

**REPUBLIC OF ARMENIA
CENTRAL BANK BOARD
RESOLUTION
02/03/2018 No 21-N**

**ON INTRODUCTION OF AMENDMENTS TO REPUBLIC OF ARMENIA CENTRAL BANK
BOARD RESOLUTION 229-N OF JULY 28, 2009**

With a view to improving the rules of behavior of financial institutions in relations with consumers and ensuring protection of consumer interests;

based on Articles 6.7 and 9.6 of the Republic of Armenia Law “On Attraction of Bank Deposits”, Articles 4.3-4 and 17.5 of the Republic of Armenia Law “On Consumer Crediting”, Article 43.1(1) of the Republic of Armenia Law “On Banks and Banking”, Article 9.1 of the Republic of Armenia Law “On Credit Organizations” Articles 81.3(1) and 95.12 of the Republic of Armenia Law “On Insurance and Insurance Activities”;

pursuant to Article 20(“e”) of the Republic of Armenia Law “On the Republic of Armenia Central Bank”, Articles 16 and 70(1) of the Republic of Armenia Law “On Legal Acts”, Republic of Armenia Central Bank Board

Herewith, decides:

1. Set out in the new edition Regulation 8/05 “Rules, Terms, Forms and Least Requirements to Communication between Financial Institutions and Consumers” approved by the Republic of Armenia Central Bank Board Resolution No 229-N of July 28, 2009 “Rules, Terms, Forms and Least Requirements to Communication between Financial Institutions and Consumers” (hereinafter, Regulation) in accordance with the Annex hereof (see attached).
2. Edit the title of the Resolution as follows:
On Approval of Regulation 8/05 “Rules of Business Conduct of Financial Institutions”.
3. Read as follows Paragraph 1 of the Resolution:
“1. Approve Regulation 8/05 “Rules of Business Conduct of Financial Institutions” in accordance with the Annex hereof (see attached).”

4. This Resolution shall enter into force on the thirtieth day following promulgation, and paragraph 35 of the Resolution shall enter into force on the 90th day following promulgation.

REGULATION 8/05

RULES OF BUSINESS CONDUCT OF FINANCIAL INSTITUTIONS

CHAPTER 1. GENERAL PROVISIONS

1. This Regulation establishes the least requirements to rules of business conduct of financial institutions, including rules, terms, forms and least requirements of contacts between financial institutions and consumers.

2. Financial institutions shall regulate their business conduct rules, as well as communication with the consumers by internal legal acts, which shall at least include provisions and processes ensuring implementation of the requirements set by this Regulation.

3. The requirements for general and Individual Leaflets on the essential conditions of consumer credits shall not be applied to pawnshops.

4. This Regulation sets out requirements for transparency in providing services through automated devices of conducting financial transactions and ensuring consumer awareness about the service provided. Automated devices of conducting financial transactions shall be subject only to the requirements set out in Chapter 10 of this Regulation.

5. Paragraphs 8-9, 11-13, 16 and 26 of this Regulation apply to insurance agents and insurance brokers as well.

6. Least requirements for the rules of business conduct between insurer and consumer, including rules, terms, forms and least requirements of communication between financial institutions and consumers. Least requirements for the rules of business conduct between the insurer and the consumer, including the rules, terms, forms and least requirements of communication between financial institutions and consumers apply to compulsory motor third party liability insurance, unless provided otherwise by the rules of “Armenian Motor Insurers Bureau”.

CHAPTER 2. BASIC CONCEPTS

7. The concepts used in this Regulation have the following meanings:
- 1) **Financial institution** – a bank operating in the territory of the Republic of Armenia, a branch of a foreign bank, a credit organization, a pawnshop, an insurance company, a branch of a foreign insurance company;
 - 2) **Insurer** - an insurance company operating in the territory of the Republic of Armenia, a branch of a foreign insurance company;
 - 3) **Insurance intermediary** - insurance agent and broker are considered insurance intermediaries in the meaning of this Regulation;
 - 4) **Insurance agent** – as per Republic of Armenia Law “On Insurance and Insurance Activity”;
 - 5) **Insurance broker** - as per Republic of Armenia Law “On Insurance and Insurance Activity”;
 - 6) **Automatic device for conduction of financial operations (hereinafter, ADFO)** - self-service electronic software designed for office or external use, which ensures conduction of financial operations without financial intermediation of an employee of a financial institution except for the electronic cashier which is operated only by the treasurer of a financial institution;
 - 7) **Consumer** - a natural person who intends to use or uses services offered by the financial institutions, including policy holder, insured person, beneficiary of the insurance contract;
 - 8) **Creditor** – in the meaning stipulated by the Republic of Armenia law “On Consumer Credit”;
 - 9) **Bank deposit** - in the meaning stipulated by the Republic of Armenia law “On Attraction of Bank Deposits”;
 - 10) **Credit** - in the meaning stipulated by the Republic of Armenia law “On Consumer Credit”;
 - 11) **Deposit contract** - in the meaning stipulated by the Republic of Armenia law “On Attraction of Bank Deposits”;
 - 12) **Credit contract** - - in the meaning stipulated by the Republic of Armenia law “On Consumer Credit”;
 - 13) **Insurance contract** - in the meaning stipulated by Article 996 of the Republic of Armenia Civil Code;
 - 14) **Contract** – deposit, credit (loan) or insurance contract;
 - 15) **Overdraft** - in the meaning stipulated by the Republic of Armenia law “On Consumer Credit”;

16) **Statement** – account statement stipulated by Article 6 of the Republic of Armenia law “On Attraction of Bank Deposits” or document containing information stipulated by Article 17.2 of the Republic of Armenia law “On Consumer Credit”;

17) **Other fees** - all fees that the consumer is obliged to make before signing the financial service contract, during the validity of the contract, and at the termination of the contract, with the exception of interest and fees incurred as a result of the breach of the contract;

18) **General Terms of Service** - a document that defines standard service terms applicable to all consumers in the given service, e general principles of the relationship between financial institution and consumer, financial institution and consumer communication rules, general terms of transactions between financial institution and consumer (for example, applicable tariffs of financial institution, general terms of credit, card service rules);

19) **General Leaflet of the essential terms of consumer credit (hereinafter, General Leaflet)** -a document that defines the essential credit conditions, tariffs, consumers' rights and obligations, and the negative consequences for non-timely execution of their obligations, as applicable to all credit card users;

20) **Individual Leaflet of the essential terms of consumer credit (hereinafter, Individual Leaflet)** - a document that defines the essential credit conditions, tariffs, consumers' rights and obligations, and the negative consequences for non-timely execution of their obligations, as applicable to the relevant credit card user;

21) **Credit application** – application in writing, including an electronic application, filed by the consumer to the creditor for credit;

22) **Think Time** - the right of a natural person consumer to unilaterally terminate the contract without any substantiation, within 7 working days after its conclusion.

CHAPTER 3. GENERAL PRINCIPLES OF COMMUNICATION

8. The following general principles of communication shall be complied with during financial institution and consumer communication:

- 1) information disclosed by financial institution shall be in Armenian, if the consumer has not chosen another language of communication from the options offered by the financial institution;
- 2) information disclosed by the financial institution should be as explicit as possible to the consumer, contain explicit terms and

expressions as far as consumers are concerned, and may not be misleading, confusing (for example, avoid words such as "belated");

- 3) financial institution shall ensure that information disclosed by it enables consumer to understand the essence of the proposed service and the associated risks;
- 4) information disclosed by the financial institution cannot be presented in such a way as to hide the important provisions and to make an impression that they are not important;
- 5) financial institution cannot exaggerate the importance of its services by providing false, inaccurate or incomplete information;
- 6) financial institution shall ensure that information disclosed by it is accurate, reliable and timely;
- 7) financial institution shall ensure that information concerning the consumer or the documents provided to the latter is not accessible to other third parties, except for the cases stipulated by the legislation of the Republic of Armenia.

For example, verbal communication can be provided in a location or manner that third parties do not have access to information that is disclosed during communication (for example, information about the service provided, personal information about the consumer, residence, job position, salary, etc.).

- 8) if there is a payment card attached to a credit or bank deposit, financial institution shall ensure that the consumer will receive confidential information (e.g. code) relating to the payment card and that payment card is provided in closed envelopes;
- 9) financial institution shall not discredit another financial institution, nor form a negative attitude among consumers towards the financial system and its regulations.

CHAPTER 4. COMMUNICATION BETWEEN FINANCIAL INSTITUTION AND CONSUMER PRIOR TO SIGNING THE CONTRACT

9. Prior to signing the contract, financial institution shall at least:

- 1) verbally explain the service which interests the consumer in terms of:
 - a. essence;
 - b. basic terms, such as service price (interest rate, premiums, etc.), timing, service costs, the occurrence of events resulting in other obligatory payments and their amounts, an exhaustive list of applicable sanctions (fines or any other sanctions applicable to consumer) and cases of their application;

c. major risks, for example risks that arise when a consumer fails to perform or improperly performs his or her duties, the consequences of early termination of the contract because of currency fluctuations, etc.;

- 2) before signing the contract, give the consumer the opportunity and sufficient time to get acquainted with the provisions of the contract;
- 3) verbally introduce to the consumer other services equivalent to the service of interest;
- 4) verbally inform the consumer about his or her right to receive information provided by paragraph 27 of this Regulation through postal communication, as well as the fact that the consumer has the right to choose another way of receiving such information (for example, e-mail, telephone, fax, short message, personally in the premises of financial institution, etc.);
- 5) notify consumer verbally about the latter's right of Think Time and the relevant procedure, if, according to the laws of the Republic of Armenia, the consumer has the right of Think Time within the framework of the contract.

10. In addition to the activities specified in paragraph 9 above, creditor shall:

- 1) explain verbally the essence and importance of credit history;
- 2) verbally inform the consumer about the right of the consumer to fulfill the credit liabilities under the credit agreement ahead of schedule, clarifying Article 10 of the Law of the Republic of Armenia "On Consumer Credit." At the same time, special emphasis shall be placed on the payments that are subject to deductions and non-payable from the consumer's crediting costs in the event of performance of obligations ahead of schedule;
- 3) subject to the request of the consumer, provide General Leaflet in accordance with Regulation 8/03 "Disclosure of Information by Banks, Credit Organizations, Insurance Companies, Insurance Brokers, Investment Companies, Central Depository and Payment and Settlement Organizations Performing Money Transfers", approved by the Resolution of the Central Bank Board No 166-N of June 2, 2009;
- 4) provide an Individual Leaflet according to Chapter 9 of this Regulation upon making a positive decision on the credit application.

11. In addition to the activities specified in paragraph 9 above, insurer shall explain to the consumer the basic terms of insurance service that the consumer is interested in:

- 1) Risks covered by the insurance contract;

- 2) insurance event (events), in which case indemnity is granted, cases not considered as insurance event or risks (exceptions);
- 3) amount of insurance,
- 4) insurance premium (at the client's request, also the main factors influencing the insurance premium formation, the procedure for calculating the insurance premium);
- 5) procedure, form and terms of insurance premium payment;
- 6) the consequences of non-payment of the insurance premium by the insured within the terms and in the manner prescribed in the contract;
- 7) the non-reimbursable amount, types of application of the non-reimbursable amount at paying indemnity (if any);
- 8) terms of paying bonuses and applying discounts (as applicable);
- 9) procedure and deadlines of informing the insurance company about the occurrence of an insurance event by the insured, policyholder and (or) the beneficiary;
- 10) procedure and process of receiving insurance indemnity: the actions and terms to be performed by the insured, policyholder and (or) the beneficiary upon occurrence of the insurance event. If some of the actions (inaction) of the insured, policyholder and (or) the beneficiary are the basis for refusing the insurance indemnity, it shall be emphasized;
- 11) the rights and obligations of the policyholder, with particular emphasis on the obligations, the non-fulfillment of which can lead to the non-payment of insurance indemnities and the non-fulfillment of these obligations is common for consumers.

12. Apart from the actions referred to in paragraphs 9 and 11 of this Regulation, insurance agent shall also carry out the following actions:

- 1) introduce to the consumer verbally the nature of the mediation activity it performs (acts as a broker or an agent) and inform about the institution by which the agent is licensed and supervised;
- 2) when the insurance agent acts on behalf of several insurance companies, present the peculiarities of the services offered by insurance companies, as well as differences between them at the request of the consumer;
- 3) when the insurance agent acts on behalf of several insurance companies, it shall not direct consumers to select one of them.

13. Before signing the contract of compulsory motor third party liability insurance (hereinafter - CIVL), the insurer and/or insurance agent shall be required in

addition to the terms set out in paragraphs 11 and 12 of this Regulation, to introduce verbally:

- 1) the essence of the coordinated declaration, i.e. procedures for completing the coordinated declaration and submitting it to the insurance company;
- 2) examples of calculation of insurance indemnities applied in non-standard situations (for example, all parties involved the accident are guilty) and the corresponding explanations;
- 3) The essence of the Bonus-Malus system rules and timing of its application.

14. If a financial institution refuses to provide service to a consumer who has submitted a written application (application, claim), the financial institution shall inform the consumer in written (paper or electronic) within maximum 2 working days after making the decision, specifying in detail the reasons for the rejection.

15. If a financial institution refuses to provide consumers with a written application (application, claim), the financial institution at the consumer's request shall return to the consumer the originals of the documents that the consumer acquired from third parties for submission to the financial institution for service (e.g. a certificate from a place of residence or workplace, a property valuation certificate, a notarized document, etc.).

16. If along with providing the basic service, a financial institution offers any other bonus (encouraging) service, in case of providing such bonus service, the financial institution shall comply with the rules of communication defined in paragraph 9 of this Regulation and, if applicable, the communication rules defined in paragraphs 10, 11 or 12, as well, and shall inform the consumer of the right to refuse the bonus service.

17. Where a financial institution carries out service provision in a distance electronic format and cannot ensure verbal communications with the customer before signing the contract, financial institution shall make available to the consumers information provided by paragraphs 9-16 and subparagraphs 3, 4 and 6 of paragraph 57 of this Regulation in distance format such as video or audio recording placed on the Internet site or likewise.

18. In case of signing a credit, deposit or insurance contract (including renewal or extension) on the same terms with the same consumer, financial institutions may waive the requirements set out in paragraphs 9-16 of this Regulation, but in case of any change in the terms, before the conclusion of the contract, they shall be obliged before the conclusion of the contract to notify the consumer verbally about the amendments, and if applicable, to comply with the requirements of paragraph 30 of this Regulation.

**CHAPTER 5. COMMUNICATION BETWEEN FINANCIAL INSTITUTION AND
CONSUMER DURING CONCLUSION OF THE CONTRACT. LEAST
INFORMATION TO BE INCLUDED IN THE CONTRACT.**

19. A financial institution shall ensure that the information included in the contract with the consumer is provided in at least 9 font size, with at least 1 the interim distance is at least interval 1 between the rows.

20. A financial institution shall ensure that contracts with consumers contain at least the following information:

- 1) a note indicating that the consumer has the right to present the claims and complaints arising from the transaction between the financial institution and the consumer to the Financial System Mediator. Where a financial institution has not concluded a waiver of the right to challenge the decisions of the Financial System Mediator, it shall indicate that fact in accordance with the normative legal acts of the Central Bank of the Republic of Armenia. In the event a financial institution has concluded a waiver of the right to challenge the Financial System Mediator's decisions with certain limitations, it shall also disclose these restrictions;
- 2) if the arbitration agreement is concluded between the financial institution and the consumer in respect of the contract, sufficient information on the rights and obligations of the parties shall be disclosed in writing. Financial institution shall attach to the contract the form "What to do if you have a complaint" in accordance with Annex 3 to Regulation No 8/04, approved by Resolution 225-N of July 28, 2009 of the Board of the Central Bank of Armenia. (supplemented with data relating to the financial institution).
- 3) on the first page of the contract, contact information of the financial institution (telephone number, e-mail address, etc.) shall be provided in a distinctive and specific form (different font, different font size and (or) different format).

21. Furthermore, financial institution shall ensure that in addition to the provisions of paragraph 20 of this Regulation and Chapter 2 of the Law of the Republic of Armenia "On Consumer Credit", the credit agreement shall provide information on:

- 1) credit type;
- 2) credit amount;
- 3) the deadline for the credit repayment, and in case of overdraft - also the interim dates of credit repayment (if any);
- 4) the form of credit disbursement (lump-sum or in installments), credit repayment schedule, which includes:
 - a. credit principal repayment schedule (day/month/year) and the total amount;
 - b. interest repayment schedule (day/month/year) and the total amount;

c. repayment schedule (day/month / year) of the payments other than interest order and their total amount. If the amount of payments to be made by the consumer can change, when making the credit repayment schedule, the creditor shall assume that their amount will remain unchanged;

d. If the creditor may charge the consumer's accounts without the consent of the latter in order to repay credit, interest and commissions, the statement shall be made on the above-mentioned as well as the amount and timing of the charge;

5) credit withdrawal mode (in cash, through bank transfer);

6) If the creditor provides the consumer with payment and settlement services (account maintenance or service of payment instruments) as prescribed in the credit contract, the creditor shall indicate the fees charged for these services and their amounts;

7) interest calculation procedure (also if there is a grace period), in case of foreign currency credits, the exchange rate for conversion of the amounts included in the calculation of the actual interest rate shall be also provided;

8) the procedure for repayment of credit amount: equally (annuity) or non-equally (differentiated);

9) a note indicating that the consumer will pay for insurance, evaluation or other auxiliary services, or for notary services, or will make other payments if the creditor knows that the consumer will make such payments;

10) if the financial institution may require additional documents from the consumer, notification about it;

11) indication of means ensuring the fulfillment of the obligations of the consumer, if any,

12) if the fulfillment of obligations of the consumer is secured by a collateral:

a. collateral type and description;

b. percentage ration of the credit amount and the collateral value, cases of the change in the latter (for example, at collateral revaluation, in case of the availability of several collaterals, in case of the collateral release), terms and conditions of informing the consumer.

c. note whether the collateral passes over the pledgee's possessions;

d. notes that in case of non-fulfillment of his obligations by the consumer, the collateral may be confiscated,

e. in the case of envisaging in the credit contract the right to sell the collateral through extrajudicial procedure, possible expenses of the consumer shall be indicated;

- 13) credit interest rate, and if interest rate can change, e precise terms and procedure for changing the interest rate, factors that determine the interest rate change (e.g. settlement rate, exchange rate, etc.), criteria determining the size of the change (e.g. increase in the discount rate by 2 percentage points, 10% currency devaluation, etc.), the order of calculation of the change amount, as well as the source from which the consumer can be informed about the size of interest rate or its underlying factor;
- 14) if the amount of the credit can be changed by the contract, the contract shall specify the exact terms and procedure for changing the amount of the credit, factors determining the change (such as exchange rate), criteria determining the amount of the change (for example, 10% devaluation of the currency); procedure for calculation of the amount of change, as well as the source from which the consumer can be informed about the size of interest rate or its underlying factor,
- 15) liability measures applied by the creditor for the consumer's failure to perform the obligations or their improper performance, as well as information on providing information about consumer to the Credit Bureau. Subsequently, the relevant note about Credit Bureau shall be provided in a distinctive and specific form (different font, different font size and (or) different format) (E.G. IN CASE OF A FAILURE BY THE BORROWER FAILURE TO PERFORM THE OBLIGATIONS OR THEIR IMPROPER PERFORMANCE WITHIN THE ESTABLISHED DEADLINE, CREDITOR IN (NUMBER OF DAYS) WORKING DAYS WILL SEND DATA ABOUT THE BORROWER (INFORMATION ABOUT FAILURE TO PERFORM THE OBLIGATIONS OR THEIR IMPROPER PERFORMANCE) TO THE CREDIT BUREAU);
- 16) if the overdraft contract provides for interest payment or other reimbursement for unused funds, notification about it;
- 17) if a foreign currency credit is provided, the exchange rate for conversion of foreign exchange (for example, USD, euro) must be indicated (e.g. CALCULATION OF PAYMENTS FOR FOREIGN EXCHANGE CREDIT AMORTIZATION SHALL BE MADE IN ACCORDANCE WITH THE EXCHANGE RATE SET BY THE CENTRAL BANK), and note that fluctuations of the exchange rate may affect credit repayments;
- 18) if the contract includes provisions, which depend on the general terms of services defined in other documents, and these general terms can

change over the period of contract effectiveness, contract must contain a relevant note;

- 19) if the contract refers to provisions constituting an integral part of the contract (for example, internal legal acts, general terms of service), at least the identification data of those conditions must be provided, such as full name of the provisions, date of their approval, identification or registration number and name of the authority in charge. In the case where reference is made to the provisions established by a different authority and it is not possible to indicate the identification data, at least the period for which those conditions are applicable shall be indicated. If the provisions set out in the contract are open for public, the reference shall be made to the relevant source (webpage/section/subsection), and if the provisions are not open for public, the verified hardcopy or electronic copy with electronic signature shall be provided. At the same time, the manner and terms of notifying the consumers about the change of these provisions shall be also mentioned.
- 20) if the agreement states that the terms of the contract may be unilaterally changed, the procedure and timeframe for informing the consumer about that shall also be indicated.
- 21) indication of the right of the consumer to perform liabilities ahead of schedule, as well as payments deductible and non-deductible from total amortization cost in case of early repayment of the credit, in a distinctive and specific form (different font, different font size and (or) different format).

22. In addition to the provisions of paragraph 20 of this Regulation and Article 998 of the Civil Code of the Republic of Armenia, an insurance company shall ensure that the insurance contract and the attached terms include:

- 1) type of insurance, insurance class and (or) subclass according to Article 7 of the Law of the Republic of Armenia on Insurance and Insurance Activities,
- 2) premium payment rules;
- 3) data about policyholder, as well as the insured person (persons) and beneficiary (where beneficiary is different from the policyholder);
- 4) if the insurer may require additional documents from the consumer, a note about that fact;
- 5) 5) the consequences of non-fulfillment or improper fulfillment by the consumer of its obligations.
- 6) if, according to the Law of the Republic of Armenia "On Insurance and Insurance Activities", the consumer has the right to use Think Time

within the framework of the contract, the contract shall indicate that fact, and include procedure for the consumer for using Think Time.

- 7) if the contract refers to the provisions constituting an integral part of the contract (for example, internal legal acts, general terms of service), at least the identification data of such provisions, the date of acceptance of the conditions, the identification or registration number and the name of the receiving authority shall be provided. If the provisions set out in the contract are open for public, the reference shall be made to the relevant source (webpage/section/ subsection), and if the provisions are not open for public, the verified hardcopy or shall be provided. In addition, the place and the timeline for notifying the consumer about the change of these terms shall also be indicated.
- 8) if the contract states that the terms of the contract may be unilaterally changed, then the order and timing of the prior notice to the consumer, as well as the right of the insurer to immediately resolve the insurance contract in case of disagreement with that amendment shall be indicated.

23. In addition to the information provided in paragraphs 21 and 22, the credit or insurance contract may also contain other provisions not contradicting the laws and regulations.

24. In cases where the terms set out in the agreement are determined by the general terms of the service defined by another document:

- 1) financial institution invites the consumer to pay attention to those conditions at the conclusion of the contract,
- 2) in cases where general terms of the service are defined by the financial institution, the contract shall also provide for the general terms of the service effective at the time of the conclusion of the contract;
- 3) where general terms of the service are established not by the financial institution, the latter shall inform the consumer that the general terms of the service may be acquainted with in the territory of the financial institution, and also explain in what form or means the consumer can obtain the document establishing general terms of the service.

25. In cases where the same credit is granted to more than one person, financial institution shall provide a single copy of the credit contract and the terms constituting an integral part of the contract to each consumer in accordance with the requirements set out in paragraph 21.19 of this Regulation.

26. In cases where more than one insurance person is mentioned in the insurance contract, the insurer provides to each insured person a certificate with minimum essential insurance conditions (for example, in the form of plastic cards). The mentioned certificate or reference may be sent to the insured by e-mail as well.

CHAPTER 6. COMMUNICATION BETWEEN FINANCIAL INSTITUTION AND CONSUMER DURING THE EFFECTIVE PERIOD OF CONTRACT

27. During the effective period of the deposit or credit contract, financial institution shall inform a consumer about:

- 1) change of nominal interest rate;
- 2) change of the order of communication between the parties;
- 3) changes of legal acts that have a direct impact on the rights and obligations of the consumer under the contract;
- 4) change in the general terms and other fees of the service;
- 5) changes to the rights, obligations or liability of other parties directly affected by the contract, including sending data to Credit Bureau.

28. In the event that during the term of the contract, the consumer withdraws a credit or deposit through the intervention of the financial institution's employee and collects a commission from the consumer for cashing, the employee of the financial institution shall inform the consumer about it verbally and (or) in writing and in case of agreement with the amount of the commission fee, continue the relevant action.

29. Information specified in point 27 of this Regulation shall be provided to the consumer via postal communication. In the event of the parties' consent, information provided for in paragraph 27 of this Regulation may be provided to the consumer via operating e-mail or other means of communication (telephone, fax, short message, personally in premises of the financial institution, etc.) Financial institution cannot direct the consumer to choose the method of notification or limit the option of choosing a notification method.

30. Where changes defined in paragraphs 1, 3, 4 and 5 of Article 27 of this Regulation take place during the effective period of the credit contract, as a result of which changes occur in information contained in the Individual Leaflet, subject to consumer's written or verbal request, the creditor shall provide a new Individual Leaflet in accordance with the procedure set out in clause 59 of this Regulation.

Where the creditor extended unilaterally credit agreement with the new terms of the creditor, as a result of which the information included in the Individual Leaflet is changed, the creditor shall provide a new Individual Leaflet in accordance with the procedure set out in paragraphs 58-63 of this Regulation.

31. In case of unilateral change of information provided by paragraph 27 of this Regulation by the financial institution, information on the change shall be provided to the consumer after the corresponding change is made in consumer's preferred way, but not later than in 7 working days before the decision comes into force, except for the case of sending data to Credit Bureau. In other cases, the change made in the information specified in paragraph 27 of this Regulation shall be provided to the

consumer no later than 7 (seven) days after the corresponding change took place and the financial institution was notified.

32. The following general principles of communication shall be maintained when presenting information specified in paragraph 27 of this Regulation during contract servicing:

- 1) financial institution clarifies the changes made by presenting their potential impacts;
- 2) the financial institution provides means of communication (telephone number, e-mail address) with which the consumer will be able to get additional data on information specified in paragraph 27 of this Regulation;
- 3) financial institution provides the information specified in paragraph 27 of this Regulation so that specific headings are separated in the most important sections of the information, and in the most important parts of the text is in italicized or presented in larger font sizes.

33. The financial institution shall ensure that the requisites on provision of information to the consumer specified in paragraph 27 of this Regulation, such as delivery receipt, e-mail notification message, phone call recording, handout receipt, etc., are maintained for at least one year.

34. In cases where financial institution delivers information specified in paragraph 27 of this Regulation by telephone, employee of the financial institution shall:

- 1) disclose his/her name, as well as the name of the financial institution; ,
- 2) inform about the purpose of calling in available and literary Armenian, unless communication in other language is envisaged by agreement of the parties;
- 3) inform of the telephone conversation recording if it is recorded;
- 4) interrupt telephone conversation at the request of the consumer and call the consumer later.

35. At least one day prior to the date of execution of the consumer's obligation, the financial institution shall be obliged to inform the consumer of the obligation to be fulfilled and, in case of non-fulfillment or improper fulfillment of the obligation, provide information on the latter to the Credit Bureau and the Central Bank's Credit Registry in the prescribed manner. Financial institution shall deliver to the consumer the above-mentioned information by means of a short message (SMS) and/or electronic message. Financial institution shall provide the consumer with an opportunity to choose one of the above. In the event the consumer chooses postal communication as a means of communication, financial institution shall also disclose the above information by the postal service.

36. In the event of changes in the credit repayment schedule due to the early repayment of credit by the consumer, interest rate change and other circumstances,

financial institution may, at the request of the consumer, within a maximum of 1 working day,) provides a free new credit repayment schedule through consumer's preferred communication method (personally, e-mail, etc.). In case of selection of postal communication, a new credit repayment schedule must be provided within 3-5 working days.

37. During the effective period of the insurance contract, insurance company shall provide the policyholder, insured and (or) beneficiary with the following information:

- 1) when submitting an application for insurance indemnity, the insurance company shall provide the consumer with a document (receipt) certifying the receipt of the application for indemnity, as well as receipt of the attached documents in paper or electronic form, which will indicate the documents submitted to the insurance company, filing date, and in how many days the decision on paying indemnity will be made;
- 2) decision on paying indemnity, within 5 working days from the date of taking the decision. The decision on paying indemnity must at least contain the following information:
 - a. note on taking decision on paying indemnity (for example, "fully satisfied", "partly satisfied" or "denied");
 - b. insurance contract number and indemnity application number;
 - c. data on the policyholder, insured person, beneficiary (if different);
 - d. applicant's data (name, surname, address, phone number, passport number);
 - e. insurance event, the date of the event, the date of notification of the event,
 - f. the amount of claim, the amount payable, the amount of the rejected amount (if any), the reason for rejection, including relevant paragraph(s) of the insurance contract and/or provisions;
 - g. the form of payment of indemnity, terms;
 - h. in case of deductible insurance sum, final balance of the insurance sum;
 - i. contact person's phone number, by which the applicant will be able to obtain additional information on decision concerning the indemnity application.

38. The decision on paying indemnity shall be made available to the consumer either through postal communication or subject to consumer's wish, via electronic mail provided by the consumer or by any other means of communication. Furthermore, insurance company cannot direct the consumer to choose any specific method of notification or limit the option of choosing the notification method.

CHAPTER 7. STATEMENTS ISSUED FOR CONSUMER DURING EFFECTIVE PERIOD OF CONTRACT

39. Statements issued by financial institution for the consumers pursuant to the Law of the Republic of Armenia “On Attraction of Bank Deposits” and the Law of the Republic of Armenia “On Consumer Credits” shall, at least, based on the type of service, include the elements set out in Annex 5 in accordance with the specifications.

40. Financial institution shall use by the templates presented in Annex 6 according to the relevant type of service. Where a financial institution chooses another form of statement submission, it must at least ensure that the elements of the exemplary template (in accordance with Annex 5) reflect the format, sequence, content, font, font size and color defined in Annex 6. The statement can be provided in paper form as well, without preserving the required colors.

41. Financial institution shall provide the consumer with an extract (s) only on the service (services) that the latter uses. For example, in case the consumer has only a bank account with no overdraft and/or payment card, the consumer shall be provided with a statement from the bank account and vice versa, whereas if the consumer has a bank account with overdraft and/or payment card attached to it, a single statement shall be provided according to the formats set out in Annex 6.

42. Financial institution shall provide the consumer with a statement in the language selected by the consumer from the language options offered by the financial institution. In the event that the consumer has not selected another language for receiving statements from the options offered by the financial institution, the consumer shall be provided with at least a statement in Armenian.

43. If financial institution wishes to provide any additional information, advertisement, picture or other image in the statement, it shall be replaced on the last page of the statement.

44. In the case of electronic submission of the statement, financial institution shall ensure that:

- 1) message accompanying the statement shall contain at least consumer name in the preferred language of the consumer from the options proposed by the financial institution, period included in the statement, name of the service for which the statement is provided, telephone number and e-mail address on which the consumer can receive exhaustive information on the issues related to the statement. In addition, the message shall state that the consumer should carefully examine his/her statement in order to verify the accuracy of information presented therein;
- 2) there are no hardware or software restrictions impeding access to the statement (for example, statement shall not be provided in the ".zip" format or with the use of professional software) and the statement is attached to e-mail letter in the

preferred format of the consumer. If it is not possible to obtain the consumer's choice, the statement shall be attached to the email is attached at least in ".xls" (".xlsx") format;

- 3) names of the statement electronic letter and electronic file ("Subject" line) contain the word "statement" in Armenian or English, reporting period, type of service, for which the statement was issued, currency, and type of the card in case of payment card, last 4 digits, in case of a multicurrency card the word "multicurrency" in Armenian or English shall be indicated, (examples: STATEMENT 01.10.15-30.10.15 CARD VISA 9550 AMD, STATEMENT 01.10.15-30.10.15 AVAND USD, STATEMENT 01.10.15-30.10.15 CAR LOAN AMD, STATEMENT 01.10.15-30.10.15 CARD 9550 MULTICURRENCY),
- 4) the proof of sending and receiving the statement receipt must be maintained for at least 1 year in the proper manner (e.g. return receipt, send receipt).

45. In case of providing the statement personally, financial institution shall ensure that in case consumer visits the financial institution and receives any type of services from staff, consumer is provided with the statements. In the event financial institution fails to issue an extract to the consumer within four consecutive months, financial institution shall at least once contact the consumer and suggest receiving the statement in a different way. In the event the consumer does not agree to receive the statement in any other way or financial institution fails to contact the consumer, financial institution shall keep evidence of the consumer's refusal or the impossibility to contact consumer, such as audio record, agreement in writing, and so on. In case of consumer's consent, financial institution shall provide in accordance with its internal processes in the manner preferred by the consumer, also statements for the months which were not available for the consumer and keep the grounds for provision of the statements for at least 1 year.

46. In the case of sending the statement by postal service, financial institution shall ensure that the sending and (or) receiving receipt is kept for at least 1 year.

47. In cases where one credit is granted to more than one person or one deposit is opened by several persons, the financial institution shall provide a copy of the statement to each consumer.

CHAPTER 8. COMMUNICATION BETWEEN FINANCIAL INSTITUTION AND CONSUMER IN CASE OF CONTRACT TERMINATION

48. In the event consumer files an application for the termination of the contract, financial institution shall immediately provide the consumer with a confirmation of the receipt of the application in the same way as the application was delivered (for example, confirmation in writing in case of an application in writing; or electronic confirmation in case of electronic application). In case of verbal application, financial institution shall provide written or electronic confirmation following consumer's request.

49. In case of refusal to process the application on termination of the bank account contract and closing the account, the bank shall inform the consumer of the reasons for the rejection (for example, the existing account attachment) in the manner specified in paragraph 48 of this Regulation.

50. In the event financial institution undertakes processing of the application on termination of the bank account contract and closing the account, financial institution shall, at least, inform the consumer, in the manner specified in paragraph 48 of this Regulation:

- 1) in case of closing of an account within maximum one-day period, about the possibility of transferring these funds to another account of the consumer in case of availability of funds, at the expense of the consumer, and the timing of doing this;
- 2) about termination of the bank account contract, and ceasing servicing the account and collection of the ensuing fee as well as any other contingent payments as from the date of submission of the application and initiation of its processing by the bank.

51. Financial institution shall inform the consumer in the manner specified in paragraph 48 of this Regulation that closing of the account does not exempt the consumer from the fulfillment of obligations committed prior to closure of the account.

52. Insurance company shall notify the insured on closing of the insurance contract 5 days before its expiry or, in case of termination of the insurance contract on the basis of exhaustion of the insurance sum provided by the insurance contract, within 2 working days from the date of the exhaustion. Exceptions to this paragraph include those contracts that end in the event of emergence of certain circumstances (for example, if the insurance policy is terminated on the day of return to the country of residence and so on).

53. In case of prior coordination with the consumer, the notice may be provided to the consumer by electronic mail provided by the consumer or by other means of communication (telephone, fax, short message, postal communication). The consumer may, within the period of Think Time of the insurance contract or during another period of the contract, submit an application for the termination of the contract to the insurance company, in which case insurance company shall immediately provide consumer with a confirmation of the receipt of the application in the same manner as the application has been filed (for example, confirmation in writing in case of an application in writing; or electronic confirmation in case of electronic application).

54. If according to the Republic of Armenia Law “On insurance and Insurance Activity” Think Time is stipulated for the relevant insurance contract, insurance company shall be obligated to terminate the contract and notify the consumer based on the application received during Think Time, not later than on the next day after receiving the notice.

CHAPTER 9. PROVISION OF INFORMATION PRIOR TO SIGNING CONTRACT (INDIVIDUAL LEAFLET OF ESSENTIAL TERMS)

55. Upon making a positive decision on the consumer credit application, the creditor, based on the terms of the credit offered by it and the documents issued by the consumer, prior to signing the credit agreement, gives the consumer an Individual Leaflet, in accordance with Annex 1 of this Regulation (or in accordance with Annex 3 in case of credit lines (overdrafts)).

56. Creditor shall:

- 1) ensure conformity of the terms contained in the Individual Leaflet to the provisions of the credit agreement with the exception of the annual actual percentage rate, which may differ conditioned by the change in repayment schedule;
- 2) ensure timely delivery of the Individual Leaflet, that is, before signing the credit contract, consumer shall have the opportunity to get acquainted with the essential credit terms and, if desired, to compare the essential terms of credits offered by other creditors;
- 3) verbally explain the essence of the Individual Leaflet and its importance;
- 4) verbally inform about the validity period of the Individual Leaflet;
- 5) while signing the Individual Leaflet do not direct the consumer, but signal the number of signatures;
- 6) verbally explain possible differences between the Individual Leaflet and credit agreements, due to a change in the repayment schedule.

57. Creditor shall fill in the Individual Leaflet on the basis of the approved terms, sign it and give or deliver it through the consumer's preferred method (either personally in the creditor's premises, by postal communication, by e-mail).

58. In case of delivery by post or e-mail, the creditor shall send the Individual Leaflet to the consumer (guarantor) within 1 working day after approval of the credit application. In case of handing personally in the creditor's premises, the creditor shall give the Individual Leaflet to the consumer (guarantor) as soon as the latter visits creditor's premises.

59. The creditor shall keep the documents proving the fact of issuing the Individual Leaflet for at least three years (such as a receipt issued by the consumer, a document proving the fact of sending a letter, an e-mail notification message).

60. If the consumer (guarantor as available) understands information contained in the Individual Leaflet and agrees with it, consumer signs two (three if there is a guarantor) copies of the Individual Leaflet and returns it to the creditor (guarantor) in person, in the creditor's premises or electronically, by fax or operating electronic mail. In the event an Individual Leaflet is provided to the consumer in an online domain by

means of a consumer's personal page or other online means identified by the procedures of the financial institution, it shall be deemed to be signed if there is a certifying mark available in the fields to be signed (e.g. check box), and the return is deemed fulfillment of the required arrangements (for example, pressing the confirming button, "I agree to receive a loan under the terms of the Individual Leaflet").

61. One copy of the signed Individual Leaflet shall be provided to the consumer and the other shall be subject to archiving by the creditor. In case of availability of the Guarantor, the third copy of the Individual Leaflet shall be provided to the guarantor.

62. Terms of the Individual Leaflet shall be valid within 10 working days after informing the consumer about positive decision on the credit application. If the consumer submits the signed sheet to the creditor later than the due date, creditor shall make a decision to conclude the credit contract under those terms or not on the basis of its internal legal acts.

63. Individual Leaflet shall include the following information:

- 1) recurrent number of the Individual Leaflet filled in by the creditor and the date of notifying the consumer about positive decision on credit application;
- 2) full name of the creditor and contact data (telephone number, address, e-mail address);
- 3) consumer information, such as name, surname and contact data;
- 4) essential terms of the credit, including:
 - a. credit type;
 - b. credit amount;
 - c. crediting term;
 - d. nominal annual percentage rate of the credit;
 - e. actual annual interest rate on credit provided as a note in a distinctive and specific form (different font, different font size and (or) different format) which explains the difference between nominal annual percentage rate of the credit and actual annual interest rate on credit;
- 5) credit related fees, including:
 - a. credit amortization payment, that represents the total amount of the principal amount of the credit, interest and other payments that the consumer is obliged to pay for a credit;
 - b. other contributions;
- 6) if the fulfillment of the obligations of the consumer is secured by collateral and (or) guarantee, the following information concerning the security shall be provided:
 - a. type of collateral;
 - b. note on the guarantor;
- 7) other terms, including:

- a. schedule of repayment of principal and interest (not applicable for credit line (overdraft));
 - b. amount of prepayment (if any) (not applicable for credit line (overdraft));
 - c. for credit line (overdraft): grace period, least flow of the account and payment order; interest accrued on the outstanding amount;
- 8) consumer rights section provides information on termination of the credit agreement as defined in Article 9.1 of the RA Law “On Consumer Credit” and the rights of the consumer of early settlement of the credit contract specified in Article 10.1, *ibid*.
- 9) in case of failure by the borrower to fulfill the obligations, the amount of penalties for the failure and cases of application shall be provided in the section on possible negative consequences, as well as indication of the sequence of repayments and other possible negative consequences shall be provided, including:
- a. on confiscation of the collateral;
 - b. if in case of a failure by the borrower to fulfill the obligations and repayment of the liabilities by the collateral, the value of the collateral is not sufficient to fully cover the liabilities, about the possibility of the repayment of the borrower’s liabilities by other assets of the latter;
 - c. about sending data on the borrow to Credit Bureau as per Article 13.3 of the Republic of Armenia Law “On Circulation of Credit Information and Activities of Credit Bureau”;
- 10) notes that the Individual Leaflet does not replace and is not a part of the credit contract and the consumer should be guided by the contract;
- 11) explanatory information about the guarantee.

64. Data in the Individual Leaflet shall be filled out in accordance with the guidelines, as per Annex 2 of this Regulation. Individual Leaflet for credit lines (overdrafts) shall be completed in accordance with Annex 4 of this Regulation. Completion Guidelines are intended solely for financial institutions and shall not be available to the consumer.

65. Creditor cannot change the text and design of the Individual Leaflet, but may add its trademark (logo) based on the marketing policy.

66. In the event that the same credit is issued to more than one person, the creditor shall provide one copy of the Individual Leaflet to each consumer in accordance with this chapter.

67. In the event that fulfillment of the obligations of the consumer is secured by more than one person, the creditor shall provide one copy of the Individual Leaflet to each guarantor in the manner prescribed by this Chapter.

ԳԼՈՒԽ 10. REQUIREMENTS ON SERVICES PROVIDED THROUGH ADFOs

68. Prior to provision of services through AFDOs for transactions without involvement of payment instruments, financial institution shall introduce to the consumer basic terms of the service, charged commissions, applicable rates, applicable timelines and other essential terms for the transaction.

69. Financial institution's service shall be provided only after the client's clear consent or instruction (after pressing the key containing the positive answer to the request for an ADFO service on the screen).

70. Where ADFO's hardware-based capabilities do not allow cash back in excess of the amount to be paid, the ADFO should offer the consumer no less than two other ways to recover the excessively paid amount (for example, the possible ways of returning the change may include receiving additional payment for services rendered, charging of the cell phone number, replenishment of bank (card) accounts and electronic money accounts, etc.). The relevant statement shall be posted (presented) on the visible area or monitor of ADFO in easy-to-read format.

71. ADFO shall show the name of the operating financial institution and consumer care phone number (the 24-hour service telephone number, if available), through which the consumer may contact the relevant department, or service of the financial institution in order to receive consultation.

72. After making each transaction through ADFO, the consumer shall receive a receipt confirming execution of the transaction. The receipt is not necessary only if the consumer explicitly agrees or instructs it. When it is impossible to issue receipt through ADFO, prior to provision of the service, the consumer shall be informed about the impossibility of issuing the receipt and proceed with the delivery of service only if the consumer explicitly agrees or instructs it.

73. The receipts provided by ADFO shall at least contain the requisites set forth by the legal acts of the Minimum Requirements for Documentation and Procedures for Filling in Payment and Settlement Operations approved by the Central Bank Board Decision No. 168-N dated October 14, 2016 and ADFO identification data (ADFO identifier and/or location address).

74. In the event that the requisites of the receipt confirming the transaction with the ADFO are not specified by the Central Bank's legal acts, the receipt issued during the transaction shall at least include the following requisites:

- 1) certification verification code (if any);
- 2) date and hour of issuing the receipt;
- 3) ADFO identifier information (ADFO identifier and/or location address);
- 4) amount of transaction, including money received from the consumer and provided to the consumer in case of foreign currency purchase and sale transactions;

5) currency of the transaction, including currency of the consumer received and given to the client in case of foreign exchange trading transactions,

6) type of transaction;

7) in case of a cash inflow transaction, account number or payment card number (as permitted by the security rules).

75. Receipt confirming the transaction must be at least in Armenian (in Armenian letters) and in English (in Latin letters, whereas issuing the receipt in a different language,) and in another language for the receipt of the receipt shall be made in accordance with ADFO servicing company's choice.

76. ADFO shall have at least Armenian and English menus (two languages can be presented jointly or by pre-selection of one of them). If there is an option to select a different language, suggestion of the different language shall be in the same language, whereas the selected language shall not change throughout the whole process of transaction performed through ADFO.

77. Access to services provided through ADFOs shall be at least 97 percent annually. For ADFOs that are installed in places not available for 24-hour service, 97 percent accessibility calculations are performed taking into account business hours of the place.

78. Prior to carrying out transaction with application of a payment instrument, financial institution that operates ADFO shall provide information on fees charged for carrying out transaction through ADFO (if any) in the area visible for consumers on the front panel of ADFO.