

Registered with
the Ministry
of Justice
of the Republic of Azerbaijan

16 November 2004
Registration No. 3095

Minister

_____ **F.F.Mammadov**

Approved by
Resolution of the Management
Board of the Central Bank of
the Republic of Azerbaijan as
of 03 November 2004

Protocol No. 19

**Chairman of the Management
Board**

_____ **E.S.Rustamov**

**REGULATIONS ON CERTIFICATION OF
BANK ADMINISTRATORS
AT THE CENTRAL BANK**

(with amendments of April 15, 2010)

BAKU – 2004

1. General Provisions

- 1.1 These Regulations have been developed in conformity with the Laws of the Republic of Azerbaijan on “Banks” and on the “Central Bank of the Republic of Azerbaijan”, and determine procedures for certification of persons nominated to the position of bank administrators during licensing as well as in the course of banks’ activities.
- 1.2 Pursuant to these Regulations, bank administrators subject to certification [attestation] (hereinafter referred to as “bank administrators”) are persons nominated to the positions of members of management board at banks and domestic branch offices of foreign banks (hereinafter collectively referred to as ‘banks’), head of internal audit department, chief accountant (CFO) and his/her deputies with the right of signature, as well as managers and chief accountants (accounting manager) of branch offices of banks and their deputies with the right of signature.

2. Certification procedure

- 2.1. If documents of candidates for the position of bank administrators are approved at initial license application, the Central Bank shall set the time and location for certification of those persons and inform them in writing no later than 15 calendar days before certification date.
- 2.2. If during final license application, bank administrators subject to certification are replaced, proper documents stipulated by the law about those should be submitted and proposed candidate(s) for the position of bank administrator should be accredited at the Central Bank within a period stipulated by law.
- 2.3. During the operating period, written statements of the banks to the Central Bank shall be accompanied with following documents about proposed candidates for the position of bank administrators:
 - 2.3.1. notarized copies of documents confirming his/her education and work experience;
 - 2.3.2. a survey filled out by the candidate, a list describing each of his/her qualifying holdings in the bank and in other legal entities;
 - 2.3.3. written description of bank’s activities to be managed and supervised by the candidate for the position of member of Management Board (for the management of a local branch of a foreign bank);
 - 2.3.4. a notarized statement of civil immunity signed by the candidate;
 - 2.3.5. if the administrator is a foreigner, a properly legalized reference issued by relevant authorities of his/her home country evidencing absence of criminal record of the administrator;
- 2.4. Relevant structural divisions of the Central Bank shall review documents about candidates within 30 calendar days and if they are found to be

satisfactory, those documents shall be presented to Certification Committee of the Central Bank (hereinafter referred to as Certification Committee). Certification Committee shall set certification date within 7 calendar days at the latest from the date of submission of documents to the Committee.

- 2.5. The Central Bank shall inform the bank that proposed the candidate for the position of bank administrator of the date and place of certification in writing within at least 3 working days prior to the certification date.
- 2.6. Senior manager(s) of the bank proposing the candidate for the position of bank administrator may participate in the meeting of Certification Committee as observer(s).
- 2.7. If the candidate for the position of bank administrator has failed to participate in Certification Committee's meeting and has an acceptable excuse thereto, Certification Committee shall postpone certification to another convenient date and inform the relevant bank in writing within 3 working days.
- 2.8. If the candidate for the position of bank administrator has failed to attend Certification Committee's meeting and does not have an acceptable excuse thereto, Certification Committee shall postpone the certification for 7 calendar days and inform the pertaining bank in writing. If this situation is repeated this person is deemed to fail the certification.
- 2.9. Certification shall be performed on a question-and-answer basis.
- 2.10. The purpose of the question-and-answer session is to determine the candidate's professional qualifications and whether his/her knowledge, education, skills and logic meet requirements of the position he/she is nominated for.
- 2.11. Questions shall pertain to the following areas depending on authorities, responsibilities and features of each position:
 - Banking legislation of the Republic of Azerbaijan;
 - Civil and tax legislation regarding banking activities;
 - Corporate governance standards;
 - Bank reporting and accounting;
 - Internal control and audit at banks;
 - Payment systems and information technologies;
 - Currency control in the Republic of Azerbaijan etc.
- 2.12. Questions and answers of certification shall be stated briefly on Certification Form (attachment 1).

3. Certification Committee

- 3.1. Administrators of banks shall be certified by Certification Committee.
- 3.2. Certification Committee shall be established under a proper decree of Governor of the Central Bank of Azerbaijan and consist of odd number of at least 7 members. Certification Committee shall operate on a permanent basis.

Governor of the CBA shall appoint the secretary of Certification Committee from the CBA's employees. Secretary of Certification Committee shall not have a voting right at Committee's meetings.

- 3.3. Meetings of Certification Committee shall be considered effective when at least 5 members of the Committee attend.
- 3.4. Activities of Certification Committee shall be carried out in a manner that comply with the requirements herein and be objective and unbiased. Decisions of the Committee shall be accepted with majority of votes of members participating in an open voting. In case of tie vote the candidate is considered approved.
- 3.5. Certification Committee shall make one of the following decisions depending on the results of certification:
 - candidate for the position of bank administrator does meet the requirements of the positions;
 - candidate for the position of bank administrator does not meet the requirements of the position.
- 3.6. Results of certification shall be pronounced on the certification day.
- 3.7. Results of certification shall be stated in Certification Form which shall be prepared in two copies and signed by the Chairman and Secretary of Certification Committee and members of the committee who participated in voting. One copy shall be kept at the Central Bank, while the other one shall be submitted to the proper bank no later than 3 working days.
- 3.8. Bank's senior manager(s) participating in certification may express their separate opinion (differing view) regarding certification to the Committee. This opinion shall be incorporated in the Certification Form.
- 3.9. Complaints regarding decisions of the Certification Committee may be lodged pursuant to the legislation.

4. Final Provisions

- 4.1. The candidate who successfully passed the certification does not have to be re-certified when his/her candidacy is proposed for a position with equal authorities in another bank. Documents stipulated in Article 2.3 hereof about the candidate shall be submitted to the Central Bank in accordance with the legislation.
- 4.2. If the Certification Committee's decision regarding a candidate says "candidate for the position of bank administrator does not meet the requirements of the position", his/her candidacy may be proposed for the same position in the same bank or another bank only 6 months after the date of certification.
- 4.3. These Regulations shall take effect on the date of state registration.

Annex #1
To Regulations on
Certification
of Bank Administrators at
the Central Bank

CERTIFICATION FORM

1. Last, first and middle names _____
2. Date _____ of
birth _____
3. Education _____

(university and date of graduation)

(profession and specialty by education, academic
degree, academic status)

(when and where did he improve his
qualification)
4. Position nominated for by the candidate at the certification

5. Total years of work and banking
experience _____
(including work experience in the bank he
was nominated for)
6. Results of _____ previous
certifications _____
7. Questions asked to the candidate and answers given by him* .
8. Opinion of Certification Committee
members _____

* Questions and answers are briefly stated in Attachment

9. Opinion of manager of the bank the candidate was nominated for _____

10. Opinion of _____ certified person _____

11. Decision made based on certification results

Number of votes: Pro _____
Against _____

12. Note _____

Chairman of _____ Certification Committee

(signature)

Secretary of Certification Committee

(signature)

Members of Certification Committee

(signature)

(signature)

(signature)

(signature)

Certification Date _____

