OFFICIAL TRANSLATION

HO-43-N/03.12.2003/EN/I-18.05.2026/30.09.2026

"TRANSLATION CENTRE OF THE MINISTRY OF JUSTICE
OF THE REPUBLIC OF ARMENIA"
STATE NON-COMMERCIAL ORGANISATION

HAYK MELKUMYAN

ACTING DIRECTOR

30 SEPTEMBER 2026

LAW

OF THE REPUBLIC OF ARMENIA

Adopted on 3 December 2003

ON PAWN SHOPS AND PAWN SHOP ACTIVITY

CHAPTER 1

GENERAL PROVISIONS

Article 1. SUBJECT MATTER OF THE LAW

This Law shall regulate the relations pertaining to pawn shop activities, define the lending conditions by pawn shops and the procedure for state supervision over pawn shop activity.

Article 2. MAIN CONCEPTS USED IN THE LAW

The following main concepts are used in this Law:

pawn shop activity — provision of short term loans secured by the pledge of movable property of personal use by natural persons, and entrepreneurial activity of custody of property;

pawn shop — an organisation which has received a licence for pawn shop activity (hereinafter referred to as "the licence");

pawn shop premises — the main site for pawn shop activity, where cash, items of pledge (property under custody), and lending documents are kept, customers are serviced and loans are provided, and other functions related to pawn shop activity are performed;

authorised body — the Central Bank of Armenia which issues licenses and supervises the pawn shop activity;

applicant — a legal person or individual entrepreneur who has applied to the authorised body to obtain a pawn shop activity licence, reformulate the licence, change the place of business or engage in the same activity in another place, receive a duplicate of the activity licence, and suspend or terminate the effect of the activity licence;

large items — vehicles and household items that cannot be kept in the fireproof safes in a room separated with walls (cover) of reinforced concrete in the premises of a pawn shop;

small items — jewellery and precious gemstones, as well as other household items that can be kept in the fireproof safes in a room separated with walls (cover) of reinforced concrete in the premises of a pawn shop;

security and anti-fire alarm system — a technical device or a set of equipment designed for monitoring the access of people to the pawn shop premises at any time or certain hours during the day, and the fire or any real risk of fire therein;

lending documents — loan agreement, pawn ticket (pledge contract), nominal custody receipt and personal card for registry of charges by the borrower (customer under a custodial agreement), and other documents prescribed by this Law, which are necessary to determine the compliance with the requirements of this Law*;*

pawn ticket — a pledge registration document indicated in the loan agreement;

nominal custody receipt — registration document of a property taken under custody, indicated in the custodial agreement;

loan amount — funds transferred by the pawn shop to the account of the borrower or actually paid to the borrower (by a cheque, card or other payment instruments accepted in banking practice) in accordance with the loan agreement;

commencement of the term of loan — the day following the transfer of full amount of the loan to the account of the borrower or actual payment to the borrower;

loan repayment date — the day when the full amount of loan and all interests shall be repaid to the pawn shop in accordance with the loan agreement;

term of loan — a period between the commencement of the term of the loan and full repayment of the loan, including the first and last days. Moreover, all the days, except as provided for in part 2 of Article 8, shall be included in the above-mentioned period, regardless of the fact whether these are working or non-working days;

interest payment — an amount paid to the pawn shop as repayment of the loan in accordance with the loan agreement, which is equal to one hundredth of the multiplied amount of loan, the term of loan (part of it) expressed by days, and daily interest on loan;

affiliated person — the persons prescribed by Article 8 of the Law of the Republic of Armenia “On banks and banking”;

beneficial owner — the persons prescribed by point 14 of part 1 of Article 3 of the Law of the Republic of Armenia “On combating money laundering and financing of terrorism”.

(Article 2 amended by HO-246-N of 8 December 2005, supplemented by HO-271-N of 3 July 2025)

(Law HO-271-N of 3 July 2025 contains a final part and transitional provisions)

Article 3. PAWNBROKERS

Legal persons and individual entrepreneurs registered in the Republic of Armenia (hereinafter referred to as "the organisation") may engage in pawn brokerage activity in the Republic of Armenia based on the licence issued by the authorised body.

Article 4. USE OF THE WORDS “PAWN SHOP”

1. Only the organisations licensed for organising a pawn shop may use the words “pawn shop”, their derivatives or translations in their names or signboards.
2. A pawn shop may not use in its name misleading words that may give rise to erroneous assumptions on the financial position or legal status of a pawn shop.

CHAPTER 2

CONDITIONS FOR PAWN SHOP ACTIVITY

Article 5. RELATIONS BETWEEN THE PAWN SHOP AND THE BORROWER

1. Relations between the pawn shop and the borrower shall be regulated by the legislation of the Republic of Armenia and based on the contract.

2. The loan agreements shall be concluded in accordance with general lending conditions approved by the pawn shop and agreed with the authorised body.

3. The applicant shall submit the general lending conditions to the authorised body for consent together with an application for a licence.

4. The pawn shop shall come to an agreement with the authorised body on the amendments and supplements to the general lending conditions prior to the application thereof, by submitting two copies of the amendments to the authorised body.

   The authorised body shall, within a 15-day period, adopt a decision on giving consent to or rejecting the proposed amendments to the general lending conditions. A copy of the decision shall be provided (delivered by post) to the pawn shop.

   Where the authorised body has rendered a decision to accept the amendments to the general lending conditions with a reservation, the pawn shop shall be obliged to submit the rectified documents to the authorised body within ten days following the decision, and within five days thereafter the authorised body shall provide the pawn shop with one copy of the amendments made to the general lending conditions as agreed with the authorised body. Where the pawn shop does not submit the rectified documents to the authorised body within ten days after rendering the decision, the decision of the authorised body on approving the amendments to the lending conditions of the pawn shop with a reservation shall be deemed null and void.

5. The authorised body shall not approve the amendments and supplements prescribed by part 4 of this Article where such amendments and supplements:

   (a) contradict the laws and other legal acts of the Republic of Armenia;

   (b) may cause damage to borrowers.

6. Pawn shop shall keep a register of loan agreements which shall be numbered, filed and signed by the head of the executive body. Once a regular loan agreement is concluded and a relevant card is opened, the following information shall be recorded in the register:

   (a) the number and day, month, year of the regular record;

   (b) passport data of the borrower;

   (c) the number(s) of the loan agreement and the relevant pawn ticket(s);

   (d) loan amount and the term of the loan;

   (e) information on repayment of the loan;

   (f) other information.

7. The template of the register of the loan agreement shall be approved by the authorised body.

(Article 5 edited by HO-67-N of 19 March 2012)

Article 6. REQUIREMENTS FOR PAWN SHOPS

Own funds, borrowings attracted from participators, loans and borrowing received from banks and other organisations shall be deemed as the source of loan funds for a pawn shop.

The pawn shop:

(a) shall carry out a pawn shop activity only in the premises (at the address) mentioned in the licence; moreover, pawn shop activity performed in other premises shall be deemed as carrying out unlicensed activity subject to licensing;

(b) shall keep the pledged property (property under custody) deemed as small items in the fireproof safes in a room separated with walls (cover) of reinforced concrete or in any bank operating in the territory of the Republic of Armenia under a contract signed therewith;

(c) shall keep the pledged property (property under custody) deemed as large items in the fireproof premises separated with walls (cover) of reinforced concrete held thereby under the right of ownership, lease or use that must comply with the requirements of sub-point "e" of this part;

(d) shall insure the movable property accepted as pledge, as well as the property under custody against natural disasters, fire, robbery, theft and banditry with any insurance company operating in the Republic of Armenia;

(e) shall ensure the protection of premises of the pawn shop with security and anti-fire alarm systems;

(f) shall organise a guard service during working hours to protect its premises by involving guard officers who wear distinctive uniforms. They may be entitled to carry weapon as prescribed by law;

(g) shall, following the receipt of licence, pay a state duty under the Law of the Republic of Armenia "On state duty" for each upcoming year, prior to commencement of that date;

(h) shall inform in writing the authorised body on loans and borrowing received from the banks and other organisations, borrowings attracted from participators as prescribed by part 1 of this Article, and the documents certifying the receipt thereof, on insurance contracts prescribed by sub-point "d" of part 2 of this Article, amendments and supplements made thereto, within a 15-day period after concluding relevant contracts or making amendments and supplements thereto, by attaching the copies of the contracts or amendments (supplements) made thereto;

(h.1) must not have a participator holding a voting right of 10 percent and more, who has been convicted for an intentionally committed crime (unless this conviction has been expunged or cancelled as prescribed by law) or an executive officer having been convicted for an intentionally committed crime (unless this conviction has been expunged or cancelled as prescribed by law);

(h.2) must not have a participator holding a voting right of 10 percent and more, a beneficial owner, or an executive officer who has or persons affiliated thereto have previously committed such an act which in the opinion of the Board of the Central Bank substantiated as prescribed by the legal acts of the Board of the Central Bank, provides a ground for suspicion that the actions of the given persons as a member having a voting right during a decision-making of the management body of the pawn shop, or as an executive officer, may result in the bankruptcy or deterioration of the financial position of the pawn shop, or undermine its reputation and business image;

(h.3) must not have a participator holding a voting right of 10 percent and more, or an executive officer who is included in the lists of persons associated with terrorism published by or in accordance with the United Nations Security Council resolutions or in the lists of persons related to the proliferation of weapons of mass destruction published by the United Nations Security Council resolutions;

(i) notify in writing the authorised body of changes made to the charter, within a 15-day period after such changes have become effective.

(Article 6 supplemented by HO-82-N of 23 May 2006, HO-110-N of 28 June 2019, amended by HO-211-N of 9 June 2022, supplemented by HO-271-N of 3 July 2025)

(Law HO-271-N of 3 July 2025 contains a final part and transitional provisions)

Article 7. OPERATIONS BY PAWN SHOPS

1. The pawn shops shall be entitled to:

(a) provide, against interest, loans secured by pledge of movable property of personal use;

(b) attract loans and borrowings from banks and other organisations, as well as attract borrowings from participators;

(c) issue securities (except for the shares) with limited circulation and place them among the banks or other organisations and derivative financial instruments the secondary placement of which may be done only among banks or other organisations;

(d) in case of a pawn shop that is a joint stock company, issue and place shares as prescribed by law;

(e) sell against liabilities the property with a value of AMD 100 000 and more, which has been provided as pledge or put under custody in accordance with the Law of the Republic of Armenia "On public auction";

(f) sell against liabilities the property with a value of up to AMD 100 000, which has been provided as pledge or put under custody in the procedure for public auction approved by the pawn shop and agreed with the authorised body, or in the procedure established by sub-point "e" of this part;

(g) accept property only from the pledgor or a customer under a custodial agreement as prescribed by legislation. Written statement made on the pawn ticket or nominal custody receipt of the person providing property may serve as evidence for the pawn shop for the fact of being a pledgor (customer under a custodial agreement).

2. The pawn shop may not:

(a) place bonds, other securities or derivative financial instruments to attract loan funds, attract funds otherwise than provided for by part 1 of this Article;

(b) extend commodity loans;

(c) extend the loan in instalments, without concluding a new contract for each instalment;

(d) file a claim on disposal of the amount received by the borrower as loan;

(e) introduce any change in the loan agreement after the default on full repayment of the loan, as prescribed in the loan agreement. (The parties may agree under a new contract that the amount of loan formerly outstanding or part thereof may be deemed as constituent part of the new amount of the loan under the new contract, while the contract concluded previously deemed as repealed);

(f) perform activities (operations) other than the pawn shop activity.

(Article 7 supplemented and edited by HO-200-N of 27 October 2016)

Article 8. TERMS AND CONDITIONS FOR PROVIDING LENDING TO INDIVIDUALS BY A PAWN SHOP

1. The pawn shops shall provide loans in cash or non-cash for a certain period and only in Armenian dram, in the cases prescribed by the Law of the Republic of Armenia "On non-cash operations".

2. Where, on the day of full repayment of the loan the borrower cannot repay the loan because of a pawn shop being closed on the announced working days (hours), the next working day shall be deemed as the date of full repayment of the loan. Moreover, in case of application of above-mentioned condition, the change of the day of repayment shall not entail an increase of the accrued interest payment.

3. Upon agreement of parties, the same loan agreement may established different interests for certain periods of the term of the loan.

(Article 8 edited by HO-17-N of 18 January 2022)

(Law HO-17-N of 18 January 2022 has a transitional provision)

Article 9. RECORD AND MAINTENANCE OF LENDING DOCUMENTS

1. When providing each loan (accepting the property under custody), the pawn shop shall issue a pawn ticket (nominal custody receipt) and a personal card for registry of charges paid by the borrower (customer under a custodial agreement) (hereinafter referred to as "the card"), in accordance with Articles 10, 11 and 12 of this Law.

2. The pawn shop shall keep lending documents at least for three years following termination of the relevant agreement.

3. The lending documents shall be kept in the premises of the pawn shop in a metal cabinet or in a separate room with limited access, or in a bank operating in the Republic of Armenia.

4. The pawn shop shall guarantee confidentiality of lending documents.

5. The pawn shop shall make available the personal lending documents or the information included therein only to:

   (a) the authorised body where required for exercising supervision, as well as in the cases and in the procedure provided for by the Law of the Republic of Armenia "On combating money laundering and financing of terrorism";

   (b) the court, the investigator, the prosecutor in the procedure provided for by the Criminal Procedure Code of the Republic of Armenia;

   (c) persons authorised by the borrower;

   (d) notary office, for the issues related to inheritance;

   (e) ***(sub-point repealed by HO-246-N of 8 December 2005)***

The bodies and persons referred to in this part shall keep the confidentiality of the information provided thereto as prescribed by Law.

(Article 9 supplemented by HO-20-N of 14 December 2004, supplemented and amended by HO-246-N of 8 December 2005, amended by HO-92-N of 26 May 2008, HO-211-N of 9 June 2022)

Article 10. ISSUING PAWN TICKETS BY PAWNBROKER

1. When accepting the property as pledge the pawn shop shall issue a pawn ticket in two copies. Each pawn ticket shall have its sequential number.

2. The authorised body shall prescribe the form of the pawn ticket.

3. The pledge shall be documented with one pawn ticket where:

   (a) the property to be pledged is not possible to divide without changing its qualitative characteristics;

   (b) the property to be pledged provides security of only one loan agreement.

4. The pawn ticket shall contain the following information:

   (a) full name of the pawn shop and the passport data of the pledgor;

   (b) the number of the relevant loan agreement;

   (c) the day, month, year of accepting the property for pledge, as well as the value of the property to be pledged as agreed between the pawn shop and the pledgor (hereinafter referred to as "the value of property");

   (d) description of the property to be pledged; moreover, where the property to be pledged is possible to disintegrate without significantly damaging the commodity properties, but it is handed over without disintegration, the pawn ticket shall contain a separate and sufficient description of each fragment.

5. The pawn ticket shall be deemed as issued, if all the information provided for by part 4 of this Article are included therein and each copy of the pawn ticket is signed by the representative of the pawn shop and the pledgor. One copy of the pawn ticket shall be kept at the pawn shop, and the other copy shall be provided to the pledgor.

   Once issued, all amendments to the pawn ticket shall be made in the copies of the pawn ticket kept at the pawn shop and with the pledgor. Moreover, once issued, any amendment in the pawn ticket shall be authenticated by signatures of the representative of the pawn shop and the pledgor.

6. When returning the property to the pledgor, the copies of the pawn tickets kept with the pawn shop and the pledgor (except for the case provided for by part 7 of this Article) shall unconditionally contain the information mentioned below and shall be authenticated by the signature of the pledgor:

   (a) the day, month, year of the actual return of the property;

   (b) description of the property being returned.

7. Where the pawn shop sells the property entirely as prescribed by legislation of the Republic of Armenia to cover the obligations of the pledgor, the pawn ticket shall be deemed to be terminated within the meaning of this Article regardless the records (signature) certifying the consent of the pledgor, and the pawn ticket shall be kept together with the documents proving the lawfulness of the procedure of selling the pledged property against obligations, as prescribed by this Law.

(Article 10 amended by HO-67-N of 19 March 2012)

Article 11. ISSUING NOMINAL CUSTODY RECEIPT BY PAWNBROKER

1. Nominal custody receipt (hereinafter referred to as "the receipt") shall be issued in two copies immediately at the time of accepting the property for custody. Each receipt shall be given a sequential number.

2. The form of the receipt shall be prescribed by the authorised body.

3. Where the property to be put under custody is not possible to disintegrate without significantly damaging the commodity properties, the custody of the property shall be documented with one receipt.

4. The application shall contain the following information:

   (a) full name of the pawn shop and the passport data of the customer;

(b) day, month, year of accepting the property under custody, as well as the value of the property to be put under custody, as agreed between the pawn shop and the customer (hereinafter referred to as "the value of the property under custody");

(c) description of the property to be put under custody; moreover, where the property to be put under custody is possible to disintegrate without significantly damaging the commodity properties, but the property is handed over without disintegration, the pawn ticket shall contain a separate and sufficient description of each fragment;

(d) the number of the relevant custodial agreement.

5. The receipt shall be deemed as issued, if all the information provided for by part 4 of this Article are included therein and each copy of the receipt is signed by the representative of the pawn shop and the pledgor.

One copy of the receipt shall be kept at the pawn shop, and the other copy shall be handed over to the customer. Once issued, all the amendments in the receipt shall be made in the copies of the receipts kept with the pawn shop and the customer. Moreover, once issued, each amendment in the receipt (including also the changes in the value of the property under custody) shall be authenticated by signatures of the representative of the pawn shop and the customer.

6. When returning the property to the customer, the copies of the receipts kept with the pawn shop and the customer (except for the case provided for by part 7 of this Article) shall unconditionally contain the information mentioned below and shall be authenticated by the signature of the customer:

(a) day, month, year of the actual return of the property under custody;

(b) description of the property under custody;

(c) the fact of receipt of the property under custody.

7. Where the pawn shop sells the property under custody entirely as prescribed by legislation of the Republic of Armenia to cover the obligations of the customer, the receipt shall be deemed to be terminated within the meaning of this Article regardless of the records (signature) certifying the consent of the customer, and the receipt shall be kept together with the documents proving the lawfulness of the procedure of selling the property under custody against obligations, as prescribed by this Law.

(Article 11 amended by HO-67-N of 19 March 2012)

Article 12. ISSUING BY PAWNBROKER A PERSONAL CARD FOR REGISTRY OF CHARGES PAID BY THE BORROWER (CUSTOMER UNDER A CUSTODIAL AGREEMENT)

1. Personal cards for registry of charges paid by the borrower (customer under a custodial agreement) (hereinafter referred to as "the card") shall be opened immediately after issuing relevant pawn ticket (receipt). The pawnshop shall open a new card for registry of charges paid with regard to each loan (custodial) agreement. There will be a code on each card.

2. Personal card for registry of charges paid by the borrower (customer under a custodial agreement) shall be closed only once the loan (custodial) agreement is terminated.

3. The form of the card shall be prescribed by the authorised body.

4. The card shall contain the following information:

   (a) day, month, year of opening the card;

   (b) number of the relevant loan agreement or the number of the nominal custody receipt (where custody interests are accrued);

(c) full name of the pawn shop, as well as the passport data of the borrower (customer under a custodial agreement); day, month, year of periodic payment and the amount paid; moreover, each payment shall be authenticated by signatures of the borrower (customer under a custodial agreement) and the representative of the pawn shop;

(d) where the pledged property (property put under custody) is sold as prescribed by law, the day, month, year when amounts from alienation (sales) of the property have been accrued and paid to the pawn shop cash desk, as well as the amount credited;

(e) when closing the card, the words "Card is closed" and the date, month, year of closing the card shall be included; moreover, within the meaning of this Article, the card shall be deemed as closed immediately after the relevant loan agreement (receipt) is terminated.

(Article 12 amended by HO-67-N of 19 March 2012)

CHAPTER 3

LICENSING AND SUPERVISING PAWN SHOP ACTIVITY

Article 13. LICENSING PAWN SHOP ACTIVITY

1. Licensing of pawn shop activity shall be done by the authorised body in accordance with laws and other legal acts of the Republic of Armenia.

2. Application for a licence shall be rejected, where:

(a) the application and the documents attached thereto do not comply with the requirements of this Law and other legal acts, or false or distorted information is provided therein;

(b) in the case provided for by part 3 of Article 20 of this Law;

(b.1) at least one participator holding the applicant's voting right of 10 percent and more, or at least one beneficial owner has been convicted for an intentionally committed crime, and this conviction has not been expunged or cancelled as prescribed by law, or the executive officer has been convicted for an intentionally committed crime, and this conviction has not been expunged or cancelled as prescribed by law;

(b.2) the participator holding the applicant's voting right of 10 percent and more, the beneficial owner or the executive officer or persons affiliated thereto has or have previously committed such an act which in the opinion of the Board of the Central Bank substantiated as prescribed by the legal acts of the Board of the Central Bank, provides a ground for suspicion that the actions of the given persons as a member having a voting right during a decision-making of the management body of the pawn shop, or as an executive officer may result in the bankruptcy or deterioration of the financial position of the pawn shop, or undermine its reputation and business image;

(b.3) the participator holding the applicant's voting right of 10 percent and more, or the executive officer is included in the lists of persons associated with terrorism published by or in accordance with the United Nations Security Council resolutions or in the lists of persons related to the proliferation of weapons of mass destruction published by the United Nations Security Council resolutions;

(c) the applicant has overdue liabilities on tax and other mandatory fees prescribed by law;

(d) general lending conditions prescribed by part 3 of Article 5 of this Law contradict the laws of the Republic of Armenia or such terms and conditions are included therein which may cause damage to borrowers;

(e) in other cases prescribed by Law.

3. The decision of the authorised body on rejecting the application for a licence shall, within a three-day period, be provided or sent by post to the applicant, along with justifications for such decision.

4. Provided the absence of the grounds referred to in part 2 of this Article, the authorised body shall adopt a decision to accept the application and shall, within a three-day period, provide the decision to the applicant or send it by post.

5. In case of insignificant errors, i.e. typos, inaccuracies of non-legal nature, such other omissions in the application for a licence or attached documents, the authorised body shall render a decision to accept the application for a licence with a reservation that the applicant eliminates the detected inaccuracies within one-month period. The authorised body shall, within a three-day period, provide to the applicant the decision on accepting the application for a licence with a reservation or send it by post.

6. Where a decision is made to accept the application for a licence, the licence shall be provided to the applicant within one-month period after making the first annual payment of state duty as defined by the Law of the Republic of Armenia "On state duty" and submitting the receipt.

7. Where the notification on elimination of inaccuracies referred to in part 5 of this Article, or the first annual state duty payment receipt, as established by the Law of Republic of Armenia "On state duty", is submitted to the authorised body later than the specified date, the authorised body shall, as a condition for issuing the licence, request the applicant to submit a statement that the documents attached to the application for a licence in the former period have not lost their legal force in terms of their compliance with the requirement of this Law and other legal acts.

8. In case the statement referred to in part 7 of this Article is not provided or the applicant announces that any of the documents attached to the application has lost its legal force in terms of its compliance with the requirements of this Law

and other legal acts, the decision of the authorised body on issuing a licence shall be deemed null and void unless meanwhile the applicant submits document which meet the condition of part 4 of this Article.

9. The form of the licence shall be determined by the authorised body.

10. Licence shall be issued for an indefinite term.

11. Licence may not be pledged or alienated. In case of a separation of the legal person, the licence shall be kept with the party who has received it, and in case of division of the legal person, newly established legal persons shall apply for a new licence as prescribed by law.

12. The authorised body shall maintain a register for issued licences.

(Article 13 amended by HO-246-N of 8 December 2005, supplemented HO-110-N of 28 June 2019, amended by HO-211-N of 9 June 2022, edited, supplemented by HO-271-N of 3 July 2025)

(Law HO-271-N of 3 July 2025 contains a final part and transitional provisions)

Article 13.1. TERMINATING SHAREHOLDING OF A PARTICIPATOR HOLDING A VOTING RIGHT OF 10 PERCENT AND MORE IN THE PAWN SHOP

1. Where unreliable, false or incomplete information has been submitted to the Central Bank during the licensing process, as well as where any one of the grounds provided for by points “b.1” or “b.2” of part 2 of Article 13 of this Law arises after the acquisition by a person of a licence for pawn shop activities as prescribed by this Law, and where such reasoned information has been obtained according to which facts of deterioration of the financial position of a person affiliated to the pawn shop (and in case of a legal person affiliated to the pawn shop — also the participator thereof) have come to light, which may affect the

financial position of the pawn shop or otherwise jeopardise the interests of creditors of the pawn shop, the Board of the Central Bank shall be entitled to recommend to the participator holding a voting right of 10 percent and more in the pawn shop, or the beneficial owner to alienate, within the time limit prescribed by the Board of the Central Bank, the investments thereof in the pawn shop or the right to claim the participator has against the pawn shop, by virtue whereof it may influence the activities of the pawn shop with the substantiation that it jeopardises the financial position of the pawn shop. In case of failure to alienate the relevant investments within the time limits prescribed by the Board of the Central Bank, the alienation may be carried out through judicial procedure.

2. In case of failure to perform the recommendation of the Board of the Central Bank, provided for by part 1 of this Article, the participator holding a voting right of 10 percent and more in the pawn shop shall not enjoy the rights to vote, to receive dividends and to be included in the composition of the board without election or to appoint a representative thereof to that board, vested therein by virtue of shareholding, from the day following the time limit prescribed by the Board of the Central Bank. With a view to not disrupting the decision-making process of the pawn shop, the Board of the Central Bank shall have the competence to vest the right to vote during decision-making in the ad hoc management body appointed by the Board of the Central Bank. The Board of the Central Bank may define criteria for appointment, and a procedure for appointment and activities of the ad hoc management body.

3. Where the ground provided for by point "b.3" of part 2 of Article 13 of this Law arises after the acquisition of a licence for pawn shop activities, the requirement prescribed by Article 28 of the Law "On combating money laundering and financing of terrorism" shall apply to the participator holding a voting right of 10 percent and more in the pawn shop, as well as the person shall be deprived of the right to vote, to be included in the board without election or to appoint a

representative thereof to that board, vested therein by virtue of shareholding, and the acquired stocks shall not be considered during vote count. With a view to not disrupting the decision-making process of a participator holding a voting right of 10 percent and more in the pawn shop, the Board of the Central Bank shall have the competence to vest the right to vote during decision-making in the ad hoc management body appointed by the Board of the Central Bank. The Board of the Central Bank may define criteria for appointment, and a procedure for appointment and activities of the ad hoc management body.

(Article 13.1 supplemented by HO-271-N of 3 July 2025)

(Law HO-271-N of 3 July 2025 contains a final part and transitional provisions)

Article 14. SUPERVISING PAWN SHOP ACTIVITIES

1. Supervision over pawn shop activity shall be maintained by the authorised body by way of conducting inspections and off-site supervision as prescribed by the Law of the Republic of Armenia "On the Central Bank of the Republic of Armenia".

2. The authorised body shall apply sanctions provided for by Article 16 of this Law, if it reveals violations of this Law in the result of supervision, in compliance of the Law of the Republic of Armenia "On the Central Bank of the Republic of Armenia".

3. Within the framework of combating legalisation of proceeds of crime and financing the terrorism, the operators of the pawn shops shall also provide relevant information to the authorised body in the cases and as prescribed by the Law of the Republic of Armenia "On combating money laundering and financing of terrorism".

4. Pawn shops shall be obliged to submit to the Central Bank information on persons who are beneficial owners of the pawn shops under the standards

prescribed by the Law "On combating money laundering and financing of terrorism", in compliance with the requirements prescribed by this Law and the regulatory legal acts of the Board of the Central Bank.

(Article 14 edited by HO-20-N of 14 December 2004, HO-246-M of 8 December 2005, amended, supplemented by HO-271-N of 3 July 2025)

(Law HO-271-N of 3 July 2025 contains a final part and transitional provisions)

Article 15. SUBMITTING INFORMATION (REPORTS) TO THE AUTHORISED BODY BY PAWNBROKERS ON THEIR

1. Pawnbrokers shall submit to the authorised body the following information:

   (a) monthly report on balance of the total volume of loan funds, loans disbursed, collaterals and the estimated value of the property accepted for custody, attracted funds as of the end of day, by the 25th of the month following the reporting month;

   (b) quarterly report on the loans disbursed and other assets, funds owned and attracted, liabilities, as well as on collateral, by the last day of the month following the reporting quarter;

   (b.1.) report on not having participators holding a voting right of 10 percent and more, and executive officers, who have been convicted for an intentionally committed crime provided for by point "h.1." of Article 6 of this Law in the manner and within the time period established by the authorised body;

   (c) annual financial statements to be submitted to the relevant state bodies in accordance with the accounting legislation and independent audit opinion thereon, by the 30th of April of the year following the reporting year.

2. The forms of monthly and quarterly reports to be submitted by pawnbrokers in accordance with points "a" and "b" of part 1 of this Article and the procedure of filing them shall be defined by the authorised body.

3. Pawnbrokers shall publish the reports prescribed by sub-point "c" of part 1 of this Article on the official website for public notifications of the Republic of Armenia at http://www.azdarar.am.

4. The reports prescribed by part 1 of this Article shall be submitted to the authorised body with an accompanying letter.

5. A report shall be deemed as submitted to the authorised body after the unit of the authorised body responsible for entry of documents has received the document mentioned in part 3 of this Article, and if such document is sent to the authorised body by post, then the date of the entry thereof by the relevant postal service.

(Article 15 supplemented by HO-82-N of 23 May 2006, HO -110-N of 28 June 2019, amended by HO-152-N of 16 April 2026)

CHAPTER 4

SANCTIONS APPLIED FOR VIOLATION OF THIS LAW

Article 16. SANCTIONS APPLIED FOR VIOLATIONS OF THIS LAW

In case of violation of this Law, the authorised body shall apply the following sanctions for pawn shops:

(a) warning and instruction to eliminate violations;

(b) fine;

(c) suspension of the licence;

(b) termination of the licence.

Article 17. WARNING AND INSTRUCTION TO ELIMINATE VIOLATIONS

1. The authorised body shall record the committed violation through inspections or off-site supervision and warn the pawn shop thereon.

2. The warning shall also include an instruction to eliminate the violations within the period specified by the authorised body or to take measures for preventing such violations in the future. Such instruction shall be binding.

3. A warning shall be applied as sanction, where a pawn shop:

   (a) has failed to comply with any of the requirements referred to in part 2 of Article 4, part 6 of Article 5 and part 3 of Article 9 of this Law;

   (b) has violated any of the requirements referred to in sub-points "b", "c", "e", "f" and "h" of part 2 of Article 6 and sub-point "g" of part 1 of Article 7;

   (c) has failed to submit the reports provided for by sub-points "a", "b" and "c" of part 1 of Article 15 of this Law within the specified time period;

(Article 17 amended by HO-246-N of 8 December 2005)

Article 18. FINE

1. Fine shall be applied and charged base on the decision of the authorised body. Where a pawn shop does not agree to the decision of applying fine, the authorised body shall apply to court with a claim on charging the fine.

2. Fine shall be applied as sanction:

   (a) in the amount of AMD 200 000, if a pawn shop has violated the requirements of part 1 of Article 5 of this Law;

   (b) in the amount of 50 percent of the sale of the collateral but not less than AMD 100 000, if a pawn shop has violated the requirement of sub-point "e" of part 1 of Article 7 of this Law;

   (c) in the amount of AMD 50 000, if a pawn shop has violated the requirement of point "f" of part 1 of Article 7 of this Law;

(d) in the amount of AMD 50 000, if a pawn shop has violated the requirement of point "c" of part 2 of Article 7 of this Law;

(e) in the amount of AMD 50 000, if a pawn shop has violated the requirement of point "e" of part 2 of Article 7 of this Law;

(f) in the amount prescribed by the Law of the Republic of Armenia "On currency regulation and currency control", if a pawn shop has violated the requirement of part 1 of Article 8 of this Law with regard to the currency of the loan, and in the amount of AMD 300 000, if a pawn shop has violated the requirement of prescribed by the Law of the Republic of Armenia "On non-cash operations";

(g) in the amount of AMD 50 000, if a pawn shop has violated the requirement of part 2 of Article 8 of this Law;

(h) in the amount of AMD 200 000, if a pawn shop has violated at least one of the requirements of part "h.1." of Article 6 or the requirement of part 1 of Article 9 of this Law;

(i) in the amount of AMD 100 000, if a pawn shop has violated the requirement of part 2 of Article 9 of this Law;

(j) in the amount of AMD 50 000, if a pawn shop has violated the requirement of part 4 of Article 9 of this Law;

k) in the amount of AMD 25 000 for each case of violation, if a pawn shop has violated the requirements of Articles 10, 11 or 12 of this Law;

(l) in the amount of AMD 30 000, if there are insignificant errors (typos, inaccuracies of non-legal nature, arithmetical errors and such other omissions) in the data included in the reports prescribed by sub-points "a", "b" and "c" of part 1 of Article 15 of this Law;

(m) in the amount of AMD 100 000, if a pawn shop fails to observe the instruction on eliminating the violation within the specified period in accordance with Article 17 of this Law;

(n) in the amount of AMD 100 000, if a pawn shop has repeated the same violation within two years after applying the warning in accordance with Article 17 of this Law.

3. Where a pawn shop persistently commits the same violation or commits a similar violation within two years after applying the fine under part 2 of this Article, the amount of fine shall be increased by AMD 500 000.

4. For the delayed submission of information (reports) or for inclusion of erroneous information therein the authorised body may bring an action to the court for imposing fine on the executive officers of the pawn shop in the amount of AMD 100 000.

(Article 18 amended by HO-82-N of 23 May 2006, supplemented by HO-110-N of 28 June 2019, edited by HO-17-N of 18 January 2022)

(Law HO-17-N of 18 January 2022 has a transitional provision)

Article 19. SUSPENSION OF THE LICENCE

1. The authorised body shall suspend the licence where:

(a) the pawn shop has violated the requirement of parts 2 and 4 of Article 5 of this Law;

(b) the pawn shop has violated the requirement of part 1 Article 6 of this Law;

(c) the pawn shop has overdue liabilities on taxes and other mandatory payments as prescribed by law;

(d) the pawn shop has violated the requirements of sub-points "a", "d", "h.1." or "i" of part 2 Article 6 of this Law;

(e) the pawn shop has violated the requirements of sub-points "a", "b" and "d" of part 2 Article 7 of this Law;

(f) the pawn shop has violated the requirement of sub-point "f" of part 2 Article 7 of this Law;

(g) the pawn shop has transferred the licence to another person in violation of law, or has pledged or alienated it;

(h) the pawn shop has failed to inform in a timely manner the authorised body on amendments as prescribed by law;

(i) the pawn shop has systematically committed violations. The violation for which the licensed person has been warned in writing for at least twice in a year shall be deemed as systematic violation;

(j) the pawn shop impedes the inspections conducted as prescribed by law or fails to submit the required documents;

(k) the pawn shop has disregarded the deadline for submitting the reports with regard to pawn shop activity provided for by law for more than ten days;

(l) the pawn shop has, during its activity, grossly violated the terms and conditions of the licence, as well as the requirements of laws and other legal acts regulating the pawn shop activity;

(m) the licensed person has submitted such application;

(n) the pawn shop has failed to pay the annual state duty;

(d) other cases are provided for by law.

2. The licence shall be deemed as suspended under sub-point “n” of part 1 of this Article staring from the day of non-payment of the annual state duty within the term mentioned in the licence.

3. Carrying out pawn shop activity (extending new loans) by a pawn shop during the licence suspension period shall be deemed as carrying out unlicensed activity.

(Article 19 edited by HO-246-N of 8 December 2005, supplemented by HO-110-N of 28 June 2019)

Article 20. TERMINATION OF THE LICENCE

1. The authorised body may terminate the licence where:

   (a) the pawn shop has provided false data in the reports referred to in part 1 of Article 15 of this Law;

   (b) the pawn shop has distorted the required information or submitted incomplete information at the time of submitting an application for a licence or thereafter but before obtaining the licence (where accurate or complete submission of such information would result in rejection of the application for a licence);

   (c) the pawn shop has, for the third time within two years after applying a fine in accordance with Article 18 of this Law, committed a violation that entails fine;

   (d) the pawn shop has, within one year after committing a violation that entails suspension of licence under Article 19 of this Law, committed a violation which entails suspension of licence again;

   (e) the legal person performing pawn shop activity is liquidated, or the activity of the individual entrepreneur is terminated;

   (f) the pawn shop has committed violations maliciously;

   (g) after suspension of license the pawn shop has performed pawn shop activity or separate operation of such activity or a particular action envisaged by licence in violation of the suspension requirements, during the period of suspension of the licence;

   (h) the pawn shop has failed to comply with the warning of the authorised body, i.e. act on the instruction to eliminate the violation;

   (i) the operator has submitted such application;

   (j) the law envisages other cases.

The licence shall be terminated based on the decision of the authorised body on cancelling the licence.

2. Except for the cases provided for by sub-point "i" of part 1 of this Article, the following organisations may not apply for a licence within one year after suspension of the licence:

   (a) organisation whose licence has been terminated;

   (b) organisation holding participation of more than one third in the authorised capital of that organisation at the time of disclosure of grounds for termination of licence;

   (c) organisation holding more than one third participation in the authorised capital of the organisation whose license had been terminated at the time of disclosure of grounds for termination of license of a physical or legal person holding participation of more than one third in the authorised capital of that organisation;

3. Where a licence has been terminated on the grounds provided for by part 1 of this Article, the person shall have the right to apply for a new licence only after one year following termination of the license.

4. A licence shall be deemed as terminated on the grounds provided for by part 1 of this Article from the day following delivery of the decision of the authorised body to the licensed person, or registry of the decision by the latter, or the day following appropriate delivery of the decision by the authorised body, unless a later period is defined based on the application of the licensed person.

   The licence shall be deemed terminated on the grounds provided for by sub-point "e" of part 1 of this Article starting from the day of liquidation of the licensed legal person or termination of activity of the licensed individual entrepreneur.

(Article 20 edited by HO-246-N of 8 December 2005, amended by HO-82-N of 23 May 2006)

CHAPTER 5

FINAL PROVISIONS

Article 21. FINAL PROVISIONS

1. Licences issued prior to the entry into force of this Law in the prescribed manner, shall, provided that the requirements of this Law are observed, be in force until expiration thereof.

2. The contracts concluded by the pawn shop operators with insurance companies not complying with the requirements of sub-point "d" of part 2 of Article 6 of this Law before this law enters into force, shall, within a three-month period following the entry into force of this Law, be brought into compliance with the requirements of sub-point "d" of part 2 of Article 6 of this Law.

3. The pawn shop operators shall, within a three-month period following the entry into force of this Law, submit to the authorised body the general lending conditions prescribed by part 2 of Article 5 of this Law for agreement.

4. This Law shall enter into force on the tenth day following its official promulgation.

5. Upon entry into force of this Law, the Law of the Republic of Armenia HO-133 of 5 December 2000 "On pawn shops and pawn shop activity" shall be repealed.

6. Provisions of parts 3 and 4 of Article 48 of the Law of the Republic of Armenia "On licensing" shall not apply to this Law.

President
of the Republic of Armenia **R. Kocharyan**

25 December 2003
Yerevan
HO-43-N

Comprises fifteen sheets.