

Adopted on 26 May 2008, enacted on 31 August 2008

REPUBLIC OF ARMENIA LAW

**ON COMBATING MONEY LAUNDERING AND
TERRORISM FINANCING**

**CHAPTER 1
GENERAL PROVISIONS**

The purpose of this Law shall be protecting the rights, freedoms, and legitimate interests of the society and the State through the establishment of legal structures for countering money laundering and terrorism financing, as well as providing legal mechanisms for ensuring stability of the economic system of the Republic of Armenia.

ARTICLE 1: SUBJECT OF LAW

This Law shall regulate the relationships pertaining to combating money laundering and terrorism financing, define the system of bodies engaged in combating money laundering and terrorism financing, the procedures and conditions for cooperation between these bodies, as well as the issues related to the supervision and to the imposition of sanctions in activities against money laundering and terrorism financing.

**ARTICLE 2: LEGAL REGULATION OF COMBATING MONEY LAUNDERING AND
TERRORISM FINANCING**

The fight against money laundering and terrorism financing shall be regulated by the international treaties of the Republic of Armenia, by this Law and other laws of the Republic of Armenia, as well as, in cases prescribed by this Law, by other legal acts.

ARTICLE 3: MAIN CONCEPTS USED IN LAW

The main concepts used in this Law shall be the following:

- 1) Proceeds of crime – assets specified in Part 5, Article 190 of the Criminal Code of the Republic of Armenia;
- 2) Money laundering (legalization of proceeds of crime) – deed specified in Article 190 of the Criminal Code of the Republic of Armenia;
- 3) Terrorism financing – deed specified in Article 217.1 of the Criminal Code of the Republic of Armenia committed by natural or legal persons;
- 4) Reporting entities:
 - a. banks;
 - b. credit organizations;
 - c. persons engaged in dealer-broker foreign currency trading, foreign currency trading;
 - d. licensed persons providing cash (money) transfers;
 - e. persons rendering investment services in accordance with the Republic of Armenia Law on Securities Market ;
 - f. central depository for regulated market securities in accordance with the Republic of Armenia Law on Securities Market;

- g. insurance (including reinsurance) companies and insurance (including reinsurance) brokers;
 - h. pawnshops;
 - i. realtors (real estate agents);
 - j. notaries;
 - k. attorneys, as well as independent lawyers and firms providing legal services;
 - l. independent accountants and accounting firms;
 - m. independent auditors and auditing firms;
 - n. dealers in precious metals;
 - o. dealers in precious stones;
 - p. dealers in artworks;
 - q. organizers of auctions;
 - r. persons and casinos organizing prize games and lotteries, including the persons organizing internet prize games;
 - s. trust and company service providers;
 - t. credit bureaus, to which this Law shall apply only in relation to the obligation to submit suspicious transaction reports prescribed by Part 1 (3) of Article 5 of the Law;
 - u. the Authorized Body responsible for maintaining the integrated state cadastre of real estate, to which this Law shall apply only in relation to the obligation to submit the reports prescribed by Articles 5-7 in the manner established by Part 2 of Article 5, as well as in relation to the obligation prescribed by Part 6 of Article 27 of the Law;
 - v. the state body performing registration of legal persons (the State Registry), to which this Law shall apply only in relation to the obligation to submit reports prescribed by Articles 5-7 in the manner established by Part 2 of Article 5, as well as in relation to Article 9, and the to the obligation prescribed by Part 6 of Article 27 of the Law;
- 5) Financial institutions – reporting entities specified in Clause 4 (a-h) of this Part;
 - 6) Non-financial institutions or persons – reporting entities specified in Clause 4 (i-s) of this Part; at that, only Articles 4-8 in the manner established by Part 2 of Article 5; Part 1 (4, 6, and 8) of Article 10; Articles 12, 15, and 16 in the manner established by Part 12 of Article 15; as well as Articles 19, 20, 22, and 24-28 of this Law shall apply to non-financial institutions or persons. Article 21 and Part 2 of Article 23 of this Law shall apply to non-financial institutions and persons only if they have more than 10 employees;
 - 7) Supervisory bodies – authorized bodies issuing licenses to (appointing, conferring a qualification, or otherwise permitting the activities, and supervising) reporting entities;
 - 8) Transaction – a transaction concluded between a reporting entity and a customer or an authorized person, as well as between a customer or an authorized person and other persons through the reporting entity. Any action giving rise to rights and obligations based on or resulting from a certain deed may also be deemed as a transaction;
 - 9) Occasional transaction – a transaction, which does not give rise to obligations between the customer and the reporting entity to provide recurrent services (no business relationship is established);
 - 10) Business relationship – recurrent services provided to the customer, which are not limited to one or several occasional transactions. Business relationship with the reporting entity does not include those activities with the reporting entity, within which the reporting entity for its own needs carries out operations different from the ones legally designated for that particular type of reporting entities;
 - 11) Authorized Body – the Central Bank of the Republic of Armenia;
 - 12) Suspicious transaction or business relationship – a transaction or business relationship when, in cases established by this Law, the guidelines established by the Authorized Body, and the internal legal acts of reporting entities, or in other cases, it is suspected or there are sufficient grounds to suspect that the assets involved in the transaction or business relationship proceed from crime, or

that such assets are linked to terrorism financing, as well as when the funds or other assets are linked to or intended for use by terrorist organizations or individual terrorists for the purpose of terrorism;

- 13) Senior management – a body or employee of the reporting entity entitled to make decisions on behalf of the reporting entity on issues related to preventing money laundering and terrorism financing, or to participate in making such decisions;
- 14) Customer – a person establishing or involved in business relationships with the reporting entity, as well as a person, who offers the reporting entity to conclude an occasional transaction or to render other services aimed at carrying out the transaction;
- 15) Beneficial owner – a natural person who is not a party to the business relationship or transaction, and on whose behalf or for whose benefit the customer acts, and (or) who ultimately owns and (or) controls the customer or the person on whose behalf the transaction is being carried out. The beneficial owner of a legal person is the natural person, who exercises factual (real) control over the legal person or transaction (business relationship), and (or) for whose benefit the business relationship or transaction is being carried out. A natural person may be recognized as the beneficial owner of a legal person, if such natural person:
 - a. owns 20 percent or more of the voting stocks (equities, shares; hereinafter: stocks) of the given legal person; or, by force of his/her participation in or under the agreement concluded with the legal person, has the ability to predetermine its decisions;
 - b. is a member of the management and (or) governing body of the given legal person;
 - c. acts in agreement with given legal person, based on common economic interests;
- 16) Authorized person – a person authorized to carry out a transaction or to undertake certain legal or factual actions in the course of business relationship upon the assignment and on behalf of the customer; including the person, who conducts representation by a power of attorney or by any other legal authorization of the customer; as well as the person who actually acts on behalf or upon the assignment of the customer, or undertakes factual actions at the expense or for the benefit of the customer without a power of attorney;
- 17) Affiliated person – an affiliated person as defined by the legislation regulating activities of the given reporting entity; whereas, in the absence of such a definition, the persons stipulated by Article 8 of the Republic of Armenia Law on Banks and Banking;
- 18) Business profile of a customer – a complete set of data (understanding) of the reporting entity about the sources of income, profile, influence and significance of the customer; the presence and expected dynamics, scope, and areas of relevant business relationships and occasional transactions; the presence, identity, and nature of affiliation of authorized persons and beneficial owners;
- 19) Other party to the transaction – other participant of the transaction being carried out by the customer, who provides (transfers) the cash or other assets proceeding from the transaction, or to whom such cash or assets are addressed;
- 20) Politically exposed person – an individual, who is or has been entrusted with prominent state, political, or public functions in a foreign country or territory, namely:
 - a. heads of the state or government, ministers or deputy ministers;
 - b. members of the parliament;
 - c. members of supreme courts, constitutional courts or other high rank judiciary, whose decisions are not subject to appeal, except for special circumstances;
 - d. members of audit courts or of the boards of central banks;
 - e. ambassadors, charges d'affaires and high rank officers of the armed forces;
 - f. outstanding members of political parties;
 - g. members of administration, management, or supervisory bodies of state-owned organizations;
- 21) Center of vital interest – the location, where the family or economic interests of an individual are concentrated. The location of family or economic interests is the place, where the house (apartment) of the individual is located, where the individual and his/her family reside and his/her

- (family's) main personal and family assets is maintained, or the place of performance of core economic (professional) activity;
- 22) Internal compliance unit – a division or employee of a financial institution, or a professional performing the function of preventing money laundering and terrorism financing;
 - 23) Terrorism-related person – any individual or organization included in the list of individuals and organizations published by the UN Security Council or designated by the Authorized Body, as well as persons suspected, accused, or convicted for terrorism;
 - 24) Typology – possible schemes of money laundering and terrorism financing;
 - 25) High risk criterion – criteria established by this Law, by normative legal acts of the Authorized Body, as well as by internal legal acts of the reporting entities, which evidence the high likelihood of money laundering and terrorism financing, including the politically exposed persons and their affiliated persons, bearer securities, including bearer check books, and offshore territories;
 - 26) Low risk criterion – criteria established by this Law or normative legal acts of the Authorized Body, which evidence the low likelihood of money laundering and terrorism financing, including the financial institutions efficiently supervised in terms of combating money laundering and terrorism financing, state bodies or state-owned organizations;
 - 27) Suspension of business relationship or transaction – blocking for a certain time period, in the manner established by this Law, of the factual and legal movement of funds or other assets, which are the subject of a suspicious business relationship or transaction;
 - 28) Rejection of business relationship or transaction – non-implementation of actions, in the manner established by this Law and by other laws, intended for carrying out a suspicious business relationship or transaction;
 - 29) Freezing of funds – blocking for a certain time period, in the manner established by this Law, of the factual and legal movement of funds of the persons linked to terrorism;
 - 30) Shell bank – a bank which, while being registered in a state, does not have an actual place of presence and activity in the territory of that state and is unaffiliated with other operating financial institutions.

CHAPTER 2

PREVENTION OF MONEY LAUNDERING AND TERRORISM FINANCING

ARTICLE 4: OBLIGATION OF REPORTING ENTITY TO RECOGNIZE AND PREVENT SUSPICIOUS BUSINESS RELATIONSHIP OR TRANSACTION

1. Reporting entities shall be obligated, in the manner established by law and internal legal acts, to undertake measures for identifying and preventing any suspicious business relationships and transactions carried out by their customer, as well as to perform other obligations prescribed by this Law.
2. Reporting entities shall be obligated, in the manner established by law and internal legal acts, to submit to the Authorized Body information on money laundering and terrorism financing as specified in this Law and other legal acts adopted on basis of this Law, including the information constituting secrecy as prescribed by law.
3. Notaries, attorneys, persons providing legal services, independent auditors and auditing firms, independent accountants and accounting firms shall submit to the Authorized Body the information specified in this Law only in cases not contradicting to the confidentiality requirements established under the legislation regulating their activities. Legally defined confidentiality requirements for non-financial institutions or persons shall be applicable only to the information disclosed to the aforementioned organizations or person in performing their legally provided authorities.

ARTICLE 5: TRANSACTIONS OR BUSINESS RELATIONSHIPS SUBJECT TO REPORTING

1. Reporting entities shall file a report to the Authorized Body on any of the following transactions:
 - 1) Transactions above the threshold of 20 million drams, excluding the transactions stipulated by Clause 2 of this Part;
 - 2) Transactions related to real estate above the threshold of 50 million drams;
 - 3) Suspicious transactions or business relationships, regardless of the amount stipulated by this Part.
2. For reporting entities, the obligation of submitting reports stipulated by Part 1 of this Article shall arise:
 - 1) For financial institutions – in the manner established by normative legal acts of the Authorized Body;
 - 2) For persons organizing prize games and lotteries, for casinos, as well as for realtors – in cases stipulated by Part 1 of this Article;
 - 3) For notaries, attorneys, as well as for persons providing legal services, independent auditors and auditing firms, independent accountants and accounting firms, and the authorized body responsible for maintaining the integrated state cadastre of real estate – only with regard to the following transactions prepared or carried out for their clients:
 - a. buying and selling of real estate;
 - b. managing of client money, securities, or other assets;
 - c. management of bank and securities accounts;
 - d. provision of funds or other assets for establishment, operation, or management of legal persons;
 - e. performing functions of establishment, operation, or management of legal persons, as well as alienation (acquisition) of contributions, shares and the like in the authorized capital (equity capital and the like) of legal persons, or alienation (acquisition) of stocks (equities, shares) of legal persons at a nominal or market value;
 - 4) For dealers in precious metals, dealers in precious stones; dealers in artworks, and organizers of auctions – only with regard to cash transactions with their clients;
 - 5) For credit bureaus – only with regard to suspicious transactions;
 - 6) For trust and company service providers – with regard to transactions, when they:
 - a. act as a formation agent (representative) of legal persons in rendering company registration services;
 - b. act (arrange for another person to act) as a director (executive body) of a company, a partner of a partnership, or perform similar functions of a legal person's management;
 - c. provide accommodation (operational, correspondence or administrative address) to a legal person;
 - d. act (arrange for another person to act) as a trust manager of an express trust;
 - e. act (arrange for another person to act) as a nominee shareholder for another legal person;
 - 7) For the state body performing registration of legal persons (the State Registry) – only with regard to the state registration of alienation (acquisition) of stocks (contributions, shares and the like) in the authorized capital (equity capital and the like) of commercial entities, or registration of formation of or changes in the authorized capital (equity capital and the like) thereof.
3. Attorneys, as well as for persons providing legal services, independent auditors and auditing firms, independent accountants and accounting firms shall submit reports on the transactions stipulated by Part 2 (3) of this Article only in the presence of suspicious transactions or business relationships.

4. A reporting entity, its employees, and representatives shall be prohibited to inform the person on whom a report or other information has been submitted to the Authorized Body, as well as other persons, about the fact of submitting such report or information.
5. The Authorized Body shall define the cases of releasing from the obligation to submit a report on transactions stipulated by Part 1 (1 and 2) of this Article.

ARTICLE 6: SUSPICIOUS BUSINESS RELATIONSHIP OR TRANSACTION

1. In case of disclosing the grounds and criteria for suspicious transactions or business relationships, the given transaction or business relationship, including the attempted ones, should be recognized as suspicious by the reporting entity, and a respective report stipulated by Part 1 (3) of Article 5 of this Law should be immediately filed to the Authorized Body. This Law, the guidelines established by the Authorized Body, and the internal legal acts of reporting entities shall define the grounds and criteria for suspicious transactions or business relationships.
2. Irrespective of Part 1 of this Article, a business relationship or transaction should be recognized as suspicious, if it is suspected or there are sufficient grounds to suspect that the business relationship or transaction involves funds or other assets, which are linked to or intended for use by terrorist organizations or individual terrorists for the purpose of terrorism.
3. A business relationship or transaction may be recognized as suspicious if:
 - 1) A customer offers the reporting entity to conclude (endorse) or concludes (endorses) a transaction (business relationship) which, although complying with the requirements of laws and other legal acts, fail to enable the reporting entity to verify the identity of the customer or to obtain the information that the reporting entity is legally required to have for concluding or carrying out the given transaction (business relationship);
 - 2) Conditions of the transaction (business relationship) fail to comply with the business profile of the customer, with the conditions of similar transactions (business relationships) usually concluded in that particular area of business activity, or with the business practice;
 - 3) It becomes obvious for the reporting entity, that the proposed or concluded transaction (business relationship) apparently does not pursue any economic or lawful objective;
 - 4) According to the logic and flows (dynamics) of its execution, the transaction (business relationship) appears to be conforming with the typologies set forth pursuant to the international best practice and the guidelines established by the Authorized Body;
 - 5) It becomes obvious for the reporting entity, that the value of the proposed or concluded transaction(s) does not exceed the threshold for reporting as stipulated by Part 1 (1 and 2) of Article 5 and for identification as stipulated by Article 15 of this Law solely for the reason that the customer seeks to avoid being reported or identified by the reporting entity in relation to such transaction(s);
 - 6) For financial institutions – a natural person affiliated with a legal person transfers (provides) funds to another legal person on his behalf obviously for the purpose of performing contractual obligations between those legal persons, or with the aim of otherwise carrying out entrepreneurial activities between those legal persons.
4. A reporting entity may submit a report to the Authorized Body on a suspicious transaction or business relationship also in cases, when the suspicion about such transaction or business relationship does not derive from the grounds and criteria for suspicious transactions stipulated by this Law, the guidelines established by the Authorized Body, and the internal legal acts of the reporting entity, but the logic and flows (dynamics) of its execution give the grounds to assume that it is being carried out for money laundering and terrorism financing purposes.
5. Guidelines established by the Authorized Body may set forth grounds for recognizing a transaction or business relationship as suspicious other than those specified in Part 4 of this Article, as well as other criteria for identifying such grounds for suspicious transactions.

6. Reporting entities may establish the grounds for a suspicious transaction or business relationship and the criteria for their identification in their internal legal acts.
7. The transactions (business relationships) specified in Part 1 of Article 8 of this Law may be recognized as suspicious by reporting entities and reported to the Authorized Body.

ARTICLE 7: CONTENT OF REPORT AND RULED FOR ITS SUBMISSION

1. A report shall contain:
 - 1) Data on the customer, the authorized person, the other party to the transaction and, in case of a suspicious transaction, also data on the beneficial owner, including:
 - a. for natural persons and private entrepreneurs – first and last names, place of residence, year, month and date of birth, citizenship, serial and successive number of the identification document, year, month and date of its issuance; whereas for private entrepreneurs – also number of the state registration certificate and taxpayer identification number;
 - b. for legal persons – name, location, number of the state registration certificate and, in case of reporting by the financial institution, also taxpayer identification number;
 - c. In case of reporting by financial institutions – also the number of the customer’s bank account;
 - 2) Description of the subject of transaction;
 - 3) Price (value) of the transaction;
 - 4) Date of concluding the transaction.
2. The report on a suspicious business relationship or transaction shall also contain the ground, the criterion for recognizing the business relationship or transaction as suspicious, its description, as well as an indication on suspending, rejecting the transaction or business relationship, or freezing proceeds of the persons linked to terrorism.
3. The reports stipulated by this Article should be submitted with an indication of their successive number, the signature of the responsible employee of the reporting entity (for hard copies, also sealed, if any). The report shall contain an indication of the reporting entity’s registration number at the Authorized Body.
4. Where a government body or a local self-governance body acts as a customer, an authorized person, another party to a business relationship or transaction, the report shall indicate only the name of such body.
5. Reports may be submitted in hard copy, while in cases stipulated by normative acts of the Authorized Body also (or) in electronic form.
6. Normative legal acts of the Authorized Body shall establish the rules, timeframes, and forms for filing reports.

ARTICLE 8: ADDITIONAL SCRUTINY OF TRANSACTIONS (BUSINESS RELATIONSHIPS), INCLUDING IN CASES OF APPLYING NEW OR DEVELOPING TECHNOLOGIES

1. Reporting entities shall be obligated to conduct additional scrutiny of all complex and unusually large transactions (business relationships), as well as of the ones involving unusual patterns with no apparent economic or other legitimate purpose.
2. Reporting entities should maintain the data on transactions (business relationships) stipulated by Part 1 of this Law for at least 5 years after termination of the business relationship or execution of the transaction or, in cases prescribed by law, for a longer time period; they shall submit such data to the Authorized Body as requested by it, except for the cases stipulated by Part 3 of Article 4 of this Law.

3. In their internal legal acts, financial institutions should provide for and apply relevant measures for counteracting money laundering or terrorism financing risks associated with new or developing technologies. When establishing business relations or conducting ongoing due diligence of their customers, financial institutions should, in the manner established by their internal legal acts, provide for preventive mechanisms to address all risks associated with non face-to-face business relationships or transactions.

ARTICLE 9: PROCEDURES DURING REGISTRATION OF LEGAL PERSONS AND LICENSING OF FINANCIAL INSTITUTIONS

1. In case of registering legal persons, making changes in the authorized capital (equity capital and the like) or in composition of the founders, participants, members, shareholders, or stockholders of a legal person, the founders (participants, members, shareholders, stockholders and the like) shall be obligated to file a declaration on the beneficial owners of the legal person to the state body performing registration of legal persons in the manner, and form and within the timeframes established by normative legal acts of the Authorized Body. Upon request, the state body performing registration of legal persons shall provide the Authorized Body with a copy of the mentioned declaration.
2. Legal persons shall bear legally defined responsibility for the failure to submit the data stipulated by Part 1 of this Article on beneficial owners, for incorrect (including false or inaccurate) or incomplete submission of such data.
3. In the course of licensing (appointment, issuance of permission) of a financial institution, the licensing body shall be obligated to request information stipulated by normative legal acts of the Authorized Body and to check their veracity.
4. Within 15 days after licensing (appointment, issuance of permission) or termination of license (appointment, issuance of permission) of a reporting entity, the licensing body shall be obligated to notify the Authorized Body on that. Within one month after licensing (appointment, issuance of permission), the reporting entity shall be obligated to get registered at the Authorized Body in the manner established by the Authorized Body.

CHAPTER 3 AUTHORIZED BODY

ARTICLE 10: AUTHORIZED BODY FOR COMBATING MONEY LAUNDERING AND TERRORISM FINANCING

1. The Authorized Body shall have the following functions and authorities:
 - 1) Receive reports from reporting entities and information from state bodies and organizations;
 - 2) Analyze the received reports and information;
 - 3) Send a statement to criminal investigation authorities in cases stipulated by Article 13 of this Law;
 - 4) For the purposes of this Law, request other information from reporting entities, including information constituting secrecy as prescribed by law, except for the cases stipulated by Part 3 of Article 4 of this Law;
 - 5) For the purposes of this Law, request other information from state bodies, including supervisory and criminal investigation authorities, including information constituting secrecy as prescribed by law;

- 6) When reporting entities submit inaccurate or incomplete reports, or fail to submit such reports in cases established by this Law, as well as when deficiencies are found in the internal legal acts of reporting entities, issue assignments for rectifying them;
 - 7) In the field of combating money laundering and terrorism financing, adopt legal acts, approve guidelines, and promulgate typologies as stipulated by this Law, in cooperation with reporting entities, supervisory and other bodies and organizations, where necessary;
 - 8) Provide reporting entities with data necessary for identification of persons or with typologies, based on which reporting entities shall be obligated to suspend the business relationships or transactions matching with such names (titles) or typologies, or to reject their execution;
 - 9) Contribute to the supervision over reporting entities in the manner and cases established by this Law;
 - 10) Define the cases and frequency for conduction of internal audit by financial institutions in the field of combating money laundering and terrorism financing; require conduction of external audit;
 - 11) Impose sanctions established by this Law for financial institutions and legal persons, as well as file a petition for imposing sanctions on reporting entities in cases established by this Law;
 - 12) Decide on suspending a suspicious transaction or business relationship, or freezing funds linked to terrorism;
 - 13) In the manner established by normative legal acts of the Authorized Body, regularly provide reporting entities with information (feedback) on the reports filed by them;
 - 14) Organize trainings in the field of combating money laundering and terrorism financing and coordinate the trainings organized by other bodies, as well as confer qualification on the staff of the internal compliance units of financial institutions based on Part 2 of Article 22;
 - 15) In the manner established by its legal acts, publicize annual reports on its activities stipulated by this Law;
 - 16) Raise public awareness on combating money laundering and terrorism financing;
 - 17) Conclude agreements of cooperation with international organizations and foreign financial intelligence units in the manner established by Article 14 of this Law; exchange information (including information constituting secrecy as prescribed by law);
 - 18) Perform other authorities and functions stipulated by this Law.
2. For the purposes of this Law, a responsible structural unit – the Financial Monitoring Center – shall operate within the Authorized Body which, based on its Charter approved by the supreme management body of the Authorized Body and on other legal acts, shall perform the functions and authorities stipulated for the Authorized Body by Part 1 of this Article, except for those conferred on the supreme management body of the Authorized Body.
 3. The supreme management body of the Authorized Body shall approve the strategy, the annual program, and the budget of the Financial Monitoring Center, as well as, through its competent divisions, shall perform the functions and authorities stipulated by Part 1 (7, 9-11) of this Article.
 4. Authorities stipulated by Part 1 (12) of this Article shall be performed in the manner established by the supreme management body of the Authorized Body.
 5. The supreme management body of the Authorized Body shall appoint the head and the staff of the Financial Monitoring Center.
 6. The Financial Monitoring Center shall present reports on its activities to the supreme management body of the Authorized Body at the frequency and in the manner established by that body.
 7. In the course of the Financial Monitoring Center’s receiving and analyzing information for the purposes of this Law, only the staff of the Financial Monitoring Center shall have access to such information.
 8. The employees of the Financial Monitoring Center having access to the received and stored information shall maintain confidentiality of the information constituting secrecy as prescribed by law and by the legal acts of the Authorized Body, both in the course of performing their duties and

after termination thereof, as well as shall bear legally defined responsibility for its unlawful disclosure. Such information can be used only for the purposes of this Law.

ARTICLE 11: NORMATIVE LEGAL ACTS AND GUIDELINES ADOPTED BY AUTHORIZED BODY

1. The normative legal acts adopted by the Authorized Body shall establish:
 - 1) Minimal requirements with regard to the functions of the management bodies of financial institutions, including the internal compliance unit, and to the rules for performing such functions in the field of combating money laundering and terrorism financing;
 - 2) Minimal rules for customer identification, due diligence (including enhanced or simplified measures), recording, collecting, and updating of data;
 - 3) Minimal rules for recording and maintaining of documents (data) by financial institutions in the field of combating money laundering and terrorism financing;
 - 4) Rules for approving and amending the internal legal acts of financial institutions in the field of combating money laundering and terrorism financing; the minimal criteria with regard to such internal legal acts;
 - 5) Minimal rules for the audit of financial institutions' activities in the field of combating money laundering and terrorism financing;
 - 6) Rules for submission and the standard form of the declaration on beneficial owners filed to the state body performing registration of legal persons;
 - 7) Criteria for high or low risk of money laundering and terrorism financing, and the rules for their determination;
 - 8) Forms, timeframes, and rules for filing above-threshold and suspicious transactions (business relationships) reports to the Authorized Body by reporting entities;
 - 9) Minimal rules for identifying suspicious transactions (business relationships) and for considering the relevance of reporting to the Authorized Body by financial institutions;
 - 10) Minimal rules for the selection, training, and qualification of competent staff of financial institutions in the field of combating money laundering and terrorism financing;
 - 11) Content, submission rules, forms, and timeframes for the collection of statistics maintained by state bodies; and
 - 12) Other issues stipulated by this Law.
2. The Authorized Body shall also adopt and provide to reporting entities guidelines expounding the procedures for the implementation of this Law and the normative legal acts adopted on basis of this Law. The Authorized Body shall promulgate typologies, as well.

ARTICLE 12: PROTECTION OF INFORMATION RELATED TO SUSPICIOUS TRANSACTIONS

1. The Authorized Body shall be prohibited to publicize or otherwise provide any information (except for the information provided to criminal investigation or other authorities in the manner established by law) disclosing or facilitating disclosure of any person having reported on a suspicious transaction (business relationship) and (or) having participated in its reporting to the Authorized Body or in sending a statement to criminal investigation authorities by the Authorized Body.

CHAPTER 4
COOPERATION FOR PURPOSES OF THIS LAW

ARTICLE 13: INTERRELATIONS BETWEEN AUTHORIZED BODY AND OTHER AUTHORITIES

1. For the purpose of effectively combating money laundering and terrorism financing, the Authorized Body shall cooperate with other state bodies in the manner and within the frameworks established by this Law, including cooperation with supervisory and criminal investigation authorities, by means of or without concluding bilateral agreements.
2. The Authorized Body shall cooperate with supervisory bodies in the manner established by Article 26 of this Law, for the purpose of ensuring compliance of reporting entities with the requirements of this Law and the legal acts adopted on basis of this Law.
3. The Authorized Body shall send a statement to criminal investigation authorities, when it has reasonable suspicions of money laundering and terrorism financing based on the analysis of a report filed by a reporting entity in the manner established by this Law, or of other information. Along with the statement or later on, in addition to the statement, other materials evidencing the circumstances laid down in the statement may be presented to criminal investigation authority. The statement or the materials sent in addition to it may contain information constituting secrecy as prescribed by law.
4. Upon the request of criminal investigation authorities, the Authorized Body shall provide the available information, including the information constituting secrecy as prescribed by law, provided that the request contains sufficient justification of a substantiated suspicion or case of money laundering or terrorism financing. Such information shall be provided within a 10-day period, unless a different timeframe is specified in the request or, in the substantiated opinion of the Authorized Body, a longer period is necessary for answering the request.
5. Where the information stipulated by Part 1 (4 and 5) of Article 10 of this Law is requested, reporting entities, state bodies, including supervisory and law enforcement authorities, should provide such information to the Authorized Body within a 10-day period, unless a different timeframe is specified in the request or, in the substantiated opinion of the state body, a longer period is necessary for answering the request.
6. Criminal investigation authorities shall notify the Authorized Body about the decisions taken as a result of considering the statement stipulated by Part 3 of this Article, as well as about the decisions taken as a result of preliminary investigation whenever a criminal case is initiated, within a 10-day period after taking such decisions.
7. State bodies shall maintain and occasionally submit to the Authorized Body statistics in the field of combating money laundering and terrorism financing, in the manner, format, and timeframes established by the Authorized Body. Such statistics shall include:
 - 1) The number and description of the initiated cases of money laundering and terrorism financing, as well as those of other related crimes;
 - 2) The value of the assets arrested in the course of investigation of the initiated cases of money laundering and terrorism financing, on case-by-case basis;
 - 3) The number of the initiated cases of money laundering and terrorism financing, the criminal investigation of which has been terminated, as well as the grounds for such termination;
 - 4) The number and description of the cases of money laundering and terrorism financing, which are under judicial proceedings;
 - 5) The number of judgments (convictions and acquittals) on cases of money laundering and terrorism financing, including those on related crimes, executed punishments, as well as the value of confiscated assets;

- 6) Sanctions imposed on reporting entities not licensed by the Authorized Body, for infringing the legislation on combating money laundering and terrorism financing.

ARTICLE 14: INTERNATIONAL COOPERATION

1. The Authorized Body and state bodies shall cooperate with international organizations and respective bodies of foreign states (including foreign financial intelligence units) involved in combating money laundering and terrorism financing within the framework of international treaties and, in the absence of international treaties, in accordance with international practice.
2. Upon its own initiative or in case of request, the Authorized Body shall, based on the principle of reciprocity, exchange information (including the information constituting secrecy as prescribed by law) with foreign financial intelligence units, which ensure adequate confidentiality of information under the obligations deriving from bilateral agreements or from membership in international structures, and shall use such information only for the purposes of combating money laundering and terrorism financing.
3. The Authorized Body shall not be empowered to disclose the received information to any third party, as well as to use it for criminal prosecution, administrative, or judicial purposes without the prior consent of the foreign agency having provided the information.
4. For the purposes of this Law, the Authorized Body shall be empowered to sign agreements of cooperation with foreign financial intelligence units.

CHAPTER 5 CUSTOMER DUE DILIGENCE

ARTICLE 15: CUSTOMER IDENTIFICATION

1. Any business relationship with a customer may be established or an occasional transaction may be concluded only upon the receipt of the identification documents (information) by reporting entities as specified in Part 3 of this Article and upon checking their veracity. Reporting entities may obtain the identification information specified in this Law and check their veracity also in the course of establishing a business relationship or concluding an occasional transaction or thereafter within a reasonable timeframe, provided that the risk of money laundering or terrorism financing has been effectively prevented and that this is necessary in order not to impair the normal business relationships.
2. Reporting entities should identify their customers and verify their identity, based on reliable documents or other information received from competent sources, when:
 - 1) Business relationships are being established;
 - 2) Occasional transaction is being carried out, including a domestic or cross-border wire transfer at a value above 400-fold of the minimal salary in drams or in foreign currency, unless stricter provisions are stipulated by other legal acts;
 - 3) Suspicions arise with regard to the veracity or adequacy of previously obtained customer identification data;
 - 4) Suspicions arise with regard to money laundering and (or) terrorism financing.
3. When identifying the customers and verifying their identity:
 - 1) The information required for natural persons based on an identification document or another valid official document exceptionally with a photo and issued by a respective authorized state body shall at least include the first and last names of the person, the details of the identification document, the place of residence, the date and place of birth of the person, and for private

- entrepreneurs also the number of the state registration certificate and the taxpayer identification number, as well as other information stipulated by law;
- 2) The information required for legal persons shall at least include the name, the location, the number of the state registration certificate and the taxpayer identification number of the legal person, as well as other information stipulated by law.
 4. Reporting entities shall undertake necessary measures to find out the existence of a beneficial owner and, if any, identify and verify his/ her identity pursuant to Part 3 of this Article.
 5. Where an authorized person acts on behalf of the customer, the reporting entity shall be obligated to identify such a person and verify his/her identity and his/her authority to represent the customer pursuant to Part 3 of this Article.
 6. In case of the presence of low risk criteria, reporting entities may perform simplified customer due diligence, when identifying the customer or the beneficial owner, or when verifying their identity.
 7. In case of the presence of high risk criteria, reporting entities should take measures adequate to the risks of money laundering and terrorism financing. Financial institutions should have risk management procedures laid down in its internal legal acts in order to determine whether the customer is a politically exposed person or a member of his/her family or a person affiliated to him/her, or whether there are other high risk criteria.
 8. In the presence of high risk criteria, financial institutions should perform enhanced customer due diligence. Where a politically exposed person is involved, the financial institution should also:
 - 1) Obtain the approval of senior management before establishing business relationships with a customer, for continuing business relationships with a customer; as well as in cases, when the customer or the beneficial owner is subsequently found to be or subsequently becomes a politically exposed person;
 - 2) Take reasonable measures to establish the source of income (wealth) and the source of funds of a customer or beneficial owner identified as a politically exposed person;
 - 3) Conduct enhanced ongoing monitoring on that relationship.
 9. If the customer or the other party to the transaction is a foreign legal person or a foreign natural person or an entity without the status of a legal person under foreign legislation, then financial institutions shall be obligated to identify and document also the center of these persons' vital interests and the sources of income in the manner established by their internal legal acts.
 10. Through their internal legal acts, banks should establish the rules for opening and maintaining correspondent accounts of foreign banks, as well as the peculiarities of opening and maintaining their correspondent accounts with foreign banks in order to make sure that they have not established correspondent relationships with shell banks or with banks allowing shell banks to use their accounts. In case of cross-border correspondent relationships, banks should:
 - 1) Gather sufficient information, as specified in normative acts and by their internal legal acts, so as to understand fully the nature of respondent bank's business and, from publicly available and other reliable information specified in their internal legal acts, to determine the business reputation of the respondent bank and the quality of its supervision, including whether it has been subject to a money laundering or terrorism financing criminal investigation or any other proceeding;
 - 2) In the manner established by their internal legal acts, assess the respondent bank's internal procedures for combating money laundering and terrorism financing;
 - 3) Obtain approval from senior management before establishing new correspondent relationships;
 - 4) Document the respective functions of each correspondent bank;
 - 5) With respect to "payable-through accounts", make sure that the respondent bank has verified the identify of the customers who have access to its accounts and continuously conducts their ongoing monitoring, and that upon request it is able to provide relevant customer identification data to the correspondent bank.

11. The data obtained as a result of customer identification and verification by other reporting entities, specialized intermediaries, or persons empowered to represent third parties may serve as a basis for reporting entities in the course of customer identification and verification only in cases and in the manner established by internal legal acts of reporting entities.
12. Customer due diligence rules stipulated by this Chapter shall apply to the following reporting entities in the cases stated below:
 - 1) For realtors (real estate agents) – only with regard to the transactions related to buying and selling of real estate for their clients;
 - 2) For notaries, attorneys, as well as for persons providing legal services, independent auditors and auditing firms, independent accountants and accounting firms, investment companies – only with regard to the following transactions prepared or carried out for their clients:
 - a. buying and selling of real estate;
 - b. managing of client money, securities, or other assets;
 - c. management of bank accounts;
 - d. provision of funds or other assets for establishment, operation, or management of legal persons;
 - e. performing functions of establishment, operation, or management of legal persons, as well as buying and selling of more than 75 percent of the stocks (contribution, shares and the like) in the authorized capital (equity capital and the like) of legal persons, or buying and selling of stocks (equities, shares) of legal persons at a nominal or market value above 20 million drams;
 - 3) For dealers in precious metals, dealers in precious stones; dealers in artworks, and organizers of auctions – only with regard to cash transactions with their clients above 5 million drams;
 - 4) For persons and casinos organizing prize games and lotteries– only with regard to the transactions carried out by their clients (purchasing of chips, making stakes, or winnings) above 1 million drams;
 - 5) For trust and company service providers – with regard to transactions, when they:
 - a. act as a formation agent (representative) of legal persons in rendering company registration services;
 - b. act (arrange for another person to act) as a director (executive body) of a company, a partner of a partnership, or perform similar functions of a legal person’s management;
 - c. provide accommodation (operational, correspondence or administrative address) to a legal person;
 - d. act (arrange for another person to act) as a trust manager of an express trust;
 - e. act (arrange for another person to act) as a nominee shareholder for another legal person.

ARTICLE 16: ONGOING CUSTOMER DUE DILIGENCE IN BUSINESS RELATIONSHIPS

1. Reporting entities should conduct ongoing customer due diligence throughout the course of a business relationship. In the course of customer due diligence, reporting entities shall conduct monitoring of the transactions with the customer in order to ensure veracity of the information on the customer, his/her business and risk profile and, where necessary, of the source of his/her income.
2. At a frequency determined by their own, reporting entities should update the data obtained due to customer identification in the business relationship.

ARTICLE 17: RESTRICTIONS ON ESTABLISHING BUSINESS RELATIONSHIPS OR CARRYING OUT OCCASIONAL TRANSACTIONS, PROHIBITION OF SHELL BANKING

1. It shall be prohibited to open, service, or provide:

- 1) Anonymous accounts or accounts in fictitious names, as well as other payment documents;
- 2) Accounts solely expressed in numbers, letters or other conventional signs.
2. Bearer securities, including bearer check books, shall be recognized as high risk criteria.
3. It shall be prohibited to establish shell banks in the Republic of Armenia.

ARTICLE 18: OBLIGATIONS RELATED TO WIRE TRANSFERS

1. When carrying out wire transfers, regardless of the fact of opening an account, financial institutions shall identify and verify the identity of the originators of such transfers in cases and the manner stipulated by Article 15 of this Law. In order to identify and verify the identity, the following information about the originator shall be requested and maintained:
 - 1) The name and surname;
 - 2) The account number (in its absence, the unique reference number accompanying the transfer);
 - 3) The details of the identification document.
2. The information specified in Part 1 of this Article, including the account number of the originator (in its absence, the unique reference number accompanying the transfer) should be included in the payment order accompanying the transfer.
3. Financial institutions should maintain the information specified in this Article and obtained due to identification, as well as the data on the account (in its absence, the unique reference number accompanying the transfer) and the business correspondence, in the manner and for the timeframe defined by Article 20 of this Law.
4. Data related to customer identification and to the transaction (business relationship) should be provided to the Authorized Body upon its request.
5. The obligations stipulated by this Article shall not apply to:
 - 1) Transfers carried out between financial institutions in their own name;
 - 2) Transactions carried out through the use of credit or debit cards, provided that when the terms of the transaction include information about the numbers of such cards.
6. Reporting entities carrying out wire transfers should reject:
 - 1) Any request for a transfer, if the information specified in this Article is missing;
 - 2) The receipt of a transfer, if the wire transfer does not contain the information specified in Part 1 (1 and 2) of this Article.
7. In cases specified in Part 6 of this Article, reporting entities may file a suspicious transaction report to the Authorized Body stipulated by Article 6 of this Law.

ARTICLE 19: CONDUCTION OF ENHANCED DUE DILIGENCE BY REPORTING ENTITIES, REQUIREMENTS FOR REPORTING ENTITIES' BRANCHES AND REPRESENTATION OFFICES OPERATING IN FOREIGN STATES AND TERRITORIES

1. Reporting entities should conduct enhanced due diligence when establishing business relationships or carrying out transactions with persons (including financial institutions) residing (located) in foreign states or territories, where the international standards on combating money laundering and terrorism financing are not or are insufficiently applied.
2. In agreement with the body authorized in the area of foreign affairs of the Republic of Armenia and based on the data publicized by international organizations engaged in combating money laundering and terrorism financing, the Authorized Body shall define and update the list of the states or territories specified in Part 1 of this Article.
3. Reporting entities shall be obligated to instruct their branches and representative offices located in foreign states or territories (including in the states or territories specified in Part 1 of this Article) to apply the requirements of this Law and other legal acts adopted on basis of this Law, if the norms established by them are stricter than those established by the laws and other legal acts

applicable in the country of location of such branches or representative offices. Where the laws and other legal acts of the country of location of a branch or representative office prohibit or do not make it possible to apply the requirements of this Law and other legal acts adopted on basis of this Law, the branch or representative office shall notify the reporting entity, and the reporting entity shall accordingly inform the Authorized Body.

ARTICLE 20: MAINTAINING RECORDS

1. Reporting entities shall maintain records of at least the following information specified in this Law in the manner established by the normative legal acts of the Authorized Body:
 - 1) Customer identification data, including account files and flows on account, as well as data on business correspondence – for at least 5 years following completion of the business relationship or, in cases prescribed by law, for a longer period;
 - 2) Data on the main conditions of the transaction (business relationship), which would permit reconstruction of the real nature of the transaction (business relationship) – for at least 5 years following completion of the transaction (termination of business relationship) or, in cases prescribed by law, for a longer period.
2. The information required by this Law and maintained by reporting entities should be sufficient for provision of comprehensive information about transactions (business relationships) requested by the Authorized Body or, in cases prescribed by law, by criminal investigation authorities.

CHAPTER 6 INTERNAL LEGAL ACTS OF FINANCIAL INSTITUTIONS AND INTERNAL COMPLIANCE UNIT

ARTICLE 21: INTERNAL LEGAL ACTS OF REPORTING ENTITIES

1. Reporting entities should have in place internal legal acts (policy, rule, procedure, instruction, or regulation) aimed at prevention of money laundering and terrorism financing. The internal legal acts stipulated by this Part should at least lay down:
 - 1) The internal procedures to be carried out with the view of conducting customer due diligence and record-keeping;
 - 2) The list of the documents and other information necessary for customer due diligence and enhanced due diligence;
 - 3) The manner and conditions for conducting internal audit of the compliance with the procedures and requirements of the internal legal acts, in cases when conduction of internal audit is required by law;
 - 4) The internal procedure for the operations of the internal compliance unit;
 - 5) The procedures for collating, recording and maintaining information on suspicious and other transactions (business relationships);
 - 6) The internal procedures for suspending (rejecting to carry out) transactions (business relationships), freezing funds of the persons linked to terrorism;
 - 7) The requirements for recruiting, training, and professional development of the staff of internal compliance unit or other employees charged with functions stipulated by this Law, with regard to the legislation on combating money laundering and terrorism financing, to other legal acts (especially in respect of the obligations of customer due diligence and of reporting suspicious business relationships or transactions), as well as with regard to the present risks and typologies of money laundering and terrorism financing;
 - 8) The criteria for recognizing a business relationship or transaction as suspicious;

- 9) The internal procedure for reporting to the Authorized Body;
 - 10) The internal procedures for ensuring compliance with other requirements established by this Law and the normative legal acts of the Authorized Body.
2. Reporting entities shall provide a copy of each internal legal act specified in Part 1 of this Article to the Authorized Body within one week after their approval, as well as after making amendments and changes to them. By the request of the Authorized Body, reporting entities shall be obligated to make the respective changes and amendments to their internal legal acts.

ARTICLE 22: INTERNAL COMPLIANCE UNIT OF REPORTING ENTITIES

1. Reporting entities shall be obligated to have in place an internal compliance unit or an employee dealing with prevention of money laundering and terrorism financing, or assign this function to respective persons engaged in such professional activities (hereinafter: the internal compliance unit).
2. The staff of the internal compliance unit shall pass qualification in the manner and based on the professional relevance criteria established by the Authorized Body.
3. The internal compliance unit shall ensure the submission of reports to the Authorized Body by the reporting entity in the manner established by this Law, as well as the performance of the reporting entity of other duties established by this Law.
4. In the manner and at the frequency established by the internal legal acts of the reporting entity, but no less than once in every six months, the internal compliance unit shall review the compliance of transactions (business relationships) carried out by the reporting entity, as well as of actions of the structural and territorial divisions and employees with this Law, with other normative legal acts adopted on basis of this Law, and with the internal legal acts. The internal compliance unit shall report to the supreme management body of the reporting entity (for banks - to the board) about the findings of the review and about other issues raised by the Authorized Body.
5. When performing the functions stipulated by this Law and the normative legal acts adopted on basis of this Law, the internal compliance unit shall be independent and should have a status of senior management of the reporting entity. The internal compliance unit shall be entitled to report directly to its supreme management (for banks - to the board) about the problems occurred by the reporting entity in preventing money laundering and terrorism financing.

ARTICLE 23: CONDUCTING AUDIT BY REPORTING ENTITIES

1. Reporting entities should conduct internal audit in cases and at the frequency established by the normative legal acts of the Authorized Body in order to check the proper performance of the duties stipulated by this Law.
2. In the manner established by the Authorized Body, upon the request of the Authorized Body or by their own initiative, reporting entities shall order external audit to check the extent of implementation and effectiveness of legislation on combating money laundering and terrorism financing.

CHAPTER 7
SUSPENSION, REJECTION OF SUSPICIOUS BUSINESS RELATIONSHIPS OR
TRANSACTIONS AND FREEZING OF PROCEEDS LINKED TO TERRORISM

ARTICLE 24: SUSPENSION, REJECTION OF SUSPICIOUS BUSINESS RELATIONSHIP OR TRANSACTION

1. Financial institutions shall be entitled to suspend a business relationship or transaction for a period of up to 5 days, if there are any suspicions of money laundering, and shall be obligated to suspend for 5 days the business relationship or transaction in cases stipulated by Part 1 (8) of Article 10 of this Law or if there are any suspicions of terrorism financing, promptly filing a report on the suspicious transaction (business relationship) to the Authorized Body as specified in Articles 5-7 of this Law.
2. A business relationship or transaction may be suspended for a period of up to 5 days upon the decision of the Authorized Body, based on the analysis of the reports filed to the Authorized Body, and (or) of information presented by supervisory bodies, and (or) of other information. The financial institution should promptly enforce the decision of the Authorized Body on suspending a transaction or business relationship upon its receipt.
3. Within 5 days after receiving the notification from the financial institution about suspension of a transaction or business relationship, or after suspension of a transaction or business relationship by the Authorized Body, the Authorized Body shall decide on sending a statement to criminal investigation authorities in cases stipulated by Article 13 of this Law, or on prolonging the suspension for 5 days (in exceptional cases, for 10 days) in order to determine the grounds for sending a statement to criminal investigation authorities, or on revoking the decision on suspension. In case of failure to provide the decision of the Authorized Body to the financial institution within the timeframe specified in this Part, the decision on suspension shall be recognized as revoked.
4. The decision of a financial institution or the Authorized Body on suspending a business relationship or transaction may be revoked prior to the completion of the suspension term only by the Authorized Body upon its own initiative or upon the request of the financial institution, if it has been determined that the suspicion of money laundering or terrorism financing is unjustified.
5. Reporting entities shall be obligated to reject carrying out a business relationship or transaction, that is to refrain from endorsing or carrying not a business relationship or from concluding a transaction, or to terminate execution of a business relationship or transaction based on the decision of the Authorized Body or if they are unable to perform customer identification as a result of the actions undertaken pursuant to Article 15 of this Law, except for the cases prescribed by Part 1 of Article 15.
6. In case of rejecting to carry out a business relationship or transaction, reporting entities should consider the relevance of filing a suspicious transaction report to the Authorized Body as stipulated by Article 6 of this Law.
7. In the presence of any suspicions of money laundering, non-financial institutions may reject carrying out a business relationship or transaction, whereas in cases provided for by Part 8 (1) of Article 10 of this Law or in the presence of any suspicions of terrorism financing they shall be obligated to reject carrying out a business relationship or transaction and promptly file a suspicious transaction (business relationship) report to the Authorized Body as stipulated by Article 6 of this Law.

ARTICLE 25: FREEZING OF FUNDS OF PERSONS LINKED TO TERRORISM

1. With the view of adhering to the resolutions of the UN Security Council and international treaties of the Republic of Armenia, the Authorized Body shall release the lists of the persons linked to terrorism and ensure immediate freezing of funds of the persons included in such lists, as well as of other persons linked to terrorism financing.
2. In the context of this Law and of Article 217.1 of the Criminal Code of the Republic of Armenia, the organizations included in the lists of the persons linked to terrorism shall be deemed as terrorist organizations.
3. The decision on freezing the funds of the persons linked to terrorism shall be taken by the reporting entity or the Authorized Body for a period of 5 days. Where the decision on freezing is taken by the reporting entity, a suspicious transaction (business relationship) report shall be promptly filed to the Authorized Body as stipulated by Articles 5-7 of this Law.
4. The decision on freezing funds taken by the reporting entity may be revoked prior to the completion of its term only by the Authorized Body upon its own initiative or upon the request of the reporting entity.
5. Within 5 days after receiving the notification about freezing, the Authorized Body shall decide on sending a statement to criminal investigation authorities in cases stipulated by Article 13 of this Law, or on revoking the decision on freezing. In case of the Authorized Body's failure to take a decision within the specified timeframe, the decision on freezing shall be recognized as revoked.
6. The term of freezing shall be deemed as prolonged for 10 days upon the receipt of the statement by criminal investigation authorities, and shall be deemed as revoked upon the completion of the prolonged term of freezing, if no actions have been taken to maintain the freezing in the manner established by law.
7. A person shall be entitled to judicially claim from the Authorized Body that payments are made at the cost of his/ her frozen funds for his/her family, medical and other personal needs. A court decision on making such payments shall be issued in the manner established by the resolutions of the UN Security Council, if the name of the given person is included in the lists defined by the UN.

CHAPTER 8

SUPERVISION OF COMPLIANCE WITH REQUIREMENTS OF THIS LAW AND SANCTIONS IMPOSED FOR INFRINGING THE LEGISLATION

ARTICLE 26: SUPERVISION OF REPORTING ENTITIES AND NON-COMMERCIAL ORGANIZATIONS

1. The supervision of the compliance of reporting entities with the requirements of this Law and other legal acts adopted on basis of this Law shall be exercised by supervisory bodies. Upon the request of the Authorized Body, supervisory bodies shall conduct on-site examinations of reporting entities based on the information on money laundering and terrorism financing.
2. In the manner established by the Authorized Body, supervisory bodies shall inform the Authorized Body about the findings of examinations conducted in the field of combating money laundering and terrorism financing, as well as about the imposed sanctions.
3. Upon the request of the Authorized Body, supervisory bodies designated under the legislation regulating the operations of non-commercial organizations shall undertake measures to prevent involvement or misuse of non-commercial organizations in terrorism financing. For this purpose, non-commercial organizations shall be obligated to maintain the following information for at least 5 years:
 - 1) Identification data of members of their management bodies pursuant to Article 15 of this Law;

- 2) Foundation documents and decisions of management bodies;
- 3) Documents related to financial-economic operations.
4. The Authorized Body and, in cases stipulated by law, also other bodies may request information related to money laundering and terrorism financing from non-commercial organizations and from their supervisory bodies.

ARTICLE 27: RESPONSIBILITY FOR INFRINGING THIS LAW AND LEGAL ACTS ADOPTED ON BASIS OF THIS LAW

1. Reporting entities or their employees (managers) may not be subject to criminal, administrative, civil or other responsibility for duly performing their duties stipulated by this Law.
2. Infringement of the requirements of this Law and legal acts adopted on basis of this Law by financial institutions shall give rise to imposition of a sanction under the legislation regulating their activity, in the manner established by that legislation.
3. Infringement of the requirements of this Law and legal acts adopted on basis of this Law by non-financial institutions, which are legal persons, shall give rise to imposition of the following sanctions:
 - 1) Failure to submit or late submission of the reports specified in Part 1 (1 and 2) of Article 5 of this Law, as well as entering inaccurate (including false or unreliable) data or incomplete completion of the reports specified in Paragraphs (a) - (c), making structural changes in the established format of the report shall give rise to imposition of a sanction in the form of a warning and instruction to eliminate the violation and (or) a penalty at 500-fold amount of the minimal salary;
 - 2) Failure to submit or late submission of the reports specified in Part 1 (3) of Article 5 of this Law shall give rise to imposition of a sanction in the form of a warning and instruction to eliminate the violation and (or) a penalty at 1000-fold amount of the minimal salary;
 - 3) Failure to perform the duty specified in Part 3 of Article 5 of this Law shall give rise to imposition of a sanction in the form of a warning and (or) a penalty at 800-fold amount of the minimal salary;
 - 4) Failure to perform or improper performance of the duty specified in Part 1 (4 and 6) of Article 10 of this Law shall give rise to imposition of a sanction in the form of a warning and instruction to eliminate the violation and (or) a penalty at 500-fold amount of the minimal salary;
 - 5) Failure to perform or improper performance of the duty specified in Article 15 of this Law shall give rise to imposition of a sanction in the form of a warning and instruction to eliminate the violation and (or) a penalty at 800-fold amount of the minimal salary;
 - 6) Failure to perform or improper performance of the duty specified in Article 16 of this Law shall give rise to imposition of a sanction in the form of a warning and instruction to eliminate the violation and (or) a penalty at 800-fold amount of the minimal salary;
 - 7) Failure to perform or improper performance of the duty specified in Article 19 of this Law shall give rise to imposition of a sanction in the form of a warning and instruction to eliminate the violation and (or) a penalty at 800-fold amount of the minimal salary;
 - 8) Failure to perform or improper performance of the duty specified in Article 20 of this Law shall give rise to imposition of a sanction in the form of a warning and instruction to eliminate the violation and (or) a penalty at 600-fold amount of the minimal salary;
 - 9) Failure to perform or improper performance of the duty specified in Article 21 of this Law shall give rise to imposition of a sanction in the form of a warning and instruction to eliminate the violation and (or) a penalty at 200-fold amount of the minimal salary;

- 10) Failure to perform or improper performance of the duty specified in Article 22 of this Law shall give rise to imposition of a sanction in the form of a warning and instruction to eliminate the violation and (or) a penalty at 800-fold amount of the minimal salary;
 - 11) Failure to perform or improper performance of the duty specified in Article 23 of this Law shall give rise to imposition of a sanction in the form of a warning and instruction to eliminate the violation and (or) a penalty at 500-fold amount of the minimal salary;
 - 12) Failure to perform or improper performance of duty specified in Article 24 of this Law shall give rise to imposition of a sanction in the form of a warning and instruction to eliminate the violation and (or) a penalty at 700-fold amount of the minimal salary;
 - 13) Failure to perform or improper performance of the duty specified in Article 25 of this Law shall give rise to imposition of a sanction in the form of a warning and instruction to eliminate the violation and (or) a penalty at 2000-fold amount of the minimal salary.
4. Infringement of the requirements of this Law and legal acts adopted on basis of this Law by non-financial institutions or individuals with a status of a natural person shall give rise to responsibility stipulated by the Code of Administrative Violations of the Republic of Armenia.
 5. Sanctions shall be imposed in the manner established by the Code of Administrative Violations of the Republic of Armenia on non-financial institutions or individuals by their supervisory body, which licenses (appoints) them, as long as it does not contradict the requirements of this Law.
 6. Sanctions shall be imposed in the manner established by the Code of Administrative Legal Violations of the Republic of Armenia on non-financial institutions or individuals by the Authorized Body, if such institutions or individuals are not licensed (appointed) by any supervisory body, as long as it does not contradict the requirements of this Law.
 7. Unlawful disclosure by employees of the Authorized Body of confidential information submitted to the Authorized Body pursuant this Law and legal acts adopted on basis of this Law, as well as unlawful disclosure of information constituting commercial or official secrecy shall give rise to responsibility established by law.
 8. Infringement of the requirements of this Law and legal acts adopted on basis of this Law by government officials shall give rise to responsibility established by the Code of Administrative Legal Violations of the Republic of Armenia.

ARTICLE 28: SANCTIONS APPLIED TO LEGAL PERSONS FOR INVOLVEMENT IN MONEY LAUNDERING AND TERRORISM FINANCING

1. Involvement of a legal person (except for reporting entities) in money laundering shall give rise to imposition of penalty at the value of the received assets of crime as specified in Part 4, Article 55 of the Criminal Code of the Republic of Armenia, but not less than 2000-fold amount of the minimal salary, as well as an action may be filed to the court requesting liquidation of the legal person in the manner established by law.
2. Involvement of a legal person, which is a reporting entity, in money laundering shall give rise to imposition of penalty at the value of the received assets of crime as specified in Part 4, Article 55 of the Criminal Code of the Republic of Armenia, but not less than 5000-fold amount of the minimal salary, as well as the license of such person may be revoked or suspended or terminated, or otherwise the activity of the reporting entity may be banned in the manner established by law.
3. Involvement of a legal persons (except for reporting entities) in terrorism financing shall give rise to imposition of penalty at the value of the assets used for financing terrorism as specified in Part 5, Article 55 of the Criminal Code of the Republic of Armenia, but not less than 10000-fold amount of the minimal salary, as well as an action shall be filed to the court requesting liquidation of the legal person in the manner established by law.
4. Involvement of a legal person, which is a reporting entity, in terrorism financing shall give rise to imposition of penalty at the value of the assets used for financing terrorism as specified in Part 5,

Article 55 of the Criminal Code of the Republic of Armenia, but not less than 20000-fold amount of the minimal salary, as well as the license of such person shall be revoked, or otherwise the activity of the reporting entity shall be banned in the manner established by law.

5. The sanctions stipulated by this Article shall be imposed on financial institutions by the Authorized Body in the manner established by the legislation regulating the activities of financial institutions.
6. The sanctions stipulated by this Article for non-financial institutions or individuals and for legal persons shall be imposed by the respective supervisory body and, in the absence of such body, by the Authorized Body in the manner established by the Code of Administrative Violations, as long as it does not contradict the requirements of this Law.

CHAPTER 9 TRANSITIONAL PROVISIONS

ARTICLE 29: ENTERING INTO FORCE

1. This Law shall enter into force from the 60th day of its official promulgation.
2. With regard to independent lawyers and firms providing legal services, independent accountants and accounting firms, dealers in precious metals, dealers in precious stones, dealers in artworks, organizers of auctions, and trust and company service providers, the obligation to submit reports stipulated by Part 1 (1 and 2) of Article 5 of this Law shall rise only after establishing the requirements for their licensing (appointment, qualification, or otherwise permission and supervision of activities) in the manner established by law.
3. The Republic of Armenia Law on Combating the Legalization of Proceeds of Crime and Terrorism Financing, dated December 14, 2004 shall be annulled upon this Law's entry into force.

June 21, 2008
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