorities and other state authorities, collects and analyses the information received from them;

9.3. provides application of unified information system in the relevant sphere;

9.4. acts in other directions stipulated by the legislation.

III. FUNCTIONS OF THE FINANCIAL MONITORING SERVICE

10. The Financial Monitoring Service fulfils following functions in accordance with the scope of activity set forth by this Statute:

10.1. carries out monitoring in the relevant sphere, scrutinizes received information, conducts examination and takes measures on the results;

10.2. conducts efficiency analysis of the situation of combating legalisation of criminally obtained funds or other property and financing of terrorism, examines processes, develops proposals and recommendations;

10.3. determines indicators for the detection of transactions subject to monitoring;

10.4. determines regulations of submission of information stipulated by the Law of the Republic of Azerbaijan «On the prevention of the legalisation of criminally obtained funds or other property and the financing of terrorism» by monitoring entities and other persons involved in monitoring;

10.5. determines the list of countries that are suspected in either legalisation of criminally obtained funds or other property, financing of terrorism, support of the dangerous trends of

transnational organised crime, armed separatism, extremism and mercenary, participation in illegal narcotic drug dealership and other psychotropic substances production or circulation thereof, as well as the list of countries that do not require disclosing identification information when conducting financial transactions;

10.6. determines requirements on development of internal control systems established by monitoring entities and other persons involved in monitoring, which are legal persons, and establishes qualification requirements (professional specialisation and experience) for persons responsible for organisation of internal control systems;

10.7. conducts supervision over monitoring entities and other persons involved in monitoring, when a supervision authority is not envisaged for any of them;

10.8. defines the form of submission of statistical information on the offences related to the legalisation of criminally obtained funds or other property and the financing of terrorism, after being agreed with the relevant state authorities;

10.9. when within the framework of analysis detecting the elements of a crime in transaction, submits information on legalisation of criminally obtained funds or other property to the General Prosecutor Office of the Republic of Azerbaijan, and information on the financing of terrorism to the Ministry of National Security of the Republic of Azerbaijan and gets feedback from them;

10.10. when obtaining information on non-compliance of the monitoring entities and other persons involved in monitoring with the requirements of the Law of the Republic of Azerbaijan «On the prevention of the legalisation of criminally obtained funds or other property and the financing of terrorism», submits such information to the relevant supervision authorities for enforcement to these persons of administrative or stipulated by the national legislation other measures and gets feedback;

10.11. provides application of centralised electronic-information systems for following purposes:

10.11.1. for single collection of received information in the relevant sphere;

10.11.2. for registration of legal and natural persons in relation to whom there are data on their participation in the legalisation of criminally obtained funds or other property and financing of terrorism;

10.11.3. for detection of cases of legalisation of criminally obtained funds or other property and financing of terrorism based on special indicators;

10.12. studies international experience in the relevant sphere and develops proposals on implementation of efficient methods and facilities, participates in implementation of international agreements to which the Republic of Azerbaijan is a party and ensures fulfillment of international obligations;

10.13. prepares relevant statistic reports in accordance within the scope of its activity;

10.14. publicly release periodic reports including statistics, typologies and trends as well as information regarding its activities;

10.15. provides the monitoring entities and other persons involved in monitoring that are required to submit information, with adequate and appropriate feedback;

10.16. ensures effective usage of allocated funds, grants and other financial resources, organizes their registration;

10.17. securely protects information obtained as a result of its activity, as well as establishes the information protection system;

10.18. stores and protects archive documents;

10.19. taking into account international experience undertakes necessary measures for application of modern information and communication technologies in the activity of the Financial Monitoring Service;

10.20. takes measures guaranteeing professional development of staff, provides their participation on necessary educational and training programmes;

10.21. ensures timely consideration of and reply to applications of natural and legal persons;

10.22. within the scope of its activity to implement other functions stipulated by the legislation.

IV. RIGHTS OF THE FINANCIAL MONITORING SERVICE

11. The Financial Monitoring Service is entitled with the following rights for fulfilling its functions:

- 11.1. to participate in the processes of improvement of legislation in the relevant sphere and develops appropriate proposals;
- 11.2. to conduct researches in the relevant sphere, develops analytical and methodical materials;
- 11.3. to suspend the execution of transactions with funds or other property in the cases stipulated by the legislation, takes imperative decisions and gives imperative orders in the relevant sphere;
- 11.4. for the purposes of the Law of the Republic of Azerbaijan «On the prevention of the legalisation of criminally obtained funds or other property and the financing of terrorism» to receive, collect and analyse the information from monitoring entities, other persons involved in monitoring, supervision authorities, as well as to use databases of other state authorities in accordance with the legislation of the Republic of Azerbaijan;
- 11.5. with a view of examination of received information concerned with legalisation of criminally obtained funds or other property and financing of terrorism or when necessary to obtain from monitoring entities, other persons involved in monitoring, supervision authorities and other state authorities by sending relevant inquiry additional information, needed to properly undertake its functions;
- 11.6. within the scope of its competence to ensure relations of the Republic of Azerbaijan with foreign states and international organizations; to cooperate with relevant agencies of other states; in accordance with the legislation to conclude international instruments, as well as to apply for membership in the specialised international institutions;
- 11.7. to initiate joining of the Republic of Azerbaijan to international instruments regarding the issues connected with the scope of activity of the Financial Monitoring Service;
- 11.8. to organise conferences, seminars, forums, trainings and other events in the relevant sphere, takes part at such events;
- 11.9. to set up interagency cooperation and consultative bodies, working groups, involves experts and specialists in its activity, orders independent examinations;
- 11.10. to publish special bulletins and other editions, to establish periodicals in accordance with the legislation;
- 11.11. in accordance with the legislation of the Republic of Azerbaijan to realize rights on state property being at disposal;
- 11.13. within the scope of its activity to implement other rights stipulated by the legislation.

V. ORGANISATION THE ACTIVITY OF THE FINANCIAL MONITORING SERVICE

- 12. The Financial Monitoring Service is headed by the Director of Financial Monitoring Service is appointed and dismissed by the President of the Republic of Azerbaijan.
- 13. The Director of Financial Monitoring Service has Deputy is appointed and dismissed by the President of the Republic of Azerbaijan.
- 14. The Director of Financial Monitoring Service:
 - 14.1. manages the activity of the Financial Monitoring Service and organizes its current functioning;
 - 14.2. determines the official responsibilities of the Deputy Director of the Financial Monitoring Service;
 - 14.3. appoints and released from the position other employees of the Financial Monitoring Service;
 - 14.4. approves statutes on organisational divisions of the Financial Monitoring Service and its employees' job descriptions, supervises their activity;
 - 14.5. gives imperative orders and decrees regarding the activity of the Financial Monitoring Service;
 - 14.6. cancels unlawful orders and decisions of the Financial Monitoring Service's officials;
 - 14.7. without a power of attorney represents the Financial Monitoring Service in relations with state authorities and other persons of the Republic of Azerbaijan and foreign countries; within competences organizes negotiations with relevant state authorities of foreign states and international organisations; participates in international negotiations, and signs international instruments in a manner defined by legislation;
 - 14.8. ensures efficient utilisation of funds allocated for the Financial Monitoring Service;

14.9. submits the report on the activity of the Financial Monitoring Service to the President of the Republic of Azerbaijan every three months;

14.10. implements other responsibilities in accordance with the legislation of the Republic of Azerbaijan.

15. The Director of Financial Monitoring Service and Deputy Director bear responsibility for fulfillment the duties and implementation the functions entrusted to the Financial Monitoring Service.

16. In the absence of the Director of Financial Monitoring Service, his powers shall be delegated to the Deputy Director of Financial Monitoring Service. In the absence of the Deputy Director of Financial Monitoring Service, these powers shall be implemented by another official of the Financial Monitoring Service defined by the Director of Financial Monitoring Service.

17. The Chairman of the Central Bank approves the structure, staff list and estimate of expenditures of the Financial Monitoring Service.

18. The status of the Director of Financial Monitoring Service shall be equivalent to the status of the first Deputy Chairman of the Central Bank; the status of the Deputy Director of Financial Monitoring Service shall be equivalent to the status of the Deputy Chairman of the Central Bank; the status of employees of the Financial Monitoring Service shall be equivalent to the status of the employees of the Central Bank.

4. Annex – Decree of the President of the Republic of Azerbaijan on application of the law of the Republic of Azerbaijan «on changes and amendments to some legislative acts of the Republic of Azerbaijan in connection with implementation of the law of the Republic of Azerbaijan «on the prevention of the legalization of criminally obtained funds or other property and the financing of terrorism»

In order to provide the application of the Law of the Republic of Azerbaijan «On changes and amendments to some legislative acts of the Republic of Azerbaijan in connection with implementation of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism», **I take the decision:**

1. The Cabinet of Ministers of the Republic of Azerbaijan shall be assigned within 1 month:

1.1. to prepare and submit to the President of the Republic of Azerbaijan the proposals related to the conformity of the legislative acts being in the effect to the Law of the Republic of Azerbaijan «On changes and amendments to some legislative acts of the Republic of Azerbaijan in connection with implementation of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism»;

1.2. to ensure the conformity of normative legal acts of the Cabinet of Ministers of the Republic of Azerbaijan and relevant central executive authorities to this Law and informing the President of the Republic of Azerbaijan on these issues;

1.3. within the framework of competence to address other issues arising from the Law of the Republic of Azerbaijan «On changes and amendments to some legislative acts of the Republic of Azerbaijan in connection with implementation of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism».

2. To determine that the State Customs Committee of the Republic of Azerbaijan carries out the authorities of the «relevant executive authority» envisaged in the article 14–1.1 of the Law of the Republic of Azerbaijan «On Currency Regulation».

3. In third paragraph of item 3 of the Decree # 387, dated August 25, 2000, of the President of the Republic of Azerbaijan «On the enforcement of the Law of the Azerbaijan Republic on the «Approval and coming into effect of Criminal–Procedural Code of the Republic of Azerbaijan, and issues of legal regulation connected with it» and Criminal–Procedural Code of the Republic of Azerbaijan approved by this Law» figures «270 and 271-285» shall be replaced by figures «270-285 and 316-2.2».

Ilham ALIYEV

President of the Republic of Azerbaijan

**Baku, July 20/2009
№ 128**

Published in «Azərbaycan» official newspaper, dated 24 July, 2009 # 160.

5. Annex – Law of the Republic of Azerbaijan on changes and amendments to some legislative acts of the Republic of Azerbaijan in connection with implementation of the law of the Republic of Azerbaijan «on the prevention of the legalization of criminally obtained funds or other property and the financing of terrorism»

The Milli Mejlis of the Republic of Azerbaijan takes decision:

I. To add the section 8 with below content to the article 5 of the Law of the Republic of Azerbaijan «*On Freedom of Conscience*»:

«The religious organizations shall carry out measures as defined by the relevant legislation for the purposes of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism.».

II. To make below amendments to the article 13 of the Law of the Republic of Azerbaijan «*On Auditing Services*»:

1. add words «and information indicated in article 7.2 of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» after the words «from the court» in paragraph seven;

2. add the paragraph twelve with below content:

«To observe the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» concerning the identification and verification of customers, beneficial owners or authorized representative, documenting, filing, archiving and the requirement of reporting of information indicated in article 7.2 of this Law, prepare and apply the internal control system and implement other measures as defined by the relevant legislation of the Republic of Azerbaijan.».

III. To make below amendments to the Law of the Republic of Azerbaijan «*On Currency Regulation*»:

1. add words «Financial Monitoring Organ» after the words «Central Bank» in item 3 of article 9 and item 4 of article 11;

2. add the article 14–1 with below content:

«Article 14–1. Prevention of the legalization of criminally obtained funds or other property and the financing of terrorism

14–1.1. The relevant executive authority of the Republic of Azerbaijan shall immediately submit the information to the Financial Monitoring Organ on the following transactions:

14–1.1.1. transportation of the currency values into or out of the Republic of Azerbaijan by the citizens of the countries that are suspected in either legalization of criminally obtained funds or other property, financing of terrorism, support of the dangerous trends of transnational organized crime, armed separatism, extremism and mercenary, participation in illegal narcotic drug dealership and other psychotropic substances production or circulation thereof, or the countries that do not require disclosing identification information when conducting financial transactions; by the persons registered or that, who has a residency or permanent business in this country (territory); by the persons who have a bank account in banks registered in this country (territory);

14–1.1.2. transportation of the currency values, the initial source of which is the country (territory) envisaged by the article 14–1.1.1 of this Law, into or out of the Republic of Azerbaijan by any person.».

IV. To add the paragraph sixteen with below content to the item 7 of the Statute of the Chamber of Auditors of the Republic of Azerbaijan:

«within the framework of competence as the supervision authority ensuring compliance by persons providing audit services with requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism».».

V. To make below amendments to the Law of the Republic of Azerbaijan «*On Notaries*»:

1. add the section two with below content to the article 32 and consider the sections two–ten of article 32 as the sections three–eleven:

«The information on notary actions shall be reported to the Financial Monitoring Organ in order and cases envisaged by the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism».»;

2. add the section three with below content to the article 40:

«The performance of notary actions that cause suspicions based on the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» may be suspended by the Financial Monitoring Organ in order and time envisaged by the Law.»;

3. add the article 42–1 with below content:

«Article 42–1. Prevention of the legalization of criminally obtained funds or other property and the financing of terrorism

The notaries shall observe the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» concerning the identification and verification of customers, beneficial owners or authorized representative, documenting, filing, archiving and the requirement of reporting of information indicated in article 7.2 of this Law, and implement other measures as defined by the relevant legislation of the Republic of Azerbaijan.».

VI. To make below amendments to the Law of the Republic of Azerbaijan «*On Investment Funds*»:

1. add the article 25–1 with below content:

«Article 25–1. Prevention of the legalization of criminally obtained funds or other property and the financing of terrorism

1. The investment fund shall report to the Financial Monitoring Organ the information on transactions with funds or other property subject to monitoring for the purposes of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism, as well as prepare and apply the internal control system.

The investment fund shall observe the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» concerning the identification of customers, beneficial owners or authorized representative, and verification of this identification information, documenting, filing and archiving the information.

2. The volume of measures other than measures stipulated by the article 1 of this Law are defined by the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» and relevant normative legal acts.»;

2. add words «, supervises the observance of the requirements of the relevant legislation» after the words «the investment declaration» in item 1 of article 27;

3. replace the words «The officials of the investment fund» by the words «The investment fund, the officials of the investment fund» in article 31.

VII. To make below amendments to the Law of the Republic of Azerbaijan «*On Advocates and Advocate Activities*»:

1. add the paragraph five with below content to the section V of article 9 and consider the paragraph five of the section V of article 9 as the paragraph six:

«within the framework of competence as the supervision authority ensuring compliance by advocates with requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism»;

2. add the paragraph nine with below content to the section I of article 16:

«to observe the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism».

VIII. To add the articles 302.8–1, 1078–29.9 and 1078–31.6 with below content to the *Civil Code* of the Republic of Azerbaijan:

«302.8–1. The lombards shall carry out measures as defined by the relevant legislation for the purposes of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism.

1078–29.9. The brokers shall carry out measures as defined by the relevant legislation for the purposes of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism.

1078–31.6. The persons engaged in the professional management of securities shall carry out measures as defined by the relevant legislation for the purposes of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism.».

IX. To add the article 316–2 with below content to the *Criminal Code* of the Republic of Azerbaijan:

«Article 316–2. Disclosure of information about the measures to be taken against the legalization of criminally obtained funds or other property and the financing of terrorism

316–2.1. Except the cases prescribed by the Law, disclosure the measures to be taken against legalization of criminally obtained funds or other property by a person to whom these data has been trusted or known on service—

is punished by the penalty at a rate from 1 000 manats up to 3 000 manats, or with imprisonment for the term up to one year with deprivation of the right to hold the certain posts or to engage in the certain activities for the term up to three years or without it.

316–2.2. Except the cases prescribed by the Law, disclosure the measures to be taken against financing of terrorism by a person to whom these data has been trusted or known on service –

is punished by the penalty at a rate from 2 000 manats up to 4 000 manats, or with imprisonment for the term up to two years with deprivation of the right to hold the certain posts or to engage in the certain activities for the term up to three years or without it.».

X. To make below amendments to the *Criminal–Procedural Code* of the Republic of Azerbaijan:

1. add articles 177.3.8 and 177.4.5 with below content:

«177.3.8. suspension of the execution of a suspicious transaction concerning the legalization of criminally obtained funds or other property and the financing of terrorism.

177.4.5. suspension of the execution of a suspicious transaction concerning the legalization of criminally obtained funds or other property and the financing of terrorism – when there are urgent cases causing reasonable grounds that transactions with funds or other property are targeted to terrorist financing or are related to legalization of criminally obtained funds or other property.»;

2. replace the figures «177.3.1–177.3.5» by the figures «177.3.1–177.3.5 and 177.3.8» in articles 177.5 and 443.2;

3. add second sentence with below content to article 177.5:

«The decision of investigator shall grounded the urgency and necessity to carry out the investigative procedures without court decision and compiled in accordance with the requirements of this Code.»;

4. article 207.3 shall be set forth as follows:

«207.3. When examining information about an offence committed or planned, and where it is necessary to examine the activity of legal entity by using specialist knowledge of science, technology, the arts or in other professional spheres the following actions shall be carry out:

207.3.1. the prosecutor in charge of the procedural aspects of the investigation takes the decision to ensure the recruitment of specialist from the relevant state authority or audit organisation;

207.3.2. based on examination materials it shall be decided whether or not to proceed with the criminal case.»;

5. add the figure «316–2.1,» after the figures «307–315,» in article 215.3.1;

6. add the word «, property» after the words «personal immunity» in article 442.2.1;

7. replace the figures «177.3.4–177.3.6» by the figures «177.3.4–177.3.6 and 177.3.8» in article 447.3.3;

XI. To make below amendments to the *Code of Administrative Infringements* of the Republic of Azerbaijan:

1. add article 348–3 with below content:

«Article 348–3. Violation of the legislation on the prevention of the legalization of criminally obtained funds or other property and the financing of terrorism

348–3.0. Violation of the legislation on the prevention of the legalization of criminally obtained funds or other property and the financing of terrorism, that is:

348–3.0.1. non–observance of the requirements to identify and verify the customer, beneficial owner or authorized representative, or to document the information by the monitoring entities and other persons involved in monitoring;

348–3.0.2. non–compliance by the monitoring entities and other persons involved in monitoring with the requirements to preserve the identification documents and documents on the transactions with the funds or other property;

348–3.0.3. failure to apply or incomplete applying of the internal control system by the monitoring entities and other persons involved in monitoring, which are legal persons;

348–3.0.4. failure to carry out in time or incomplete execution by the monitoring entities and other persons involved in monitoring of the written instructions of the Financial Monitoring Organ or supervision authorities given in order and cases stipulated by the Law;

348–3.0.5. violation of the requirements of the non–execution of a transaction or submission the information stipulated by the Law, by the monitoring entities and other persons involved in monitoring—

entails imposition on official persons of penalty at a rate from 800 manats up to 1 500 manats, on legal persons of penalty at a rate from 8 000 manats up to 15 000 manats.»;

2. add the figure «348–3,» after the figure «348–1,» in article 360.1;

3. replace the words «traffic and fire safety» by the words «in the area of fire safety and of the prevention of the legalization of criminally obtained funds or other property and the financing of terrorism, as well as traffic safety» in article 413.1.

XII. To add article 29.4 with below content to the Law of the Republic of Azerbaijan «*On Non–Governmental Organisations (public associations and funds)*»:

«**29.4.** The non–governmental organisation shall carry out measures as defined by the relevant legislation for the purposes of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism.».

XIII. To make below amendments to the Law of the Republic of Azerbaijan «*On Banks*»:

1. replace the words «article 3.4» by the words «articles 3.4 and 42» in article 3.3;

2. add the words «of the Law of the Republic of Azerbaijan «*On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism*»,» after the words «of this Law,» in articles 16.1.9 and 16.2.7;

3. add the words «and the requirements of the Law of the Republic of Azerbaijan «*On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism*» after the words «of bank legislation» in article 25.1.4;

4. add the words «, as well as to prepare and apply the internal control system on measures against the legalization of criminally obtained funds or other property and the financing of terrorism» after the words «bank management» in article 25.1.7;

5. add the words «Law of the Republic of Azerbaijan «*On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism*»,» after the words «Civil Code of the Republic of Azerbaijan,» in article 31.1;

6. add paragraph three with below content to article 37.1:

«The Financial Monitoring Organ, in order and time stipulated by the Law, may suspend the execution of a bank transaction that cause suspicious on the legalization of criminally obtained funds or other property and the financing of terrorism.»;

7. add the words «Financial Monitoring Organ in order stipulated by the Law of the Republic of Azerbaijan «*On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism*»,» after the words «over the insurer activity,» in first sentence of article 41.2;

8. article 42–1 shall be set forth as follows:

«Article 42–1. Prevention of the legalization of criminally obtained funds or other property and the financing of terrorism

42.1. The credit organizations shall report to the Financial Monitoring Organ the information on transactions with funds or other property subject to monitoring for the purposes of

prevention of the legalization of criminally obtained funds or other property and the financing of terrorism, prepare and apply the internal control system, as well as carry out other measures as defined by the laws of the Republic of Azerbaijan and the international instruments to which the Republic of Azerbaijan is a party.

The credit organizations shall observe the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» concerning the identification of customers, beneficial owners or authorized representative, and verification of this identification information, documenting, filing and archiving the information.

No anonymous accounts, including anonymous deposit accounts can be opened, as well as no anonymous certificate of deposit can be issued.

42.2. The volume of measures other than measures stipulated by the article 42.1 of this Law are defined by the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» and relevant normative legal acts.»;

9. add the words «, of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» after the words «of this Law» in article 47.1.

XIV. To add the article 10.3 with below content to the Law of the Republic of Azerbaijan «*On Lottery*»:

10.3. The lottery organizer shall carry out measures as defined by the relevant legislation for the purposes of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism.».

XV. To add the articles 3.0.2–1, 13–4.4.9, 13–4.5.5 and 13–5 with below content to the Law of the Republic of Azerbaijan «*On Post*»:

3.0.2–1. supervises the compliance of organizations providing post services that are engaged in transfers of the funds with the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism»;

13–4.4.9. if the National Operator constantly have violated the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism».

13–4.5.5. in the event, if branch or representation, which obtained the permit, constantly have violated the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism».

Article 13–5. Prevention of the legalization of criminally obtained funds or other property and the financing of terrorism

13–5.1. The National Operator shall report to the Financial Monitoring Organ the information on transactions with funds or other property subject to monitoring for the purposes of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism, prepare and apply the internal control system, as well as carry out other measures as defined by the laws of the Republic of Azerbaijan and the international instruments to which the Republic of Azerbaijan is a party.

The National Operator shall observe the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» concerning the identification of customers, beneficial owners or authorized representative, and verification of this identification information, documenting, filing and archiving the information.

13–5.2. The volume of measures other than measures stipulated by the article 13–5.1 of this Law is defined by the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» and relevant normative legal acts.».

XVI. To add the article 48.1.6–1 with below content to the Law of the Republic of Azerbaijan «*On Central Bank of the Republic of Azerbaijan*»:

«**48.1.6–1.** supervises the compliance of credit organizations with the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism».

XVII. To add the article 17.2.7 with below content to the Law of the Republic of Azerbaijan «*On Precious Metals and Precious Stones*»:

«**17.2.7.** supervision over the compliance of legal persons engaged in buying and selling of precious stones, precious metals, as well as the jewelry or the other goods made of precious stones and precious metals with the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism».

XVIII. To replace the words «illegally obtained funds» by the words «criminally obtained funds or other property» in article 2.1.2.3 of the Law of the Republic of Azerbaijan «*On Endowment Insurance*».

XIX. To make below amendments to the Law of the Republic of Azerbaijan «*On Insurance Activity*»:

1. add article 6.2.9 with below content:

«**6.2.9.** to the Financial Monitoring Organ in order stipulated by the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism»;

2. article 13 shall be set forth as follows:

«**Article 13. Prevention of the legalization of criminally obtained funds or other property and the financing of terrorism**

13.1. The insurers, reinsurers, insurance intermediaries shall report to the Financial Monitoring Organ the information on transactions with funds or other property subject to monitoring for the purposes of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism, prepare and apply the internal control system, as well as carry out other measures as defined by the laws of the Republic of Azerbaijan and the international instruments to which the Republic of Azerbaijan is a party.

The insurers, reinsurers, insurance intermediaries shall observe the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» concerning the identification of customers, beneficial owners or authorized representative, and verification of this identification information, documenting, filing and archiving the information.

13.2. The volume of measures other than measures stipulated by the article 13.1 of this Law are defined by the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» and relevant normative legal acts.»;

3. add articles 29.1.10.6, 95.1.5 and 106.1.7 with below content:

«**29.1.10.6.** to conduct insurer's activity in accordance with the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism»;

95.1.5. to ensure the compliance with the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism».

106.1.7. violation of the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism».

4. article 123.2 shall be set forth as follows:

«**123.2.** Insurers and insurance intermediaries shall preserve documents on the insurance transactions conducted by them and information on these transactions in the electronic format at least for 5 (five) years after termination of legal relations with the customer or other party to the insurance contract, as well as identification documents of the customer, beneficial owner or authorized

representative designated by the article 13 of this Law within the timeframes stipulated by the legislation and submit it to the competent state authorities in case of necessity.

5. in article 124:

5.1. add the figure «124.1.» before the words «Legal entities and physical persons»;

5.2. add article 124.2 with below content:

«124.2. Insurers, reinsurers and insurance intermediaries, who violate the requirements of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism», shall bear responsibility in accordance with the legislation of the Republic of Azerbaijan.».

Ilham ALIYEV

President of the Republic of Azerbaijan

Baku, «30» June 2009

№ 856–IIIQ

Published in «Azerbaijan» official newspaper, dated 24 July, 2009 № 44.

6. Annex – Ordinance № 112, 28 July 2009, of the Cabinet of Ministers of the Republic of Azerbaijan on approval of the form of the compiling of information on transportation of the currency values into or out of the Republic of Azerbaijan, submitted to the financial monitoring service under the Central Bank of the Republic of Azerbaijan

In order to provide the implementation of item 3.3 of the Decree # 66, dated February 23, 2009, of the President of the Republic of Azerbaijan «On application of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism», **Cabinet of Ministers take the decision:**

1. «The form of the compiling of information on transportation of the currency values into or out of the Republic of Azerbaijan, submitted to the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan» shall be approved (attached).
2. This Ordinance shall enter into force since the date of its signing.

A. RASI-ZADE

Prime-minister of the Republic of Azerbaijan

**Approved by the Ordinance of the
Cabinet of Ministers of the Republic of Azerbaijan
dated July 28, 2009 # 112**

The form of the compiling of information on transportation of the currency values into or out of the Republic of Azerbaijan, submitted to the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan

1. This instrument has been prepared in order to provide the implementation of the Decree # 66, dated February 23, 2009, of the President of the Republic of Azerbaijan «On application of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism». This instrument shall govern the form of the compiling of information on transportation of the currency values into or out of the Republic of Azerbaijan, submitted by the State Customs Committee of the Republic of Azerbaijan to the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan.

2. In accordance with article 8 of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism», the State Customs Committee of the Republic of Azerbaijan shall immediately submit the information on the following transactions to the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan (hereinafter referred to as the Financial Monitoring Service).

2.1. transportation of the currency values into or out of the Republic of Azerbaijan by the persons envisaged by the article 7.2.2 of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism»;

2.2. transportation of the currency values, the initial source of which is the country (jurisdiction) envisaged by the article 7.3 of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism», into or out of the Republic of Azerbaijan by any person.

3. The information submitted to the Financial Monitoring Service shall be entered by the State Customs Committee of the Republic of Azerbaijan into the special form (attached). If certain information is absent, the relevant line or column of the form shall not be filled. In the event, if the

information is entered by hand, ink or black/blue colour pen shall be used, and the form shall be filled by neat handwriting. It is prohibited to make any corrections when filling the form.

4. The form submitted to the Financial Monitoring Service shall include following information:

4.1. the name, surname and patronymic of the person;

4.2. the citizenship or home country of the person;

4.3. the type, series, number, dates of issue and termination of the identification document;

4.4. the country (jurisdiction) from which the currency values has been transported;

4.5. the country (jurisdiction) to which the currency values has been transported;

4.6. the denomination and amount of the currency values, as well as time period of transportation of the currency values into or out of the Republic of Azerbaijan.

5. Information specified in the present instrument may be provided to the Financial Monitoring Service on paper media signed and sealed by the competent officials of the State Customs Committee of the Republic of Azerbaijan, or the information may be submitted via communication channel in electronic form approved by the digital signature.

6. The Financial Monitoring Service shall create an information protection system and set up communication channels for information submission.

7. For failure to submit the information or for submitting of the information incompletely, untimely and erroneously, competent officials of the State Customs Committee of the Republic of Azerbaijan shall bear responsibility as provided for by the legislation of the Republic of Azerbaijan.

7. Annex – Regulation on list and designated threshold of transactions with funds or other property to be reported by the monitoring entities to the Financial Monitoring Service

1. This Regulation has been prepared in order to provide the implementation of article 7.1 of the Law of the Republic of Azerbaijan «On prevention of legalisation of criminally obtained funds or other property and financing of terrorism» and FATF Recommendation 19.

2. Regulation designates the minimum threshold of total amount (hereinafter – designated threshold) and the list of transactions with funds or other property (hereinafter – transactions) to be reported by monitoring entities to the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan.

3. According to article 4 of the Law of the Republic of Azerbaijan «On prevention of legalisation of criminally obtained funds or other property and financing of terrorism» monitoring entities are the followings:

- 3.1. credit institutions, as well as credit institutions providing leasing services;
- 3.2. insurers, reinsurers, insurance intermediaries;
- 3.3. brokers, who professionally participate in the securities market and those, who are engaged in the professional management of securities;
- 3.4. institutions and other organizations providing post services that are engaged in transfers of the funds;
- 3.5. pawnshops;
- 3.6. investment funds;
- 3.7. legal persons engaged in buying and selling of precious stones, precious metals, as well as the jewellery or the other goods made of precious stones and precious metals;
- 3.8. non-governmental or religious organizations parts of activities of which consist of receiving, collecting, delivering or transferring the funds;
- 3.9. lottery organiser;
- 3.10. legal persons providing intermediary services on the buying and selling of real estate.

4. The designated threshold of transactions is established as *twenty thousand manats (EUR 15`000)* or as *the sum in foreign currency, which is equivalent to twenty thousand manats (EUR 15`000)*. This also includes situations where the transaction is carried out in a single operation or in several operations that appear to be linked.

5. The designated threshold in a foreign currency shall be counted by the monitoring entity in accordance with currency rate determined by the Central Bank of the Republic of Azerbaijan for the date of transaction.

6. The information on cash transactions equivalent to or above the designated threshold stipulated by item 4 of this Regulation shall be submitted by the monitoring entities to the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan.

7. Legal persons engaged in buying and selling of precious stones, precious metals, as well as jewellery or other goods made of precious stones or precious metals, and legal persons providing intermediary services on buying and selling of real estate, shall submit the information only on cash transactions above the limit to the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan.

8. Annex - Regulation on submission of data by monitoring entities and other persons involved in monitoring to the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan

1. GENERAL PROVISIONS

1.1. Current Regulations have been developed in accordance with Article 11 of the AML/CFT Law and Item 10.4 of the “Statute of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan” approved by the Decree of the President of the Republic of Azerbaijan of July 16, 2009, number 122.

1.2. Current Regulations determine the rules of submission of data on transactions with funds or other property (herein after – data) by monitoring entities and other persons involved in monitoring to the Financial Monitoring Service.

1.3. Data submitted to the Financial Monitoring Service shall be kept in secret by monitoring entities and other persons involved in monitoring. Mentioned data may be requested from monitoring entities and other persons involved in monitoring only by law-enforcement agencies, which conduct criminal proceeding in connection with criminal prosecution. In such a situation mentioned data shall be submitted only on the basis of enforceable court decision.

1.4. The Financial Monitoring Service shall take measures for ensuring the security of submitted data, as well as ensure the secrecy of data and its use only for the purposes defined by the AML/CFT Law.

2. MAIN DEFINITIONS

2.1. Following definitions have been used in current Regulations:

2.1.1. AML/CFT Law – Law of the Republic of Azerbaijan “On prevention of legalization of criminally obtained funds or other property and financing of terrorism”;

2.1.2. Financial Monitoring Service – The Financial Monitoring Service is the state authority, which implements competences stipulated by the legislation in the sphere of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism in the Republic of Azerbaijan;

2.1.3. monitoring entities – are the following entities obligated to implement the measures stipulated by the legislation with the purpose of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism:

2.1.3.1. credit institutions, as well as credit institutions providing leasing services;

2.1.3.2. insurers, reinsurers, insurance intermediaries;

2.1.3.3. brokers, who professionally participate in the securities market and those, who are engaged in the professional management of securities;

2.1.3.4. institutions and other organizations providing post services that are engaged in transfers of the funds;

2.1.3.5. pawnshops;

2.1.3.6. investment funds;

2.1.3.7. legal persons engaged in buying and selling of precious stones, precious metals, as well as the jewelry or the other goods made of precious stones and precious metals;

2.1.3.8. non-governmental or religious organizations parts of activities of which consist of receiving, collecting, delivering or transferring the funds;

2.1.3.9. the lottery organizer;

2.1.3.10. legal persons providing intermediary services on the buying and selling of real estate.

2.1.4. other persons involved in monitoring – lawyers, notaries, other persons providing legal or audit services that implement the measures provided by this Law for the purposes of preventing the legalization of criminally obtained funds or other property and the financing of terrorism;

2.1.5. criminally obtained funds or other property – funds of every kind, property, whether movable or immovable, corporeal or incorporeal, tangible or intangible, legal documents

evidencing the title to such property, obtained directly or indirectly through the commission of an offence provided by the Criminal Code of the Republic of Azerbaijan;

2.1.6. transactions with funds or other property – transactions aimed at acquisition, exercising, change or termination of civil rights to the funds or other property as a result of transactions with them;

2.1.7. legalization of criminally obtained funds or other property – carrying out of financial transactions or other transactions by using the criminally obtained funds or other property either for the purposes of giving legal status to criminally obtained funds or other property, or for the purposes of concealing of the real sources of their obtainment;

2.1.8. financing of terrorism – deliberate full or partial, direct or indirect direction of funds or other property to commitment of terrorism or collecting funds or other property for the same purposes;

2.1.9. customer – any natural or legal person using the services of the monitoring entities or other persons involved in monitoring the persons, that concern the transactions with the funds or other property;

2.1.10. beneficial owner – natural person(s) who ultimately owns or controls a customer and/or the person on whose behalf a transaction is being conducted; it also incorporates those persons who exercise ultimate effective control over a legal person or arrangements;

2.1.11. politically exposed persons of foreign country – individuals who are or have been entrusted with prominent public functions in a foreign country (Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials), as well as their family members or close associates;

2.1.12. centralized electronic-information system – special data-base system devised by the Financial Monitoring Service with the purpose of automatic registration, calculation, processing and further analysis of submitted data in the sphere of legalization of criminally obtained funds or other property and financing of terrorism;

2.1.13. identification procedure – the complex measures carried out in order to determine identity, legal capacity, representation competences and professional activity of customer, beneficiary and representative;

2.1.14. verification procedure – the complex of measures carried out in order to determine the veracity of identification data on customer, beneficiary and representative, obtained via reliable sources;

2.1.15. limit – the amount stipulated by the Regulations “On list and limit of transactions with funds or other property to be reported by the monitoring entities to the Financial Monitoring Service”;

2.1.16. currency transactions – the transactions defined in the Item 3.1 of current Regulations;

2.1.17. suspicious transactions – the transactions defined in the Item 3.2 of current Regulations;

2.1.18. complaints officer – the person at the level of management or heads of structural units of monitoring entities and other persons involved in monitoring, which are legal persons, which is entitled for controlling the implementation of internal rules and procedures on the activity against the legalization of criminally obtained funds or other property and the financing of terrorism, for carrying out the exchange of information with the Financial Monitoring Service, as well as for preparing and submitting reports on the transactions, which are subject to monitoring;

2.1.19. Tax ID – Taxpayer identification number.

3. SUBMISSION OF DATA

3.1. Transactions with funds or other property equivalent to or above 20`000 manat shall be considered as currency transactions.

3.2. Funds or other property, transactions with them and the attempts to carry out transactions involving the following features shall be considered as suspicious transactions regardless of their amount:

3.2.1. transactions that cause suspicions or reasonable grounds for suspicions that funds or other property are the proceeds of a criminal activity or are related to terrorist financing;

3.2.2. any transaction with the funds or other property associated with the citizens of countries that are suspected in either legalization of criminally obtained funds or other property,

financing of terrorism, support of the dangerous trends of transnational organized crime, armed separatism, extremism and mercenary, participation in illegal narcotic drug dealership and other psychotropic substances production or circulation thereof, or the countries that do not require disclosing identification information when conducting financial transactions with the persons registered or that, who has a residency or permanent business in this country (territory), with the persons who has a bank account in banks registered in this country (territory);

3.2.3. any transactions from bank accounts of politically exposed persons of foreign country;

3.2.4. transfer of funds from anonymous accounts that are out of the jurisdiction of the Republic of Azerbaijan to the Republic of Azerbaijan, as well as transfer funds to the anonymous accounts that are out of the jurisdiction of the Republic of Azerbaijan.

3.3. In following situations monitoring entities shall submit data to the Financial Monitoring Service:

3.3.1. in situations defined by the Item 3.1 of current Regulations;

3.3.2. in situations defined by the Item 3.2 of current Regulations;

3.3.3. in cases when there are doubts about the veracity or adequacy of previously obtained identification data on customer or beneficial owner;

3.3.4. in cases when there are suspicions or reasonable grounds to suspect that customer does not act on his/her behalf or represent a third person.

3.4. Other persons involved in monitoring shall submit data on following transactions to the Financial Monitoring Service in cases defined by the Items 3.3.2 – 3.3.4 of current Regulations:

3.4.1. transactions on buying and selling of real estate;

3.4.2. transactions on managing of customer funds, securities or other property;

3.4.3. transactions on managing of customer bank and securities accounts;

3.4.4. transactions on creation, operation or management of legal persons, buying and selling of legal persons, organization of contributions for the creation, operation or management of legal persons.

3.5. The list of countries determined in the Item 3.2.2 of current Regulations, as well as changes and amendments to this list shall be submitted to the monitoring entities and other persons involved in monitoring by the Financial Monitoring Service directly or via supervision authorities and placed in the official web site of the Financial Monitoring Service.

4. FORM AND MAINS OF SUBMISSION OF DATA

4.1. Monitoring entities and other persons involved in monitoring shall submit following data to the Financial Monitoring Service in accordance with Item 3 of current Regulations:

4.1.1. type of transaction;

4.1.2. date of transaction (indicating year, month, date and time);

4.1.3. sum and currency code of transaction;

4.1.4. necessary information on identification of natural and legal persons obtained by monitoring entities and other persons involved in monitoring:

4.1.4.1. in respect of natural person – information reflected in the ID (surname, name and patronymic, nationality, place and date of birth, place of residence and registration, type, series and number, date of issue and validity date of the document, name of authority issued the document), person's bank account number and name of the bank, its branch, division or other separate unit serving the account;

4.1.4.2. in respect of legal person – name, organizational-legal form, legal address and registration number, country of residence, Tax ID, legal person's bank account number and name of the bank, its branch, division or other separate unit serving the account;

4.1.4.3. in respect of individual entrepreneur – data indicated in the Item 4.1.4.1 of current Regulations and tax ID;

4.1.5. information on beneficial owner – data defined in the Items 4.1.4.1 and 4.1.4.2 of current Regulations depending on the beneficial owner to be legal or natural person;

4.1.6. in case of the transaction to be carried out by representative – data defined in the Items 4.1.4.1 and 4.1.4.2 of current Regulations depending on the beneficial owner to be legal or natural person (excluding tax ID and data on bank account);

4.1.7. information on the nature, as well as the information describing a chronological history of the transaction;

4.1.8. the grounds stipulating the suspiciousness of transaction.

4.2. In case of obtaining of other information additionally to information on identification and verification of natural or legal person indicated in the Item 4.1 of current Regulations by monitoring entities and other persons involved in monitoring, mentioned data shall be submitted to the Financial Monitoring Service as well. Additional information shall be submitted with relevant letter accompanying the form reflected in the Appendix 1 to current Regulations.

4.3. Data shall be entered into the form defined in the Annex 1 to current Regulations (hereinafter – form) by monitoring entities and other persons involved in monitoring and submitted by following means:

4.3.1. paper bearer signed and sealed by authorized competent person of monitoring entity and other person involved in monitoring;

4.3.2. electronic bearer approved via electronic signature.

4.4. The form in paper bearer can be filled by the following methods:

4.4.1. by using software defined by the Financial Monitoring Service;

4.4.2. by filling in the electronic version of the form and printing;

4.4.3. by filling in the form by using ballpoint pen in hand writing;

4.5. Data submitted in paper bearer shall be put in fixed light-proof envelope and sealed, and forwarded to the Financial Monitoring Service by official submission or by post via registered notification letter.

4.6. Electronic version of the form shall be placed in the official web site of the Financial Monitoring Service. The form can be filled in by any software at option of monitoring entity and other person involved in monitoring.

4.7. It is not allowed to submit data to the Financial Monitoring Service in different way than in the form attached to current Regulations.

4.8. Data submitted to the Financial Monitoring Service by electronic bearer shall be submitted via electronic mail or special communication channel determined by the Financial Monitoring Service:

4.8.1. data submitted by electronic bearer shall be forwarded to the Centralized Electronic-Information System by the Financial Monitoring Service and automatically registered via the system;

4.8.2. until the electronic signature is implemented, monitoring entities and other persons involved in monitoring can submit data by electronic bearer via their official electronic sites or electronic mail registered at the Financial Monitoring Service;

4.8.3. data in electronic bearer shall be forwarded to the official electronic mail of the Financial Monitoring Service.

4.9. Taking into account the urgency of the situation, data on cases indicated in the Items 3.3.2 – 3.3.4 of current Regulations can be submitted to the Financial Monitoring Service orally. Immediate submission of mentioned data to the Financial Monitoring Service in writing shall be ensured.

4.10. Branches, representatives or other separate units of monitoring entities and other persons involved in monitoring, which are legal persons shall submit the data defined by current Regulations to the Financial Monitoring Service by their head offices.

4.11. Form filled in paper or electronic bearer shall be copied and preserved at least for 5 years after closing the account of a customer or termination of legal relations along with following documents and mentioned documents shall be submitted to the Financial Monitoring Service if necessary:

4.11.1. identification documents of customer, beneficial owner or competent representative;

4.11.2. documents on transactions with funds or other property carried out by customer (extracts from account, ground for conducting transaction, etc.).

4.12. monitoring entity and other person involved in monitoring can apply to the Financial Monitoring Service for elimination of previously submitted data indicating concrete ground for that. In case of receipt of application by the Financial Monitoring Service, data shall be considered as not submitted.

4.13. In case of incomplete submission of data, or submission with mistakes in its content or not in the form defined by current Regulations, as well as without indicating mandatory entries (number, date, signature of competent person, seal, customer and information on the person submitting the data) of the form, the Financial Monitoring Service shall return the submitted data along with notification indicating concrete fact of violation to monitoring entity and other person involved in monitoring.

4.14. Violations indicated in the notification shall be corrected by monitoring entities and other persons involved in monitoring and newly devised form shall be submitted to the Financial Monitoring Service within 3 days after the receipt of notification.

4.15. The Financial Monitoring Service shall check the authenticity and veracity of data and take measures for identification of the person, who submits the data.

4.16. Security measures on submission of data, as well as other communication means for submission of data shall be defined by the Financial Monitoring Service.

5. FILLING IN THE FORM

5.1. Regardless of forwarding either in paper bearer or in electronic bearer, data shall be submitted by filling in the form.

5.2. In case of forwarding several forms in paper bearer, the number of attachments shall be indicated in the accompanying letter.

5.3. The form consists of 5 numbered pages. The 1st page includes information on transaction, the 2nd page includes information on monitoring entity and other person involved in monitoring, 3rd, 4th and 6th pages include identification data respectively on customer, beneficial owner and representative.

5.4. Every page of the form shall reflect the number and date of the data. Along with that, it shall be indicated if the data is new one or correction to previous data.

5.5. The number of the data shall be numbered by monitoring entities and other persons involved in monitoring starting from "1" in accordance with sequence of submission of data.

5.6. The date (day, month, year) of submission of data to the Financial Monitoring Service shall be indicated in the column "Date of data".

5.7. The number and the date of submission of the form shall be considered as its main identification means and request of documents defined by the Item 7 of current Regulations, as well as corrections to previously submitted form shall be carried out on the basis of mentioned entries.

5.8. In the column "Type of data", as well as in 19th, 27th and 35th Items relevant boxes shall be ticked by symbol "x".

5.9. In the 1st Item of the form 4 symbol code corresponding to the type of transaction shall be entered by using Annex 2. If the code corresponding to the type of transaction is not defined in the Annex 2, code before the entry "other" shall be entered into the relevant column and the type of the transaction shall be indicated in the 5th Item.

5.10. If the transaction has already been performed, the date of the transaction and if not the date of receipt of customers order on transaction shall be indicated in the 2nd Item.

5.11. In the 3rd Item the sum of the transaction shall be reflected in sequence of one number per one box, without indicating coins (cent, eurocent, etc.). Entry of the amount in wording is forbidden.

5.12. In the 4th Item 3 symbol code corresponding to the type of currency, in which the transaction is carried out shall be entered by using Annex 3.

5.13. Data on the purpose and nature of the transaction shall be entered in the 5th Item. In this Item documents and information on the basis of which transaction has been carried out, its character, scheme, features shall be indicated. If several transactions are carried out on the basis of one order of a customer, data on every transaction shall be reflected in this Item.

5.14. In the 6th Item 3 symbol code corresponding to currency transactions envisaged in the Item 3.3 of current Regulations shall be entered by using Annex 4.

5.15. The 7th Item shall be signed by the responsible person of monitoring entity and other person involved in monitoring. In circumstances defined by the Item 4.8.2 of current Regulations the 7th Item shall be kept empty.

5.16. The 8th Item shall be sealed by the head office of the monitoring entity and other person involved in monitoring. Sealing of the form submitted in electronic bearer is not required.

5.17. In the 9th Item 3 symbol code corresponding to the type of monitoring entity and other person involved in monitoring shall be entered by using Annex 5.

5.18. In the 10th Item the name of monitoring entity and other person involved in monitoring shall be indicated. If data is submitted by branch, representation or other separated unit via head office, one box shall be kept empty after entering the name of monitoring entity or other person

involved in monitoring and the name of branch, representative or other separate unit shall be indicated.

5.19. In the 12th Item the Tax ID of monitoring entity or other person involved in monitoring shall be indicated.

5.20. Information on natural or legal person shall be entered in relevant columns of 20th, 28th and 36th Items of the form, depending on customer, beneficial owner or representative to be legal or natural person. If in 19th, 27th and 35th Items the box “natural person” is ticked, then in 20th, 28th and 36th columns data regarding natural person and if in mentioned Items the box “legal person” is ticked, then data on legal person shall be included.

5.21. In 21st, 29th and 37th Items place of residence indicated in the ID of natural person or legal address of legal person shall be indicated depending on customer, beneficial owner or representative to be natural or legal person.

5.22. In 22nd and 30th Items Tax ID of customer or beneficial owner shall be reflected.

5.23. If customer or beneficial owner is a legal person, then 23rd and 31st Items shall be kept empty.

5.24. In 24th, 32nd and 39th Items registration number reflected in the certificate of legal person on its state registry issued by relevant state authority shall be indicated. If customer, beneficial owner or representative is a natural person mentioned Items shall be kept empty.

5.25. In 25th and 33rd Items bank account number of customer or beneficial owner shall be indicated respectively. In 26th and 33rd Items the name of bank at which an account is opened and served shall be indicated. After the bank’s name the name of branch, division or other separate unit shall be indicated.

5.26. In the 5th page information regarding representative entitled to represent natural or legal person shall be reflected.

5.27. If the transaction is carried out by natural person personally and without the participation of representative, then 5th page shall not be filled in. If the transaction is carried out by legal person, then in the 5th page data on person entitled to represent a legal person shall be reflected.

5.28. In the text of the form relevant data shall be entered one block letter per one box by leaving an empty box between words. Full stop, comma or other symbols shall be entered in separate boxes.

5.29. If there is no concrete information, relevant column of the form shall not be filled in. If data is entered in hand writing, ballpoint pen (black or blue) shall be used. Corrections when filling in the form are not allowed.

5.30. If there is a need to correct the data in previously submitted form, monitoring entity and other person involved in monitoring shall forward newly infilled form to the Financial Monitoring Service (indicating the number and date of previously submitted form). Corrected form shall be accompanied with explanatory letter regarding the reasons of correction.

5.31. In case of occurring technical or other kind of problems when filling in or sending the form, monitoring entity and other person involved in monitoring shall apply to the Financial Monitoring Service via “hotline” telephone communication or in written form.

6. TIMEFRAMES FOR THE SUBMISSION OF DATA

6.1. The information on transactions carried out on the basis of Item 3.1 of current Regulations shall be submitted by monitoring entities and other persons involved in monitoring to the Financial Monitoring Service within 3 (three) days after receiving the order (commission) to execute the transaction.

6.1.1. If mentioned dates falls along with non-business day, information shall be submitted on the next day.

6.2. The information on transactions mentioned in the Items 3.3.2–3.3.4 of current Regulations shall be submitted before the execution of the transaction. Where non–execution of a transaction is impossible or where it is known that non–execution of the transaction may cause impediments for identification of the beneficial owner, after execution of the transaction the monitoring entities and other persons involved in monitoring shall immediately inform the Financial Monitoring Service.

6.3. Since the time, when monitoring entity or other person involved in monitoring reports to the Financial Monitoring Service on the transactions specified in the Items 3.3.2–3.3.4 of current

Regulations, transaction shall not be executed for two business days. If during that period, the Financial Monitoring Service does not order to suspend these transactions the monitoring entity and other person involved in monitoring may execute the transaction.

7. SUBMISSION OF INFORMATION ON THE BASIS OF THE REQUEST OF THE FINANCIAL MONITORING SERVICE

7.1. With a view of checking authenticity and veracity of submitted data, as well as analyzing transactions, which have elements of connection with legalization of illegally obtained funds and financing of terrorism, the Financial Monitoring Service may request monitoring entities and other persons involved in monitoring to submit additional information and documents on conducted transactions.

7.2. Along with that, within its competences the Financial Monitoring Service may also request monitoring entities and other persons involved in monitoring to submit additional information on conducted transactions with the purpose of provision of mutual legal assistance and information exchange with competent authorities of foreign states in the sphere of combating money laundering and financing of terrorism in accordance with international agreements, which the Republic of Azerbaijan is party to.

7.3. On the basis of request of the Financial Monitoring Service, monitoring entities and other persons involved in monitoring shall submit information envisaged in the Items 7.1 and 7.2 of current Regulations within 2 days.

7.4. Monitoring entities and other persons involved in monitoring may submit information and documents, which are not indicated in the request, but can be useful for combating money laundering and financing of terrorism.

7.5. Requests on submission of information shall be signed by Director or Deputy Director of the Financial Monitoring Service and sent on the official headed note-paper of the Financial Monitoring Service.

7.6. The answer to written request of the Financial Monitoring Service shall be signed by the head of monitoring entity and other person involved in monitoring, put in fixed light-proof envelope and sealed, and forwarded to the Financial Monitoring Service by official submission or by post via registered notification letter.

7.7. In the answer to the request contact details of the person, who has executed the request shall be indicated.

8. FINAL PROVISIONS

8.1. Monitoring entities and other persons involved in monitoring, who violate the requirements of the AML/CFT Law on submission of reports, shall bear responsibility in accordance with the legislation.

8.2. Where the monitoring entities and other persons involved in monitoring, its personnel, as well as the personnel of the supervision authorities submit the information on the transaction which is subject to monitoring to the Financial Monitoring Service in order as defined by the AML/CFT Law, they shall be exempt from any liability for breach of any restriction on disclosure of the bank or other legally protected secrecy, as well as causing the material and moral damage emerged as a result of the disclosure of information.

Page	02	Type of data: <input type="checkbox"/> New data <input type="checkbox"/> Corrected
Number of data	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
Date of data	<input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

**INFORMATION ON MONITORING ENTITY
AND OTHER PERSON INVOLVED IN MONITORING**

9. Personal code (see: Annex 5)	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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10. Name (name of branch, representation or other separated unit)	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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11. Address	
City and urban district / Region	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Place of residence (avenue, street, block etc.)	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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House / building / unit / apartment	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Phone number	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

12. Tax ID	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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13. Surname of the responsible person	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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14. Name of the responsible person	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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15. Patronymic of the responsible person	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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16. Position of the responsible person	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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17. Phone numbers of the responsible person (business and mobile phone numbers)	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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18. E-mail of the responsible person	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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Page	03	Type of data: <input type="checkbox"/> New data <input type="checkbox"/> Corrected
Number of data	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
Date of data	<input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

IDENTIFICATION DATA ON CUSTOMER

19. Type Natural person
 Legal person

20. Name

In respect of natural person	In respect of legal person	
Surname	Name and legal-organisational form	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Name		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Patronymic		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Nationality	Country of residence	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

21. Address

City and urban district / Region

Place of residence (avenue, street, block etc.)

House / building / unit / apartment

Phone number

22. Tax ID

23. Information on natural person according his identity card

Type

Series and number

Name of authority

Date of issue //

Date of expiry //

Place of birth

Date of birth //

24. Legal person's registration number

25. Number of the bank account

26. Name of the bank serving the bank account

(branch and division)		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Page	04	Type of data: <input type="checkbox"/> New data <input type="checkbox"/> Corrected
Number of data	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
Date of data	<input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

IDENTIFICATION DATA ON BENEFICIAL OWNER

27. Type	<input type="checkbox"/> Natural person <input type="checkbox"/> Legal person
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28. Name		
In respect of natural person	In respect of legal person	
Surname	Name and legal-organisational form	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Name		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Patronymic		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Nationality	Country of residence	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

29. Address	
City and urban district / Region	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Place of residence (avenue, street, block etc.)	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
House / building / unit / apartment	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Phone number	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

30. Tax ID	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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31. Natural person's registration number	
Type	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Series and number	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Name of authority	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Date of issue	<input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Date of expiry	<input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Place of birth	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Date of birth	<input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

32. Legal person's registration number	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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33. Number of the bank account	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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34. Name of the bank serving the bank account	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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(branch and division)		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Page	05	Type of data: <input type="checkbox"/> New data <input type="checkbox"/> Corrected
Number of data	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
Date of data	<input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

IDENTIFICATION DATA ON REPRESENTATIVE

35. Type	<input type="checkbox"/> Natural person <input type="checkbox"/> Legal person
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36. Name		
In respect of natural person	In respect of the legal person	
Surname	Name and legal-organisational form	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Name		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Patronymic		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Nationality	Country of residence	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

37. Address	
City and urban district / Region	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Place of residence (avenue, street, block etc.)	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
House / building / unit / apartment	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Phone number	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

38. Natural person's registration number	
Type	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Series and number	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Name of authority	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Date of issue	<input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Date of expiry	<input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Place of birth	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Date of birth	<input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> / <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

39. Legal person's registration number	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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C O D E S
of types of transactions

Code	Type of transaction
1000	transfer of funds
1001	receipt of funds to the account
1002	placement of funds to bank deposit accounts of notaries
1003	withdrawal of funds from bank deposit accounts of notaries
1004	deposit
1005	issuing of a loan
1006	issuing of a financial leasing
1007	purchase of national currency
1008	sale of national currency
1009	purchase of foreign currency
1011	sale of foreign currency
3000	purchase of securities
3011	sale of securities
3021	transfer of securities
3031	other transactions with securities
4000	payment of insurance fees
4001	insurance payment
5000	purchase of precious metals
5001	sale of precious metals
5002	purchase of precious stones
5003	sale of precious stones
6000	receipt of a grant
6001	receipt of an endowment
6002	sale of goods
6003	rendering of service
6004	business conduct
7000	awarding (payment) of winnings to owners of lottery tickets (other equivalent means of information)
8000	transactions on which data shall be submitted by other persons

	involved in monitoring
8001	transactions on buying and selling of real estate
8002	transactions on management of customer's funds
8003	transactions on management of customer's securities
8004	transactions on management of customer's other property
8005	transactions on management of customer's bank account
8006	transactions on management of customer's bank account on securities
8007	transactions on establishment of legal person
8008	transactions on provision and administration of legal person's activity
8009	transactions on organisation of funds raising for establishment, provision and administration of legal persons' activity
8011	transactions in respect of buying and selling by legal persons
9999	other

Note: Code indicated as 8000 means heading and can not be used as a code for any type of transactions

CODES AND NAMES OF CURRENCIES

Code of currency		Name of currency	Short name of countries and territories
numerical	letter		
008	ALL	Albanian Lek	Albania
012	DZD	Algerian Dinar	Algeria
032	ARS	Argentine Peso	Argentina
036	AUD	Australian Dollar	Australia, Kiribati, Cocos (Keeling) Islands, Nauru, Norfolk Island, Christmas Island, Tuvalu, Heard and McDonald Islands
044	BSD	Bahamian Dollar	Bahama Islands
048	BHD	Bahraini Dinar	Bahrain
050	BDT	Bangladeshi Taka	Bangladesh
051	AMD	Armenian Dram	Armenia
052	BBD	Barbados Dollar	Barbados
060	BMD	Bermudian Dollar	Bermuda Islands
064	BTN	Bhutan Ngultrum	Bhutan
068	BOB	Boliviano	Bolivia
072	BWP	Botswana Pula	Botswana
084	BZD	Belize Dollar	Belize
090	SBD	Solomon Islands Dollar	Solomon Islands
096	BND	Brunei Dollar	Brunei Darussalam
104	MMK	Myanmar Kyat	Myanmar (Burma)
108	BIF	Burundi Franc	Burundi
116	KHR	Kampuchean Riel	Cambodia
124	CAD	Canadian Dollar	Canada
132	CVE	Cape Verde Escudo	Cape Verde
136	KYD	Cayman Islands Dollar	Cayman Islands
144	LKR	Sri Lanka Rupee	Sri Lanka
152	CLP	Chilean Peso	Chile
156	CNY	Yuan	China

170	COP	Colombian Peso	Colombia
174	KMF	Comoros Franc	Comoro Islands
188	CRC	Costa Rican Colon	Costa Rica
191	HRK	Croatian Kuna	Croatia
192	CUP	Cuban Peso	Cuba
203	CZK	Czech Koruna	Czech Rep.
208	DKK	Danish Krone	Greenland, Denmark, Faroe Islands
214	DOP	Dominican Peso	Dominican Republic
222	SVC	El Salvador Colon	El Salvador
230	ETB	Ethiopian Birr	Ethiopia
232	ERN	Eritrean Nakfa	Eritreya
233	EEK	Estonian Kroon	Estonia
238	FKP	Falkland Islands Pound	Falkland (Malvinas) Islands
242	FJD	Fiji Dollar	Fiji
262	DJF	Djibouti Franc	Djibouti
270	GMD	Gambian Dalasi	Gambia
288	GHC	Ghanaian Cedi	Ghana
292	GIP	Gibraltar Pound	Gibraltar
320	GTQ	Guatemalan Quetzal	Guatemala
324	GNF	Guinea Franc	Guinea
328	GYD	Guyana Dollar	Guyana
332	HTG	Haitian Gourde	Haiti
340	HNL	Honduran Lempira	Honduras
344	HKD	Hong Kong Dollar	Hong Kong
348	HUF	Hungarian Forint	Hungary
352	ISK	Iceland Krona	Iceland
356	INR	Indian Rupee	India
360	IDR	Indonesian Rupiah	Indonesia, East Timor
364	IRR	Iranian Rial	Iran
368	IQD	Iraqi Dinar	Iraq, Nutral Zone (between Saudi Arabia and Iraq)
376	ILS	Israeli New Shekel	Israel
388	JMD	Jamaican Dollar	Jamaica

392	JPY	Japanese Yen	Japan
398	KZT	Kazakhstan Tenge	Kazakhstan
400	JOD	Jordanian Dinar	Jordan
404	KES	Kenyan Shilling	Kenya
408	KPW	North Korean Won	Democratic People's Republic of Korea
410	KRW	Korean Won	Republic of Korea
414	KWD	Kuwaiti Dinar	Kuwaiti, Neutral Zone (between Saudi Arabia and Iraq)
417	KGS	Som	Kyrgyzstan
418	LAK	Lao Kip	Laos
422	LBP	Lebanese Pound	Lebanon
426	LSL	Lesotho Loti	Lesotho
428	LVL	Latvian Lats	Latvia
430	LRD	Liberian Dollar	Liberia
434	LYD	Libyan Dinar	Libya
440	LTL	Lithuanian Litas	Lithuania
446	MOP	Macau Pataca	Makau
454	MWK	Malawi Kwacha	Malawi
458	MYR	Malaysian Ringgit	Malaysia
462	MVR	Maldive Rufiyaa	Maldives
478	MRO	Mauritanian Ouguiya	Mauritania
480	MUR	Mauritius Rupee	Mauritius
484	MXN	Mexican Nuevo Peso	Mexico
496	MNT	Mongolian Tugrik	Mongolia
498	MDL	Moldovan Leu	Moldova
504	MAD	Moroccan Dirham	Morocco, Western Sahara
512	OMR	Omani Rial	Oman
516	NAD	Namibian Dollar	Namibia
524	NPR	Nepalese Rupee	Nepal
532	ANG	Netherlands Antillean Guilder	Netherlands Antilles
533	AWG	Aruban Guilder	Aruba
548	VUV	Vanuatu Vatu	Vanuatu
554	NZD	New Zealand Dollar	Niue, New Zealand, Cook

			Islands, Pitkern Islands, Tokelau
558	NIO	Nicaraguan Cordoba Oro	Nicaragua
566	NGN	Nigerian Naira	Nigeria
578	NOK	Norwegian Krone	Bouvet Island, Norway, Svalbard (Spitsbergen) və Jan Mayen Islands
586	PKR	Pakistan Rupee	Pakistan
590	PAB	Panamanian Balboa	Panama
598	PGK	Papua New Guinea Kina	Papua New Guinea
600	PYG	Paraguay Guarani	Paraguay
604	PEN	Peruvian Nuevo Sol	Peru
608	PHP	Philippine Peso	Philippines
624	GWP	Guinea-Bissau Peso	Guinea-Bissau
634	QAR	Qatari Rial	Qatar
643	RUB	Russian Ruble	Russia
646	RWF	Rwanda Franc	Rwanda
654	SHP	St. Helena Pound	Saint Helena
678	STD	Dobra	Sao Tome and Principe
682	SAR	Saudi Riyal	Saudi Arabia, Neutral Zone (between Saudi Arabia and Iraq)
690	SCR	Seychelles Rupee	Seychelles
694	SLL	Sierra Leone Leone	Sierra Leone
702	SGD	Singapore Dollar	Singapore
704	VND	Vietnamese Dong	Vietnam
706	SOS	Somali Shilling	Somali
710	ZAR	South African Rand	Lesoto, Namibia, South Afrika
748	SZL	Swaziland Lilangeni	Swaziland
752	SEK	Swedish Krona	Sweden
756	CHF	Swiss Franc	Liechtenstein, Switzerland
760	SYP	Syrian Pound	Syria
764	THB	Thai Baht	Thailand
776	TOP	Tongan Pa'anga	Tonga
780	TTD	Trinidad and Tobago Dollar	Trinidad and Tobago
784	AED	Arab Emirates Dirham	United Arab Emirates (UAE)

788	TND	Tunisian Dollar	Tunis
800	UGX	Uganda Shilling	Uganda
807	MKD	Denar	Macedonia
818	EGP	Egyptian Pound	Egypt
826	GBP	Pound Sterling	United Kingdom (Great Britain)
834	TZS	Tanzanian Shilling	Tanzania
840	USD	US Dollar	American Samoa, Britain Territory in Indian Ocean, Virgin Islands (Britain), Virgin Islands (USA), Haiti, Guam, Small Pacific Islands (USA), Marial Islands, Micronesia, Palau, Panama, Puerto Rico, Northern Mariana Islands, United States of America (USA), Turks and Caicos Islands
858	UYU	Uruguayan Peso	Uruguay
860	UZS	Uzbekistan Sum	Uzbekistan
862	VEB	Venezuelan Bolivar	Venezuela
882	WST	Samoaan Tala	Samoa
886	YER	Yemeni Rial	Yemen
894	ZMK	Zambian Kwacha	Zambia
901	TWD	Taiwan Dollar	Taiwan
931	CUC	Cuban Peso	Cuba
932	ZWL	Zimbabwe dollari	Zimbabwe
934	TMT	Turkmen manat	Turkmenistan
935	ZWR	Zimbabwe dollari	Zimbabwe
936	GHS	Ghanaian Cedi	Ghana
937	VEF	Bolivar furte	Venezuela
938	SDG	Sudanese Dinar	Sudan
940	UYİ	Uruguayan Peso	Uruguay
941	RSD	Serbia dinar	Serbia
943	MZN	Mozambique Metical	Mozambique
944	AZN	Azerbaijani Manat	Azerbaijan
946	RON	Romanian Leu i	Romania
949	TRY	Turkish Lira	Turkey

950	XAF	CFA Franc BEAC	Gabon, Cameroon, Kongo, Central African Republic, Chad, Equatorial Guinea, Southern Africa
951	XCD	East Caribbean Dollar	England, Antigua and Barbuda, Grenada, Dominic, Montserrat, Sent-Kits and Nevis, Saint Lucia
952	XOF	CFA Franc BCEAO	Benin, Burkina-Faso, Côte d'Ivoire, Mali, Niger, Senegal, Toqo
953	XPF	CFP Franc	New Caledonia, French Polynesia, Wallis and Futuna Islands
960	XDR	SDR (special drawing rights)	International Monetary Fund
968	SRD	Surinam Dollar	Surinam
969	MGA	Malaga ariary	Malaga
970	COU	Real estimation unit	Columbia
971	AFN	Afghanistan Afghani	Afghanistan
972	TJS	Somoni	Tajikistan
973	AOA	Angolan New Kwanza	Angola
974	BYR	Belarussian Ruble	Belarus
975	BGN	Bulgarian Lev	Bulgaria
976	CDF	Conqo franc	Congo
977	BAM	Marka	Bosnia and Herzegovina
978	EUR	Euro	Germany, Andorra, Austria, Belgium, Cyprus, Finland, France, Greece, Ireland, Italy, Spain, Montenegro, San Marino, Slovenia, Slovakia, Luxembourg, Malta, Monaco, the Netherlands (Holland), Portugal and the Vatican City
980	UAH	Ukraine Hryvna	Ukraine
981	GEL	Lari	Georgia
985	PLN	Polish Zloty	Poland
986	BRR	Brazilian real	Brazil

LIST
of transaction classification codes

Code	Type of transaction
101 Note: This code shall be entered into the form only by monitoring entities	<u>Currency transaction</u> – transaction in sum equivalent to 20`000 manats or above 20`000 manats
201	<u>Suspicious transactions</u> – irrespective of the transaction sum, situations that cause suspicions or reasonable grounds for suspicions that funds or other property are the proceeds of a criminal activity or are related to terrorist financing
301	<u>Suspicious transactions</u> – any transaction with the funds or other property associated with the citizens of the country (territory), with the persons registered or that, who has a residency or permanent business in this country (territory), with the persons who has a bank account in banks registered in this country (territory) that are suspected in either legalization of criminally obtained funds or other property, financing of terrorism, support of the dangerous trends of transnational organized crime, armed separatism, extremism and mercenary, participation in illegal narcotic drug dealership and other psychotropic substances production or circulation thereof, or the countries that do not require disclosing identification information when conducting financial transactions.
401	<u>Suspicious transactions</u> – irrespective of the transaction sum, any transactions from bank accounts of politically exposed persons of foreign country
501	<u>Suspicious transactions</u> – irrespective of the sum, transfer of funds from anonymous accounts that are out of the jurisdiction of the Republic of Azerbaijan to the Republic of Azerbaijan, as well as transfer funds to the anonymous accounts that are out of the jurisdiction of the Republic of Azerbaijan
601	<u>Suspicious transactions</u> – irrespective of the transaction sum, when there are doubts about the veracity or adequacy of previously obtained identification data on customer or beneficial owner;
701	<u>Suspicious transactions</u> – irrespective of the transaction sum, when there are suspicions or reasonable grounds to suspect that customer does not act on his/her behalf or represent a third person

LIST
of personal codes of monitoring
entities and other persons involved in monitoring

Code	Type of transaction
010	credit organisations
020	insurer
030	reinsurer
040	insurance intermediaries
070	brokers, who professionally participate in the securities market
080	brokers, who are engaged in the professional management of securities
110	credit institutions providing leasing services
120	institutions and other organizations providing post services that are engaged in transfers of the funds
130	pawnshops
140	investment funds
150	legal persons engaged in buying and selling of precious stones, precious metals, as well as the jewelry or the other goods made of precious stones and precious metals
160	non-governmental or religious organizations parts of activities of which consist of receiving, collecting, delivering or transferring the funds
180	the lottery organizer
190	legal persons providing intermediary services on the buying and selling of real estate
220	lawyers
240	notaries
250	persons providing audit services
260	persons providing legal services

9. Annex – Regulation on opening, maintenance and closing of accounts in banks

1. General Provisions

1.1. This Regulation is prepared in accordance with the Laws of the Republic of Azerbaijan “On Banks”, “On the Central Bank of the Republic of Azerbaijan”, “On Currency Regulation”, Civil Code of the Republic of Azerbaijan and other normative legal acts and shall determine the rules for opening, maintenance and closing of current accounts, loans accounts and deposit accounts, current subaccounts, as well as correspondent accounts in the banks functioning in the Republic of Azerbaijan, in local branches of local and foreign banks, bank divisions (hereinafter – the banks).

Procedure for opening of special elections accounts, conduct and termination of operations shall be determined by the Central Election Committee of the Republic of Azerbaijan in accordance with the Election Code after being agreed with the Central Bank of the Republic of Azerbaijan (hereinafter Central Bank).

1.2. This Regulation (except the point 5-1) shall apply to the accounts of residents and non-residents opened in foreign and national currency in the Republic of Azerbaijan. In the course of conduct of transactions with residents’ and non-residents’ foreign currency accounts existing currency regime shall be complied with.

The account regime in national currency of non-residents is the same with the one of residents.

1.3. Bank accounts are opened for state agencies, municipalities, legal entities, their branches, representative offices and other divisions, as well as individuals engaged in entrepreneurship without establishing a legal entity (hereinafter – entrepreneurs), and physical persons (hereinafter in general – customers).

1.4. When opening accounts, the customers (account holders) can freely select a bank to open account, or may open accounts in several banks. Local banks are allowed to open correspondent accounts in national currency (manat) only in Central Bank.

1.5. Procedure for considering the applications of interested parties for opening bank accounts is determined by the internal rules of each of the banks. During the process of the preparation of internal rules, this Regulation, as well as the Law of the Republic of Azerbaijan “On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism” shall also be taken into consideration.

2. Types of bank accounts

2.1. Bank accounts are as follows:

- Current accounts;
- Current subaccounts;
- Loan accounts;
- Saving accounts (deposit accounts);
- Correspondent accounts.

2.2. Current accounts are opened for conducting banking transactions related to financial-industrial activity of state authorities, municipalities, legal entities, their branches, representative offices and other divisions, including such transactions of entrepreneurs.

Current accounts for budget entities are opened for conducting banking transactions related to receipt and use of grants and technical assistance provided by foreign states and foreign legal entities.

Current accounts include both temporary accounts and special accounts.

2.3. Temporary current accounts are opened for subjects of economic partnerships, societies, cooperatives and other economic subjects to pay their charter capital, share capital or shares before these entities pass state registration.

2.4. Special current accounts include deposit accounts of courts or penitentiary entities, including deposit, collateral insurance and collateral cash-box.

2.5. Deposit accounts of courts and penitentiary entities are opened for conduct of banking transactions for purposes specified by legislation.

Collateral insurance and collateral cash box accounts are opened in a special order in private notaries; purpose of opening such accounts is to pay compensation for damage which may occur as a result of a notarial activity and to collect and use monetary funds for quarantying the responsibilities of private notaries as specified by the legislation.

Notary's deposit accounts are opened in state and private notaries in cases specified by the legislation for receipt of monetary funds and securities from legal entities and individuals, their safekeeping and conduct of other operations.

2.6. Current subaccounts are opened for divisions of legal entities in connection with their regional activity and which are neither branches nor representative offices and situated outside their legal address. Funds at these accounts shall be transferred to the current account of the parent company within the timeframe identified by the bank account agreement concluded with the parent company, except for payment of salaries for employees of those structural divisions and other mandatory transfers related to salary, as well as the payments of necessary utility expenses ensuring the activity of these divisions.

2.7. Loan accounts are opened for recording loans issued by the bank to customers, as well as for conducting banking operations related to use and payment of loan in case if specified in the loan agreement.

2.8. According to the bank deposit agreement, deposit accounts are opened for recording customers' savings, attraction of monetary funds and conducting relevant operations.

Money in deposit accounts of legal entities may not be transferred to other persons.

2.9. Correspondent accounts shall be opened for local and foreign banks to conduct their own and their customers' banking transactions.

3. Documents required for opening bank accounts

3.1. to open current accounts state agencies, municipalities, legal entities and entrepreneurs are required to submit the following documents:

3.1.1. application (Appendix #1);

3.1.2. permission letter for opening of bank accounts issued by the State Treasury near the Ministry of Finance of Republic of Azerbaijan for entities funded from the state budget or Nakchievan Autonomous Republic's budget;

3.1.3. a notarized copy of the charter of a municipality and legal entity. State agency operating under the charter approved by relevant state authority shall submit a document proving that the charter was approved by relevant act;

3.1.4. a notarized copy of the state registration certificate (for municipalities and legal entities).

Note: State registration certificate is issued by the justice authorities and State Committee on Religious Matters (if religious entity). State registration documents of legal entities which were issued by relevant executive authorities before October 01, 1992 and state registration documents issued before June 01, 1996 by the following authorities shall have the same legal power as state registration documents issued by the justice authorities:

- insurance companies – Agency of supervision over state insurance near the Cabinet of Ministers; banks – Central Bank;

- educational institutions – Cabinet of Ministers and Ministry of Education;

- leasing institutions, construction cooperatives and farmers households –local executive authorities;

- mass media – Ministry of Press and Information;

- entities with full or partial foreign investment – Ministry of Finance;

- branches and representative offices of foreign legal entities – Ministry of Foreign Economic Relations.

3.1.5. ID of entrepreneur (compliance of ID information with the information in the application on opening of account and sample of signature is verified, copied to keep the copy in the bank and the document is returned);

Note: For the purposes of the points 3.1.5, 3.2-3.3, 3.3.4, 5.5.3.1, 3.2.6 and 6.2.4 the identification documents are the following:

- ID (for the citizens of the Republic of Azerbaijan);

- passport (for foreigners);

- IDs issued, according to the legislation of the Republic of Azerbaijan, for the persons without citizenship, who live permanently on the territory of the Republic of Azerbaijan;

- the identification document issued in the country of permanent living of the person, who acquired a permission to live on the territory of the Republic of Azerbaijan temporarily

- military service card (for the persons, who are in the real military service);

- the identification document of the military service volunteers, officials and females (besides the real military service cadets);
 - military service card of the real military service cadets.
 - 3.1.6. ~~a notarized copy of the certificate on entry of recording units into the state register of statistic authorities;~~
 - 3.1.7. The original of the certificate-duplicate issued by the appropriate state social insurance body (except the commercial legal persons, and the physical persons involved in the entrepreneurship activity without establishing a legal person);
 - 3.1.8. the original of the certificate-duplicate issued by the appropriate tax authority.
- Note:** certificate-duplicate consist of two parts. One part shall be kept at the bank (bank's branch, office) where the customer opened the account, another part, after being subject to relevant notes, shall immediately be returned to the State Social Welfare Fund by the customer and to the taxes authority by the bank (banks' branch, office) itself. Account may be opened with certificate-duplicate only in the bank indicated in this document.
- Where the certificate-duplicate is not used for opening of account within a period specified by legislation of the Republic of Azerbaijan (10 days) from the day of its receipt it shall be considered void. The specified period shall be counted from the day after to the day of receipt of the certificate-duplicate.
- 3.1.9. sample of signatures and stamps.
- 3.2. Branches, representative offices and other divisions of legal entities shall be required to submit the following documents for opening of current accounts:
- 3.2.1. application (Appendix #1);
 - 3.2.2. a notarized copy of the state registration certificate of the parent company (legal entity);
 - 3.2.3. original or notarized copy of the statute (charter) approved by the superior body of branches, representative offices and other divisions. Divisions functioning based on the sample statute (charter) submit the document confirming their statute (charter) being sample;
 - 3.2.4. The original of the certificate-duplicate issued by the appropriate state social insurance body (except the branches, offices and other units of commercial legal persons);
 - 3.2.5. original of the certificate-duplicate issued by the appropriate taxes authority;
 - 3.2.6. sample of signature and stamp.
- 3.2-1. For opening of a current account for a physical person the documents listed in the point 3.5.3 of this Regulation shall be submitted.
- 3.2-2. For opening of a current account for the first organization of a trade union the following documents shall be submitted:
- 3.2-2.1. Application form (Annex № 1);
 - 3.2-2.2. The decision or the extract of decision approved by the Trade Union Association, which is the member of the Trade Union, on the establishment of the first organization by the Trade Union;
 - 3.2-2.3. Notarized Statute of the Trade Union Association member of which it is;
 - 3.2-2.4. list on signature and stamp samples.
- 3.2-3. For opening of current account for agricultural household the following documents shall be submitted:
- 3.2-3.1. Application form (Annex № 1);
 - 3.2-3.2. the notarized copy issued by municipality, on appropriate territory register;
 - 3.2-3.3. ID of the head of the agricultural household (compliance of ID information with the information in the application on opening of account and sample of signature is verified, copied to keep the copy in the bank and the document is returned);
 - 3.2-3.4. the original of the certificate-duplicate issued by an appropriated state social insurance body;
 - 3.2-3.5. list on signature samples.
- 3.3. The following documents need to be submitted for opening of temporary current account:
- 3.3.1. application (Appendix #1). The application is signed by the person authorized by the founders;
 - 3.3.2. a copy of notarized contract on establishment of joint and cooperative venture and economic society (decision of the founder when established by one founder);
 - 3.3.3. decision of the founders (founder) on appointment of authorized person possessing the authority of opening an account and right of disposal;

3.3.4. authorized person's ID (compliance of the data on the document with the application submitted for opening of an account is checked, copied to keep the copy in the bank and the document is given back);

3.3.5. sample signature.

Only operations regarding forming of authorized capital (joint capital, shares) of the company and payment of bank service fees may be conducted on the temporary current account. A current account is opened for the company being registered as a legal entity in the bank having temporary account or in another selected bank in accordance with this Regulation and funds in the account are transferred to that current account based on the authorized person's order.

When the company is not registered, funds in the temporary current account are paid back based on the authorized person's application or transferred to founders' bank account based on the authorized person's order.

3.4. The following documents need to be submitted for opening of **loan account**:

3.4.1. when use and payment of loan is conducted through the current account according to loan agreement, documents indicated in the bank's internal rules on formalization of loan for opening of the loan account;

3.4.2. if use and payment of loan is directly conducted through the loan account according to loan agreement, documents required in this Regulation for opening of current accounts;

3.4.3. documents required by this Regulation for opening of saving account for individuals who are not private entrepreneurs and the ones indicated in the bank's internal rules on formalization of loans.

3.5. The following documents need to be submitted for opening of **saving (deposit) account**:

3.5.1. documents indicated in the article 3.1 of this Regulation for state authorities, municipalities, legal entities, branches, representative offices and other separate divisions of legal entities;

3.5.3. for individuals:

3.5.3.1. ID (compliance of the data on the document with the sample signature is checked, copied to keep the copy in the bank and the document is given back);

3.5.3.2. sample signature.

3.6. The following documents need to be submitted for opening of bank saving (deposit) account for third parties:

3.6.1. application (Appendix #1);

3.6.2. ID information about the person for whom an account is opened (for state authorities and municipalities – names and address, for legal entities – names and information of the state registration certificate, for individuals – first name, patronymic, last name, ID information and etc.; the copies of the bank are kept in the bank);

3.6.3. sample signature (signature and stamp) of the person opening an account.

3.6.4. if legal entity for which deposit account is opened or another person to be registered in taxes authorities expresses the bank about its willingness to utilize depositor rights on the account, such persons should submit the documents required by this Regulation for opening of saving (deposit) account;

3.6.5. when the person who opened an account uses the account himself in accordance with the Civil Code of Republic of Azerbaijan, the person should in addition submit the documents required for opening of saving (deposit) account.

3.7. The following documents need to be submitted for opening of **current subaccount**:

3.7.1. application of the parent company (Appendix #1);

3.7.2. a notarized copy of the state registration certificate of the parent company (legal entity);

3.7.3. The original of the certificate-duplicate issued by the appropriate state social insurance body (for the insurance agencies, which are not commercial legal persons);

3.7.4. original of the certificate-duplicate given by the relevant taxes authority to the parent company (if the local institution is taxpayer, original of its certificate-duplicate);

3.7.5. sample signature and stamp.

3.8. Documents related to the opening of an account are maintained in the file for formalization of the account, sample signature and stamp is maintained by the authorized officer and supervisor.

3.9. When different types of bank accounts of the customer are opened in the same bank, it is enough to submit an application of the new account and in the relevant cases the originals of certificate-duplicate issued by the state social insurance and taxes authorities.

3.10. During the **opening of correspondent accounts of local banks**, a notarized copy of the bank license issued by the Central Bank and the document proving that the officer possessing the right of disposal on the account has passed the attestation in the Central Bank should be submitted in addition to the documents indicated in the article 3.1 of this Regulation.

AML/CFT measures implemented based on this Regulation in relation to opening correspondent accounts of foreign banks shall be applied in the same way when opening correspondent accounts of local banks.

In the procedure of opening of current and other bank accounts (except the temporary current accounts) of credit organizations, including the credit unions, a notarized copy of the special permission (license) for conduct limited bank activities shall be submitted to Central Bank.

4. Opening of special current accounts

4.1. The following documents need to be submitted for opening of deposit account for courts and officers body of the court:

4.1.1. application (Appendix #1);

4.1.2. sample signature and stamp;

4.2. The following documents need to be submitted for opening of collateral insurance account:

4.2.1. application (Appendix #1);

4.2.2. a notarized copy of the certificate for professional notarial activity;

4.2.3. sample signature and stamp.

4.3. The following documents need to be submitted for opening of collateral cash box account:

4.3.1. application (Appendix #1);

4.3.2. a notarized copy of the registration certificate of private notary public;

4.3.3. sample of signature and stamp.

4.4. The following documents need to be submitted for opening of deposit account for state and private notary public:

4.4.1. application (Appendix #1);

4.4.2. permission letter for opening of deposit account in the bank for notary public issued by the related body of the Ministry of Justice of Republic of Azerbaijan which is responsible for control over the notaries activity (for state notary public);

4.4.3. a notarized copy of the registration certificate of private notary public (for private notary public);

4.4.4. sample of signature and stamp.

5. Opening of bank accounts in foreign currency for residents

5.1. The documents indicated in the point 3 of this Regulation need to be submitted for opening of bank accounts in foreign currency for residents.

5.2. When the customer wants to open a bank account in foreign currency in the bank where he/she has an account in local currency, it is enough to submit application for opening the account, originals of notification and certificate-duplicate issued by the state social insurance and taxes authorities.

6. Opening of accounts in national and foreign currencies for non-residents

6.1. Non-resident legal entities may open any bank account in the national currency of Republic of Azerbaijan only if these entities have branches and representative offices in the territory of Republic of Azerbaijan .

Saving (deposit) accounts may be opened for non-residents irrespective of the fact whether they do or do not have branches or representative offices in the territory of Republic of Azerbaijan.

6.2. Provided that conditions of article 6 are met, to open bank accounts in the national or foreign currency non-residents shall be required to submit the following documents:

- 6.2.1. application (Appendix № 1);
 - 6.2.2. a notarized copy of state registration certificate of branches and representative offices of foreign legal entities in the Republic of Azerbaijan ;
 - 6.2.3. original or a notarized copy of the charter (statute) of branches and representative offices of legal entities approved in the order specified by the legislation;
 - 6.2.4. ID of individual (ID information shall be verified with the information in the application on opening of account and sample signature, ID shall be copied to keep the copy in the bank and the document shall be returned);
 - 6.2.5. Provided that international agreements of Republic of Azerbaijan does not specify otherwise, copy of foundation or registration documents of non-resident legal entities legalized in a specified order and notarized translations thereof into Azerbaijani language (where the account is opened for a foreign legal entity);
 - 6.2.6. ~~a notarized copy of the certificate on registration entry in the statistic bodies (for branches and representative offices of foreign legal entities);~~
 - 6.2.7. original of a notification on registration in the state social insurance body (for insurers);
 - 6.2.8. a copy of the registration-duplicate issued by relevant tax authorities (for foreign legal entities, branches and rep offices of foreign legal entities, entrepreneurs);
 - 6.2.9. sample signature and stamp;
 - 6.2.10. Provided that international treaties of Republic of Azerbaijan does not specify otherwise, special permission of relevant state authority (central bank or other authorised body) of the foreign state (a copy legalized in the order specified by legislation and notarized translation into Azerbaijani language).
- 6.3. To open bank accounts for official representative offices, the following documents shall be provided:
- 6.3.1. application (Appendix #1);
 - 6.3.2. a document confirming foreign diplomatic status or other official representative status (a copy of notarized translation into Azerbaijan language);
 - 6.3.3. sample signature and stamp.
- 6.4. Foreign banks shall be required to submit the following information and documents for opening correspondent accounts in national (manat) and foreign currency:
- 6.4.1. application (Appendix #1);
 - 6.4.2. the copy of the statute or any other document certifying the legal status of the bank, as well as copy of the document on permission for banking activities issued by the authority of the state where the bank was registered (a copy legalized in the order specified by legislation and notarized translation into Azerbaijani language);
 - 6.4.3. last annual report or statement on the audit results for the last financial year;
 - 6.4.4. balance for the first of the last month;
 - 6.4.5. sample signatures of authorized persons or sample signatures of those who have the right of disposal over the account and properly legalized scheme of the stamp;
 - 6.4.6. Provided that international treaties of Republic of Azerbaijan does not specify otherwise, a special permission issued by authorized body (central bank or other authorized body) of the state of registration (legalized in the order specified by legislation and copy of notarized translation into Azerbaijani language).
 - 6.4.7. sufficient information about a respondent institution to understand fully the nature of the respondent's business and to determine from publicly available information the reputation of the institution and the quality of supervision, including whether it has been subject to a money laundering or terrorist financing investigation or regulatory action;
 - 6.4.8. information on non-establishment of business relationships or non-execution of any transactions through a shell bank by the foreign bank (Shell bank means a bank that has no physical presence in the country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial services group that is subject to effective consolidated supervision).
- 6.5. The information and documents specified by the points 6.4.1-6.4.8 of this Regulation shall be submitted by the foreign bank, as well as can be acquired from reliable sources (Media, Internet, official publishing) by the local bank.
- 6.6. The adequacy of the AML/CFT supervision measures applied to the foreign banks abroad shall also be assessed by the local banks.
- 6.7. Where a correspondent relationship involves the maintenance of "payable-through accounts", banks shall be satisfied that:

6.7.1. Their customer (the respondent banks) has performed all the normal CDD obligations on those of its customers that have direct access to the accounts of the correspondent bank;

6.7.2. The respondent bank is able to provide the customer identification data specified by the point 6.7.1 of this Regulation upon request to the correspondent financial institution.

6.8. A written analytical report on the AML/CFT measures taken for opening of a correspondent bank account by a foreign bank shall be drawn up on the basis of the submitted documents and acquired information. The report is submitted to the senior official (the member of the Board of Directors) of the bank, which is authorized to document an appropriate account.

7. Formalization of bank accounts

7.1. Opening bank accounts for customers is formalized through bank account agreement concluded between the customer and the bank. The form and terms of the bank account agreement is regulated in accordance with the Civil Code of Republic of Azerbaijan .

7.1-1. The agreement on bank account shall come into force after the signature of the senior official or the authorized for these purposes person. Before establishing new correspondent relationships approval from senior management shall be obtained. The agreement on the foreign correspondent bank account shall come into force only after the signature of the senior official (the member of the Board of Directors) bank. By the agreement on the correspondent account of a foreign bank the respective AML/CFT responsibilities of each institution shall be documented.

7.2. Bank shall refuse to conclude the bank account agreement in the following cases:

7.2.1. when documents necessary for opening bank account are not submitted;;

7.2.2. when submitted documents reflect inaccurate or distorted information;

7.2.3. when notification and certificate-duplicate received from the state social insurance and taxes authorities indicate another bank for opening the bank account;

7.2.4. when notification and certificate-duplicate received from the state social insurance and taxes authorities have lost legal force from the term of validity point of view;

7.2.5. when the bank is unable to accept the customers for service or when this service is prohibited for the bank according to the legislation or other legal acts;

7.2.6. When there are reasonable grounds to believe that the account will be used for the purposes of money laundering or financing of terrorism;

7.2.7. when it is determined that the AML/CFT internal regulations of the foreign bank, customer due diligence measures concerning those who use the correspondent (payable-through) accounts, the identification of beneficial owners and/or the implementation of the internal control system are inadequate or when it is determined that the business relationships established or transactions executed through the account by virtue of a shell bank.

7.2.8. in other cases as stipulated by the legislation.

7.3. When the bank refuses to open an account, except the case mentioned in the point 7.2.6 of this Regulation, the customer should be notified in writing of reasons of the refusal based on the applicant's request. In this case the copies of the documents submitted for opening a bank account shall be kept in the bank.

The information on the refusal of opening of a bank account in the case mentioned in the point 7.2.6 of this Regulation shall not be submitted to customer.

7.4. The customer may appeal to the court in connection with illegal actions of the bank refusing to open bank account in accordance with the legislation of Republic of Azerbaijan .

8. Samples signature and stamp

8.1. Sample signatures and stamps (Appendix #2) of state authorities, municipalities, official representative offices, legal entities and their branches, representative offices and other divisions, as well as the first organization of trade unions should be notarially certified.

8.2. Right of disposal on bank accounts of state authorities, municipalities, official representative offices, legal entities and their branches, representative offices and other divisions is exercised either by managers of these organizations or their authorized person(s).

8.3. When the right of disposal on account belongs to one person, relevant note will be made on the sample signature and stamp submitted to the bank.

8.4. Copy of the customer's stamp should be engraved in the sample. Stamps for specific purposes (e.g. "for staff", "for pass" and etc.) are not allowed to be engraved in the sample.

8.5. If the customer doesn't have stamp, a note should be made on the sample in this connection.

In case of temporary unavailability of stamp (when the customer's name and subordination is changed, the stamp is lost, or worn out), formalization procedures of the banking documents between the bank and the customer are identified based on bilateral written agreement (depending on the specific situation, the documents may be submitted with old stamp, or the stamp of superior body or without stamp not exceeding one month period). In this case, the customer should take necessary measures for preparation of the stamp within short timeframe.

8.6. Samples of signatures of private entrepreneurs, agricultural household and individuals (Appendix #3) may be confirmed by the bank itself. If the person's reliance, legal competence is under doubt, the bank may require the sample signatures to be notarially certified.

Sample signatures are confirmed by authorized person and/or chief accountant of the bank or another commissioner as defined by internal procedures of the bank. Truthfulness of the signature is confirmed by personal participation of the owner of the signature.

8.7. If right of disposal on account belongs to two or more persons when opening an account for private entrepreneurs, agricultural household and individuals, a note should be made on the sample whether this right is exercised separately, or jointly. If there is not such kind of a note on the sample, right of disposal can only be given based on joint signatures of the persons indicated on the sample.

If account owner(s) intends to delegate the right of disposal on the account to another person(s) during the course of the activity of the account, this may be done based on the notarized letter of attorney. The bank confirms this (these) person(s)'s signature on new sample of signature based on the letter of attorney.

8.8. The bank may confirm sample of signature of the person opening temporary current account in the bank.

8.9. If persons possessing the right of signature are changed or number of such persons is increased on the notarially certified sample, such amendments should be notarized. Old sample is kept in the file for formalization of account.

8.10. Customer's legal (living) address is indicated on the sample.

State authorities, municipalities, legal entities and their branches, representative offices and other divisions, as well as private entrepreneurs, agricultural household who have account with the bank should notify the bank of changing their legal address no later than three days (if shorter period is not indicated on the bank account agreement).

8.11. Samples are submitted to the bank in two copies. When necessary, bank may require the customer to submit extra copies of the sample. Extra copies are compared with the main copy of sample and confirmed by chief accountant or other authorized person of the bank as defined by the internal procedures. Notarization of the extra copies is not required.

8.12. If operations on the bank account are conducted through electronic payment system, formalization of right of signature on the account is regulated by the related normative legal acts.

9. Re-formalization of bank accounts

9.1. Bank account is re-formalized in the following cases by maintaining its name and number:

9.1.1. when name and/or subordination of state authority or municipality is changed;

9.1.2. when name and/or legal form of legal entity is changed;

9.1.3. when subordination, name and/or legal form of superior body of branch, representative office and other division is changed;

9.1.4. when first name, patronymic or last name of individual is changed;

~~9.1.5. Accounts are re-formalized based on the official documents confirming existence of the cases stipulated in sub-articles 9.1.1-9.1.4 of this Regulation.~~

9.2. Re-formalizing of a bank account shall be possible on the basis of the documents certifying the occurrence of the cases which are the grounds for such re-formalizing and the documents that are required by this Regulation to open such account.

Besides the cases of change of the identification number of a tax payer (VOEN), in order to re-formalize a bank account the submission of the certificate-duplicate of a commercial legal persons, branches or offices of the foreign commercial legal persons, as well as private entrepreneurs are not required. In this case, a notarized copy of the certificate of state registration, which reflects the changes, shall be submitted.

10. Closing of bank accounts

10.1. Cancellation of bank account agreement is the basis for closing of the customer's bank account.

10.2. Bank account agreement is cancelled in the following cases:

10.2.1. based on the customer's application;

10.2.2. when license issued by State Treasury near the Ministry of Finance of Republic of Azerbaijan for the organizations financed from the state budget or the budget of Nakhichevan Autonomous Republic to open a bank account is revoked;

10.2.3. in other cases as stipulated in the bank account agreement.

10.3. Bank account agreement may be cancelled by the court based on the bank's requirement in the following cases, if not otherwise stipulated in the bank account agreement:

10.3.1. when the amount of monetary funds in the customer account is less than the amount defined by the bank regulations or agreement, provided that this lacking amount is not recovered within a month after the bank's notification;

10.3.2. when no operations have been conducted on that account within a year.

10.4. Except the case mentioned in the point 10.3.3 of this Regulation, balance of monetary funds in the account is paid to the customer or transferred to another account based on the customer's order within seven calendar days after receipt of the relevant written application.

When account balance is not taken back by the customer or new account is not disclosed to the bank, that amount is transferred to the account called "Closed customer accounts" and the customer is in writing informed about this.

10.5. Legal regime of monetary funds transferred to the account called "Closed customer accounts" as a result of closing of account is regulated by Civil Code and Code of Civil Procedure of Republic of Azerbaijan .

10.6. Legal regime of deposit account balance of dead persons is regulated by Civil Code of Republic of Azerbaijan .

10.7. Documents on formalization of account are maintained in the bank after closing of bank account for the period defined by respective normative legal acts.

10.8. When the account is moved to another bank based on the customer's application, all documents on formalization of the account are maintained in the bank, however claims against the customer's account (term liabilities, outstanding settlement documents and other payment documents) are sent via post together with the notification letter or officially submitted to the bank, which receives the account. Delivery acceptance act compiled by authorized persons of the banks is maintained in the legal documents folder on opening of account.

Balance of the account closed when the customer moved to another bank should be transferred to the bank within the timeframe indicated in the article 10.4 of this Regulation.

11. Closing of the local banks' correspondent accounts

11.1. The bank's correspondent accounts are closed in the following cases:

11.1.1. based on the request of the bank;

11.1.2. based on the written request of the Central Bank upon revocation of license given to the ~~local~~ bank for banking operations.

11.2. Current account is opened in the Central Bank for conducting liquidation works based on the request of the liquidator appointed by the liquidation commission upon voluntarily liquidation of the bank, or by the court upon mandatory liquidation or bankruptcy and funds in the correspondent accounts of the bank are transferred to that account.

11.3. The following documents need to be submitted to the Central Bank for opening of current account of the bank:

11.3.1. application (application submitted on behalf of the liquidation commission is signed by the persons possessing the right of disposal on the current account);

11.3.2. decision of the general meeting of shareholders about voluntarily liquidation and establishment of liquidation commission (persons possessing the right of disposal on the account should be indicated in the decision);

11.3.3. decision of the court on mandatory liquidation or declaration of bankruptcy of the bank, as well as the appointment of liquidator;

11.3.4. sample signature and stamp.

12. Final provisions

This Regulation shall be put in force forthwith upon the date of state registration.

Appendix #1

Application form for opening of bank accounts

" _____ " commercial bank
name of the bank

A P P L I C A T I O N

(full and exact name of the organization, first name, patronymic and last name of individual)

I'm requesting to open _____ account.
(type of the account)

I'm submitting the documents required for opening of this account.

Address: _____

Tel./Fax: _____

_____ (signature)

Seal _____ “ ___ ”, 20

Notes of the bank

I have checked the documents submitted for formalization of the opening of account

Chief accountant _____ (signature)

I'm giving permission to open _____ account.
name of the account

Manager (authorized person) _____ (signature)

_____ “ ___ ”, 20

_____ account has been opened.

(number and name of the account)

Confirmative notes of notary public

_____ “_____”, 20

I,

(name of the notary public)

notary public

(first name, patronymic, last name)

citizens

(first name, patronymic, last name)

evidence identity.

Noted in the register as _____ #, the amount of _____ government dues was received.

Seal

Notary public _____

(Signature)

“Regulation on opening, maintenance and closing of account in banks”

Appendix # 3

Front side

Sample signatures of private entrepreneurs (physical persons)

		CODES	NOTE OF THE BANK
Account owner			Permission for receipt of sample signatures
(first name, patronymic, last name)			
ID _____ N _____ Date _____ name of the body _____		Tax ID (private entrepreneur)	Chief accountant (or his/her deputy) (signature) “ _____ ” _____ 20__
Address			Other notes
Tel. # _____ Fax # _____			
Name of the bank			
SWIFT CODE			
Address of the bank			
Please, consider necessary indicated sample signature(s) while conducting operations on the account			

Back side

_____ numbered account

First name, patronymic, last name of the person who is conducting operations on the account	Sample signatures	Note
1.		
2.		

Notes of the bank's authorized person

I,

(first name, patronymic and last name of the bank's authorized person)

citizen

(first name, patronymic and last name)

confirm his/her signature being made personally nearby me. The citizen's identity was defined and his/her competence was checked.

The bank's manager or another authorized person:

STAMP

(signature)

“ ”, 20

10. Annex – Order № 30mb, 30 July 2009 of the Central Bank of the Republic of Azerbaijan

In order to provide the implementation of item 2.1 of the Decree # 122, dated July 16, 2009, of the President of the Republic of Azerbaijan «On approval of the Statute of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan», **I hereby order the following:**

I. The structure of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan shall be set forth as follows:

1. Leadership;
2. Secretariat;
3. Data Processing Department;
4. Analytical Department;
5. Supervision Department;
6. Legal and Methodological Department;
7. International Cooperation Department;
8. Information Technologies Department;
9. Administrative Department;
10. Accounting Department.

II. The staff list of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan shall be set forth as follows:

1. *Leadership* – 2 persons;

2. *Secretariat:*

Head of Secretariat – 1 person;
Secretary-assistant – 1 person;
Clerk – 1 person.

3. *Data Processing Department:*

Head of Department – 1 person;
Senior Specialist – 2 persons;
Leading Specialist – 2 persons;
Specialist – 2 persons.

4. *Analytical Department:*

Head of Department – 1 person;
Senior Specialist – 1 person;
Leading Specialist – 2 persons;
Specialist – 1 person.

5. *Supervision Department:*

Head of Department – 1 person;
Senior Specialist – 2 persons.

6. *Legal and Methodological Department:*

Head of Department – 1 person;
Senior Legal Adviser – 3 persons.

7. *International Cooperation Department:*

Head of Department – 1 person;
Senior Specialist – 1 person;
Specialist – 2 persons.

8. *Information Technologies Department:*

Head of Department – 1 person;

System manager – 1 person;
Specialist – 1 person.

9. *Administrative Department:*

Head of Department – 1 person;
Specialist on Human Resources – 1 person;
Specialist on Information Security – 1 person;
Specialist on General Security – 1 person;
Storekeeper – 1 person;
Driver – 2 persons;
Servant – 1 person.

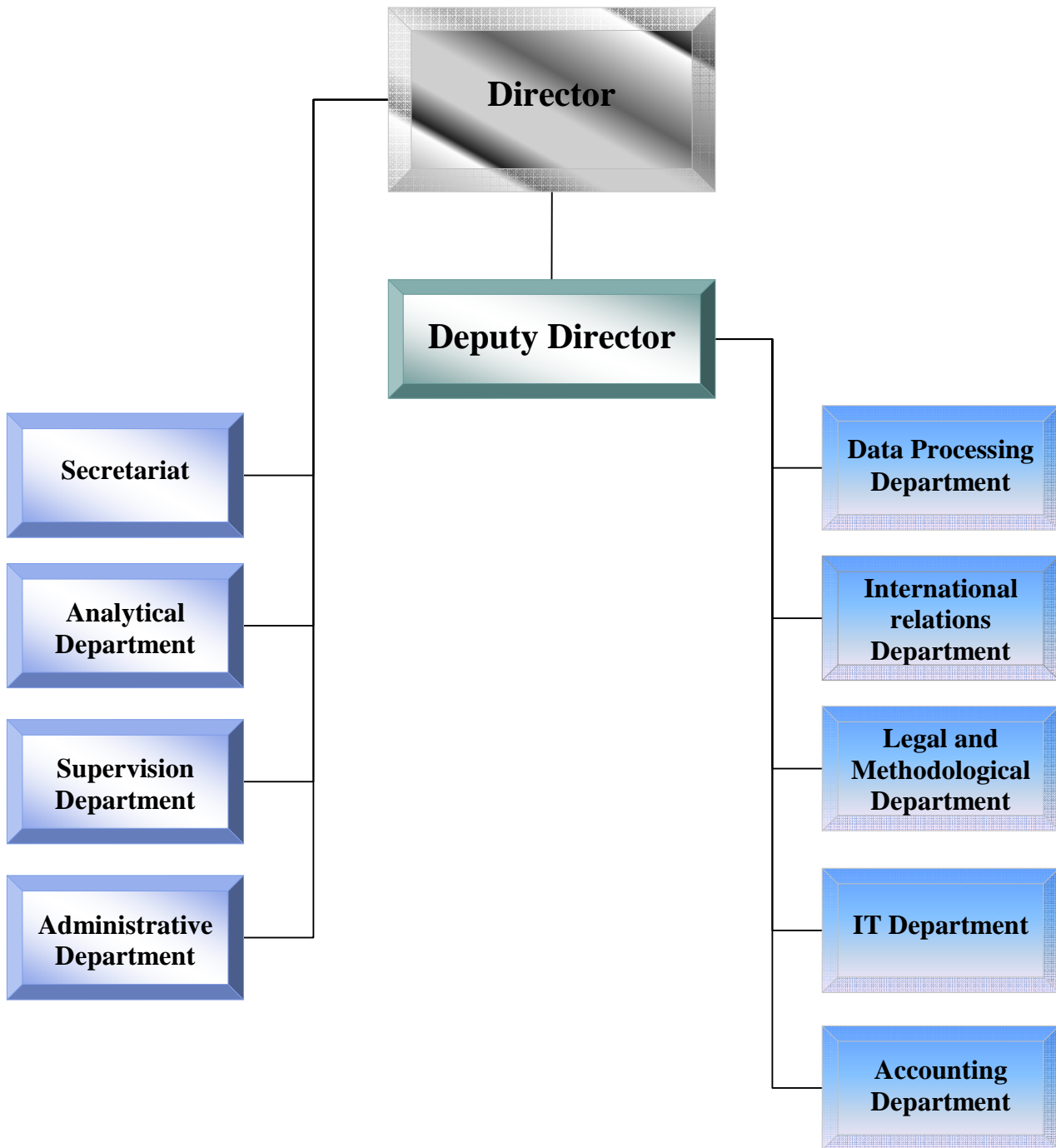
10. *Accounting Department:*

Head of Department–Head Accountant – 1 person;
Accountant – 1 person;

**Chairman of the Central Bank
of the Republic of Azerbaijan**

E.S. Rustamov

11. Annex – The structure of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan



12. Annex – Order No. 002MMX, October 21, 2009 of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan

In order to provide the implementation of item 14.5 of the “Statute on the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan” approved by the Decree of the President of the Republic of Azerbaijan of July 16, 2009, number 122, **I hereby**

ORDER:

- I.** Action Plan On improvement of normative basis on Anti-money Laundering sphere and Combating Terrorist Financing, as well as institutional development of Financial Monitoring Service shall be approved (attached).
- II.** In order to implement the issues indicated in the Action Plan, cooperation with respective state agencies and international institutions shall be carried out.
- III.** Director of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan shall be regularly updated regarding the status of implementation of the Action Plan.
- IV.** A.Salmanov, Deputy Director of the Financial Monitoring Service under the Central Bank is in charge for the supervision over the implementation of the Action Plan.
- V.** The staff of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan shall be acquainted with the Action Plan.

Director

A. Gasimov

**Financial Monitoring Service
under the Central Bank of the Republic of Azerbaijan**

ACTION PLAN

**On improvement of normative basis on
Anti-Money Laundering / Combating Terrorist Financing
and institutional development of
Financial Monitoring Service**

Baku-2009

Acronyms

Financial Monitoring Service – Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan.

Experts Group – Experts Group On Anti-Money Laundering and Terrorism Financing Measures under the auspices of the Cabinet of Ministers of the Republic of Azerbaijan.

MONEYVAL – Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism.

FATF – Financial Action Task Force of the Organisation of Economic Cooperation and Development.

UN – United Nations Organisation.

SC – Security Council.

Preventive Law – «Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism».

Criminal Code – Criminal Code of the Republic of Azerbaijan.

INTRODUCTION

The process of economic transit is mostly accompanied by legal vacuums occurred because of weakness of institutions, which can be easily used by criminal and corrupted elements. Laundered illegal proceeds serve as a financial basis for organized crime and corruption, as well as constitute the main source of financing of terrorist and extremist groups. So, developing criminal economic system harms the economy, damages the financial stability of a state and allows organized crime to control the economic system of a country.

Efforts of separate states are not sufficient in the situation of internationalization of financial flows and enhancing of threats of organized crime and terrorism. Today, with a view of elimination of financial basis for organized crime, including corruption and international terrorism, prevention of financial institutions and whole financial-economic system from the influence of illegal proceeds and ensure their stability and safety, there is a necessity of creation of international system for the prevention of money laundering and terrorism financing. In order to provide economic and financial security regimes efficiently it was necessary to establish appropriate AML/CFT regime in line with international standards to this end.

With the purpose of fighting money laundering and terrorism financing, development of national organizational-legal systems, enhancing the role of financial system and increasing the role of international cooperation in this sphere are the main targets before the Republic of Azerbaijan, as the same for all states.

Recently the Republic of Azerbaijan carried out significant legislative and institutional reforms in AML/CFT sphere. At present, the Law «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» had been adopted and came into force. The Law reflects AML/CFT measures, developing of control mechanisms, establishment of Financial Monitoring Unit and issues regarding its functioning. In order to bring the national legislation into line the international standards 4 Codes, 15 Laws and the 6 Presidential Decrees, as well as other normative acts had been amended and came into force since July 2009.

As to the institutional framework the establishment of Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan according to the Presidential Decree On application of the Law of the Republic of Azerbaijan «On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism» in order to provide implementation of the state policy in the sphere of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism, to improve the inspection system and to coordinate the activity of the relevant state authorities in this field is a very significant step in this sphere.

In April 2008 MONEYVAL Committee of the Council of Europe conducted next 3rd round evaluation of the Republic of Azerbaijan in regard with aligning the AML/CFT regime with FATF 40+9 Recommendations. The report on the results of the evaluation was discussed and approved at the 28th plenary of the MONEYVAL held at the end of 2008. MONEYVAL issued a number of recommendations aimed at development of AML/CFT regime in the Republic of Azerbaijan. Analogical proposals were submitted by international partners as well.

There is a serious necessity of modernization of legal framework in AML/CFT sphere and devising of relevant action plan on institutional development in this field. In this regard with the purpose of improvement of legal basis and institutional development in order to implement international partners' recommendations, as well as continue the activity in this direction, the Action Plan was approved. Implementation of recommendations of the MONEYVAL Committee and ICRG of the FATF are of high priority of the Action Plan and it defines concrete time frames for their application. Implementation of measures indicated in the Action Plan is planned to be financed from the budget of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan and other sources defined by the legislation. Along with this recommendations, as well as methodological, technical, financial assistance of international partners for the support of relevant measures would be of great importance.

*Approved by the Order No 002MMX of 21 October
2009 of the Director of the Financial Monitoring
Service*

ACTION PLAN

On improvement of normative basis on Anti-money Laundering / Combating Terrorist Financing and institutional development of the Financial Monitoring Service

I. Improvement of normative-legal basis

No.	Action	Plan	Result	<u>Executor Partners</u>	Implementation period
1.	Bringing the definition of “money laundering” into line with the one provided by the UN 1988 Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances and the UN Convention against Transnational Organized Crime	Amending the articles 193-1 and 194 of the Criminal Code and the article 1.0.2 of the AML/CFT Law	The definition will be in full compliance with the international standards	<u>Financial Monitoring Service</u> Experts Group Secretariat of MONEYVAL Other international partners	December 2009
2.	Bringing the definition of “terrorist financing” into line with the one provided by the International Convention for the Suppression of the Financing of Terrorism and with the FATF Special Recommendation II	Amending the article 214-1 of the Criminal Code, the article 1.0.4 of the AML/CFT Law and the Law “on Suppression of Terrorism”	The definition will be in full compliance with the international standards	<u>Financial Monitoring Service</u> Experts Group Secretariat of MONEYVAL Other international partners	December 2009
3.	Bringing the provisions of confiscation into line with the ones provided by the FATF Recommendation 3	Amending the article 51 and the sanction part of predicate offences of the	Confiscation of assets will be implemented in accordance with the	<u>Financial Monitoring Service</u> Experts Group Secretariat of MONEYVAL Other international partners	December 2009

		Criminal Code	FATF Recommendation 3		
4.	Bringing the AML/CFT Law, Criminal Code and Code of Administrative Infringements, the Laws on “State registration and registry of legal persons”, on “Non-governmental organizations (public associations and funds)”, on “Normative legal acts”, on “Auditor Services”, on “Currency regulation” and on “Notaries” into line with the FATF 40+9 Recommendations	Amending the present legislation	The legislation will be improved	<u>Financial Monitoring Service</u> Experts Group Secretariat of MONEYVAL Other international partners	December 2009
5.	Bringing the national legislation on freezing of assets into line with the FATF Special Recommendation III and the other international instruments	Preparation and approval of Regulations	The normative basis compliant with the UN SC Resolutions 1267 and 1373 and the FATF Special Recommendation III will be created	<u>Financial Monitoring Service</u> Experts Group Secretariat of MONEYVAL Other international partners	April 2010
6.	Adoption of the Regulations on the Reporting to the Financing Monitoring Service according to the article 11 of the AML/CFT Law	Preparation and approval of the Regulations	The point 10.4 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u>	November 2009
7.	Arrangement of the exchange of information with the supervision bodies as it is prescribed by the Recommendation 40 of the FATF	Signature of Memorandum of Understanding	Recommendation of MONEYVAL will be implemented	<u>Financial Monitoring Service</u> Supervision bodies	April 2010
8.	Identifying “red-flags”	Preparation and approval of Regulations	The point 10.3 of the Statute of the Financial Monitoring Service	<u>Financial Monitoring Service</u> International partners	February 2010

			will be implemented		
9.	Drawing up a list of non-cooperative jurisdictions	Preparation and approval of Regulations	The point 10.5 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> International partners	March 2010
10.	Preparing requirements on preparation and arrangements of internal control system, as well as the requirements on the specialization and experience of compliance officers, as it is prescribed by the article 12 of the AML/CFT Law	Preparation and approval of Regulations	The point 10.6 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> International partners	May 2010
11.	Determining the form of reports on the statistical data on AML/CFT	Preparation and approval of Regulations	The points 10.8 and 10.13 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> International partners	May 2010
12.	Covering the pawnshops and the real estate agents with the appropriate supervision procedures	Preparation and approval of Regulations	The point 10.7 of the Statute of the Financial Monitoring Service	<u>Financial Monitoring Service</u> International partners	March 2010

			will be implemented		
13.	Ensuring the security of the kept records	Preparation and approval of Regulations	The point 10.18 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u>	April 2010
14.	Ensuring the security of the information that was obtained by the Financial Monitoring Service	Preparation and approval of Regulations	The point 10.17 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u>	April 2010

II. Institutional development

No.	Action	Plan	Result	<u>Executor Partners</u>	<u>Implementation period</u>
1.	Determining the budget of the Financial Monitoring Service for the year 2010	Approval of the budget of the Financial Monitoring Service for the year 2010	The point 17 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u>	November 2009
2.	Full formation of the staff of the Financial Monitoring Service	Hiring new personnel	The functions and the duties of the Financial Monitoring Service will be implemented in full	<u>Financial Monitoring Service</u>	December 2009
3.	Approval of the Statutes of the Departments of the Financial Monitoring Service	Preparation of the statutes	The point 14.4 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> International partners	December 2009
4.	Approval of the duty instructions of the personnel of the Financial Monitoring Service	Determining the duty instructions	The point 14.4 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> International partners	December 2009
5.	Organisation of training for supervision bodies, monitoring entities and other persons involved in monitoring on "Reporting on currency and suspicious transactions to the Financial Monitoring Service"	Development of the training programme	The point 11.8 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> Supervision bodies	November 2009
6.	Receiving by the Financial Monitoring Service of paper based reports on currency and suspicious transactions from monitoring entities	Beginning to the implementation of the main function of the	The point 11.4 of the Statute of the Financial Monitoring	<u>Financial Monitoring Service</u>	December 2009

	and other persons involved in monitoring	Financial Monitoring Service	Service will be implemented		
7.	Approval of the regulations on ethic conduct of the personnel of the Financial Monitoring Service	Determining the regulations on ethic conduct	Implementation of the standards of corporate governance	<u>Financial Monitoring Service</u> International partners	April 2010
8.	Implementation of the centralized electronic-information systems of the Financial Monitoring Service	Learning of the international experience on the creation of the centralized data basis, arrangement of tender and purchasing an appropriate system	The point 10.11 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> International partners	July 2011
9.	Implementation of the centralized electronic-information system between the Financial Monitoring Service and appropriate state authorities	Learning of the international experience on the creation of the system, arrangement of tender and buying an appropriate system	The point 10.11 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> State authorities International partners	December 2012
10.	Creation of the web-site of the Financial Monitoring Service	Arranging the tender for the creation of the web-site of the Financial Monitoring Service	The point 10.19 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u>	February 2010
11.	Participation at the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG)	Preparation of the documents to acquire the status of observer at the EAG	The point 11.6 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> EAG	March 2010

12.	Become a member of the Egmont Group of Financial Intelligence Units	Ensuring the exchange of information and direct co-operation	The point 11.6 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> Egmont Group	December 2010
13.	Regarding the membership at the Egmont Group, signature of the Memorandum of Understanding with Russia and Ukraine	Establishment of the reciprocal co-operation on bilateral level	The point 11.6 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> International partners	May 2010
14.	For the ends of the AML/CFT Law, signature of the Memorandum of Understanding among the state, as well as the law-enforcement authorities and foreign partners	Ensuring reciprocal co-operation	The point 11.6 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> State authorities Foreign partners	Permanent
15.	Signature of Memoranda of Understanding with the Financial Intelligence Agency of San Marino	Establishing of bilateral relationship	The point 11.6 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> Financial Intelligence Agency of San Marino	December 2009
16.	Attracting technical assistance to raise the potential of the Financial Monitoring Service	Determining the directions of technical assistance	The best practices will be used and the resources will be optimally directed	<u>Financial Monitoring Service</u> International partners	February 2010
17.	Development of human resources	Preparing special training curricula for the personnel of the Financial Monitoring	The point 10.20 of the Statute of the Financial Monitoring Service will be	<u>Financial Monitoring Service</u> International partners	Permanent

		Service	implemented		
18.	Conducting trainings and seminars for supervision authorities and all the monitoring subjects	Preparing special training program	The point 11.8 of the Statute of the Financial Monitoring Service will be implemented	<u>Financial Monitoring Service</u> State authorities International partners	Permanent

13. Annex - Request for technical assistance of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan

1. Introduction

1.1. General information on AML/CFT regime of the Republic of Azerbaijan

The Government of the Republic of Azerbaijan attaches great importance to activities aimed against money laundering and financing of terrorism, continues its initiatives as a party of and in accordance with the internationally accepted legal documents to which it is party. Azerbaijan had acceded to all international instruments envisaged with FATF 40+9 Recommendations.

From the beginning of 2009 the Government of the Republic of Azerbaijan has achieved substantial progress in adjusting anti-money laundering and financing of terrorism (AML/CFT) framework in concordance with FATF Recommendations and establishing a solid system to address the challenges in this area. New Law of the Republic of Azerbaijan “On the Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism” was adopted in February of 2009. In order to adjust national legislation in accordance with relevant international standards and requirements, significant number of legislative acts was amended in July 2009. Particularly, criminal and administrative liability for all other breaches of the AML/CFT legislation have been incorporated in the Criminal Code and Code of Administrative Infringements. All these amendments were adopted in a very short period of time.

With a view of strengthening activity aimed at elimination of the gaps in combating money laundering and financing of terrorism, the Republic of Azerbaijan cooperates with international organizations involved in active fight in this sphere. The Republic of Azerbaijan is the member of the Council of Europe MONEYVAL Committee Since 2002. To date, the Committee carried out two evaluation missions to the Republic of Azerbaijan (2003 and 2008) and published reports on evaluation results. Azerbaijan will submit its first progress report which will also outline the efforts of the Government in improving AML/CFT legislative and institutional framework after the 3rd round mutual evaluation conducted in MONEYVAL in December of 2009.

The Central Bank of the Republic of Azerbaijan (Central Bank) actively cooperates with the USAID with a view of establishment of appropriate AML/CFT regime in the Republic of Azerbaijan: «Banking Supervision Programme» was carried out from 2002 to 2006 by the USAID and «Financial Sector Supervision Programme» is underway. Both of these Programmes covered actions regarding AML/CFT matters, such as development of manuals for banking supervisors and devising guidelines for on-site inspections, arrangement of trainings and seminars for above mentioned specialists, as well as the legal expertise of AML/CFT legislation and regulations, etc.

With the view of efficient and effective implementation of the new Anti-corruption National Strategy the Council of Europe (Economic Crime Division/Directorate of Cooperation) launched the technical assistance project on «Support to the anti-corruption strategy of Azerbaijan» (AZPAC Project) in 2007. The USAID has provided the necessary funding for the smooth implementation of the Project. The Central Bank and the FMS were one of the key beneficiaries of mentioned Project. One of the outputs of the AZPAC Project was the establishment of a network and system to prevent the use of the financial system for the purpose of money laundering and terrorism financing and to enable the Azerbaijan authorities to actively cooperate nationally and internationally in fighting money laundering and terrorism financing in accordance with European and international standards.

Within the frame of the AZPAC Project special training courses were organized for financial institutions, DNFBP and supervision authorities defined by the AML/CFT Law at the Central Bank on 16–18 June 2009, as well as for representatives of the law-enforcement agencies on 8–10 July 2009. Two study visits were arranged to Czech Republic and Montenegro during the implementation of AZPAC Project. The purposes of these visits were acquainting with the best practices of European FIUs in the context of developing the national capacity. Alongside with this, there is an item of the AZPAC Project’s Action Plan on technical support for software provision of the FMS which resulted in specific paper on needs of the FMS IT infrastructure.

In April 2009 the Central Bank requested from the International Monetary Fund (IMF) technical assistance on AML/CFT issues. The request consisted of the followings:

- multidisciplinary training course(s) for financial intelligence officers;
- multidisciplinary training course(s) for other relevant agencies designated in the AML/CFT preventative Law;
- organizational support to the FMS, e.g. providing guidelines, job descriptions, Manual of Operations, Rules of Procedure;
- study visits for the new staff of the FMS to other FIU's to be more acquainted with relevant activity.

The IMF Technical Assistance Mission visited Azerbaijan in September 2009. The main objective of the mission was to identify and discuss with the authorities the potential needs of Azerbaijan in AML/CFT area, particularly related to the local Financial Monitoring Unit. In addition one workshop on “New Law implementation” was conducted for compliance officers.

1.2. Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan

Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan (FMS) was established by the Decree of the President dated February 23, 2009 # 66 as a Financial Intelligence Unit (FIU) with the purpose of:

- creation a legal mechanism for detecting and preventing the offences related to the legalization of criminally obtained funds or other property and the financing of terrorism;
- establishment of a special regime that will ensure exclusion of local financial system potentially be exposed to this kind of risks;
- improvement of the inspection system;
- coordination of activity of the relevant state authorities and;
- protection of the interests of the state and public.

The FMS is guided in its activity by the Constitution of the Republic of Azerbaijan, international agreements to which the Republic of Azerbaijan is a party, the Law of the Republic of Azerbaijan «On the prevention of the legalisation of criminally obtained funds or other property and the financing of terrorism», its Statute, normative legal acts and relevant international standards.

The Director and Deputy Director of the newly established Service were appointed by the President of the Republic of Azerbaijan. Its Statute, structure, staff and the budget were also approved. The appointments of key positions have already been made for the short time of period.

FMS operationally independent and functions under required budget framework to ensure operational efficiency as well as provide market-based salary and motivation system to ensure long-term operational and institutional sustainability. According to the approved Action Plan, the Financial Monitoring Service will be in a position to receive first STR and CTR in December of 2009.

Immediately following the appointment of the FMS leadership, the development of an Action Plan to improve the Azerbaijani AML/CFT system taking into account recommendations contained in the Council of Europe MONEYVAL Committee Country Report has been initiated.

The prepared Action Plan was coordinated with the MONEYVAL Secretariat during consultations. After final revision, the Action Plan was approved by the Director of the FMS and further implementation of the Action Plan was taken under special control.

The Action Plan spanned three years. The measures will be implemented with the participation of all authorities involved in the AML/CFT system, including the FMS, the Central Bank, General Prosecutor's Office, Ministry of National Security, Ministry of Finance, Ministry of Justice, State Customs Committee and State Committee for Securities. The Action Plan covers all aspects of the AML/CFT system and it includes specific measures to:

- improve legislation;

- improve the activity of the FMS;
- improve supervision over the sectors of FIs, non-financial professions, and non-profit organizations;
- develop the staff education and training system serving for purposes of the AML/CFT purposes.

In our opinion we managed to achieve a number of important results that contribute to the effectiveness and performance of the overall AML/CFT system as well as raise the level of compliance of its certain elements with the FATF Recommendations.

1.3. Aim of the request for technical assistance

This request formulates strategic approach in term of identification, prioritization, formulation of detailed Technical Assistance (TA) reform support plan in introduction of new internal regulatory guidelines, methodological frameworks as well as internal institutional capacity building process in line with best practices. Each steps of technical intervention by donor community will be coordinated to avoid potential fragmentation and duplication as well as ensure cohesive strategic approach in TA management. Towards this end, detailed Terms of References and Scope of Works will be formulated together with international donor community for each technical intervention activities.

In general global TA needs of the organization are high of priority and are divided into two categories and will be implemented in parallel of subsequently depending the nature of the assignment:

- (i) TA support for internal institutional structure and operational capacity building processes at FMS which will include but not limited to internal IT support, strategic plan preparation, data gathering, processing and analysis etc.
- (ii) Preparation and support for implementation of internal training plan for the staff of FMS as well as AML/CFT stakeholders.

2. Improvement of legal framework in AML/CFT area

2.1. Development of ethical conduct rules for the FMS personnel

Determining the ethical conduct rules for FMS personnel will facilitate implementation of the standards of corporate governance standards.

2.2 Provision with technical assistance in preparation of regulations:

This item includes quite a number of measures aimed at provision FMS with technical assistance in preparation of:

- Special regulations on bringing the national legislation on freezing of assets into the line with the FATF Special Recommendation III and the other international instruments
Target: Regulations on determination of designating authorities, including consideration of designations by 3rd countries as well as publicly known procedures for considering listing and de-listing, freezing and unfreezing. As result the normative basis compliant with the UNSCR Resolutions 1267 and 1373 and the FATF Special Recommendation III will be developed;
- Regulations to identify “red-flags”
Target: Preparation of concrete rules on identification of “red-flags” will assist in detection of transactions subject to monitoring;
- Rules on reporting to the Financing Monitoring Service
Target: Specific regulations on provision FMS with statistic data by supervisory authorities and Law enforcement agencies;
- Regulations on drawing up a list of non-cooperative jurisdictions

- Target:** Regulations on how determine the list of countries that do not insufficiently comply with the FATF Recommendations and apply counter measures therefore;
- Requirements on preparation and arrangements of internal control system, as well as the requirements on the specialization and experience of compliance officers
- Target:** The creation of complex internal supervision measures will facilitate actions aimed to prevent the legalization of criminally obtained funds or other property and the financing of terrorism by financial institutions and DNFBP;
- Preparation an appropriate supervision procedures over the pawnshops and real estate agents
- Target:** Specific requirements shall be elaborated for on-site and off-site inspections for pawn shops and real estate agents;
- Preparation of an appropriate supervision procedures over the other Financial Institutions and DNFBP
- Target:** Specific requirements for on-site and off-site inspections for Financial Institutions DNFBP.

3. Establishment of Information Technologies System of the FMS

3.1. Development of reporting system (including setup of collection of reports system)

According to the Article 7 of the AML/CFT Law, the monitoring subjects shall submit to the FMS the information on transactions above a designated threshold, as well as reports on suspicious transactions. Pursuant to the Regulations of the Central Bank on cash transaction reports, the designated threshold is defined as 20`000 manats.

Hence, it is important to create modern reporting IT system, to provide the FMS with reports and efficiently react on them.

This activity should be based on international experience on creation of such centralized database. The tender for purchasing an appropriate IT system will be arranged.

Under the FMS Action Plan the establishment of the system is planned to July 2011 and its further connection with other appropriate state authorities is scheduled to December 2012.

3.2. Development of the centralized electronic data transmission system between the FMS and appropriate state authorities

According to the AML/CFT Law, the FMS may request the supervisory authorities and other state authorities to submit relevant information. In this case, requested information shall be submitted to the FMS.

The FMS will disseminate information on legalization of criminally obtained funds or other property to the General Prosecutor Office, and information on financing of terrorism to the Ministry of National Security.

Upon receiving information from the known sources on transaction which is subject to monitoring, within the framework of analysis, the FMS may obtain from supervision authorities or other state bodies additional information needed to properly undertake its functions.

In order to centralize statistical information, the relevant law-enforcement authorities and General Prosecutor Office within the framework of their powers shall submit statistical information on the offences related to ML/FT to the FMS on semiannual basis.

Hence, it will be very useful to establish of an appropriate IT system conjunct with Justice, Interior, National Security and Taxes Ministries, General Prosecutor's Office and State Service on Registration of Real Estate to avail this information exchange to be efficient and swift.

3.3. Set up of database and simple analysis tools

The ability to closely monitor and analyze reporting volumes and trends is an important component of the FMS's function. Each FMS should have the ability to analyze large volumes of data in a timely manner.

Additionally, FMS must have the capacity to properly analyze data and develop cases for dissemination to investigation agencies, e.g. Prosecutor General Office and Ministry of National Security.

With the establishment of such database one of the core tasks of each FIU, namely analyzing the information received will be implemented.

4. Trainings / Seminars / Study visits

The ongoing employee training programs do not prescribe any time limits and will be organized and implemented on a regular basis to the AML/CFT stakeholders whose duties demand knowledge of AML/CFT requirements as the raising awareness, increasing of knowledge and sharing best practice are essential conditions for solid foundation. Training must be provided by qualified experts having perfect knowledge of current ML/FT techniques, methods and trends as well as AML/CFT laws and regulations. Training requirements should have a different focus for new FMS staff, relevant supervision authorities, Financial Institutions, DNFBP as well as their compliance officers and should remind of their responsibilities and keep informed them of new developments.

4.1. Initial training of FMS personnel

The FMS being as newly established organization it is necessary to start initial training of its personnel. It should be based on international experience, application of best practice of international counterparts in AML/CFT sphere. In particular, initial training should be provided for the Data Processing, Analytical and Supervision Departments' employees.

4.2. Study visits of FMS employees to foreign FIUs

In order to enhance and maintain high professional standards of the FMS staff, it is necessary to arrange a number of study visits to foreign FIUs to get acquainted with their day-to-day work experience and effective tools they use.

4.3. Training seminars for monitoring subjects

A training program for all reporting entities should be developed and rolled out into the following sectors:

- banking sector;
- non-banking financial sector and;
- DNFBP.

This activity will ensure that Financial Institutions and DFNBP are kept informed of new developments, including information on current techniques, methods and trends of the legalization of criminally obtained funds or other property and the financing of terrorism.

4.4. Training courses for supervision authorities

Effective supervision is one of the key elements of operational AML/CFT system. In accordance with the Recommendation 23 of the FATF supervisory authorities shall carry out appropriate control over the entities regulated by them. In this regard it is of high importance to train responsible officers of all supervisory agencies to align their activity with international standards in AML/CFT area.

4.5. Training courses for law-enforcement bodies

To successfully investigation all money laundering and financing of terrorism cases and with the purpose of increasing the capacity training for law-enforcement bodies are required.

5. Development of middle-term Strategic Plan for FMS

As a body dedicated to address the tasks in elimination of ML/FT threats, FMS has raised demand for its improvement and therefore will undertake all necessary steps for its updating and bringing to the level fitting with international standards. Persistent cooperation on local as well as international levels in fight against money laundering and financing of terrorism that affects the economy, impeding the social, economic, political and cultural development of societies all over the world will promote the goals and facilitate its complex work.

Raising its experience with modern methodology, based on best practice and know how of the countries reached the best results in fight against money laundering and financing of terrorism Financial Monitoring Service of Azerbaijan in 5 years has to be a worthy organization combating ML/FT.

The Strategy Plan will be aimed at further development of its activity in AML/CFT framework, full adjustment of national legislation of the Republic of Azerbaijan, implementation of requirements of AML/CFT international standards, including the 2003 FATF 40+9 Recommendations, relevant international conventions and United Nations Security Council Resolutions and progress of internal control system.

This item is of primary importance and needs thoroughly and comprehensive approach in close cooperation with FMS, national and international institutions involved in AML/CFT.

14. Annex – Draft Law of the Republic of Azerbaijan on changes and amendments to some legislative acts of the Republic of Azerbaijan in connection with the improvement of the legislation on AML/CFT sphere

The Milli Mejlis of the Republic of Azerbaijan takes decision:

I. To make below amendments to the twelfth paragraph of the article 13 of the Law of the Republic of Azerbaijan «*On Auditing Services*»:

1. add the words «of the article 9–11» after the words «To observe the requirements»;
2. delete the words «concerning the identification and verification of customers, beneficial owners or authorized representative, documenting, filing, archiving».

II. To make below amendments to the Law of the Republic of Azerbaijan «*On Currency Regulation*»:

1. replace the words «by the citizens of the countries that are suspected in either legalization of criminally obtained funds or other property, financing of terrorism, support of the dangerous trends of transnational organized crime, armed separatism, extremism and mercenary, participation in illegal narcotic drug dealership and other psychotropic substances production or circulation thereof» by the words «from or in countries which do not or insufficiently apply the AML/CFT international standards, by the citizens of the countries that are suspected in support of the dangerous trends of transnational organized crime, armed separatism, extremism and mercenary, participation in illegal narcotic drug dealership and other psychotropic substances production or circulation thereof,» in article 14-1.1.1.

2. add the article 14-1.2 with below content:

«**14-1.2.** Where the relevant executive authority of the Republic of Azerbaijan during its functions reveals the indications, traces or results of money laundering or financing of terrorism, in order to document all the information, necessary measures shall be undertaken, and the information on the legalization of criminally obtained funds or other property shall be submitted to the General Prosecutor Office, and the information on the financing of terrorism shall be submitted to the relevant executive authority.».

III. To make below amendments to the Law of the Republic of Azerbaijan «*On Combating Terrorism*»:

1. the eleventh paragraph of article 1 shall be set forth as follows:

«Terrorist financing – means provision or collection funds or other property by any means, directly or indirectly, unlawfully and willfully, with the intention that they should be used or in the knowledge that they are to be used, in full or in part by a terrorist organisation or by an individual terrorist, or in order to carry out an act which constitutes a crime within the scope and as defined in the articles 102, 214, 215, 216, 219, 219-1, 277, 278, 279, 280 and 282 of the Criminal Code of the Republic of Azerbaijan, as well as the financial or other contribution to a natural or legal person, group of persons or an organization to support the commission such kind of crimes.».

2. Twelfth paragraph in the following redaction shall be added to article 1:

«Funds or other property – means assets of every kind, from a legitimate or illegitimate source, whether tangible or intangible, movable or immovable, however acquired, and legal documents or instruments in any form, including electronic, evidencing title to, or interest in, such assets, including, but not limited to, bank credits, travelers cheques, bank cheques, money orders, shares, securities, bonds, drafts and letters of credit.».

IV. To make below amendments to the Law of the Republic of Azerbaijan «*On Normative Legal Acts*»:

1. replace the word «decisions» by the words «normative acts» in article 3.5.
2. replace the dot by a semicolon in article 3.6 and add article 3.7 with below content:

«3.7. The normative acts of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan.»

3. add the words «, of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan» after the words «the Central Bank of the Republic of Azerbaijan» in the first sentence of article 38.4.

4. replace the words «and of the Central Bank of the Republic of Azerbaijan» by the words «, of the Central Bank of the Republic of Azerbaijan and of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan» in article 41.2.

5. add the words «of the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan,» after the words «of the Central Bank of the Republic of Azerbaijan» in the article 51.1.

V. To make below amendments to the article 42-1 of the Law of the Republic of Azerbaijan «On Notaries»:

1. add the words «of the article 9–11» after the words «observe the requirements»;

2. delete the words «concerning the identification and verification of customers, beneficial owners or authorized representative, documenting, filing, archiving».

VI. To make below amendments to the *Criminal Code* of the Republic of Azerbaijan:

1. article 51.1 shall be set forth as follows:

«51.1. Confiscation of property means the compulsory gratuitous withdrawal from the convicted person in favor of the state instrumentalities and means used in or intended for use in the commission of any crimes, subjects of crimes, funds or other property that is derived directly or indirectly from commission of any crime.».

2. in sanction of article 110 before the words «from five years» the words «with confiscation of property » shall be added.

3. in sanction of article 114.1 before the words «from four years» the words «with confiscation of property » shall be added.

4. in sanction of article 114.2 before the words «from eight years» the words «with confiscation of property » shall be added.

5. in sanction of article 114.3 before the words «from three years» the words «with confiscation of property » shall be added.

6. in sanction of article 144.1 before the words «from five years» the words «with confiscation of property » shall be added.

7. in sanction of article 144.2 before the words «from eight years» the words «with confiscation of property » shall be added.

8. in sanction of article 144.3 before the words «from ten years» the words «with confiscation of property » shall be added.

9. in sanction of article 144-2.1 before the words «for the same period» the words «with confiscation of property» shall be added.

10. in sanction of article 144-2.2 before the words «from three years» the words «with confiscation of property» shall be added.

11. in sanction of article 144-2.3 before the words «from five years» the words «with confiscation of property» shall be added.

12. in sanction of article 145.1 before the words «up to one year» the words «with confiscation of property» shall be added.

13. in sanction of article 145.2 before the words «from three years» the words « with confiscation of property » shall be added.

14. in sanction of article 145.3 before the words «from five years» the words «with confiscation of property» shall be added.

15. in sanction of article 146.3 before the words «from five years» the words «with confiscation of property» shall be added.

16. in sanction of article 171.1-ci before the words «from three years» the words «with confiscation of property » shall be added.

17. in sanction of article 171.2 before the words «from four years» the words «with confiscation of property» shall be added.
18. in sanction of article 177.1 the words «imprisonment up to two years» shall be replaced by the words «imprisonment up to two years with confiscation of property».
19. in sanctions of articles 177.2 and 177.3 the words «with or without confiscation of property» shall be replaced by the words «with confiscation of property».
20. in sanction of article 178.1 the words «imprisonment up to two years» shall be replaced by the words «imprisonment up to two years with confiscation of property».
21. in sanctions of article 178.2 and 178.3 the words «with or without confiscation of property» shall be replaced by the words «with confiscation of property ».
22. in sanction of article 179.1 the words «up to two years» shall be replaced by the words «up to two years with confiscation of property».
23. in sanctions of article 179.2 and 179.3 the words «with or without confiscation of property» shall be replaced by the words «with confiscation of property».
24. in sanction of article 180.1 the words «up to three years» shall be replaced by the words «up to three years with confiscation of property»;
25. in sanctions of article 180.2 and 180.3 the words «with or without confiscation of property» shall be replaced by the words «with confiscation of property».
26. in sanction of article 181.1 the words «with or without confiscation of property» shall be replaced by the words «with confiscation of property».
27. in sanction of article 182.1 the words «from three years» shall be replaced by the words «from three years with confiscation».
28. in sanction of article 182.2 the words «with or without confiscation of property» shall be replaced by the words «with confiscation».
29. in sanctions of article 192.2 and 193.2 before the words «up to five years» the words «with confiscation of property» shall be added.
30. make below amendments to article 193–1 of the Criminal Code:
- 30.1. article 193–1.1 shall be set forth as follows:
- «193–1.1. Legalization of criminally obtained funds or other property, that is the conversion or transfer of property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the property or of helping any person who is involved in the commission of any crime to evade the legal consequences of his or her action, as well as the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is the proceeds of crime—».
- 30.2. the words «from two up to five years» shall be replaced by the words «from six up to nine years» in the sanctions of article 193–1.1.
- 30.3. the words «from five up to eight years» shall be replaced by the words «from eight up to eleven years» in the sanctions of article 193–1.2-ci.
- 30.4. the words «from seven up to twelve years» shall be replaced by the words «from ten up to twelve years» in the sanctions of article 193–1.3-cü.
31. article 194 of the Criminal Code shall be set forth as follows:
- «**Article 194. Acquisition, possession or use of property, knowing, at the time of receipt, that such property is the proceeds of crime**
- 194.1. Beforehand not promised acquisition, possession or use of property, knowing, at the time of receipt, that such property is the proceeds of crime—
shall be punished by the fine up to five thousand manats or restriction of liberty for the term up to three years or with the fine up to one thousand manats, imprisonment for the term from four up to eight years with confiscation of property.
- 194.2. The acts provided for by article 194.1 of the present Code, committed:
- 194.2.1. by group of persons in a preliminary conspiracy or organized group;
- 194.2.2. by an official person with use of his/her service position;
- 194.2.3. by person, who have been convicted earlier for this crime;
- 194.2.4. in the large amount —
is punished by imprisonment for the term from six up to ten years with confiscation of property.».
32. in the sanction of article 197.2 before the words «for the same period» the words «with confiscation of property» shall be added.

33. in the sanction of article 202.1 before the words «up to two years» the words «with confiscation of property» shall be added.

34. in the sanction of article 202.2 before the words «for the same period» the words «with confiscation of property» shall be added.

35. add articles 202-2 and 203-1 with below content to the Criminal Code:

«Article 202–2. Insider trading

202–2.1. Use by an insider of service information that was entrusted to or acquired by him when performing his/her professional duties in his own interests or transfer of such information to a third party for carrying out transactions—

shall be punished by the fine from three thousand up to five thousand manats or imprisonment for the term from four up to eight years with confiscation of property.

202–2.2. The same deeds:

202–2.2.1. when committed by the person, who have been convicted earlier for this crime;

202–2.2.2. when committed by the group of persons in a preliminary conspiracy or organized group—

shall be punished by the fine from five up to seven thousand manats or imprisonment for the term from six up to ten years with confiscation of property.

Article 203–1. Market manipulation

203–1.1. Artificial change of the rates of financial services markets by the participants of financial services markets via transactions with financial instruments by preliminary arranged and intentional acts, which could cause instability of financial services markets—

shall be punished by the fine from five up to seven thousand manats or imprisonment for the term from four up to eight years with the confiscation of property.

203-1.2. The same deeds:

203-1.2.1. when committed by the person, who has been convicted earlier for this crime;

203-1.2.2. when committed by an organized group;

203-1.2.3. when committed using mass media—

shall be punished by the fine from six up to eight thousand manats or imprisonment for the term from six up to ten years with confiscation of property.».

36. in the sanction of article 206.1 before the words «up to five years» the words «with confiscation of property» shall be added.

37. in the sanctions of articles 206.2 and 206.3 the words «with or without confiscation of property» shall be replaced by the words «with confiscation of property».

38. in the sanctions of articles 210.1 and 210.2 before the words «imprisonment up to two years» the words «with confiscation of property» shall be added.

39. article 214-1 of the Criminal Code shall be set forth as follows:

«Article 214–1. Terrorist financing

Provision or collection funds or other property by any means, directly or indirectly, unlawfully and willfully, with the intention that they should be used or in the knowledge that they are to be used, in full or in part by a terrorist organisation or by an individual terrorist, or in order to carry out an act which constitutes a crime within the scope and as defined in the articles 102, 214, 215, 216, 219, 219-1, 277, 278, 279, 280 and 282 of the Criminal Code of the Republic of Azerbaijan, as well as the financial or other contribution to a natural or legal person, group of persons or an organization to support the commission such kind of crimes—

shall be punished by imprisonment for the term from ten up to twelve years with the confiscation of property.

Note:

1. In this article «funds or other property» means assets of every kind, from a legitimate or illegitimate source, whether tangible or intangible, movable or immovable, however acquired, and legal documents or instruments in any form, including electronic, evidencing title to, or interest in, such assets, including, but not limited to, bank credits, travelers cheques, bank cheques, money orders, shares, securities, bonds, drafts and letters of credit.

2. Terrorist financing offence shall not require that the funds were actually used to carry out or attempt a terrorist act or be linked to a specific terrorist act.

3. Any person also commits a crime if that person contributes (such contribution shall be intentional and shall either be made with the aim of furthering the criminal activity or criminal purpose of the group, where such activity or purpose involves the commission of a crime as set forth in this article;

or be made in the knowledge of the intention of the group to commit a crime as set forth in this article) to the commission of one or more crimes as set forth in this article by a group of persons acting with a common purpose.».

40. in the sanction of article 215.1-ci before the words «from five years» the words «with confiscation of property» shall be added.

41. in the sanction of article 215.2 before the words «from ten years» the words «with confiscation of property» shall be added.

42. in the sanction of article 215.3 before the words «from twelve years» the words «with confiscation of property» shall be added.

43. in the sanction of article 228.1 before the words «up to three years» the words «with confiscation of property» shall be added.

44. in the sanction of article 228.2 before the words «from three years» the words «with confiscation of property» shall be added.

45. in the sanction of article 228.3 before the words «from five years» the words «with confiscation of property» shall be added.

46. in the sanction of article 229.1 before the words «up to three years» the words «with confiscation of property» shall be added.

47. in the sanction of article 229.2 before the words «from three years» the words «with confiscation of property» shall be added.

48. in the sanction of article 229.3 before the words «from five years» the words «with or without confiscation» shall be added.

49. in the sanction of article 234.1 before the words «up to three years» the words «with confiscation of property» shall be added;

50. in the sanctions of articles 234.2–234.4 the words «with or without confiscation of property» shall be replaced by the words «with confiscation of property».

51. in the sanctions of articles 243.1 and 244.1 before the words «up to three years» the words «with confiscation» shall be added.

52. in the sanctions of articles 243.2 and 244.2 before the words «from three years» the words «with confiscation of property» shall be added.

53. in the sanction of article 256.2 before the words «up to two years» the words «with confiscation of property» shall be added.

54. in the sanction of article 258.2 before the words «up to two years» the words « with confiscation of property» shall be added.

55. in the sanction of article 259.2 before the words «from two years» the words «with confiscation of property» shall be added.

56. in the sanction of article 310 before the words «up to three years» the words « with confiscation of property» shall be added.

57. in the sanction of article 318.2 before the words «up to five years» the words « with confiscation of property» shall be added.

58. in the sanction of article 320.1 before the words «up to two years» the words « with confiscation of property» shall be added.

VII. Replace the figure «203,» by the figures «202-2, 203, 203-1» in article 215.3.1 of the *Criminal Procedure Code* of the Republic of Azerbaijan.

VIII. To make below amendments to the *Code on Administrative Infringements* of the Republic of Azerbaijan:

1. delete article 212.

2. article 234 shall be set forth as follows:

«Article 234. Acquisition, possession or use of property, knowing, at the time of receipt, that such property is the proceeds of crime

The acquisition, possession or use of property in small amount, knowing, at the time of receipt, that such property is the proceeds of crime—

is punished by the fine from eight hundred up to one thousand manats.

Note: In this article «small amount» means up to twenty thousand manats.».

3. add the words «(in relation to lawyers and religious organizations)» after the figure «348-3» in article 360.1.

IX. To make below amendments to the Law of the Republic of Azerbaijan «*On non-governmental organizations (public associations and funds)*»:

1. replace the words «on the use of its property the Fund» shall by the words «on financial means and expenditures Fund and the non-governmental organization one of the functions of which is acquiring, collecting and transferring funds» in article 29.3.

2. article 29.4 shall be set forth as follows:

«**29.4.** Financial activity of the Fund and the non-governmental organisation part of activity of which consists of receiving, collecting, delivering or transferring the funds, shall be subject to annual external audit by the auditor licensed for implementation of auditor activities. Audit is performed in accordance with legislation of the Republic of Azerbaijan. Mentioned non-governmental organizations that passed an audit inspection shall submit annual report and the opinion of the auditor to the relevant executive authority not later than the 1st of April annually. The form, content and the procedure of the submission of the reports is defined by the relevant executive authority.

The submitted report is evaluated by the relevant executive authority in order to reveal the activities of non-governmental organs that contradict to the ones specified by the Statute of the non-governmental organisation, reveal the facts whether the non-governmental organisation is in a process of terrorist financing or any other criminal act. When the facts of legal breaches are revealed the measures prescribed by Law shall be implemented.

The non-governmental organisation shall carry out measures as defined by the relevant legislation for the purposes of prevention of the legalization of criminally obtained funds or other property and the financing of terrorism.»

3. add article 29.5 with below content:

«**29.5.** Receiving of funds from foreign countries or transferring of funds to foreign countries by a non-governmental organisation shall be executed through a bank account of the non-governmental organisation.

The non-governmental organisations shall maintain, for a period of at least 5 years, and make available to competent authorities and interested persons, as well as submit on the basis of a request, documents stipulated in the article 29.4 of this Law, records of domestic and international financial operations and other transactions, as well as information on the purpose and objectives of their stated activities and the identity of person who own, control or direct their activities, including founders, participants, members, assistants, official persons, beneficial owners, donors, branches and representative offices.»

X. To make below amendments to the Law of the Republic of Azerbaijan «*On the state registration and state register of legal persons*»:

1. add article 5.3.2-1 with below content:

«**5.3.2-1.** information on beneficial owner – depending on the beneficial owner being a natural or a legal person, the information prescribed by the articles 5.3.1-5.3.2 of this Law shall be presented;».

2. replace the words «when it contradicts to» by the words «when it contradicts to, as well as when the founder of a legal person is a terrorist organization» in article 11.3.2.

3. add article 14.1.7-1 with below content:

«**14.1.7-1.** information on beneficial owners;».

XI. To make below amendments to the Law of the Republic of Azerbaijan «*On the Prevention of the Legalization of Criminally Obtained Funds or other Property and the Financing of Terrorism*»:

1. article 1.0.2 shall be set forth as follows:

«**1.0.2.** legalization of criminally obtained funds or other property –is the conversion or transfer of property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the property or of helping any person who is involved in the commission of any crime to evade the legal consequences of his or her action, as well as the concealment or disguise of the true

nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is the proceeds of crime;».

2. article 1.0.4 shall be set forth as follows:

«1.0.4. terrorist financing – is the provision or collection funds or other property by any means, directly or indirectly, unlawfully and willfully, with the intention that they should be used or in the knowledge that they are to be used, in full or in part by a terrorist organisation or by an individual terrorist, or in order to carry out an act which constitutes a crime within the scope and as defined in the articles 102, 214, 215, 216, 219, 219-1, 277, 278, 279, 280 and 282 of the Criminal Code of the Republic of Azerbaijan, as well as the financial or other contribution to a natural or legal person, group of persons or an organization to support the commission such kind of crimes;».

3. add the words «permanent or occasional» after the words «the services» in article 1.0.11.

4. replace the dot by semicolon in article 1.0.14 and add article 1.0.15 with below content:

«1.0.15. shell bank means a bank that has no physical presence in the country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial services group that is subject to effective consolidated supervision (physical presence means meaningful mind and management located within a country, the existence simply of a local agent or low level staff does not constitute physical presence).».

5. replace the word «legal» by the words «natural and legal» in articles 4.0.8, 4.0.11, 6.1.3 and 9.16 (in both cases).

6. replace the words «of this Law concerning the identification and verification of customers and beneficial owners, documenting, filing, archiving» by the words «of articles 9–11 and 12-1 of this Law» in article 5.1.

7. replace the words «(hereinafter – limit) of which is designated by the Central Bank of the Republic of Azerbaijan» by the words «financial monitoring organ» in article 7.1.

8. replace the words «in article 7.3» by the words «in article 7–1.2» in articles 7.2.2 and 8.2.1.

9. replace the words «any transactions from bank accounts» by the word «transactions» in article 7.2.3.

10. delete article 7.3.

11. add articles 5.4, 7–1, 9–1, 9–2, 9–3, 12–1 and 17.7–1 with below content:

«5.4. Other persons involved in monitoring which are legal persons shall establish and maintain internal control system against the legalization of criminally obtained funds or other property and the financing of terrorism as it is defined by the article 12 of this Law.

Article 7–1. Measures to be taken with respect to countries that do not or insufficiently comply with the international standards against the legalization of criminally obtained funds or other property and the financing of terrorism

7–1.1. Monitoring entities should be required to give special attention to business relationships and transactions with natural and legal persons from or in countries which do not or insufficiently apply international standards against the legalization of criminally obtained funds or other property and the financing of terrorism.

7–1.2. The list of countries stipulated in the article 7-1.1 of this Law and the list of countries which are suspected in support of the dangerous trends of transnational organized crime, armed separatism, extremism and mercenary, participation in illegal narcotic drug dealership and other psychotropic substances production or circulation thereof, is determined by the FMO. The relevant list shall be submitted by the FMO to the supervision authorities and by the supervision authorities to monitoring entities and other persons involved in monitoring.

7–1.3. If the transactions have no apparent economic or visible lawful purpose, the background and purpose of such transactions shall be examined, and written findings should be set forth. Written findings should be available to assist supervision authorities, FMO and other competent authorities.

7–1.4. Where a country continues not to apply or insufficiently applies the international standards against the legalization of criminally obtained funds or other property and the financing of terrorism, appropriate counter-measures shall be applied in relation to the business relationships and transactions with natural and legal persons of that country.

7–1.5. Monitoring entities are required to ensure that their foreign branches and subsidiaries observe international standards against the legalization of criminally obtained funds or other property and

the financing of terrorism consistent with home country requirements and the international standards, to the extent that host country laws and regulations permit.

7-1.6. Monitoring entities are required to pay particular attention that the principle mentioned above is observed with respect to their branches and subsidiaries in countries which do not or insufficiently apply the international standards against the legalization of criminally obtained funds or other property and the financing of terrorism.

7-1.7. Where the minimum requirements against the legalization of criminally obtained funds or other property and the financing of terrorism of the home and host countries differ, branches and subsidiaries in host countries shall apply the higher standard, to the extent that host country laws and regulations permit. Monitoring entities are required to inform their appropriate supervision authorities in written form, when a foreign branch or subsidiary is unable to observe international standards against the legalization of criminally obtained funds or other property and the financing of terrorism because this is prohibited by host country laws, regulations or other measures.

Article 9-1. Politically exposed persons of foreign countries

9-1.1. Monitoring entities are required, in addition to performing the CDD measures required under article 9 of this Law, to put in place appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a politically exposed person of a foreign country.

9-1.2. Monitoring entities are required to obtain senior management approval for establishing business relationships with a politically exposed person of a foreign country.

9-1.3. Where a customer has been accepted and the customer or beneficial owner is subsequently found to be, or subsequently becomes a politically exposed person of a foreign country, monitoring entities should be required to obtain senior management written approval to continue the business relationship.

9-1.4. Monitoring entities are required to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as politically exposed person of foreign countries.

Article 9-2. Unusual transactions

9-2.1. Monitoring entities are required to pay special attention to all complex, unusual large transactions, or unusual patterns of transactions, that have no apparent or visible economic or lawful purpose.

9-2.2. Monitoring entities are required to examine as far as possible the background and purpose of the transactions stipulated in the article 9-2.1 of this Law, and to set forth their findings in writing.

Article 9-3. Shell bank

9-3.1. Establishment or accept the continued operation of shell banks in the Republic of Azerbaijan is prohibited.

9-3.2. Monitoring entities shall not enter into, or continue, correspondent banking relationships with shell banks.

9-3.3. Monitoring entities are required to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks.

Article 12-1. Non-face to face business relationships and transactions

12-1.1. Monitoring entities are required to take such measures as may be needed to prevent the misuse of technological developments in schemes of the legalization of criminally obtained funds or other property and the financing of terrorism.

12-1.2. Monitoring entities are required to have policies and procedures in place to address any specific risks associated with non-face to face business relationships or transactions. These policies and procedures shall apply when establishing customer relationships and when conducting on-going due diligence.

12-1.3. Measures for managing the risks mentioned in the article 12-1.2 of this Law shall include specific and effective CDD procedures that apply to non-face to face customers.

17.7-1. Financial Monitoring Organ is entitled to adopt mandatory normative acts within the area of its competence specified by this Law and the Statute approved by the relevant executive authority. The

normative acts of the Financial Monitoring Organ shall be subject to state registration by the relevant executive authority in the order specified by legislation.».

12. article 9 shall be set forth as follows:

«Article 9. Customer Due Diligence of customers and beneficial owners

9.1. Monitoring entities are not permitted to keep anonymous accounts or accounts in fictitious names. They are prohibited from establishing of anonymous business relationships, opening of anonymous accounts, anonymous deposit accounts, as well as issuing anonymous deposit certificates.

9.2. Monitoring entities shall take measures on identification (CDD) of customers and beneficial owners in the following cases:

9.2.1. before establishing business relations;

9.2.2. when carrying out occasional transactions above the applicable designated threshold in the amount of 20000 manats (hereinafter – threshold); this also includes situations where the transaction is carried out in a single operation or in several operations that appear to be linked;

9.2.3. before carrying out occasional transactions that are wire transfers regardless of the amount;

9.2.4. when there is a suspicion of money laundering or terrorist financing regardless of any exemptions or thresholds;

9.2.5. the financial institution has doubts about the veracity or adequacy of previously obtained customer identification data.

9.3. If the total amount of a transaction is not known before the execution of that transaction, the identification of the customer and the beneficial owner shall be carried out from the moment when the amount of transaction will exceed the limit.

9.4. Identification of a legal person shall be carried out on the basis of the notarized copy of their charter and state registration certificate of the legal person. Monitoring entities shall verify that any person purporting to act on behalf of the customer is so authorized, and identify and verify the identity of that person. Monitoring entities are required to verify the legal status of the legal person, by obtaining proof of incorporation (establishment or existence), and obtain information concerning the customer's name, the names of trustees (for trusts), legal form, address, directors (for legal persons), and provisions regulating the power to bind the legal person.

9.5. Identification of a natural person shall be carried out on the basis of his ID documents.

9.6. Identification of a natural person engaged in the entrepreneurship activity without forming a legal person shall be carried out on the basis of his/her ID cards and a certificate issued by the relevant tax agency.

9.7. Copy of ID card, notarized copies of the certificate given by the relevant tax agency, power of attorney for the representative confirming his right to act on behalf of the customer, the charter and the state registration certificate of the legal person submitted for the identification purposes shall be kept by monitoring entity.

9.8. The monitoring entities, in cases stipulated in article 9.2 of this Law, shall verify the identification data of their customers and beneficial owners using reliable, independent sources. For all customers, the monitoring entities should determine whether the customer is acting on behalf of another person, and should then obtain sufficient identification data stipulated in articles 9.4–9.6 of this Law to verify the identity of that other person.

For customers that are legal persons, the monitoring entities are required to take reasonable measures to understand the ownership and control structure of the customer, and to determine who are the natural persons that ultimately own or control the customer (this includes those persons who exercise ultimate effective control over a legal person or arrangement).

9.9. The measures applying for verification of a natural person are the following:

9.9.1. Comparing the information submitted by a legal person with information included into the state register of legal persons;

9.9.2. Obtaining the information on activity of legal person from mass-media, internet or official publication;

9.9.3. Comparing the latest submitted information with previously received information.

9.10. The measures applying for verification of a natural person are the following:

9.10.1. Confirming the date of birth from birth certificate document, passport, driving license or other official documents;

9.10.2. Confirming the permanent address from a utility bill or based on extract from state registry of immovable property confirming the state registration right of ownership, billet, lease or rent contract.

9.11. Monitoring entities shall obtain information on the purpose and intended nature of the business relationship.

9.12. Monitoring entities shall conduct ongoing due diligence on the business relationship. Ongoing due diligence shall include the following:

9.12.1. scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the institution's knowledge of the customer, their business and risk profile, and the source of funds;

9.12.2. ensuring that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records, particularly for higher risk categories of customers or business relationships.

9.13. Alongside with the requirements on identification and verification stipulated in the article 9 of this Law monitoring entities shall perform enhanced due diligence for higher risk categories of customer, business relationship or transaction under the circumstances listed below and in accordance with article 11 of this Law shall inform the FMO about that:

9.13.1. non-resident customers;

9.13.2. private banking, as well as establishing of correspondent banking relationships or any other transactions with correspondent accounts;

9.13.3. legal persons or arrangements such as trusts that are personal assets holding vehicles;

9.13.4. companies that have nominee shareholders or shares in bearer form;

9.13.5. transactions of politically exposed person of a foreign country;

9.13.6. situations that cause suspicions or reasonable grounds for suspicions that funds or other property are the proceeds of a criminal activity or are related to terrorist financing;

9.13.7. any transaction with the funds or other property associated with the citizens of the country (jurisdiction) determined by the article 7-1.2 of this Law, with the persons registered or that, who has a residency or permanent business in this country (jurisdiction), with the persons who has a bank account in banks registered in this country (jurisdiction);

9.13.8. transfer of funds from anonymous accounts that are out of the jurisdiction of the Republic of Azerbaijan to the Republic of Azerbaijan, as well as transfer funds to the anonymous accounts that are out of the jurisdiction of the Republic of Azerbaijan.

9.14. The enhanced due diligence measures performed by the monitoring entities are the following:

9.14.1. Verification of accounts and business relationships or other transactions carried out with other means, clarification of the purpose and nature of the transactions;

9.14.2. Learning the names of the shareholders and their shares, in case if the customer is a legal person;

9.14.3. Obtaining from other reliable sources and comparing more precise information about the customers, beneficial owner, and if possible, about the sources of funds or other property.

9.15. Where it is impossible to identify the parties of transactions in order as defined by this Law or whether refused from submitting identification information on the customer or beneficial owner, the monitoring entities shall not open the account, commence business relations or perform the transaction, and in accordance with article 11 of this Law shall inform the FMO about that.

9.16. Monitoring entities shall apply CDD requirements to customers existing until the entrance into force of this Law, on the basis of materiality and risk and to conduct due diligence on such existing relationships at appropriate times.

9.17. Taking into account the features of the activity of a monitoring entity, additional documents for identification of the customer and beneficial owner may be required in order specified by legislation.

9.18. Legal persons engaged in buying and selling of precious stones, precious metals, as well as the jewelry or the other goods made of precious stones or precious metals, as well as the legal persons providing intermediary services on the buying and selling of real estate, shall carry out the identification measures as defined in this article in course of conducting cash transactions above the threshold.».

13. article 10 shall be set forth as follows:

«**Article 10. Obligation to preserve the identification documents and documents on transactions with the funds or other property**

10.1. The monitoring entities shall preserve the documents on due diligence measures envisaged by the article 9 of this Law, documents on the transactions with the funds or other property and documents envisaged by articles 9-1 and 9-2 of this Law, in the information carriers or in the electronic format within the timeframes indicated below, if no longer period is envisaged by the legislation:

10.1.1. documents on due diligence measures of the customer, beneficial owner or authorized representative – at least for 5 (five) years after the customer’s account is closed or after termination of legal relations with the customer;

10.1.2. documents on the transactions with the funds or other property conducted by the customer (account files, business correspondence and other relevant documents) and the information prepared in accordance with article 11 of this Law – at least for 5 (five) years following completion of the transaction.

10.2. Monitoring entities are required to ensure that all customer and transaction records and information mentioned in article 10.1 of this Law are available on a timely basis to the supervision authorities and FMO upon appropriate authority.

10.3. The timeframe stipulated in article 10.1 of this Law may be prolonged if requested by supervision authorities or FMO in specific cases upon proper authority.».

14. replace the words «and 9.12» by the words «, 9.13 and 9.15» in articles 11.1, 11.3 and 11.4.

15. replace the figures «9.3-9.5» by figures «9.4-9.6» in article 11.1.4.

16. in article 12:

16.1. delete the words «and the other persons involved in monitoring» in the name of the article and in the articles 12.1, 12.1.5, 12.1.7, 12.1.8, 12.2-12.4;

16.2. add the words «, the determination of whether a potential customer, a customer or the beneficial owner is a politically exposed person of a foreign country» after the word «transactions» in article 12.1.2.

17. add the words «in good faith» after the words «subject to monitoring» in article 14.

İlham ALIYEV

President of the Republic of Azerbaijan

Baku, « ____ » « _____ » 2009

№ « ____ »