

**LAW**  
**OF THE REPUBLIC OF ARMENIA**

Adopted on 24 November 2004

**ON CURRENCY REGULATION AND CURRENCY CONTROL**

**CHAPTER 1**

***GENERAL PROVISIONS***

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

This Law prescribes the procedure and conditions for concluding currency transactions, the cases of and procedure and conditions for disposal, possession and use of currency valuables, and regulates other relations pertaining to currency regulation and control in the Republic of Armenia.

**Article 2. Legal regulation of currency transactions and activities of persons conducting currency transactions**

Currency transactions, activities of persons conducting currency transactions, as well as other relations pertaining to currency regulation and 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 Central Bank of the Republic of Armenia”, other laws of the Republic of Armenia, international treaties of the Republic of Armenia and, in cases provided for by law, by other legal acts.

### **Article 3. Main concepts used in the Law**

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

- (1) the types of property considered as currency valuables are:
  - (a) the currency of the Republic of Armenia — the Armenian dram;
  - (b) securities for payment denominated in the currency of the Republic of Armenia;
  - (c) currency of foreign countries (foreign currency);
  - (d) securities for payment denominated in foreign currency;
  - (e) bank gold;
  - (f) rights and obligations which arise from currency valuables provided for in this part and are denominated in monetary terms;
- (2) the currency of the Republic of Armenia is:
  - (a) the legal tender of the Republic of Armenia which is in circulation — or is being or has been removed from circulation, but is subject to exchange — in the form of banknotes and coins (including commemorative coins) issued by the Central Bank of the Republic of Armenia (hereinafter referred to as “the Central Bank”);
  - (b) funds, denominated in Armenian drams, available in the accounts and deposits of the banks of the Republic of Armenia and their branches outside the territory of the Republic of Armenia;
  - (c) funds, denominated in Armenian drams, available in the accounts and deposits of foreign banks and other financial and credit organisations, pursuant to agreements concluded by the Government of the Republic of Armenia and the Central Bank with the respective bodies of the given country on using the currency of the Republic of Armenia as a legal tender;
  - (d) ***(subpoint repealed by HO-39-N of 25 December 2006)***

(3) the currency of foreign countries (foreign currency) is:

(a) banknotes and coins constituting a legal tender which are in circulation — or are being or have been removed from circulation, but are subject to exchange — in one or more foreign states;

(b) funds, denominated in monetary units of foreign states and/or international monetary units, in bank accounts and deposits;

(4) “bank gold” shall mean gold bullions which are produced in refinery (affinage) organisations-members of the London Bullion Market Association, have an individual certificate and the logo of the refinery, their weight, assay and serial number imprinted on them. Bank gold bullions shall weigh 350-450 troy ounces (10886-13996 gr.), containing at least 99.5<sup>0</sup> gold and shall carry the year of manufacture;

(5) the residents are:

(a) natural persons (except for individual entrepreneurs) who have been in the Republic of Armenia for 183 days or more during any twelve-month period commencing or ending from January 1 to December 31 inclusive, or whose centre of vital interests is in the Republic of Armenia, as well as natural persons working in the state and local self-government bodies of the Republic of Armenia who are temporarily working outside the territory of the Republic of Armenia;

(b) organisations created (having state registration, recorded) in the Republic of Armenia and individual entrepreneurs having state registration in the Republic of Armenia;

(c) embassies, consular institutions and military forces of the Republic of Armenia in foreign states;

(d) permanent representative offices of the Republic of Armenia in international organisations;

(e) branches and representative offices of residents specified in subpoint (b) of this point located outside the territory of the Republic of Armenia;

(f) managers and other employees of residents provided for in subpoints (c) and (d) of this point and their family members holding citizenship of the Republic of Armenia;

(6) the non-residents are:

(a) natural persons not considered residents, including those in state service of a foreign state, temporarily working in the Republic of Armenia;

(b) organisations created in foreign states, their branches and representative offices;

(c) embassies, consular institutions and military forces of foreign states, and international organisations located in the Republic of Armenia, as well as their managers, other employees and family members thereof not holding citizenship of the Republic of Armenia;

(d) branches and representative offices of non-residents specified in subpoint (b) of this point located in the Republic of Armenia;

(e) other persons not specified in subpoints from (a) to (d) of this point which are not deemed to be residents;

(7) the centre of vital interests is the place wherein a person's family and economic interests are concentrated. A family or economic interest is the place where the person's house (apartment), wherein the person or his or her family lives, is located and where his or her (family's) personal or main family property is located or where his or her main economic (professional) activity is;

(8) the currency transactions are transactions related to:

(a) transfer of the right to ownership of currency valuables or other property rights, as well as use of payment documents in foreign currency as means of payment;

(b) use of the foreign currency as well as — in external economic activity — currency of the Republic of Armenia as means of payment;

(c) transportation, import and delivery of currency valuables to the Republic of Armenia from foreign states, their transportation, export and delivery from the Republic of Armenia;

(9) current currency transactions are the transactions or payments between a resident and non-resident, irrespective of their amount (except for cases specified in subpoint (c) of this point), as follows:

(a) payments for alienation of goods (property), execution of work, use of property, provision of services, as well as provision of short-term loans and borrowings;

(b) interests payable on loans and borrowings, and dividends and other payments made for other investments;

(c) payments of small amounts payable for repayment of loans, borrowings and direct investments;

(d) non-commercial transfers to the territory of the Republic of Armenia and from the territory of the Republic of Armenia, including transfers of salary, pensions, inheritance, financial aid and donations;

(10) the maturity of short-term loans and the size of small amounts shall be defined by the regulatory legal acts of the Central Bank upon agreement with the authorised body of the Government;

(11) the capital flow and financial currency transactions are those transactions between a resident and non-resident, which are not deemed to be current currency transactions;

(12) the residency or non-residency of natural persons shall be determined based on points (5) and (6) of this Article upon submission by that natural person of the required evidence of or documents on his or her non-residency. Where a natural person fails to submit the required evidence of or documents on his or her residency, he or she shall be deemed to be a resident natural person;

(13) the specialised persons are banks, branches of foreign banks operating in the Republic of Armenia, credit organisations, payment and settlement organisations, licensed persons buying and selling foreign currency as broker-dealers (currency broker-dealers), persons buying and selling foreign currency (bureaux de change), persons organising foreign currency trade biddings;

(14) the price quotation is the announcement, fixing, setting or otherwise notifying other persons of the price or cost of or amount of remuneration for any goods (property), service, use of property, execution of work or salary and/or payments equivalent thereto;

(15) the consumer borrowing or consumer loan is any consumer borrowing or consumer loan defined by the Law of the Republic of Armenia “On credit organisations”;

(16) the trade centre is the set of trade facilities owned and managed by an organiser of trade as a single unit;

(17) the organiser of trade is the legal person organising the work of a trade centre and entitled with obligations or rights prescribed for the organiser of a trade venue by the Law of the Republic of Armenia “On trade and services”.

***(Article 3 supplemented, amended, edited by HO-39-N of 25 December 2006)***

## **CHAPTER 2**

### ***CONDUCTING OF CURRENT CURRENCY, CAPITAL FLOW AND FINANCIAL CURRENCY TRANSACTIONS***

#### **Article 4. Conducting of current currency, capital flow and financial currency transactions**

1. No restrictions may apply to the conducting of current currency transactions.
2. The Central Bank may define a procedure and conditions for conducting capital flow and financial currency transactions with the aim to maintain the stability of the financial system, fight against circulation of proceeds of crime and terrorism financing, prevent economic risks and to compile statistics.
3. Residents may conduct currency transactions outside the territory of the Republic of Armenia without restrictions, in accordance with the legislation of the foreign states.

4. The transactions connected with the investments in the territory of the Republic of Armenia by non-residents shall be regulated by the laws of the Republic of Armenia and international treaties.

*(Article 4 amended by HO-39-N of 25 December 2006)*

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

1. Residents and non-residents may transport, deliver, import currency valuables into the territory of the Republic of Armenia and transport, deliver, export currency valuables from the territory of the Republic of Armenia without any restriction and declaration, except for cases prescribed in part 2 of this Article.

2. The Central Bank may, upon consent of the authorised body of the Government of the Republic of Armenia, define by a regulatory legal act a procedure and conditions for transportation, delivery, import, export and declaration of currency valuables, with the aim to maintain the stability of the financial system, prevent economic risks, fight against circulation of proceeds of crime and terrorism financing and to compile statistics.

### **CHAPTER 3**

#### ***CONDUCTING OF TRANSACTIONS IN CURRENCY VALUABLES***

**Article 6.           Conducting of transactions in the currency of the Republic of  
Armenia in the Republic of Armenia**

1. Monetary quotations of prices for realisation of goods (property), provision of services, payment of salaries and other payments equivalent thereto, property appraisal and execution of work and use of property shall be carried out in Armenian drams, except for cases provided for by this Law.

2. Monetary payments between residents in the territory of the Republic of Armenia for realisation of goods (property), provision of services, execution of work, use of property, including interests payable for financial operations and compensations paid for exercise or provision of rights or privileges, insurance contributions and insurance compensations shall be accepted and made in Armenian drams, except for cases provided for by this Law.

3. In the territory of the Republic of Armenia, monetary investments in the authorised and share capital of legal persons shall be carried out in Armenian drams.

4. In the territory of the Republic of Armenia, monetary winnings may be advertised and paid only in Armenian drams.

5. Monetary price quotations of the following aviation services provided to companies operating aircrafts (aviation companies) that execute flights (scheduled, non-scheduled, chartered) to the Republic of Armenia, from the Republic of Armenia or through the air space of the Republic of Armenia may be carried out in foreign currency:

(a) aircraft escort services, services of departure, landing and lighting, terminal control, installation and operation of mobile and mechanical ladders, passenger boarding bridges, ground handling facilities (including aircraft towing services);

(b) provision of ground services and check-in of passengers, luggage, freight and mail;

(c) aviation safety and aircraft maintenance services;

(d) aircraft utility services;

(e) supply of fuel and liquids;

(f) services provided using special wheeled vehicles;

(g) air navigation services to international transit aircrafts crossing the airspace of the Republic of Armenia and to aircrafts flying to the airports of the Republic of Armenia;

(h) air navigation maintenance services during take-off and landing within a radius of 20 km from the airports of the Republic of Armenia.



In the case specified in this part, non-resident aviation companies may pay in foreign currency for the aviation services.

6. Monetary price quotations in the computer database of aviation companies operating aircrafts flying to the Republic of Armenia, from the Republic of Armenia and through the airspace of the Republic of Armenia for the transportation of passengers, freight and mail may be carried out in foreign currency.

7. Price quotations in contracts providing for non-cash payments and concluded in writing may be carried out in foreign currency if such contracts are signed between a resident legal person or an individual entrepreneur and a non-resident legal person or an individual entrepreneur.

8. Price quotations of or payments for transactions carried out in a free economic zone established in the territory of the Republic of Armenia, as well as price quotations of and non-cash payments for transactions carried out between operators of free economic zone and legal persons (individual entrepreneurs), who are residents of the Republic of Armenia, may also be carried out, regardless of their amount, in freely convertible foreign currency.

***(Article 6 supplemented by HO-253-N of 8 December 2005, HO-111-N of 11 June 2006, supplemented, amended by HO-39-N of 25 December 2006, supplemented by HO-258-N of 13 November 2007, HO-198-N of 25 May 2011)***

**Article 7. Conducting of transactions in foreign currency in the Republic of Armenia**

1. In the territory of the Republic of Armenia residents and non-residents shall have the right to purchase and sell foreign currency without restrictions, under the condition to pay immediately or in instalments, with a right or obligation to repurchase or exchange for another currency for a certain price following a certain period of time, or under any other condition.

2. Foreign currency purchase or sale transactions in the territory of the Republic of Armenia, including transactions under conditions defined in part 1 of this Article, shall be carried out through specialised persons. The exchange rate and volume of foreign currency purchase and sale transactions carried out by specialised persons shall be determined by the specialised persons.

3. In the territory of the Republic of Armenia, except for embassies and consular institutions of the Republic of Armenia in foreign states, payments for current currency transactions, and capital flow and financial currency transactions, both cash and non-cash, shall be conducted in Armenian drams, except for cases specified in parts 4, 5, 7 and 8 of this Article.

4. In the territory of the Republic of Armenia, non-cash payments for current currency transactions, and capital flow and financial currency transactions may be conducted in foreign currency between:

- (a) legal persons;
- (b) individual entrepreneurs;
- (c) persons specified in points (a) and (b) of this part.

5. In the territory of the Republic of Armenia, non-commercial transactions defined in subpoint (d) of point 9 of Article 3 of this Law, except for salary payments, can be conducted in foreign currency, either by cash or non-cash methods.

5<sup>1</sup>. In the territory of the Republic of Armenia, borrowings — except for consumer borrowings, which shall be provided solely in Armenian drams — may also be provided in foreign currency.

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

6. Between residents, charity and donation transactions may be conducted, as well as inheritance may be transferred in foreign currency.

7. International organisations may, in cases and pursuant to the procedure agreed between the Central Bank and the authorised body of the Government, carry out price quotations and payments for execution of work and provision of services in the territory of the Republic of Armenia in foreign currency.

8. Banks, credit organisations, payment and settlement organisations shall have the right to conduct financial operations, including deposit and loan operations, vested thereon by virtue of law, in foreign currency, except for cases provided for by this Law and other laws.

8<sup>1</sup>. Banks and credit organisations shall provide consumer borrowings and loans exclusively in Armenian drams.

9. Specialised persons must provide their customers with a document verifying foreign currency purchase and sale operations (receipt) in the manner and form and containing the details prescribed by the Central Bank.

***(Article 7 amended, supplemented by HO-39-N of 25 December 2006, supplemented by HO-258-N of 13 November 2007)***

**Article 7<sup>1</sup>.                    Persons buying and selling foreign currency as broker-dealers (currency broker-dealers), those buying and selling foreign currency (bureaux de change), carrying out foreign currency trade biddings, and their activities**

1. A person carrying out activities of buying and selling of foreign currency as a broker-dealer (currency broker-dealer) shall be a legal person, which has been entitled, pursuant to a licence granted by the Central Bank, to carry out activities of buying and selling of foreign currency as a broker-dealer.

Activities of buying and selling foreign currency as a broker-dealer are the buying and selling of foreign currency by a non-cash method upon a relevant delegation, commission

or agency agreement signed in accordance with law with a right or obligation to pay immediately or in instalments, repurchase or exchange for another currency for a certain price following a certain period of time, or under any other condition, and/or the making of an offer to conduct such transactions. Persons carrying out activities of buying and selling of foreign currency as broker-dealers may also carry out activities of buying and selling of foreign currency as broker-dealers on their behalf and on their expense.

The phrases “person carrying out activities of buying and selling of foreign currency as a broker-dealer”, “currency broker-dealer” or other phrases denoting activities of foreign currency broker-dealers and persons carrying out such activities, or translations and derivatives of such phrases, as well as boards displaying exchange rates for buying and selling of foreign currency as a broker-dealer may be used only by persons holding licences to buy and sell foreign currency as broker-dealers, their branches and representative offices.

Persons having no licence to carry out activities of buying and selling of foreign currency as broker-dealers shall be prohibited to use the phrases “person carrying out activities of buying and selling of foreign currency as a broker-dealer”, “currency broker-dealer” or other phrases denoting activities of foreign of foreign currency broker-dealers and persons carrying out such activities, translations and derivatives of such phrases, as well as boards displaying exchange rates for buying and selling of foreign currency as a broker-dealer.

2. A person buying and selling foreign currency (bureau de change) shall be a legal person, which has been entitled, pursuant to a licence granted by the Central Bank, to perform cash operations of buying and selling of foreign currency only with natural persons and in Armenian drams.

A licence to buy and sell foreign currency in a shop may be granted only to a legal person carrying out activities of buying and selling in that shop, whereas in a shopping centre — only to the organiser of trade, and in a hotel — to the legal person providing hotel service.

The phrases “person carrying out activities of buying and selling of foreign currency”, “bureau de change” or other phrases denoting persons carrying out activities of buying and selling of foreign currency, the phrases “buying and selling of foreign currency”, “currency exchange” or other phrases denoting buying and selling or exchange of foreign currency, or translations and derivatives of such phrases, as well as boards displaying exchange rates for buying and selling of foreign currency may be used only by persons holding licences to buy and sell foreign currency and their branches.

Persons having no licence to carry out activities of buying and selling of foreign currency shall be prohibited to use the phrases “person carrying out activities of buying and selling of foreign currency”, “bureau de change” or other phrases denoting persons carrying out activities of buying and selling of foreign currency, the phrases “buying and selling of foreign currency”, “currency exchange” or other phrases denoting buying and selling or exchange of foreign currency, translations and derivatives of such phrases, as well as boards displaying exchange rates for buying and selling of foreign currency.

3. A person carrying out foreign currency trade biddings shall be a legal person organising public biddings of foreign currency.

4. Rules, terms and conditions of activities of persons buying and selling foreign currency as broker-dealers, those buying and selling foreign currency and those carrying out foreign currency trade biddings shall be defined by the Central Bank.

***(Article 7' supplemented by HO-39-N of 25 December 2006)***

**Article 8. Publication of average market exchange rate of the Armenian dram against foreign currency**

***(title edited by HO-152-N of 09 April 2007)***

The Central Bank shall publish the average market exchange rate of the Armenian dram to foreign currency.

***(Article 8 edited by HO-152-N of 09 April 2007)***

## CHAPTER 4

### *CURRENCY CONTROL*

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

*(title edited HO-253-N of 18 December 2005)*

1. In the Republic of Armenia, currency control shall be carried out by currency control institutions, whereas currency supervision shall be carried out by currency agents.

In the Republic of Armenia, currency control institutions are the bodies specified in parts 3, 4 and 5 of this Article.

Currency supervision agents are the banks, credit organisations and money transfer organisations operating in the territory of the Republic of Armenia. Currency supervision agents shall be accountable to the Central Bank as prescribed by the Central Bank.

2. Currency control institutions and currency supervision agents, within the limits of their competence, shall carry out control and supervision over currency transactions conducted by residents and non-residents in the Republic of Armenia, over the compliance of these transactions with the laws and other legal acts of the Republic of Armenia, and over the observance of the licence conditions. The procedure for and conditions of currency supervision carried out by currency supervision agents shall be prescribed by the Board of the Central Bank.

3. The control over the observance, by persons licensed by the Central Bank, of the requirements of this Law and other legal acts adopted on the basis of this Law and the licence conditions shall be carried out by the Central Bank by means of on-site and off-site inspections and as prescribed by the Law of the Republic of Armenia “On Central Bank of the Republic of Armenia”.

4. The control over the observance, by persons licensed by the authorised body in charge of management of state finances, of the requirements of this Law and other legal acts adopted on the basis of this Law shall be carried out by the authorised body in charge of management of state finances.

5. The control over the observance, by persons not specified in parts 3 and 4 of this Article, of the requirements of this Law and other legal acts adopted on the basis of this Law shall be carried out by the authorised body of the Government of the Republic of Armenia and as prescribed by the Law of the Republic of Armenia “On organising and conducting inspections in the Republic of Armenia”.

6. The Central Bank shall prescribe unified forms of currency transaction record-keeping, reporting thereon, documents and statistics, as well as the procedure and conditions of their preparation and submission.

*(Article 9 edited by HO-253-N of 08 December 2005, supplemented by HO-39-N of 25 December 2006)*

## CHAPTER 5

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

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

1. Where a person licensed by the Central Bank violates, for the first time, provisions of laws regulating currency relations and other legal acts adopted on the basis thereof, the Central Bank shall issue a warning with an instruction to eliminate the violation or prevent any future recurrence of such violation.

2. Where a person licensed by the Central Bank violates — the second time within one year after being held liable for violation of a requirement (requirements) of

currency laws and other legal acts adopted on the basis thereof — a requirement (requirements) of laws regulating currency relations and the legal acts adopted on the basis thereof, the Central Bank shall suspend the licence for a period of up to one year or impose a fine equal to two thousand-fold of the minimum salary.

3. Where a person licensed by the Central Bank violates — the third or more time within one year after being held liable for violation of a requirement (requirements) of currency laws and other legal acts adopted on the basis thereof — a requirement (requirements) of laws regulating currency relations and the legal acts adopted on the basis thereof, the Central Bank shall revoke the licence or impose a fine equal to four thousand-fold of the minimum salary.

4. The authorised body in charge of management of state finances shall impose sanctions prescribed by parts 1, 2 and 3 of this Article, over persons licensed by the authorised body in charge of management of state finances.

5. Where persons violating provisions of laws regulating currency relations and other legal acts adopted on the basis thereof are residents or non-residents not specified in parts 1 and 4 of this Article, the authorised body of the Government shall apply sanctions provided for by the Code of the Republic of Armenia on Administrative Offences.

6. Where persons buying and selling foreign currency as broker-dealers (currency dealers), persons buying and selling foreign currency (bureaux de change), and persons organising foreign currency trade biddings fail to provide their customers with a document verifying foreign currency purchase and sale operations (receipt), the Central Bank shall impose a fine equal to four thousand-fold of the minimum salary or revoke the licence.

Where banks and credit organisations fail to provide their customers with a document verifying foreign currency purchase and sale operations (receipt), they shall bear liability in the manner prescribed by the Laws of the Republic of Armenia “On Central Bank of the Republic of Armenia”, “On banks and banking” and “On credit organisations”.



**7. (Part repealed by HO-56-N of 18 March 2009)**

7<sup>1</sup>. In cases specified in points 1, 2, 3 and 6 of this Article, the Central Bank may — as an additional sanction, which may be imposed together with each sanction — revoke the qualification certificate granted by the Central Bank to the manager of the licensed person or to the employee of the licensed person.

8. The Central Bank shall apply the sanctions prescribed by this Article in the manner prescribed by the Law of the Republic of Armenia “On Central Bank of the Republic of Armenia”.

9. Where during one year after bearing the liability in the manner prescribed by this Article a person does not again violate provisions of laws regulating currency relations and other legal acts adopted on the basis thereof, that person shall be deemed as not having been held liable.

Within the meaning of this law and other legal acts adopted on the basis thereof, the moment of bearing liability is the moment when a person starts to fulfil the requirements of the decision on imposition of liability on that person.

10. In case of revocation of the licence of a person buying and selling foreign currency as a broker-dealer (currency dealer), person buying and selling foreign currency (bureau de change), or person organising foreign currency trade biddings (for violating the licence conditions or requirements of laws regulating currency relations and other legal acts adopted on the basis thereof), the person (including the participator having, at the moment of revocation of the licence, a participation interest of 50 and more per cent in the authorised or share capital of the relevant legal person) shall not have the right — for a period of three years from the moment of revocation of the licence or the qualification certificate of a manager or employee of a licensed person granted by the Central Bank — to carry out, in any manner (whether directly or by establishing a legal person or having any participation in the authorised capital stock of a legal person or having a possibility, without such participation, to

predetermine the decisions of a legal person or by being recruited as an employee by persons carrying out activities of buying and selling of foreign currency as broker-dealers, buying and selling of foreign currency and organising foreign currency trade biddings) activities of buying and selling of foreign currency as a broker-dealer, buying and selling of foreign currency or organising foreign currency trade biddings.

*(Article 10 amended by HO-253 of 08 December 2005, amended, supplemented by HO-39-N of 25 December 2006, edited, amended by HO-56-N of 18 March 2009)*

## CHAPTER 6

### *TRANSITIONAL PROVISIONS*

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

1. Upon entry into force of this Law, the Law of the Republic of Armenia “On currency regulation and currency control” adopted on 2 September 1993 shall be repealed.
2. This Law shall enter into force after six months following its official promulgation.

**President  
of the Republic of Armenia**

**R. Kocharyan**

21 December 2004

Yerevan

HO-135-N