

# REPUBLIC OF ARMENIA LAW

## ON CURRENCY REGULATION AND CURRENCY CONTROL\*

*Passed on November 24, 2004*

### CHAPTER 1. GENERAL PROVISIONS

#### ***Article 1. Subject of the Law***

This Law determines procedure and terms of currency transactions; cases of ownership, holding and use of currency values, procedure and terms, and regulates other relations linked to currency regulation and currency control in the Republic of Armenia.

#### ***Article 2. Legal regulation of currency transactions and entities, performing currency transactions***

Currency transactions, activities of entities, performing currency transactions, and other relations linked to currency regulation and currency control in the Republic of Armenia shall be regulated by this Law, the Civil Code of the Republic of Armenia, the Law of the Republic of Armenia on ‘The Central Bank of the Republic of Armenia’, other Armenian laws, international agreements of the Republic of Armenia and other regulations for cases, stipulated by the law.

#### ***Article 3. Basic terms, used in the Law***

For the context of this Law and other respective regulations:

1. Types of property as currency value include:
  - a) currency of the Republic of Armenia, i.e. dram of the Republic of Armenia,
  - b) payment securities, expressed in the currency of the Republic of Armenia,
  - c) foreign currency,
  - d) payment securities, expressed in foreign currency,
  - e) bank gold,
  - f) rights and obligations ensuing from currency values specified in this point, which are expressed in money.
2. The currency of the Republic of Armenia is:
  - a) legal tender in circulation, out of circulation or subject to withdrawal and exchange as banknotes and coins (including commemorative coins), issued by the Central Bank of Armenia (hereinafter – the Central Bank),
  - b) assets in Armenian dram in banking accounts and deposits with Armenian banks and their branches outside Armenia,
  - c) assets in Armenian dram in accounts with banks and non-bank organizations, operating abroad based on the agreement on using the Armenian currency as legal tender concluded with relevant foreign authorities by the Armenian Government and the Central Bank, payment documents in Armenian dram.  
*(Annulled according to AL-39-N, 16.01.07)*
3. Foreign currency is:
  - a) banknotes and coins as legal tender in circulation, out of circulation or subject to withdrawal and exchange in one or a few foreign countries,
  - b) assets in monetary units of foreign countries and/or in international monetary units and payment documents in banking accounts and deposits.
4. Bank gold includes gold bullions produced in refineries, which are a member of the London precious metals market association, granted an individual certificate and carrying brand of the refinery, its weight, assay and serial number. Bank gold bullions shall weight 350-450 ounces (10886-13996 gr.), have not less than 99.50 assay and carry date of manufacture.

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\* AL-135-N, 24.11.2004. Includes changes and amendments according to:  
AL-253-N, 22.12.05,  
AL-111-N, 22.06.06,  
AL-39-N, 16.01.07,  
AL-152-N, 27.04.07,  
AL-258-N, 04.12.07.

5. Residents are:
  - a) individuals (except for sole entrepreneurs) that have spent in Armenia 183 and more days in a 12-month period beginning or ending from January 1 to December 31, or whose center of key interests is the Republic of Armenia, and individuals, temporarily working in Armenian government agencies and institutions of local governing abroad,
  - b) organizations incorporated and registered in the Republic of Armenia and sole entrepreneurs, registered in the Republic of Armenia,
  - c) Armenian embassies, consular sections and troops, located abroad,
  - d) Armenian permanent representative offices in international organizations,
  - d) branches and representative offices of residents, specified herein (b) located outside Armenia,
  - e) managers, other employees and family members of residents specified herein (c) and (d), holding Armenian citizenship,
6. Non-residents are:
  - a) non-resident individuals, including individuals in public service abroad in temporary work in Armenia,
  - b) organizations created abroad, their branches and representative offices,
  - c) foreign embassies, consular sections, troops and international organizations in Armenia and their managers, other employees and family members, not holding Armenian citizenship,
  - d) branches and representative offices of residents specified herein (b), located in Armenia,
  - e) others, not specified herein [from (a) to (d)] and non-resident.
7. Center of key interests is the place where the person's family or economic interests are concentrated. Family or economic interest shall be the place where the person's house (apartment) is, the person or his family lives and where his/her (family's) property is or the place of basic economic (professional) activity.
8. Currency transactions are transactions related to:
  - a) assignment of property rights of currency values, other property rights and use of foreign currency payment documents as instrument of payment,
  - b) use of the Armenian currency in external economic activity and foreign currency as instrument of payment,
  - c) transportation, import and delivery of currency values to Armenia from abroad, their transportation, export and delivery from Armenia.
9. Current currency transactions are transactions or payments between residents and non-residents irrespective of their amount (except for cases specified herein (c)) as follows:
  - a) disposal of goods (property), payments on execution of work, use of property, rendering of services, as well as extension of short-term loans and borrowings,
  - b) interest and dividends to be paid on loans, borrowings and dividends on investments, other payments,
  - c) small values assigned to repayment of loans, borrowings and direct investments,
  - d) non-trade transfers to and from Armenia, including salary, pensions, inheritance, financial aid, and gifts.
10. Maturity of short-term loans and the limits of small value amounts shall be determined by the Central Bank normative regulations, agreed with Government authorized body.
11. Capital movement and financial currency transactions are transactions between residents and non-residents, which are not considered as current currency transactions.
12. Residency or non-residency of individuals shall be determined based on this article, points 5 and 6, necessary grounds and documents of non-residency, submitted by the individual. If the individual does not submit necessary grounds and documents of non-residency, he/she will be considered as resident.
13. Specialized entities are banks, branches of foreign banks operating in Armenia, credit organizations, payment and settlement organizations, and foreign currency dealers/brokers licensed by the Central Bank, foreign currency exchange offices, foreign currency auction organizers.
14. Pricing is the announcement, setting, determination or informing other people otherwise about the price or remuneration for any goods (property), services, use of property, execution of work, salary or salary equivalent payments.
15. Consumer borrowing or consumer loan is the borrowing or loan specified in the Law of the Republic of Armenia "On Credit Organizations".
16. Trade center is a shopping mall, which is owned and managed by the organizer of trade business.
17. Organizer of trade business is a legal entity, having obligations or rights of the organizer of trading, set forth in the Law of the Republic of Armenia on "Trade and services".  
*(Article 3 was changed and amended according to AL-39-N, 16.01.07)*

**CHAPTER 2.**  
**PERFORMANCE OF CURRENT CURRENCY, CAPITAL MOVEMENT AND FINANCIAL CURRENCY**  
**TRANSACTIONS**

***Article 4. Performance of current currency, capital movement and financial currency transactions***

1. No restriction shall be applied to current currency transactions.
2. For the ensuring of stability of the financial system, combating the legalization of proceeds from crime and financing terrorism, prevention of economic risks and for statistical purposes the Central Bank shall define procedure and terms of capital movement and financial currency transactions.
3. Residents shall perform currency transactions outside Armenia without limitations, in accordance with the law of foreign countries.
4. Investment transactions performed by non-residents on the territory of Armenia shall be regulated by the Armenian law and international agreements.  
*(Article 4 was changed according to AL-39-N, 16.01.07).*

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

1. Residents and non-residents shall transport, deliver, import currency values to Armenia and transport, deliver and export currency values from Armenia without limitations and declaration, except for cases, stipulated by this article, point 2.
2. The Central Bank shall define procedure and terms of transportation, delivery, import, export and declaration of currency values by a normative regulation in agreement with Armenian Government authorized body for ensuring the stability of the financial system, preventing economic risks, circulation of criminal proceeds and terrorism financing and statistical purposes.

**CHAPTER 3.**  
**PERFORMANCE OF TRANSACTIONS ON CURRENCY VALUES**

***Article 6. Performance of transactions in the Armenian currency in Armenia***

1. Money pricing for sale of goods (property), rendering of services, salary and salary equivalent payments, assessment, execution of work and use of property shall be made in the drams of the Republic of Armenia.
2. Money payments among the residents of the Republic of Armenia for the sale of goods (property), rendering of services, execution of work, use of property, including interest to be paid on financial operations, remuneration for exercise or assignment of right or privilege, insurance contributions and payments shall be accepted and made in the drams of the Republic of Armenia, except for cases specified by this Law.
3. Investments in statutory and share capital of legal entities shall be made in drams of the Republic of Armenia.
4. Money winnings shall be advertised and granted only in the drams of the Republic of Armenia.
5. Money pricing in foreign currency may be done for the following air services rendered to the airlines, which carry out flights (scheduled, non-scheduled, and chartered) to the Republic of Armenia, from it or over the airspace of the Republic of Armenia:
  - a) escort of aircrafts, service of aircraft departure, landing, lighting, stopping control, supply and service of ladders, telescopic bridges, aircraft land services (including supply of retrievers),
  - b) airport service and check-in of passengers, luggage, freight and airmail,
  - c) providing of security and aircraft safety,
  - d) supply of aircraft fuel and oil,
  - e) supply of wheeled traffic,
  - f) providing of air navigation service to transit aircrafts, flying over airspace of the Republic of Armenia via international airways, and to aircrafts, flying into airports of the Republic of Armenia,
  - g) air navigation service for take-off and landing within a radius of 20 km from the airports of the Republic of Armenia.

Payments of non-resident airlines for air services set forth herein may be done in foreign currency.

6. Money pricing for transportation of passengers, freight and mail, provided by airlines, which fly to the Republic of Armenia, from it or over the airspace of the Republic of Armenia, may be done in computer data base in foreign currency.

7. Money pricing in non-cash payments and signed written contracts may be done in foreign currency on condition that the contracts has been signed between resident legal entity or private entrepreneur and non-resident legal entity or private entrepreneur.

*(Article 6 was changed and amended according to AL-253-N, 22.12.05; AL-111-N, 22.06.06, AL-39-N, 16.01.07; AL- 258-N, 04.12.07)*

### ***Article 7. Performance of transactions in foreign currency in Armenia***

1. Residents and non-residents have a right to purchase/sell foreign currency without limitations on immediate or inferred payment terms, assuming a right to repurchase or convert to other currency or obligation at a certain price in a certain period or on any other terms.

2. Foreign currency purchase/sale transactions, including transactions on terms, specified in this article, point 1, shall be performed through specialized entities. Specialized entities shall determine the exchange rate and value of foreign currency purchase/sale transactions.

3. On the territory of Armenia, except for Armenian embassies and consular sections located abroad, payments against current currency transactions, capital movement and financial currency transactions shall be performed on a cash and non-cash basis in the Armenian currency, except for cases specified in this article, points 4, 5, 7 and 8.

4. Non-cash payments against current currency transactions, capital movement and financial currency non-cash transactions can be performed in foreign currency as follows:

- a) between legal entities,
- b) between sole entrepreneurs,
- c) between entities specified in this point, (a) and (b) sub-points.

5. Non-commercial transactions, specified in this Law, article 9, point 9, sub-point (d), except for salary payments, can also be performed in foreign currency both on cash and non-cash basis.

5<sup>1</sup>. In the Republic of Armenia, borrowings may be provided also in foreign currency, except for consumer borrowings, which are provided exclusively in the drams of the Republic of Armenia.

5<sup>2</sup>. In duty-free shops the payment may be done in foreign currency.

6. Transactions on gifts and donations between residents as well as inheritance may be performed in foreign currency.

7. International organizations may pay for labor, service rendering in foreign currency in cases and according to procedure, agreed with the Central Bank and Government Authorized body.

8. Banks, credit organizations, settlement organizations have a right to perform financial transactions, including deposit and credit operations, empowered by law in foreign currency, except for cases specified by this Law and other laws.

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

9. Specialized entities must provide their customers with a document, verifying foreign currency purchase/sale operations (receipt), according to the procedure, form and requisites set by the Central Bank.

*(Article 7 was changed and amended according to AL-39-N, 16.01.07; AL-258-N, 04.12.07)*

### ***Article 7<sup>1</sup>. Foreign currency dealer/broker trader (foreign currency dealers/brokers), foreign currency buying and selling parties (exchange offices), foreign currency trading session parties, and their activity***

1. Currency dealer/broker trader (currency dealer/broker) is a legal entity, which has the right to carry out currency dealing and broking based on license, granted by the Central Bank.

Currency dealer and broker activity is a non-cash foreign exchange trading on a basis of an lawful order, an agreement with commission or agency with the right or under obligation or otherwise to pay direct or by installment, repurchase after a certain date at a certain price, or exchange for another currency, and/or to act for an offer to carry out such transactions. The currency dealer/broker may carry out such transactions on its behalf and for its account.

The expressions “Currency dealer/broker trader”, “Currency dealer/broker”, other words, that stand for currency dealer and broker activity and parties, carrying out such activity, the translation of these words and the derivatives, as well as the exchange rate boards of dealer/broker trading, can be used only by parties, which have the license to carry out currency dealer/broker trading, their branches and representations.

Parties, which do not have the license to carry out dealer/broker trading, are prohibited to use the expressions “Currency dealer/broker trader”, “Currency dealer/broker”, other words that stand for currency dealer and broker activity and parties, carrying out such activity, the translation of these words and the derivatives, as well as exchange rate boards of dealer/broker trading.

2. Currency buying and selling party (exchange offices) is a legal entity or sole entrepreneur, which has the right to carry out cash transaction on currency purchase and sale in drams of the Republic of Armenia and only with physical entities on the basis of license, granted by the Central Bank.

License to carry out currency purchase and sale in a store can be granted only to party, trading in that store. In case of shopping mall - only the organizer of trade business can be licensed, in hotels - the legal entity, which provides hotel service.

The expressions “Foreign currency buying and selling party”, “Exchange office”, other words, that stand for parties carrying out foreign currency purchase and sale, phrases “Currency buy/sell”, “Currency exchange”, other words, the translation of these words and the derivatives, that stand for currency purchase and sale or currency exchange, as well as the exchange rate boards of purchase and sale, can be used only by parties, which have the license to carry out currency purchase and sale, their branches and representations.

Parties, which do not have the license to carry out currency purchase and sale, are prohibited to use the expressions “Foreign currency buying and selling party”, “Exchange office”, other words, that stand for parties carrying out foreign currency purchase and sale, phrases “Currency buy/sell”, Currency exchange”, other words, the translation of these words and the derivatives, that stand for currency purchase and sale or currency exchange, as well as the exchange rate boards of purchase and sale.

*(Article 7<sup>1</sup> was added according to LA-39-N, 16.01.07)*

3. Currency trading session party is a legal entity, which organizes foreign currency public auctions.

4. The Central Bank shall establish the rules, procedure and conditions for the activity of currency dealer/broker traders, currency buying and selling parties and currency trading session parties.

#### **Article 8. Setting of Armenian dram/foreign currency exchange rate**

The Central Bank shall publish the Armenian dram/foreign currency average exchange rate formed at currency markets.

*(Article 8 was changed according to AL-39-N,16.01.07, AL-152-N, 27.04.07)*

### **CHAPTER 4. CURRENCY CONTROL**

#### **Article 9. Currency oversight and control**

1. Currency oversight bodies shall implement the oversight of currency in the Republic of Armenia, and currency control agents shall implement the currency control.

The oversight bodies in the Republic of Armenia are the authorities specified in points 3, 4 and 5 of this Article.

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

2. Currency oversight bodies and control agents shall oversight and control the currency operations carried out by residents and non-residents, the compliance of these operations to the requirements of the Armenian laws and other respective regulations, and the observance of licensing terms. The Board of the Central Bank shall set the procedure and terms of currency control, carried out by currency control agents.

3. The Central Bank shall oversight the compliance of the activities of licensed entities to the requirements of the Armenian laws and other respective regulations, and their observance of licensing terms through the on-site and off-site inspections according to the procedure set by the Law of the Republic of Armenia on “The Central Bank of the Republic of Armenia”.

4. Public finance management authority shall control the compliance of entities, licensed by the public finance management authority, to the requirements of this Law and respective regulations.

5. Government authorized body shall control the compliance of entities, not specified in this Article in points 3 and 4, to the requirements of this Law and other respective regulations according to the procedure set by the Law of the Republic of Armenia on “Inspections in the Republic of Armenia”.

6. The Central Bank shall set the model forms of transactions registration, respective statements, records and statistics, the procedure and terms of their drawing up and reporting.

*(Article 9 was changed according to AL-253-N, 22.12.05; AL-39-N, 16.01.07)*

### **CHAPTER 5. LIABILITY FOR VIOLATIONS OF CURRENCY LAWS AND OTHER REGULATIONS**

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

1. For one violation of the requirements of currency laws and other regulations by a licensed entity the Central Bank shall issue a warning with an instruction to eliminate the violation or exclusion of such violation in future, or impose a penalty at 500-fold of the minimum salary or at the amount of violation, or revoke the activity license.

2. For two violations of the requirements of currency laws and other regulations by a licensed entity the Central Bank shall suspend the activity license or impose a penalty at the amount of violation, or in the absence of amount, shall impose a penalty at from 200-fold to 700-fold of the minimum salary, or revoke the activity license.

For the context of this Law and the respective regulations if a few violations of any requirement of currency laws and respective regulations occur, each violation shall be deemed as one.

3. For three or more violations of the requirements of currency laws and other regulations by a licensed entity the Central Bank shall revoke the activity license.

4. Public finance management authority shall apply liability measures stipulated by this article, points 1, 2 and 3, towards entities licensed by the public finance management authority.

5. For violations of the requirements of currency laws and other regulations by resident and non-resident entities not specified in this article, points 1 and 4, the Government authorized body shall apply liability measures stipulated by Armenian laws on Administrative violations.

6. If foreign currency dealing traders (currency dealers), foreign currency buying and selling parties (exchange offices), foreign currency trading session parties do not provide their customers with a document verifying foreign currency purchase/sale operations (receipt), the Central Bank shall impose a penalty at 200-fold of the minimum salary or revoke the activity license.

If banks and credit organizations do not provide their customers with a receipt on foreign currency purchase/sale operations, they shall be held liable under the Laws of the Republic of Armenia on “The Central Bank of the Republic of Armenia”, on “Banks and banking” and on “Credit organizations”.

7. If foreign currency dealing traders (currency dealers), foreign currency buying and selling parties (exchange offices), foreign currency trading session parties violate the terms of the Central Bank licensing, the Central Bank shall impose a penalty at 500-fold of the minimum salary or revoke the activity license.

7<sup>1</sup>. In cases specified in points 1, 2, 3, 6 and 7 herein, the Central Bank, at one time with any liability measure, may deprive the manager of the licensed entity or its employee of the Central Bank’s qualification certificate.

8. The Central Bank shall apply liability measures set by this Article in accordance with the Law of the Republic of Armenia on “The Central Bank of the Republic of Armenia”.

9. If an entity is not violating the requirements of currency laws and respective laws during a year after it has incurred liability stipulated by this Article, it shall be deemed as having incurred no liability.

For the context of this law and respective regulations, incurring of liability shall occur when the entity meets the requirements of the decision on applying liability measures.

10. If the activity license of foreign currency dealer/broker traders, foreign currency buying and selling parties (exchange offices), foreign currency trading session parties has been revoked (for violations of licensing terms or currency laws and respective regulations), the entity (as well as the party with 50% and more participation in statutory fund or share capital of such legal entity at the moment of cancellation of license) shall have no right to perform foreign currency dealer/broker trading, foreign currency buying/selling and organizing foreign currency auctions (directly or through the establishment of a legal entity, acquisition of any participation in the statutory fund of a legal entity or an ability to predetermine decisions of a legal entity without such participation, or attraction employees from foreign currency dealers/brokers, foreign currency buyers/sellers and foreign currency auction organizers) for a period of three years - upon cancellation of the license, deprivation the manager of the licensed entity or its employee of the Central Bank’s qualification certificate.

*(Article 10 was changed according to AL-253-N, 22.12.05; LA-39-N, 16.01.06)*

## **CHAPTER 6. TRANSITIONAL PROVISIONS**

### ***Article 11. Transitional provisions***

1. Upon entry of this Law into effect the Law of the Republic of Armenia on “Currency regulation and currency control” adopted on September 2, 1993 shall be annulled.

2. This Law shall enter into effect six months after its official publication.

***December 21, 2004  
AL-135-N***