

# LAW OF THE REPUBLIC OF ARMENIA

## ON MAKING AMENDMENTS AND ADDENDA TO THE LAW OF THE REPUBLIC OF ARMENIA “ON SECURITIES MARKET REGULATION”

*Adopted on 8 December, 2005*

**Article 1.** The expression “the procedure for the establishment and activities of the Securities Commission of the Republic of Armenia, as well as” in sup-point e) of the Article 1 of the Law of the Republic of Armenia “On Securities Market Regulation” (dated 6 July, 2006, Ref No: HO-82) shall be deleted, and “its authorities and obligations” shall be replaced with: “the authorities and obligations of the Central Bank of the Republic of Armenia”.

**Article 2.** In Article 4 of the Law:

- a) under point 1, the expression “Securities Commission of the Republic of Armenia” contained under the descriptions of the concepts of “Prospectus”, “Nominee”, “Institutional Investor” shall be replaced with: “the Central Bank of Armenia”;
- b) “The Commission shall mean the Securities Commission of the Republic of Armenia” shall be replaced with: “The Central Bank shall mean the Central Bank of the Republic of Armenia”.

**Article 3.** The expression “with no registration with competent state authority required: shall be add to the wording of the point 2 of the Article 29 of the Law.

**Article 4.** Points 2 and 3 of the Article 44 shall be edited to read as follows:

“2. It shall be unlawful for credit organisations, brokers or dealers and exchanges, to directly or indirectly, extend (service), or arrange for extension or servicing, of any credit or loan to or for party for the purposes of acquisition, or holding, of any security in violation of the provisions set forth by normative legal acts of the Central Bank of the Republic of Armenia adopted pursuant to Article 1 hereof.”

**Article 5.** The following shall be added to the second paragraph of the point 2 of Article 10 of the Law: “In such case, the stock exchange shall have the right to define the mutual obligations arisen out of the transactions carried out during the foreign currency exchange trading and carry out clearing.”

**Article 6.** Chapter XII of the Law shall be deleted.

**Article 7.** In Article 132 of the Law:

- a) the word “Penalties” contained in the heading shall be replaced with “Sanctions”;
- b) the word “penalties” under point 1 shall be replaced with “sanctions”;
- c) the word “control” under point 2 shall be replaced with “off-site supervision”;
- d) point 3 shall be added to read as follows:

“3. The Central Bank of the Republic of Armenia shall carry out off-site supervision and inspections according to the provisions of the Law of the Republic of Armenia “On the Central Bank of the Republic of Armenia” and the legal acts approved by the Central Bank.”

**Article 8.** In Article 133 of the Law:

- a) The words “Inspect Reports” and “inspection of reports” contained in the heading and the text shall be replaced with “off-site supervision”;
- b) the expression: “orders to correct and/or exclude such violations in future” shall be replaced with: “instructs to eliminate the violation, or undertake actions to prevent such violations in the future, within timeframe indicated by the Central Bank.”
- c) the expression “bad-faith or obvious disregard” under paragraph two, point 3 shall be deleted.

**Article 9.** In Article 134 of the Law:

- a) The words “as needed” shall be added after “inspections”;
- b) the expression: “and instructs to correct and/or exclude such violations in future” shall be replaced with: “instructs to eliminate the violation, or undertake actions to prevent such violations in the future, within timeframe indicated by the Central Bank.”

**Article 10.** Article 135 of the Law shall be edited to read as follows:

**“Article 135. Authority to Impose Sanctions.**

1. In cases envisaged by the Law, the Central Bank shall have the authority to impose sanctions, as follows:
  - a. Warning, with an instruction to eliminate the violation, or undertake actions to prevent such violations in the future (hereinafter also: “the warning”);
  - b. Penalty;
  - c. Suspension of the license;
  - d. Termination of the license.

The Central Bank shall also be entitled to also impose penalties while issuing a warning.

2. The sanctions shall be applied pursuant to the procedure envisaged by the Law of the Republic of Armenia “On the Central Bank of the Republic of Armenia”.

**Article 11.** In Article 136 of the Law:

- a) Point 2 shall be edited to read as follows:

“2. The hearings shall be conducted by the Governor of the Central Bank, or the official(s) appointed by the latter, or the Commission established by the Governor for this purpose.”

- b) the word “publication” under point 7 shall be replaced with “approval”;
- c) point 8 shall be deleted.

**Article 12.** The heading of the Chapter XIV of the Law shall read as follows: “Sanctions To Be Applied By The Central Bank”; the heading of §1 shall read as “The Sanctions”.

**Article 13.** In Article 137 of the Law:

- a) the heading shall read as “The Warning”;

b) point 1 shall read as follows:

“1. In case any person violates this Law, other laws that regulate the securities market and decisions (normative legal acts) adopted on their basis, the Governor of the Central Bank shall be entitled to issue a warning, with relevant notice issued, and opportunity for hearing provided.”

c) any occurrence of the word “order” in points 2, 3 and 4 shall be replaced with “warning”.

**Article 14.** In Article 138 of the Law:

a) the heading shall read as “The Penalties”;

b) The first sentence of the point 1 shall read as follows:

“1. In case any person violates this Law, other laws that regulate the securities market and decisions (normative legal acts) adopted on their basis, and/or if such person fails to comply with the instructions issued by the warning of the Central Bank, the Governor of the Central Bank shall be entitled to issue a warning, with relevant notice issued, and opportunity for hearing provided.”

c) the word “fines” in the second sentence of point 1 shall be replaced with “penalties”;

d) the expression “administrative fine” in point 2 shall be replaced with “administrative penalty”;

e) the word “fine” in point 4 shall be replaced with the word “penalty”;

f) the word “fine” in point 5 shall be replaced with the word “penalty”.

**Article 15.** In Article 140 of the Law:

a) The word “fine” in point 1 shall be replaced with the word “penalty”;

b) any occurrence of the word “fine(s)” in the first and the second sentences of point 4 shall be replaced with “penalty(ies)”; the phrase “and fines” shall be removed from the third sentence of the same point.

**Article 16.** The first occurrence of the word “administrative” shall be removed from Article 141 of the Law.

**Article 17.** Any occurrence of the word “Commission” in the Law shall be replaced with “Central Bank”.

**Article 18.** This Law comes into effect on 1 January, 2006.

**Robert Kocharyan,  
President of the Republic of Armenia**

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