

L A W
OF THE REPUBLIC OF ARMENIA

Adopted by the National Assembly
on 7 October 1996

ON BANK SECRECY

Article 1. Subject matter of the Law

This Law lays down the information constituting bank secrecy, the legal grounds and rules for disclosure, protection and provision of this information, the rights and obligations of the parties to the relationships arising from the bank secrecy, as well as the liability for breaching the requirements of this Law.

Article 2. Legislation governing bank secrecy

The relationships pertaining to the bank secrecy shall be regulated by this Law, other laws, as well as other legal acts in cases and within the scope prescribed by law.

Article 3. Scope of the Law

The provisions of this Law shall apply to the Central Bank of the Republic of Armenia (hereinafter referred to as "the Central Bank"), to the banks operating in the territory of the Republic of Armenia, including branches (divisional units) and representations thereof and of foreign banks (hereinafter referred to as "banks"), as well as to all the natural and legal persons, entities lacking legal personality (hereinafter referred to as "persons"), which have received or have been notified of information constituting bank secrecy in accordance with the procedure established under this Law. In this Law, unless the context otherwise requires, the term "bank" shall also include the Central Bank with regard to the liability prescribed by law as well.

This Law shall apply to the banks under liquidation, unless otherwise provided for by the liquidation peculiarities envisaged by law.

(Article 3 supplemented by HO-228-N of 15 November 2005)

Article 4. Bank secrecy

1. Bank secrecy shall be the information which becomes known to the bank in the course of business relations with its customer, such as customer account information, information on the transactions made upon the instruction of the customer or for the benefit of the customer, as well as trade secret, information on any project, or plans of its activity, invention, industrial design and any information thereon, which the customer has intended to keep confidential and the bank is aware or could have been aware of this intention.

2. The information relating to banks and their customers as defined in the first part of this Article, which becomes known to the Central Bank with respect to the supervision of banks, shall be considered as bank secrecy. Banks shall be regarded as the customers of the Central Bank.

Article 5. Third parties

Within the meaning of this Law, all parties other than the concerned bank and its customer, shall be deemed as third parties, whereas the Central Bank, banks, credit institutions as defined by the Law of the Republic of Armenia "On credit institutions", credit bureaus as defined by the Law of the Republic of Armenia "On circulation of credit information and operation of credit bureaus", as well as the Deposit Guarantee Fund in cases stipulated by the Law of the Republic of Armenia "On guaranteeing the compensation of bank deposit to natural persons" shall not be considered as third parties.

The Securitisation Foundation, the manager, seller, officer of the Securitisation Foundation defined by the Law of the Republic of Armenia "On asset securitisation and asset-backed securities", as well as other persons providing securitisation services to the Securitisation Foundation shall not be considered as third parties.

(Article 5 amended by HO-367-N of 29 May 2002, supplemented by HO-146-N of 24 November 2004, HO-98-N of 26 May 2008, HO-187-N of 22 October 2008)

Article 6. Disclosure of bank secrecy

1. Disclosure of the bank secrecy shall be deemed the disclosure or dissemination of the information constituting bank secrecy through mass media or otherwise in verbal or written form, its disclosure to the third party or parties, directly or indirectly enabling the third parties to obtain such information, *i.e.* to permit, fail to prevent or as a result of violation of the privacy rules, make possible the disclosure, except for the cases laid down in Article 43 of the Law of the Republic of Armenia "On banks and banking".

2. Disclosure or provision of the information constituting bank secrecy by the bank to any persons and organisations providing legal, accounting, and other advisory or representative services or carrying out certain activities for the bank, provided that, it is necessary for the provision of these services or the implementation of these activities, and that these persons and organisations should refrain from actions or inaction laid down in Article 8 of this Law, shall not be considered as disclosure of bank secrecy.

3. The Central Bank shall disclose names of bad debtors holding large liability(s) towards banks and/or a certain bank through press and/or other mass media, every three months. Large debt provided for in this point shall mean an amount of 20 million Armenian drams, or the liability equivalent to or exceeding such amount. For the purpose of implementing this part, the equivalency of foreign currency liability to the liability in drams of the Republic of Armenia shall be determined according to the average exchange rate prevailing in the exchange markets published by the Central Bank of the Republic of Armenia as of the last business day of the preceding quarter. The bad debtor referred to in this point shall be considered as the debtor who has breached the terms of the contract for a period of 180 days and more. Disclosure of information referred to in this point shall not be deemed as illegal disclosure of bank secrecy.

4. Disclosure of the decisions by the Central Bank of the Republic of Armenia and the delinquent bank, on violations of the laws or other legal acts by the bank and/or the manager of the bank and sanctions for these violations imposed against the bank and/or the manager of the bank by the Central Bank of the Republic of Armenia, shall not be considered as illegal disclosure of bank secrecy. It is prohibited to indicate the names (titles) of customers of the delinquent bank while disclosing the decisions on the sanctions.

(Article 6 supplemented by HO 48-N of 03 March 2004, HO-228-N of 15 November 2005, edited and supplemented by HO-112-N of 27 February 2007)

Article 7. Prohibition on disclosure of bank secrecy

1. Disclosure of the information constituting bank secrecy by a person, entity, state authority or public official who were entrusted, were informed during their service or work or were provided this information in the manner prescribed by this Law, shall be prohibited.

2. This Article shall not apply to the bank customer to the extent of disclosure of information that refers only to him or her, as well as to banks to the extent the information is provided to the Central Bank during the supervision of banks, as well as to the Guarantee Deposit Fund in cases prescribed by

the Law of the Republic of Armenia "On guaranteeing the compensation of bank deposit to natural persons".

3. With respect to a certain customer, information constituting bank secrecy may be disclosed when the customer concerned authorises in writing or publicly announces thereon in court. Upon the customer's permission, the information relating to only the customer concerned may be disclosed.

(Article 7 supplemented by HO-146-N of 24 November 2004, amended by HO-187-N of 22 October 2008)

Article 8. Protection of bank secrecy

1. Banks shall guarantee the protection of information constituting bank secrecy.

2. Bank managers, employees, or former bank managers or employees, as well as persons and organisations that provide or used to provide services (work) to the bank, shall be forbidden to disclose any information constituting bank secrecy that was entrusted to them, or use it for their own or third parties' benefit, directly or indirectly enabling the third parties to make use of it, *i.e.* to permit, fail to prevent or as a result of violation of the privacy rules, make the disclosure of such information.

3. Banks shall be obliged to undertake such technical measures and determine such internal regulations which are necessary to ensure proper protection of the information constituting bank secrecy.

4. The bank may disclose any information constituting bank secrecy relating to the customer before court, provided it is necessary for the protection of rights and lawful interests thereof, when a dispute has arisen between the bank and the given customer. In such a case, the court sitting shall be held *in camera*, solicited by either the bank or the customer.

Article 9. Provision of information constituting bank secrecy

1. Provision of the information constituting bank secrecy shall be the communication of such information verbally or in writing to the state authorities, public officials and citizens only in the cases and on the grounds stipulated by this Law.

2. Persons or organisations, except for the banks, that have been entrusted with the information constituting bank secrecy, or have been informed of it during their service or work, shall not be entitled to provide such information. The Central Bank shall not be entitled to provide the state authorities, public officials and citizens or any other person with any information constituting bank secrecy on the bank customers that becomes known to it as a result of bank supervision.

Article 10. Provision of information constituting bank secrecy to the Criminal Prosecution Authorities

1. Banks shall provide criminal prosecution authorities with the information constituting bank secrecy on the suspect or accused in the criminal case based only on the court decision, according to this Law and the Criminal Procedure Code of the Republic of Armenia.

2. Upon receipt of the court decision, the bank shall be obliged to provide, within two banking days, the information and the documents required by the court decision in a closed and sealed envelope to the criminal prosecution authority or to its authorised person. The bank shall be prohibited to inform its customers about the fact that it provided information constituting bank secrecy relating to them to the criminal prosecution bodies.

3. The bank manager and the employee shall not be interrogated in respect to the information constituting bank secrecy related to the bank customer, save for the manner prescribed by this Article and Articles 11, 12, and 16 of this Law.

(Heading amended by HO-112-N of 27 February 2007)

(Article 10 edited and amended by HO-112-N of 27 February 2007)

Article 11. Provision of information constituting bank secrecy to the Court

1. Banks shall provide information constituting bank secrecy on their customers, who are parties in civil and criminal cases, to the court according to this Law, based on the decision adopted in the manner prescribed by the Civil Procedure Code and the Criminal Procedure Code of the Republic of Armenia, as well as based on the effected civil or criminal judgment on levying the customer's bank account in execution.

2. Upon receipt of the court decision, criminal or civil judgment, the bank shall be obliged to provide, within two banking days, information and documents required by the court decision, civil or criminal judgement in a closed or sealed envelope to the court or the authorized person of the court. During this period the bank shall undertake necessary means to inform its customers on the bank's obligation to receive the court decision or the civil judgment taken in accordance with the procedure established by the Civil Procedure Code of the Republic of Armenia and provide information constituting bank secrecy.

The bank shall be prohibited to inform its customers on the fact of receiving the court decision or the criminal judgment adopted in the manner prescribed by the Criminal Procedure Code of the Republic of Armenia and of providing information constituting bank secrecy on the customer to the court or to the authorised person of the court.

(Article 11 edited and supplemented by HO-112-N of 27 February 2007)

Article 11.1. Provision of information constituting bank secrecy to the Financial System Mediator

The bank shall also provide information constituting bank secrecy to the Financial System Mediator pursuant to this Law, when the latter examines the complaint against the given bank.

(Article 11.1 supplemented by HO-128-N of 17 June 2008)

Article 12. Provision of information constituting bank secrecy to the heirs (legal successors) of the customers

1. Banks shall provide information constituting bank secrecy related to the customers to the heirs (legal successors) of the given customer pursuant to this Law, when the latter or their representatives have presented sufficient documents verifying such heritage (legal succession) rights.

2. Upon receipt of the documents verifying heritage (legal succession) rights, within five banking days, the bank shall be obliged to inform the applicants or organisations if the documents are insufficient, indicating the list of missing required documents, and in case of completeness of the documents, it shall provide, within ten banking days, complete information and all documents that the bank possesses with respect to the customer.

3. Any refusal by the bank to disclose information and provide documents according to this Article, or failure to submit such information or documents within the specified time period may be appealed before court. Any losses caused to the applicants or organisations as a result of failure to submit information and documents within the time period specified by this Law shall be subject to full refund, if the refusal has been ungrounded or the terms were violated by the fault of the bank.

Article 13. Provision of information constituting bank secrecy to the tax authorities

Banks shall provide information constituting bank secrecy on their customers to the tax authorities of the Republic of Armenia according to this Law, based on the decision adopted in the manner prescribed by the Civil Procedure Code and the Criminal Procedure Code of the Republic of Armenia, as well as based on the effected civil or criminal judgment on levying the customer's bank account in execution.

(Article 13 edited by HO-164 of 2 December 1997)

Article 13¹. Provision of information constituting bank secrecy within the framework of combating legalisation of the proceeds from crime and financing of terrorism

When the analyses of the information defined by the Law of the Republic of Armenia “On combating money laundering and financing of terrorism” conducted by the Central Bank, reveals that there has been a case or an attempt of legalisation of the proceeds from crime or financing of terrorism, the Central Bank shall directly inform the relevant criminal prosecution authority thereon.

When the analyses of the information defined by the Law of the Republic of Armenia “On combating money laundering and financing of terrorism” conducted by the Central Bank reveals that there has been a case or an attempt of money laundering or financing of terrorism, the Central Bank shall directly inform the relevant criminal prosecution authority thereon. In addition to such informing or based on the inquiry of the criminal prosecution authorities, the Central Bank may also disclose information constituting bank secrecy.

The Central Bank may provide information constituting bank secrecy to the foreign financial intelligence authorities in accordance with the procedure established by the Law of the Republic of Armenia “On combating money laundering and financing of terrorism”.

(Article 13¹ supplemented by HO-14 of 14 December 2004; amended and supplemented by HO-84-N of 26 May 2008)

Article 13.2. Provision of information constituting bank secrecy to the Credit Bureau

1. Provision of information constituting bank secrecy to the credit bureau by banks and credit organisations shall not be considered as disclosure of bank secrecy.

(Article 13.2 supplemented by HO-187-N of 22 October 2008)

Article 14. Sharing of information constituting bank secrecy among banks

1. To assure safety of their activities, as well as repayment of loans and other investments, banks may exchange with each other, or with the credit organisations defined by the Law of the Republic of Armenia “On credit organisations”, or may provide to each other or to the credit organisations defined by the Law of the Republic of Armenia “On credit organisations” any information on their customers, even though it constitutes bank secrecy.

2. The Central Bank shall be entitled to obtain and study the information on bank customers while executing its supervisory duties, even though it constitutes bank secrecy.

(Article 14 supplemented by HO-367-N of 29 May 2002, amended by HO 48-N of 3 March 2004)

Article 15. Scope of the information to be provided

1. The bank shall disclose information solely relating to its customer pursuant to Articles 10, 11, 12 and 13 of this Law; furthermore, if names of other persons and organisations, terms of transactions, and other similar data are indicated in the documents of the customers, such information, within the meaning of this Article, shall be considered as customer-related information.

2. While disclosing information on the customer concerned in accordance with the procedure established in this Law, the bank shall have no right to disclose any information on persons and organisations that are parties to agreements or other operations (transactions) of the customer unless otherwise is provided in this Law.

Article 16. Rejection of requests for providing information constituting bank secrecy

The bank shall be obliged to reject provision of any information constituting bank secrecy, if such a request does not comply with the provisions of this Law.

Article 17. Crime reporting duty

1. Bank managers shall be obliged to report to the criminal prosecution authorities on any premeditated crime or crime already having been committed that are definitely known to them; moreover, information constituting bank secrecy and documents shall be provided in accordance with Articles 10 and 11 of this Law. Bank employees shall be obliged to report in writing to the bank managers or at least one of them on any premeditated crime or crime already having been committed that are definitely known to them.

2. No article of this Law may be interpreted as a waiver for the persons who are held liable under the Criminal Code of the Republic of Armenia for concealing the traces of a crime or illegal proceeds or failing to report on the crime.

Article 18. Liability for Breaching the Requirements of this Law

Persons and organisations who were found guilty for breaching Articles 7, 8, 10, 11 and 15 of this Law shall be liable for full refund for the damages caused to the bank customer as a result of infringements. Such infringements shall entail a fine amounting from two thousand-fold up to ten thousand-fold minimum salary and may carry criminal liability defined by law. The fine shall be imposed through judicial procedure.

Article 19. Transitional provisions

Until the new Criminal Procedure Code is adopted, the information constituting bank secrecy, in accordance with Article 10 of this Law, shall be provided only in relation to a person accused for crime, and based on a prosecutor's sanction of search warrant pursuant to the effective Criminal Procedure Code.

**President
of the Republic of Armenia**

L. Ter-Petrosyan

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Yerevan

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