LAW OF THE REPUBLIC OF ARMENIA ON THE FINANCIAL SYSTEM MEDIATOR

Գլխավոր տեղեկություն

Համար	HO-123-N
Տիպ	Law
Ակտի տիպ	Base act
Կարգավիճակ	Active (03.08.2008-till now)
Սկզբնաղբյուր	Published on a joint site 23.10.2023
Ընդունող մարմին	National Assembly
Ընդունման ամսաթիվ	17.06.2008
Ստորագրող մարմին	President of the Republic of Armenia
Ստորագրման ամսաթիվ	12.07.2008
Ուժի մեջ մտնելու ամսաթիվ	03.08.2008

Text of the Official Translation

LAW

OF THE REPUBLIC OF ARMENIA

Adopted on 17 June 2008

ON THE FINANCIAL SYSTEM MEDIATOR

CHAPTER 1

MAIN PROVISIONS

The purpose of this law is to protect rights and interests of consumers and customers in the financial sector, conduct quick, efficient and free of charge examination of the claims thereof, increase public confidence in the financial system and enhance financial mediation, create a system of protection of the rights of consumers and customers in the financial sector whereto organisations provided for by this law shall mandatorily participate.

(preamble supplemented by HO-292-N of 03 June 2020)

Article 1. Subject matter of the Law

1. This Law shall regulate the procedure for examination of claims arising from private legal relationships brought by customers against financial organisations by the Financial System Mediator, status of Financial System Mediator, the procedure and conditions for establishing and functioning of the Office of Financial System Mediator and other legal relations pertaining to protection of consumer interests.

Article 2. Main concepts used in the Law

1. The following main concepts are used in this Law:

(1) **Office of the Financial System Mediator (hereafter referred as Office**) — non-commercial organisation, the main goal whereof is to support the activities of the Financial System Mediator and informing consumers on the financial sector;

(2) **Board** — Board of the Trustees of Office;

(3) **Organisation** — a person having a licence provided by the Central Bank of the Republic of Armenia (hereafter referred to as the "Central Bank") (except for persons having obtained a licence for foreign exchange trading operations, processing and clearing the payment instruments and payment and settlement documents, insurance brokers that provide services only for insurance companies, refinancing credit organisations prescribed by regulatory legal acts of the Central Bank), as well as the Bureau provided for by the Law of the Republic of Armenia “On compulsory insurance against liability arising from the use of motor vehicles” (hereinafter referred to as "Bureau");

(4) **Parties** — the customer having brought a claim for examination by the Financial System Mediator and organisation against which the claim has been submitted;

(5) **Customer** — a natural person or individual entrepreneur or legal person, including a person having provided a financial organisation with a liability security measure, having brought a claim related to services provided by the Organisation or to a security measure. Moreover, the activity provided for by the Law of the Republic of Armenia “On compulsory insurance against liability arising from the use of motor vehicles” related to policyholder, insured person or victim defined by APPA contract, as well as compensation of damages and(or) counter-claim (subrogation) thereof shall be deemed as a service provided by the Bureau;

(6) claim — a claim against the Organisation submitted by the customer for examination by the Financial System Mediator;

(7) **Financial System Mediator** — physical persons examining the claims submitted by customers against the Organisations by exercising the powers reserved by this Law and adopting decisions thereon;

(8) **Financial System Principal Mediator** — Financial System Mediator exercising the powers of Office Manager where there are two or more Financial System Mediators;

(9) **Professional activities of Financial System Mediator** — accepting, examining the claims of customers by the Financial System Mediator and adopting decisions thereon by exercising the powers reserved by this Law;

(10) **competent court:**

a. Court of General Jurisdiction of the place of residence of the customer,

b. Court of General Jurisdiction of the location of the customer , where the customer is a legal person, and where the customer is a branch of a foreign legal person, registered in the territory of the Republic of Armenia — Court of General Jurisdiction of the location of the branch;

(11) **individual entrepreneur or legal person** - a person deemed as a micro-entrepreneurship entity at the time of applying to the Financial System Mediator according to the Tax Code of the Republic of Armenia, except for the organisations provided for by this Law.

(Article 2 supplemented and amended by HO-276-N of 22 December 2010, edited and supplemented by HO-292-N of 03 June 2020)

CHAPTER 2

CLAIMS AND THE PROCEDURE FOR EXAMINATION THEREOF

Article 3. Claims subject to examination by the Financial System Mediator

1. Financial System Mediator shall be competent to examine the claims that are brought by the customer against the Organisation, are related to services provided by the Organisation and contain a property claim not exceeding the amount of ten million Armenian drams or expressed in foreign currency equivalent thereto, and non-property claims where the claims are brought against the credit bureau prescribed by the Law of the Republic of Armenia "On circulation of credit information and activities of credit bureaus" (hereinafter referred to as "credit bureau"), as well as where the claim is on the credit information prescribed by the Law of the Republic of Armenia "On circulation of credit information and activities of credit bureaus" or is related thereto.

(Article 3 supplemented by HO-13-N of 21 December 2015, HO-292-N of 03 June 2020)

Article 4. The right to apply to the Financial System Mediator

1. A customer shall have the right to apply to the Financial System Mediator regardless the fact whether contract signed between the customer and the Organisation provides for this right or not. Any arrangement or clause restricting the right of the customer to apply to the Financial System Mediator shall be deemed as null and void.

Article 5. Examination of the claim being free-of-charge

1. The Financial System Mediator shall charge the customer no fee for accepting, examining a claim and taking decision thereon.

Article 6. Bringing a complaint-claim to Organisation

1. Prior to bringing the claim to the Financial System Mediator, the customer must bring a compliant-claim to the organisation.

2. The Organisation shall be obliged, within ten days following the receipt of complaint-claim referred to in part 1 of this Article, provide a final response to the customer in writing.

The final response of the Organisation must reflect the clear standing of the Organisation with regard to rejecting, satisfying to or partially satisfying the claim of the consumer.

The time period prescribed under this part shall not apply to complaint-claims brought against the credit bureau. The credit bureau shall, within fifteen working days following the receipt of the complaint-claim by the credit bureau, examine the complaint-claims and provide a final response to the customer.

3. The customer shall obtain the right to bring the claim to the Financial System Mediator

starting from the time of the receipt of final response of the Organisation or in case of failure to receive the response within the time period prescribed by part 2 of this Article.

4. Organisation shall be obliged to process the complaint-claims of the customer if it has been brought within one year, starting from the time when the customer learnt or might have learnt about violation of his or her right.

5. Within the meaning of this Article, it is deemed that the customer has brought the complaint-claim to the Organisation also when the complaint-claim of the customer has been brought by the Office upon the consent of the customer. The procedure for submitting the complaint-claim of the customer to the Organisation through the Office shall be established by the Board. This procedure shall be published on the official website of the Office.

(Article 6 supplemented by HO-13-N of 21 December 2015, HO-292-N of 03 June 2020)

Article 7. Regulating the process of examination of complaints-claims of customers by the Organisation

1. The Organisation shall be obliged to have internal legal acts regulating the process of examination of the complaint-claim of the customer.

2. The Organisation shall make the acts referred to in part 1 of this Law available for public including by publishing them on the website if the Organisation has a website.

The Central Bank may establish by its regulatory legal acts the minimum conditions and principles, that the internal legal acts referred to in part 1 of this Article must comply with.

3. Transactions concluded between the Organisation and the citizens shall contain an indication on possibility to bring the claims arising from transactions to the Financial System Mediator.

4. Where the Organisation has not concluded an agreement on waiving the right to appeal against decisions of the Financial System Mediator, transactions between the Organisation and the citizens must contain an indication thereon.

5. The form of the indications provided for by parts 3 and 4 of this Article shall be prescribed by the regulatory legal acts of the Central Bank.

Article 8. The time period for bringing the claim to the Financial System Mediator

1. Where the customer has brought the claim within six months following the receipt of the final decision of the Organisation by the customer, or in case of failure to receive the final decision of the Organisation within the time period established by part 2 of Article 6 of this Law, the Financial System Mediator shall examine the claim.

2. Financial System Mediator may also examine the claims that have been brought in violation of the time period established by part 1 of this Article due to force major circumstances.

(Article 8 amended by HO-292-N of 03 June 2020)

Article 9. Content of the claim

1. The claim to the Financial System Mediator shall be drawn up in writing and include the following information:

(1) the name (title) of the customer;

(2) the addresses of the place of residence (location) and communication address of the customer;

(3) the name of the organisation against which the claim is brought;

(4) the amount of the property claim (where applicable);

(5) the copy of the complaint-claim of the customer brought against the Organisation;

(6) written response of the Organisation to the complaint-claim of the customer where applicable;

(7) a statement about the absence of a court judgment or arbitration tribunal award on the same subject of claim between the customer and the Organisation, and information that court or arbitration tribunal are not examining a case on the same subject of claim between the customer and the Organisation;

(7.1) where the customer is an individual entrepreneur or legal person, a statement on the customer being a micro-entrepreneurship entity at the time of application to the Financial System Mediator in accordance with the Tax Code of the Republic of Armenia and a consent given to the Office for obtaining information on being micro-entrepreneurship entity from the Tax Authority or a statement of information issued by the Tax authority on being a micro-entrepreneurship entity;

(8) the content of the claim (circumstances on which the claim is based);

(9) the year, month and day of submitting the application;

(9.1) the copy of identification document of a natural person customer, and in cases of an individual entrepreneur or legal person customer, the copy of the state registration document or the identification number of the individual entrepreneur or legal person customer;

(10) the signature of the customer and in case of a legal person customer - the signature of the person having the competence to act on behalf of the company.

2. The representative of the customer may sign the claim. In this case, duly issued letter of authorisation certifying the powers of the representative, as well as the copy of the identification document of the representative of the customer shall be attached to the claim.

3. The Office shall be obliged to support the customer to bring the content of the claim in conformity with the requirements prescribed by Law, as well as to determine the amount of property claim (where applicable).

(Article 9 supplemented by HO-13-N of 21 December 2015, supplemented and amended by HO-292-N of 03 June 2020)

Article 10. Grounds for rejecting the examination of the claim

1. The Financial System Mediator shall reject the examination of the claim, where:

(1) the claim is not subject to examination by the Financial System Mediator according to this Law;

(2) there is a civil judgment of court or arbitration tribunal award on the same subject of claim between the customer and the Organisation;

(3) a case on the same subject of claim between the customer and the Organisation is being examined in court proceedings or arbitration tribunal proceedings or by the Financial System Mediator;

(4) the claim has been examined by the Financial System Mediator and there is a decision thereon;

(5) the customer has not brought a complaint-claim to the Organisation, as prescribed by Article 6 of this Law;

(6) the claim has not been brought within the time period prescribed by Article 8 of this Law;

(7) the licence of the Organisation has been terminated;

(8) the claim has been signed by a person of no or limited legal capacity;

(9) the claim is obviously defamatory, or the customer bringing the claim acted in bad faith;

(10) individual entrepreneur or legal person is not a micro-entrepreneurship entity at the time of applying to the Financial System Mediator according to the Tax Code of the Republic of Armenia.

(11) the individual entrepreneur or the legal person has not complied with the requirement prescribed by point 7.1 of part 1 of Article 9 of this Law.

2. Where the claim is not subject to examination in accordance with part 1 of this Article, the Financial System Mediator shall, within seven working days, reject the examination of the claim and notify the customer thereon in writing, indicating the grounds for rejection.

(Article 10 supplemented and amended by HO-292-N of 03 June 2020)

Article 11. Examining the claim

1. The Financial System Mediator shall send the copy of the claim to the Organisation against which the claim has been brought.

2. The Organisation shall, within fourteen working days following the receipt of the copy of the claim from the Financial System Mediator, be obliged to submit to Financial System Mediator written explanations, clarifications and/or objections, as well as other documents and information requested by the Financial System Mediator. Based on the reasoned application of the Organisation, the Financial System Mediator may extend the fourteen-day time period for another

seven working days.

3. Financial System Mediator shall, within 24 working days following the receipt of clarifications of the Organisation or the expiration of the time period referred to in part 2 of this Article, adopt a decision. Where the case is particularly complicated, the Financial System Mediator may, by the decision thereof, extend the 24-day period provided for by this part for another 14 working days.

4. The Board may, upon the submission by the Financial System Mediator, approve the rules regulating the process of examination of claims.

5. Financial System Mediator may conduct the examination of the claim based on oral hearings and(or) the examination of documents and materials.

6. Upon the request of the parties or either of them or upon its own initiative, the Financial System Mediator may invite the parties to receive the oral explanations and clarifications thereof.

7. Where the examination of the claims is conducted through oral hearings, the parties must duly be informed on the date and the place of examination of claim in advance.

8. Financial System Mediator may involve experts in the examination of the claim.

9. To receive information or materials necessary for examination of the claim, the Financial System Mediator may apply to state and local self-government bodies and legal persons. These persons shall be obliged to respond to the requests of the Financial System Mediator and submit the requested information arising from the competences thereof within seven working days following the receipt thereof. The Financial System Mediator shall have the right to receive the information prescribed by this part where this information is not a state or official secret. The Tax Authority shall provide the information to the Office through electronic system by responding automatically to e-requests (where this system is applicable).

(Article 11 edited and supplemented by HO-292-N of 03 June 2020)

Article 12. Responsibilities of the Organisation to co-operate with the Financial System Mediator

1. The Organisation shall be obliged to co-operate with the Financial System Mediator upon the request of the latter within the time period prescribed by Law, and where this time period is not established, to submit the documents, provide explanations and clarifications within a reasonable time-period, provide the Financial System Mediator with the materials related to the claim under his or her disposal, even if they contain bank, insurance or commercial secret.

2. The Financial System Mediator may adopt a decision to warn the Organisation not sufficiently co-operating therewith.

3. Where the organisation having received a warning as prescribed by part 2 of this Article continues not to co-operate or insufficiently co-operate with the Financial System Mediator, the latter may adopt a decision on qualifying the Organisation as non-co-operating.

Article 13. Terminating the examination of the claim

1. The Financial System Mediator shall terminate the examination of the claim upon the decision thereof, where:

(1) in the course of examination of the claim it is established that the claim is not subject to examination by the Financial System Mediator in accordance with this Law.

(2) in the course of examination of the claim it is established that there is a court judgment or arbitration tribunal award on the subject of the claim;

(3) in the course of examination of the claim it is established that the court or arbitration tribunal are examining a case on the same claim between the customer and the Organisation;

(4) the customer has withdrawn the claim;

(4.1) the parties have reconciled, i.e. a settlement agreement has been concluded, or the customer has submitted an application to reach a settlement agreement;

(5) the customer has died or declared dead or is obviously missing and where the customer is a legal person, it has been liquidated;

(6) the Organisation has been liquidated or the licence has been terminated.

(Article 13 supplemented by HO-292-N of 03 June 2020)

Article 14. The decisions of the Financial System Mediator

1. Based on the results of examination of the claim, the Financial System Mediator shall adopt a division on fully or partially satisfying the claim or rejecting it and it shall notify on the decision no later than the following day, submitting the decision by the relevant notification method.

2. Where the Financial System Mediator adopts a decision to fully or partially satisfy the claim, it must establish the procedure and the time period for execution of the decision by the Organisation.

3. The decision of the Financial System Mediator must be reasoned, taking into consideration not only the requirements of the legislation of the Republic of Armenia, but also Rules of Business Conduct and Ethics, the customary business practices.

4. Where the customer in absolute terms and in writing expressed consent with regard to decision within 30 working days following the notification on the decision of the Financial System Mediator, the decision shall become binding for the parties.

The Financial System Mediator shall, within one working day following the receipt of letter of consent of the customer with regard to the decision and in case of dissent, within 30 working days, be obliged to notify the Organisation on the presence or absence of written consent of the customer and accordingly on the decision becoming or not becoming binding for the parties.

(Article 14 edited and amended by HO-292-N of 03 June 2020)

Article 14.1. Communication of the customer and the Organisation with the Financial System Mediator

1. When bringing a claim, the customer shall indicate in the claim the method of communication with the Financial System Mediator and where the method of communication is not indicated, the communication shall be ensured according to the procedure established by the Board, provided for by part 2 of this Article.

2. The method of communication with the Financial System Mediator is the way of submitting the documents and information provided for by this Law by the Financial System Mediator to the customer, which may be electronically, by mail delivery or through other means upon the consent of the customer. The procedure for communication of the customer with the Financial System Mediator shall be established by the Board. This procedure shall be published on the official website of the Office.

3. Communication of the Financial System Mediator with the Organisations shall be ensured electronically or by other methods according to the procedure established by the Board.

(Article 14.1 supplemented by HO-292-N of 03 June 2020)

Article 15. Compulsory enforcement of the decision of the Financial System Mediator

1. Where the customer agrees with the decision as prescribed by this Law and the Organisation fails to execute the decision of the Financial System Mediator in the prescribed manner and within the prescribed time period, the customer shall have the right to apply to the competent court with the purpose of receiving a writ of execution, which shall adopt one of the following decisions as prescribed by the Civil Procedure Code of the Republic of Armenia;

(1) on recognising the decision of the Financial System Mediator and issuing a writ of execution;

(2) on revoking the decision of the Financial System Mediator and on rejecting to issue a writ of execution.

(Article 15 amended by HO-117-N of 09 February 2018)

Article 16. Challenging the decision of the Financial System Mediator

1. The parties may challenge the decision of the Financial System Mediator, having become binding for the parties, as prescribed by the Civil Procedure Code of the Republic of Armenia by submitting an application on revocation of the decision of the Financial System Mediator to the competent court.

2. The application on revocation of the decision of the Financial System Mediator may be submitted to the competent court within one month following the receipt of the notification provided for by part 4 of Article 14 of this Law.

3. The Organisation may waive the right to challenge the decision of the Financial System Mediator by the written agreement concluded with the Office.

4. The Central Bank and the Office shall publish the list of Organisations, having not concluded

an agreement on waiving the right for challenging the decision of the Financial System Mediator, on the official websites thereof.

(Article 16 supplemented by HO-117-N of 09 February 2018)

Article 17. Grounds for revoking the decisions of the Financial System Mediator

1. The competent court shall revoke the decision of the Financial System Mediator, having become binding for parties, where:

(1) the claim is not subject to examination by the Financial System Mediator;

(2) the Financial System Mediator has adopted a decision in violation of the requirements of procedural rules established by this Law;

(3) circumstances excluding the impartiality of the Financial System Mediator have been detected.

Article 18. Examining the dispute by commercial arbitration and by court

1. The dispute that is being examined by the Financial System Mediator or a dispute for which there is a decision of Financial System Mediator, having become binding for the parties, may not be submitted to commercial arbitration for settlement. corrigendum

2. The court whereto an action is brought with regard to the dispute whereon there is a decision of the Financial System Mediator, binding for the parties, having not been challenged within one-month time period established by Article 16 of this Law, shall be obliged to reject the admission of the claim, and where the claim is admitted, to dismiss the case proceedings.

3. This Article shall not restrict the right of the customer to bring an action to the court in the course of examination of the claim by the Financial System Mediator.

CHAPTER 3

FINANCIAL SYSTEM MEDIATOR

Article 19. Powers of the Financial System Mediator

1. The Financial System Mediator shall:

(1) carry out its professional activity as prescribed by this Law;

(2) exercise the powers of the Office Manager, including:

a. ensuring proper functioning of the Office;

b. preparing the draft decisions of the Board and submitting them to the Board for consideration, including the draft decisions on paying additional participation fees by the Organisations;

c. acting on behalf of the Office without a letter of authorisation;

d. issuing letters of authorisation;

e. concluding contracts on behalf of the Office, including employment contracts;

f. submitting the draft internal legal acts, administrative and organisational structure of the Office to the Board for approval;

g. recruiting and dismissing, in the prescribed manner, the employees of the Office, applying incentives and disciplinary measures against them;

h. submitting the budget of the Office to the Board for approval;

i. exercising other powers prescribed by the Charter of the Office.

2. When performing its professional activity, the Financial System Mediator shall be independent and shall not be accountable to anyone.

(Article 19 supplemented and amended by HO-292-N of 03 June 2020)

Article 20. Appointment and remuneration of the Financial System Mediator

1. The Financial System Mediator shall be appointed by the Board for the period of four years and may be re-appointed to the same office.

2. The decision on appointing the Financial System Mediator shall be adopted by the Board by votes of at least 5 members of the Board not earlier than three months and not later than two month following the expiry of the term of powers of the current Financial System Mediator and shall enter into force on the day following the expiry of the term of powers of the current Financial System Mediator, except for the cases provided for by part 4 of Article 22 of this Law.

3. The number of the Financial System Mediators shall be determined by the Board. Where there are two and more Financial System Mediators, the Financial System Principal Mediator shall exercise the powers of the Office Manager, which shall be appointed by the decision of the Board from the list of the Financial System Mediators. The Financial System Principal Mediator shall continue to carry out professional activity of the Financial System Mediator.

4. In the absence of the Financial System Principal Mediator, by the decision of the Financial System Principal Mediator, one of the Financial System Mediators shall exercise the powers thereof.

5. Financial System Principal Mediator shall perform the distribution of the work between the Financial System Mediators, unless otherwise provided for by the decision of the Board. Specialisation of the Financial System Mediators in certain fields may be provided for by the decision of the Board.

6. Remuneration of the Financial System Mediator must not be less than threefold of the average amount of remuneration in the banking system. The remuneration of the Financial System Mediator for each examined claim consists of a fixed amount and additional payments. The amount of additional payments and the procedure for calculation shall be established by the Board.

7. The damage inflicted as a result of carrying out the professional activity of the Financial System Mediator shall be subject to compensation only where the fault of the Financial System Mediator has been proven by a court judgment having entered into legal force.

(Article 20 supplemented by HO-292-N of 03 June 2020)

Article 21. Requirements to the Financial System Mediator

1. The Financial System Mediator must have higher education, high reputation and at least five years of work experience.

2. A person that has worked in any Organisation during the last three years, may not be a Financial System Mediator.

3. The Financial System Mediator may not be engage in entrepreneurial activity, be a member of a management body of any political party, hold a position in state or local self-government body, in commercial organisations, perform other paid work, except for scientific, pedagogical and creative work, and must refrain from any kind of activities casting doubt on independence and impartiality thereof.

4. The Financial System Mediator may not be a person, who:

(1) has been declared as having no active legal capacity or having limited active legal capacity upon a civil judgment of the court;

(2) has been convicted of a crime, and the conviction has not been cancelled or expired in the prescribed manner;

(3) has been deprived of a right to hold a position or to carry out activities in legal or financial sectors by a court judgment.

(Article 21 amended by HO-200-N of 09 June 2022)

Article 22. Early termination of powers of the Financial System Mediator

1. Financial System Mediator may resign from office by notifying the Chairperson of the Board in writing fourteen days prior to the date of resignation. From the fourteenth day following the date of notice, the Financial System Mediator shall be deemed as dismissed.

2. The powers of the Financial System Mediator shall be early terminated where he or she:

(1) has been declared as having no active legal capacity or having limited active legal capacity upon a civil judgment of the court;

(2) has been convicted of a crime; or

(3) has been deprived of a right to hold a position or to carry out activities in legal or financial sectors by a court judgment; or

(4) has not been able to perform the powers reserved thereto by Law as a result of a disease or other insurmountable obstacles; or

5) has died.

3. The powers of the Financial System Mediator may be early terminated by the votes of at least 5 members of the Board, where the Financial System Mediator has lost his or her reputation.

4. In the cases provided for by this Article, the Board shall, within 15 days following the early termination of the powers of the Financial System Mediator, appoint a Financial System Mediator as prescribed by Article 20 of this Law.

(Article 22 supplemented by HO-292-N of 03 June 2020)

CHAPTER 4

LEGAL STATUS AND MANAGEMENT OF THE OFFICE

Article 23. Legal status of the Office

1. The Office is a Foundation the Founder of which is the Central Bank.

Article 24. Management bodies of the Office

1. The management bodies of the Office shall be:

(1) the Board;

(2) the Office Manager.

2. The Office shall have an Audit Commission or Auditor, which shall be appointed by the Board. The Audit Commission (Auditor) shall be accountable to the Board. The powers of the Audit Commission (Auditor) shall be defined by this Law and the Charter of the Office.

Article 25. Powers of the Board

1. In accordance with this Law and the Charter of the Office, the Board shall exercise the following powers:

(1) approving the Charter of the Office, amendments and supplements thereto by votes of at least 5 members of the Board, moreover the Charter of the Office shall establish the procedure for appointing the Financial System Mediator;

(2) adopting decisions on election and early termination of powers of the Financial System Mediator, or in case other bodies prescribed by the Charter are established — on election and early termination of the powers of the latter, as prescribed by this Law;

(3) approving internal legal acts regulating the activity of the Organisation, including the acts establishing the Code of Conduct and Ethics of members of the Board, the Financial System Mediator and the Office, including also the cases and the procedure for recusal and self-recusal, discussion and adoption of decisions, incentives for ensuring efficiency of the practice thereof, the procedure for handling the documents containing commercial or other secret, general principles of interest and the conflict of interests of the members of the Board in case of adoption of decisions by the Board, as well as provisions on distribution of work between the members of the Board and the responsibilities thereof;

(4) hearing the reports of the Financial System Mediator with a periodicity prescribed by the Charter of the Office;

(5) supervising the process of enforcement of decisions thereof;

(6) supervising the current and financial and economic activities of the Office;

(7) approving the budget of the Office, amendments thereto, supervising the execution of budget;

(8) approving the annual financial statements;

(9) approving the procedure for remuneration and rewards of the employees of the the Office and the Financial System Mediator, the social security costs and the procedure for allocation thereof, the position of the Deputy Office Manager, the appointed person whereto may not carry out the professional activity of the Financial System Mediator;

(10) exercising other powers provided for by Law.

2. The powers of the Board provided for by this Article may not be assigned to any other body.

3. The Financial System Mediator may participate in the sittings of the Board in an advisory capacity.

4. By the decision of the Board, an expert may be invited to the meetings of the Board with an advisory vote.

5. The Board shall have the right to become familiar with all documents of the Office.

6. The Board and the members of the Board shall not have the right to interfere, in any way, with the professional activities of the Financial System Mediator and/or affect the process of examination of claims and adoption of decisions.

(Article 25 supplemented by HO-292-N of 03 June 2020)

Article 26. Establishing a Board

1. The Board shall be composed of seven members.

2. The members of the Board shall be appointed:

(1) one by the Government of the Republic of Armenia;

(2) one by the Board of the Central Bank;

(3) one by the Union (Unions) of Banks, one by the Union (Unions) of Credit Organisations, one by the Union (Unions) of Insurance companies, one by Unions of other Organisations.

(4) one by the organisations of the protecting consumer rights.

3. The members of the Board shall be appointed for a term of three years.

4. The new member of the Board must be appointed not earlier than three months and not later than two month following the expiry of the term of powers of the member of the Board, as prescribed by this Law, except for the cases provided for by part 2 of Article 30 of this Law.

5. Where the Union (Unions) of the Organisation and/or the unions for protection of consumer rights fail to appoint their member of the Board within five working days following the expiry of the time period established by part 4 of this Article, the member shall be appointed by the Board of the Central Bank within one month.

6. The unions of organisations and organisations protecting consumer rights, after the state registration whereof five years have passed, shall have the right to appoint members of the Board.

The procedure for appointing the members of the Board by unions of organisations and organisations protecting consumer rights shall be prescribed by the Board of the Central Bank.

(Article 26 edited by HO-292-N of 03 June 2020)

Article 27. Meetings of the Board

1. The meetings of the Board shall be convened by the Chairperson of the Board upon his or her own initiative or at the request of the member of the Board or the Financial System Mediator.

2. The meetings of the Board shall be convened at least once in a quarter. The Board may convene also extraordinary meetings.

3. A meeting of the Board shall have quorum, if it is attended by at least four members of the Board.

4. The Board shall adopt decisions by the simple majority of the votes of the members of the Board, except for the cases provided for by this Law. In case of a tie, the Chairperson of the Board shall have the casting vote.

5. The meetings of the Board shall be recorded. The minutes of the meetings shall be prepared within 5-day time period after the end of the meetings.

The following shall be specified in the minutes:

(1) the year, month, date, time and place of the meeting;

(2) the persons present at the meeting;

(3) the agenda of the meeting;

(4) the issues put to the vote and the results of the voting;

(5) the decisions adopted at the meeting.

Minutes of the Board meeting shall be signed by all the members participating in the meeting

who shall be responsible for the reliability of information in the minutes.

Article 28. Chairperson of the Board

1. The Chairperson of the Board shall be elected by the members of the Board from the composition thereof for a period of three years but not more than the expiry of the term of powers thereof.

2. The Board may re-elect the Chairperson or elect a new chairperson at any time.

3. The Chairperson of the Board shall:

(1) organise the activities of the Board;

(2) convene and chair the meetings of the Board;

(3) organise the taking of minutes of meetings.

In the absence of the Chairperson of the Board, his or her duties shall — by the decision of the Board —be performed by one of the members of the Board.

(Article 28 supplemented by HO-292-N of 03 June 2020)

Article 29. Members of the Board

1. A member of the Board may not be the person, who:

(1) has been declared as having no active legal capacity or having limited legal capacity upon a civil judgment of the court;

(2) has been convicted of a crime, and the conviction has not been cancelled or expired in the prescribed manner;

(3) has been deprived of the right to hold a position or engage in activities in legal or financial sectors as prescribed by Law;

2. The member of the Board may not be a member of a management body of any political party.

3. The members of the Board shall work on voluntary basis.

4. The members of the Board shall have the right to receive a compensation for the expenses that are related to the performance of duties of a member of the Board.

(Article 29 amended by HO-200-N of 09 June 2022)

Article 30. Grounds for early termination of powers of the members of the Board

1. The powers of the member of the Board shall be early terminated upon the application thereof or if he or she:

(1) has been recognised as having no or limited active legal capacity by a court judgment having entered into legal force;

(2) has been convicted for committal of a crime;

(3) has been deprived of the right to hold a position or engage in activities in the financial sector as prescribed by Law;

(4) has not attended, without a good reason, the meetings of the Board for more than three times during a year;

(5) the body having appointed or elected him or her has made a decision on his or her early dismissal from the position of a member of the Board.

6) has died.

2. In the cases provided for by this Article, the member of the Board shall be appointed within 15 days following the early termination of the powers of the previous member of the Board as prescribed by Article 26 of this Law.

(Article 30 supplemented by HO-292-N of 03 June 2020)

CHAPTER 5

REPORT OF THE FINANCIAL SYSTEM MEDIATOR, CO-OPERATION WITH THE CENTRAL

BANK AND INFORMATION SUBMITTED BY THE ORGANISATIONS

Article 31. Information published by the Financial System Mediator

1. The Financial System Mediator shall publish a report at least once in a year, which shall include:

(1) information on general activity of the Office, the management system thereof, total number of the claims;

(2) number of rejected to satisfied claims by the types of the Organisations;

(3) list of organisations having not co-operated or not sufficiently co-operated with the Financial System Mediator;

(4) information on revenues and expenditures of the Office;

(5) other information prescribed by the Board.

2. The Financial System Mediator shall summarise the precedent established thereby and shall publish it every month by the fifteenth day of the following month.

3. Financial System Mediator shall not publish the names (titles) of the political parties in individual cases.

(Article 31 supplemented by HO-292-N of 03 June 2020)

Article 32. Co-operation between the Office and the Central Bank

1. With the view to ensure the compliance with the requirements of this Law, other laws and regulatory legal acts aimed at protecting the consumer rights in the financial system, raising consumer confidence towards the financial system, an agreement shall be concluded between the Office and the Central Bank whereby the co-operation thereof in the fields of exchanging information, developing the legislation, raising legal consciousness of the public and other fields related to protection of consumer rights in the financial system shall be regulated.

Article 33. Information submitted by the Organisations

1. The Organisation shall submit the following information to the Financial System Mediator within one-week period following the receipt of the licence issued by the Central Bank:

(1) the Company trade name;

(2) the address of the location of the Organisation;

(3) the name, position, phone number and the electronic mail address of the person responsible for the relations with the Financial System Mediator and the person replacing the latter.

2. Where any of the data referred to in point 3 of part 1 of this Article is changed, the Organisation shall be obliged to inform the Financial System Mediator thereon.

CHAPTER 6

FINANCING OF THE OFFICE AND PARTICIPATION FEES OF THE ORGANISATIONS

(title amended by HO-292-N of 03 June 2020)

Article 34. Financing of the Office

1. Financing of the Office shall be carried out by the Organisations by means of participation fees made in favour of the Office, which are debited to the special account served with this purpose in the Central Bank.

2. Participation fees shall be paid by the Organisations every quarter in equal portions by 20th day of the first month of the current quarter. The paid participation fees shall be considered as expenditure and shall not be subject to return.

3. Where the total sum of participation fees of the Organisations paid to the Office exceeds the approved budget, the Board may adopt a decision and return the excess amount to the Organisations, or spend it for the purpose of development of the Office, as well as for the education of customers, or direct it to replenishment of the Reserve Fund.

4. Where the participation fees paid by the Organisation are not sufficient for execution of the approved budget of the Office, the Organisations shall pay additional participation fees. The decision on paying additional participation fees shall be adopted by the Board. The Organisations shall pay additional participation fees in the amount proportional to their portion in the total sum of participation fees paid during the quarter preceding to adoption of the decision of the Board on paying additional participation fees.

The amount of the additional participation fees paid by the Organisations may not exceed the amount of annual participation fees established by this Law for the given Organisation.

5. Supervision over the payment of participation fees shall be carried out by the Central Bank.

6. The accuracy of the calculation of participation fees shall be checked by the Audit Commission or the Auditor.

7. The Central Bank shall be obliged to provide the Office with the information necessary for checking the accuracy of the participation fees paid by the Organisations.

(Article 34 amended by HO-292-N of 03 June 2020)

Article 35. Amount of participation fees of Organisations

(title amended by HO-292-N of 03 June 2020)

1. The annual amounts of participation fees paid by the Organisations shall be the following:

(1) banks — 0.01 percent of the assets as of the end of the previous year;

(2) Credit organisations (except for re-financing credit organisations prescribed by the regulatory legal acts of the Central Bank) — 0.07 percent of the assets as of the end of the previous year;

(2.1) Central Depository — AMD 140 000;

(3) insurance companies — 0.15 percent of insurance premiums accumulated during the previous year;

(3.1) Bureau — 0.15 percent of the regular payments made by the insurance companies to the Guarantee Fund during the previous year;

(4) insurance brokers (except for the insurance brokers providing services only to insurance companies) — AMD 90.000;

(5) investment companies — AMD 90.000;

(5.1) Invest fund managers — AMD 90.000

(6) Pawn Shops — AMD 45.000

(7) persons performing foreign exchange trading — AMD 30.000;

(8) (point repealed by HO-188-N of 25 March 2020);

(9) Persons making money transfers — AMD 140.000;

(10) Credit Bureau — AMD 140.000.

2. The Organisations having received a new licence (except for those re-licensed) shall, within two-week time period following the receipt of the licence, be obliged to pay lump-sum participation fee for issuing the relevant licence, in half amount of the state duty established by Law.

3. Where the Organisation is simultaneously engaged in two or more types of activities referred to part in part 1 of this Article, the Organisation shall be obliged to calculate the amount of participation fee for each of these activities and pay the biggest amount of the calculated participation fees.

4. Suspension of the licence shall not exempt the organisation from the obligation of paying the participation fees provided for by this Chapter.

5. Termination of the licence shall exempt the Organisation from the obligation of paying the participation fee provided for by this Chapter. Moreover, where the licence of the Organisation is terminated before 20th day of the first month of the current quarter, the Organisation shall not pay the due participation fee for that quarter. Where the licence is terminated after the 20th day of the first month of the current quarter, the obligation to pay the participation fee for that quarter shall not be terminated and the participation fees already paid for that quarter shall not be returned.

6. The authorised body of the Government of the Republic of Armenia in the sector of public financial management and the Board of the Central Bank shall jointly establish the procedure for collecting, calculating and writing off the participation fees established by this Article and the overdue obligations with regard to the interests provided for by part 2 of Article 36 of this Law.

(Article 35 amended by HO-169-N of 30 September 2008, supplemented by HO-276-N of 22 December 2010, HO-13-N of 21 December 2015, amended by HO-188-N of 25 March 2020, amended and supplemented by HO-292-N of 03 June 2020)

CHAPTER 7

RESPONSIBILITY OF THE ORGANISATION FOR VIOLATING THE PROVISIONS OF THIS LAW

Article 36. Responsibility of the organisation for violating the provisions of this Law

1. The Central Bank may impose fine on the Organisation for violating the requirements defined by Articles 7, 33 and 34 of this Law in the amount of up to hundred thousand drams.

2. In case of failure to fully or partially pay the participation fees established by Article 35 of this Law, interests shall be accrued on the underpaid amount of participation fee in the amount of threefold of the bank interest settlement rate as of the last day of the time period established for payment of participation fee.

3. The calculation of the interests provided for by part 2 of this Article shall be terminated from the day of termination of the licence of the Organisation.

(Article 36 amended and supplemented by HO-292-N of 03 June 2020)

CHAPTER 8

TRANSITIONAL PROVISIONS

Article 37. The claims examined by the Financial System Mediator

1. The Financial System Mediator shall examine the claims, where the actions or inactions serving as a basis thereof have occurred after the entry into force of this Law.

Article 38. Entry into force of the Law

1. This law shall enter into force on the tenth day following its official promulgation, except for the provisions related to carrying out of the official activity by the Financial System Mediator, which shall enter into force in six months following the official promulgation of this Law.

President
of the Republic of Armenia **S. Sargsyan**

12 July 2008,
Yerevan,
HO-123-N

Published on a joint site 23.10.2023