

CENTRAL BANK OF THE REPUBLIC OF ARMENIA

BOARD RESOLUTION 93-N

Adopted April 21, 2009

**ON APPROVAL OF REGULATION 9/01 ON “LICENSING OF
CREDIT BUREAUS, CRITERIA ON PREMISES, SAFETY, TECHNICAL AND
SOFTWARE ADEQUACY FOR CREDIT BUREAUS”**

By virtue of the Law of the Republic of Armenia on “Circulation of credit information and activities of credit bureaus”, article 5 and article 6, the Law of the Republic of Armenia on “The Central bank”, article 20(e), the Board of the Central bank of Armenia *decides to*:

Approve Regulation 9/01 on “Licensing of credit bureaus, criteria on premises, safety, technical and software adequacy for credit bureaus” pursuant to Appendix (attached).

This Resolution shall enter into force 10 days after its official publication.

Chairman of the Central bank of Armenia
A. Javadyan

April 27, 2009
Yerevan

REGULATION 9/01

**LICENSING OF
CREDIT BUREAUS, CRITERIA ON PREMISES, SAFETY, TECHNICAL AND
SOFTWARE ADEQUACY FOR CREDIT BUREAUS**

CHAPTER 1

GENERAL PROVISIONS AND DEFINITIONS

1. This Regulation defines requirements on licensing of credit bureaus in the territory of the Republic of Armenia, establishes criteria on premises, safety, technical and software adequacy, as well as regulates the relations concerning the licensing process of credit bureaus.

All documents required by this regulation are submitted to the Central bank in printed format and in Armenian language. The copies of submitted documents shall be signed by an authorized person of the credit bureau and the copies shall be presented with an indication “Authentic to the original”.

CHAPTER 2

LICENSING OF CREDIT BUREAUS

In order to get a license, company shall submit the following documents to the Central bank:

- 1) An application for license pursuant to appendix 1;
- 2) Statute of credit bureau approved by the general meeting of participants. If there are references in the statute to the internal legal acts of credit bureau, these legal acts/drafts shall be submitted too. Pages of the statute shall be numerated and sewed together, moreover, there should be a label on the backward side of the last page of the statute on the seam, pursuant to appendix 2;
- 3) Business-plan of activities of credit bureau for the following three years, pursuant to appendix 3;
- 4) Registration certificate from state register;

- 5) Declaration that criteria on premises, safety, technical and software adequacy of credit bureau comply with the requirements set forth in Chapter 4 of this regulation pursuant to appendix 4;
- 6) Assurance, that the level of the company's statutory capital is two hundred million Armenian drams;
- 7) Information about the participants of the credit bureau, pursuant to appendix 5-1 and 5-2;
- 8) Declaration that the managers of the credit bureau comply with the requirements set forth in the law and the requirements set by the Central bank based on the law, pursuant to appendix 6;
- 9) Payment receipt of state duty for getting license.

The central bank shall issue a license to the credit bureau within thirty days after receiving predefined documents and information, if documents and information are presented according to this regulation, presented documents and information are not false or incomplete, and it is affirmed by the Central bank as a result of on-site inspections that premises, safety, technical and software adequacy intended for the activities of the credit bureau comply with the requirements set forth in the Chapter 4 of this regulation.

For the purposes of the clarification of some documents and information by the Central Bank, the thirty-day period of review of application by credit bureau for a license may be discontinued no more than by thirty days. Once the required information is received, the period of resumed review should not exceed the number of days prior to such discontinuance and the number of days left to complete the thirty-day period.

Within five days after the decision made by the board of the Central bank to license the credit bureau, the Central bank issues the license to the credit bureau, pursuant to the appendix 7.

The Central bank can refuse to issue a license to a credit bureau, if:

- 1) The documents and information defined in this regulation are not submitted;
- 2) Presented documents are false, incomplete or in contradiction to Armenian laws and other legal acts;
- 3) As a result of on-site inspections performed by the Central bank, it is discovered, that the company does not comply with the requirements defined in this regulation and the Law of the Republic of Armenia on “Circulation of credit information and activities of credit bureaus” concerning credit bureau, its participants and management.

If during the licensing process information required by this regulation is being changed, the credit bureau shall submit revised documents to the Central bank in one week time period.

CHAPTER 3

THE FORM, HANDLING PROCEDURE OF THE REGISTER OF LICENSES OF CREDIT BUREAUS, INFORMATION TO BE INCLUDED IN THE REGISTER, PROVIDING COPIES OF LICENCES AND LICENSE REISSUANCE

The Central bank keeps the register of issued licenses, which is open to public.

Blanks of licenses are documents under the strong accounting regime, they have accounting number, series, they are accounted and kept at the Central bank by the subdivision responsible for licensing process.

Respective subdivision at the Central bank, which is in charge of licensing process, keeps the register of licenses issued to credit bureaus. This register should include the following information:

- 1) The name and location of licensed legal entity;
- 2) License number;
- 3) Date of issuance of the license and registration number;
- 4) Place of business activities;
- 5) Information about reissuance and withdrawal of the license;
- 6) Other information.

The form of register is defined according to Appendix 8.

Respective subdivision at the Central bank, which is in charge of licensing process, prepares an individual file for each credit bureau. The license returned back as a result of withdrawal is also attached to this file.

Information from register of licenses concerning third parties is available to natural persons and legal entities within three days, if state duty is paid.

Information from register of licenses concerning credit bureaus themselves is provided free of charge within three days.

If the license is lost or damaged the credit bureau applies to the Central bank to get a copy of it.

The Central bank gives a copy of lost or damaged license to the credit bureau within ten days after the day the application is presented to the Central bank.

If the credit bureau finds the license that has been lost, than the copy that has been found is returned to the Central bank.

If license becomes useless, the credit bureau applies to the Central bank to get a copy. The copy is provided to the credit bureau on the third day following the day of application, at the same time the license that has become useless is submitted to the Central bank.

There should be an indication "Copy" on the top and at the right corner and of the copies of licenses.

In cases of reorganization, changes of location or name, the credit bureau should apply to the Central bank for license reissuance within 15 days after the changes enter into force. Documents certifying above mentioned facts should be attached to the application letter.

The license is reissued on the third business day following the day when the application is submitted to the Central bank by the credit bureau.

As a result of license reissuance the Central bank makes appropriate amendments in the register of licenses.

Applications for license reissuance are rejected in cases described in Chapter 2 of this regulation.

Resolutions on license reissuance are made without a conclusion of Licensing and supervision committee of the Central bank. But if there are reasons to reject the

application or by the demand of applicant, discussions in form of hearings are held at the Licensing and supervision committee of the Central bank.

State duty is paid for license reissuance or providing a copy of the license. The amount of duty is determined according to the Law of the Republic of Armenia on “State duty”.

CHAPTER 4

CRITERIA ON PREMISES, SAFETY, TECHNICAL AND SOFTWARE ADEQUACY FOR CREDIT BUREAUS AND THEIR BRANCHES

Credit bureau carries its activities in a place, which complies with the requirements set forth in this chapter.

If the credit bureau changes the location of its business activities, it must inform the Central bank within one day after the change.

Credit bureau and its branch should comply with the following requirements:

- 1) Credit bureau and its branch should have an office for serving customers to provide services to customers;
- 2) Credit bureau and its branch should have an operational office to carry out activities concerning data bases (collection, processing, reservation and provision of information) and IT management.
- 3) The list of eligible persons who are allowed to enter the operational office should be determined by internal legal acts of the credit bureau. For this purpose could be used mechanisms of entrance limitation, iron grids, alarm systems, automatically closing doors, etc. Entrance and moveable detectors should include all doors and windows and should be inspected minimum once a year.
- 4) Credit bureau and its branch should be connected by network.
- 5) 24-hour anti-fire safeguard and security alarm systems. The 24-hour anti-fire safeguard system should be connected to a respective organization, and the 24-hour security alarm system should be connected to the Police of the Republic of Armenia or a licensed guard, supported by respective documentation.

Credit bureau should have:

- 1) IT security policy, which should at least
 - a. provide double supervisory mechanism for data entry, subdividing liabilities of system administrator and a person who is responsible for technical and software security;
 - b. regulate the process of data base entry and processing not on working days and hours;
 - c. include measures directed to network security;
 - d. include antivirus policy;
 - e. include regulation concerning the use (collection, reservation, deletion, etc.) of confidential information, which is protected by law;
 - f. include procedure for the usage of external data carriers.
- 2) Procedure for IT risk management.

- 3) Action plan for emergency situations and list of emergency measures, in which:
 - a. emergency situations should be classified by the size of probable damage and available systems should be classified by their importance;
 - b. measures directed to prevent emergency situations, taking into account required time and resources to eliminate consequences of emergency situations.
- 4) Handling procedure of archives, which should define:
 - a. period of time (but no less than defined in law) for which data included in archives should be maintained.
 - b. security measures to protect data included in archives;
 - c. periodicity and procedure of archiving;
 - d. list of data carriers, the place, form and procedure of their maintenance;
 - e. list of workers, who are entitled to use archives. The list should be approved by the executive body.
 - f. procedure of information restoration using archives, including cases of information restoration, ways of restoration, list of persons, who are entitled for restoration.
 - g. Procedure, ways, measures and process of long-term maintenance of archived data.
- 5) Procedure of application and protection of passwords, which should include:
 - a. requirement on application of sophisticated passwords;
 - b. requirements on protection and refreshment of passwords.
- 6) Legal act on management of information networks, which should describe:
 - a. structure of network, including all hubs and connections;
 - b. chart of the network;
 - c. network equipments;
 - d. graphics of internal network wire connections.
- 7) Software outsourcing procedure (if software is outsourced), which should describe in detail:
 - a. election procedure of service provider (by tender), including clearly defined criteria on software provision,
 - b. expected returns and expenses from outsourcing should be clearly defined before entering outsourcing contract, and measures to achieve strategic objectives should be analyzed;
 - c. process of monitoring, analysis of risk management and abilities to perform contractual liabilities;
 - d. Contractual liabilities of the parties, persons responsible for decision making process.

Credit bureau is responsible for non-provision or incorrect provision of outsourced services by the company to whom services have been outsourced.

Credit bureau should test the measures directed to prevent emergency situation at least once a year, as well as during the elaboration of a new action plan for emergency situations. Credit bureau should calculate time and resources required to eliminate consequences of emergency situations.

Credit bureau should have a server room, which should comply with the following requirements:

- 1) It should have anti-fire system,
- 2) There should be available all conditions required by the producer to provide normal activity of computers and other technical devices, especially temperature, earthing, etc.
- 3) All servers should be earthed;
- 4) Uninterrupted electricity should be provided for servers and network equipment;
- 5) All computers and servers should be placed on shelves;
- 6) Connecting way should be protected physically;
- 7) The server room should be under the video control.

If credit bureau's software system is provided by a processing company, there should be available:

- 1) the contract between the credit bureau and the processing company about software used by the credit bureau;
- 2) clearly defined technical tasks and requirements presented to the processing company;
- 3) reports and other documents on testing of a new software, which should contain testing results, conclusion of testing group members, signatures of the head of executive body and other members;
- 4) acceptance statement signed by the credit bureau and the processing company;
- 5) conclusion of a competent audit company about informational technologies of the processing company, or a certificate on conformity with the internationally accepted criteria or a certificate issued by an international warranting organization, or a document certifying the fact of the software insurance by an insurance company.

Credit bureau can implement a new or updated version of software only if it:

- 1) Has passed all testing stages, and testing report is available;
- 2) Is accepted by the buyer (user) and this fact is certified by signing the acceptance act.

If software system is processed by the credit bureau itself, there should be available:

- 1) clearly processed technical task and requirements;
- 2) list of participants of processing, their positions, professional education;
- 3) program language and interface;
- 4) location of program code;
- 5) list of workers, who are entitled to modify the program code;

- 6) list of testing group members, professional qualification, testing report, conclusion of testing group members, signatures of executive director and other members;
- 7) documents certifying the participation in testing process of workers from subdivision, which will use the software;
- 8) manual or other guidelines, documents for users of the software.

Credit bureau should have a system administrator and workers responsible for technical and software security. Instead of mentioned workers credit bureau cannot hire persons who are not employees of credit bureau.

Credit bureau should have a worker in substitute for administrator to provide uninterrupted operation of systems during the absence of administrator. The administrator and his substitute could not have crossing authorities.

Crossing authorities are:

- 1) authorities of system administrator and a person, who is responsible for security of the same system;
- 2) authorities are considered crossing, when administrator combining several functions gets possibility to do any action individually.

**Regulation 9/01 on
“Licensing of credit bureaus,
criteria on premises, safety,
technical and software adequacy
for credit bureaus”
Appendix 1.**

TEMPLATE FOR APPLICATION FOR LICENSE BY CREDIT BUREAU

Mr.
Chairman of the Central bank
of the Republic of Armenia

APPLICATION

Dear Mr.

We, the undersigned, are entitled to apply to the Central bank of Armenia to get license for

name of the credit bureau

Pursuant to the Armenian laws and other legal acts, we submit attached the documents necessary for licensing of credit bureau (list and documents -----pages).

We, the undersigned, certify that we have duly reviewed the information containing in each document attached to this application. We certify that this information is true and complete, and are aware that falsification of any document or information will render us liable to criminal prosecution or disciplinary actions and proceedings under the laws.

We are kindly requested to issue a license of a credit bureau to _____ .
name of the credit bureau

Persons entrusted by the credit bureau:

Signature

Name, last name

Passport No, Issuing Authority,
Issuing Date, Social Security
Card Number (if available)

_____ 20__

**Regulation 9/01 on
“Licensing of credit bureaus,
criteria on premises, safety,
technical and software adequacy
for credit bureaus”
Appendix 2.**

Numerated, sealed and sewed together

In numbers

(-----) pages.
In letters

Head of licensing and registration division
Legal Department

Name, last name

Signature

Supervisor

Name, last name

Signature

**Regulation 9/01 on
“Licensing of credit bureaus,
criteria on premises, safety,
technical and software adequacy
for credit bureaus”
Appendix 3.**

BUSINESS PLAN OF THE CREDIT BUREAU

Business plan of the credit bureau shall contain the following information:

Section 1. General provisions

Section 2. Prospective development trends

Section 3. Methods for withstanding the competition

Section 4. Internal organizational structure and principles of management of the credit bureau

Section 5. Capital, calculation of income and expenses

Section 6. Other provisions

Required supporting data.

1. General provisions

A business plan of a credit bureau is a document that is based on specific calculations, analyses and benchmark data; is prepared for the next three full years following its presentation; describes and substantiates economic activities and internal organizational structure of the credit bureau.

General provisions of the business plan of the credit bureau should contain:

1. Name and location of the credit bureau being established;
2. Mission of the credit bureau;
3. Objectives of the credit bureau;
4. Composition of the participants of the credit bureau and the amount of participation;
5. List of the proposed managers of the credit bureau.

2. Prospective development trends

1. The list of services intended to be provided by the credit bureau and their brief description;
2. The potential role of the credit bureau in the market, its market share, area of service;
3. The description of potential customers of the credit bureau and their proposed number;
4. The development and enlargement perspectives of the credit bureau, including the list of branches intended to be established;
5. Forecasted levels of customers, growth rates of customers and loan volumes for the next three years;
6. Forecasted demand for credit information, as well as the strategy of the credit bureau to meet the demand.

7. Existing and forecasted sources of data, including financial, non-financial, private and public (state) sectors.

3. Methods for withstanding the competition

1. Compare the services provided by the credit bureau in the target market(s) with the main rivals of the credit bureau in that market;

2. Describe the credit bureau's comparative advantage and disadvantages over the main rivals (e.g. price policy, reputation, market share and etc.), give assurance for credit bureau's competitiveness;

3. Describe methods for withstanding the competition;

4. Describe the potential competitors of the credit bureau in the target markets.

4. Internal organizational structure and principles of management of the credit bureau

1. Provide the internal organizational structure of the credit bureau, names and key functions of structural subdivisions and services; the relationship between these units, the number of managers and employees of the credit bureau;

2. Provide an approximate composition of the management bodies;

3. Describe the programs, which are designed to improve the quality of the management of the credit bureau and staff performance;

4. Describe the program of technical re-equipment and introducing of new technologies;

5. Describe the functions of internal audit, requirements on members of internal audit, including education and work experience;

6. Describe all the procedures and measures which are directed to make sure that the credit bureau's activities are in compliance with the Armenian laws, other legal acts, as well as internal acts (policies, procedures, etc.) that regulate the activity of the credit bureau;

7. Describe the measures to respond to the credit bureau's customers' claims;

8. Describe the principles of choosing an independent audit firm.

5. Capital, calculation of income and expenses

1. Describe the target level of capital of the credit bureau, its structure and the ways of achieving this;

2. Describe the predetermined level of returns;

3. Forecasts of earnings and expenses for the first three years, based on the results of market analysis;

4. Financial forecasts of capital needs, sources of capital and liabilities, as well as the level of return on capital for the following three years.

6. Other provisions

1. Business plan of the credit bureau should be revised according to the environmental changes;

2. Information can be presented in a free format, if there are no special forms of presentation defined in this regulation;

3. Business plan may also contain information, which is not required by this regulation, but the importance of which is emphasized by organizers.

Required supporting data.

The business plan has the following enclosures:

- Income and expenditure forecasts for the first three years;
- Capital calculation for the next three financial years;
- The list of future managers of the credit bureau, brief resumes;
- Statements on all financial liabilities and property accountability, including overdue and rescheduled liabilities of future managers of the credit bureau and their related parties.

**Regulation 9/01 on
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Appendix 4.**

**DECLARATION ON COMPLIANCE WITH THE REQUIREMENTS
ON “PREMISES, SAFETY, TECHNICAL AND SOFTWARE
ADEQUACY” DEFINED IN CHAPTER 4 OF REGULATION 9/01**

I hereby certify the compliance of _____ credit bureau’s
name of the credit bureau

conditions concerning premises, safety, technical and software adequacy with the requirements defined in Chapter 4 of Regulation 9/01. I also declare the liability to inform the Central bank of Armenia in writing form about any changes concerning the criteria on premises and technical adequacy of credit bureau and its branches (changes, which have already occurred or are going to occur and which do not contradict with the requirements set forth in Chapter 4 of Regulation 9/01).

This declaration is true and complete. The credit bureau realizes that falsification of any information concerning this declaration will lead to legal consequences under the Armenian legislation for the credit bureau and (or) the manager of the credit bureau.

Executive director
of credit bureau

signature

Seal (if available)

**Regulation 9/01 on
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for credit bureaus”
Appendix 5-1.**

**REFERENCE
ON LEGAL ENTITY PARTICIPANTS**

1. Information on the participant (organization) acting as a legal entity:			
1.1. Name			
1.2. Location			
1.3. Registration date		_____	Location _____
		day/month/year	
2. Information on participation in other persons' statutory capital			
Name of organization	Location	Share of participation (in AMD)	Share of participation (%)
1.			
2.			
3. Information on affiliated parties.			
<i>The affiliation should be reviewed pursuant to the Law of the Republic of Armenia on “Banks and Banking”, Article 8.</i>			
<i>You can use addition papers if needed.</i>			
Name of organization, name, last name,		Location/address	Type of affiliation

passport number of natural person			
1.			
2.			
4. Other information, which You consider important			
5. I hereby certify that the content of this document is true and complete. I realize that falsification of any document or information will lead to criminal and administrative liability under the laws.			
I agree to inform the Central Bank about any changes that could occur in the above information.			
Director's name, last name _____			
Signature _____		Date _____	
Seal (if available)		day/month /year	

**Regulation 9/01 on
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for credit bureaus”
Appendix 5-2.**

**REFERENCE
ON NATURAL PERSON PARTICIPANTS**

1. Information on the participant acting as a natural person:	
1.1. Name, last name, father's name	_____
1.2. Sex	1.3. Date of birth _____ day/month/year
1.4. Place of birth _____	
1.5. Nationality _____	
1.6. Passport Number and Series,	_____
Social Security card number (if available)	_____ _____

1.7. Address (permanent and current)			
1.8. Telephone _____		1.9. E-mail _____	
1.10. Indicate what names You had previously and during which period of time.			
Name, last name, father's name _____ _____			
Time period _____ day/month/year			
2. Information on participation in other persons' statutory capital			
Name of organization	Location	Share of participation (in AMD)	Share of participation (%)
1.			
2.			
3. Information on affiliated parties.			
<i>The affiliation should be reviewed pursuant to the Law of the Republic of Armenia on "Banks and Banking", Article 8.</i>			
<i>You can use addition papers if needed.</i>			
Name of organization, name, last name, passport number of natural person	Location/address	Type of affiliation	

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4. Other information, which You consider important

5. I hereby certify that the content of this document is true and complete. I realize that falsification of any document or information will lead me to criminal and administrative liability under the laws.

I agree to inform the Central Bank about any changes that could occur in the above information.

Signature _____

Date _____

day/month/year

**Regulation 9/01 on
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Appendix 6.**

DECLARATION

I _____

name, last name, father's name

hereby declare that:

1. I have no criminal record for a deliberately committed crime.
2. I have not been deprived of the right to hold positions in financial, banking, tax, customs, commercial, economic, legal areas by judgment or court verdict legally entered into the force.
3. I have not been recognized as bankrupt and hold no outstanding (remitted) liabilities.
4. My past activities do not give any reason to suspect that as a manager of a credit bureau I cannot appropriately manage the activities of credit bureau or my activities will entail to the credit bureau insolvency, deterioration of financial condition, reputation or credibility, according to the criteria set by the Central Bank

I assure that the information contained in this document is accurate and complete. I understand that misstatement of any documents or facts shall entail criminal and administrative and liability under the law.

I agree to notify the Central Bank of any change in the above information.

Signature _____

Date _____

day/month/year

If the statement is correct, please mark appropriate box.

**Regulation 9/01 on
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Appendix 7.**

TEMPLATE FOR A LICENSE TO CREDIT BUREAU ACTIVITIES

.....
Chairman of the Central Bank
of the Republic of Armenia

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A License to Credit bureau activities No...

This license is issued to _____

(name and legal-organizational type of the credit bureau)

to carry out credit bureau activities in the territory of the Republic of Armenia, pursuant to the Law of the Republic of Armenia on “Circulation of credit information and activities of credit bureaus” .

Location _____

Registration number _____

