

# **The Law of the Republic of Abkhazia On the Bank and Banking Activity**

(with additions from June 15, 2011, № 2942-c-IV; November 18, 2015, № 3908-c-V)

## **Chapter 1. General Provisions**

### **Article 1.** Basic concepts of this Law

**Credit institution** – a legal entity that on the basis of a special permission (license) of the National Bank of the Republic of Abkhazia (Bank of Abkhazia) has the right to carry out banking operations envisaged by this Law.

A credit institution is formed on the basis of any form of ownership as an economic entity that aims to receive profit. For the purposes of this Law, an economic entity is a joint-stock company or a limited liability company which was established by three or more people.

**Bank** – a credit institution with an exclusive right to collectively carry out the following banking operations: the attraction of deposits from individuals and legal entities, the placement of funds on its behalf and on the terms of repayment, payment and urgency, the opening and maintenance of the bank accounts of individuals and legal entities.

**Non-banking credit institution** – a credit institution with a right to carry out some banking operations envisaged by this Law. Allowed combinations of banking operations for non-banking credit institutions are established by the Bank of Abkhazia.

**Foreign bank** – a bank that is recognised as such, according to the legislation of a foreign state on the territory of which it is registered.

### **Article 2.** The banking system of the Republic of Abkhazia and the legal regulation of the banking activity

The banking system of the Republic of Abkhazia includes the Sberbank of the Republic of Abkhazia, credit institutions, subsidiaries and representative offices of foreign banks. The legal regulation of the banking activity is carried out by the Constitution of the Republic of Abkhazia, this Law, the Law of the Republic of Abkhazia “On the National Bank of the Republic of Abkhazia (Bank of Abkhazia)”, other laws and normative acts of the Bank of Abkhazia.

### **Article 3.** Unions and associations of credit institutions

Credit institutions may form unions and associations that do not aim to make profit, in order to defend and advocate the interests of their members, coordinate their activity, develop interregional and international ties, satisfy academic, information and professional interests, develop proposals on the carrying out of banking activity and the solution of other common tasks of credit institutions.

The unions and associations of credit institutions are not allowed to carry out banking operations.

The unions and associations of credit institutions are formed and registered in the manner established by the legislation of the Republic of Abkhazia for non-commercial organisations.

The Ministry of Justice of the Republic of Abkhazia informs the Bank of Abkhazia about the establishment of unions and associations of credit institutions within a week after their registration.

#### **Article 4.** Groups of credit institutions and holding companies

A **bank group** is a union of credit institutions which is not a legal entity, in which one (head) credit institution significantly influences directly or indirectly (through a third party) the decisions made by the governing bodies of another (other) credit institution (credit institutions).

A **bank holding** is a union of credit institutions which is not a legal entity, with participation of a credit institution (credit institutions), in which a legal entity which is not a credit institution (the head organisation of the bank holding), has the capacity to significantly influence directly or indirectly (through a third party) the decisions made by the governing bodies of a credit institution (credit institutions).

For the purposes of this Law, **significant influence** is understood as the capacity to determine the decisions made by the governing bodies of a legal entity and its terms of carrying out business activity, due to participation in its authorised capital and (or) in accordance with the terms of the agreement, which is concluded between the legal entities that are part of the bank group and (or) of the bank holding, to appoint a sole executive body and (or) more than a half of the collegial executive body of the legal entity, and also the capacity to determine the election of more than a half of the board of founders (supervisory board) of the legal entity.

The head credit institution of the bank group and the head organisation of the bank holding shall inform the Bank of Abkhazia in the manner prescribed by it about the formation of a bank group and a bank holding.

A commercial organisation that in accordance with this Law may be recognised as the head organisation of the bank holding, in order to govern the activity of all credit institutions that are part of the bank holding, has the right to create the management company of the bank holding. In this case, the management company of the bank holding has duties that in accordance with this Law are entrusted to the head organisation of the bank holding.

For the purposes of this Law, the management company of a bank holding is an economic entity the main activity of which is the management of the activity of the credit institutions that are part of the bank holding. The management company of a bank holding shall not engage in the insurance, banking, production and trade activities. A commercial organisation that in accordance with this Law may be recognised as a head organisation of a bank holding shall have the capacity to determine the decisions of the management company of a bank holding on issues within the competence of the board of its founders (participants), including the decisions about its reorganisation and liquidation.

#### **Article 5.** Banking operations and other transactions of a credit institution

Banking operations include:

- 1) the attraction of monetary funds of individuals and legal entities as deposits (demand deposits deposited for a certain period of time);
- 2) the placement of the deposits indicated in paragraph 1 of part one of this Article on its behalf and at its own expense on the basis of the terms of repayment, payment, urgency;
- 3) the opening and maintenance of the bank accounts of individuals and legal

- entities;
- 4) the settlement of bank accounts on behalf of individuals and legal entities, including correspondent banks;
  - 5) the collection of funds, bills, payment and settlement documents and cash service of individuals and legal entities;
  - 6) the purchase and sale of foreign currency in cash and non-cash forms;
  - 7) the attraction of deposits and the placement of precious metals;
  - 8) the issue of bank guarantees;
  - 9) the transferring of money on behalf of individuals without the opening of bank accounts (with the exception of postal orders).

The opening by credit institutions of the bank accounts of individual entrepreneurs and legal entities, with the exception of state and local authorities, is carried out on the basis of the proof of the state registration of individuals as individual entrepreneurs, the proof of the state registration of legal entities, and also the proof of registration with the tax authorities.

Apart from the banking operations listed in the first part of this Article, a credit institution has the right to carry out the following transactions:

- 1) the issue of guarantees for third parties, which provide for the fulfillment of monetary obligations;
- 2) the acquisition of the right of claim from third parties for the fulfillment of monetary obligations;
- 3) the trust management of funds and other property which is based on the agreement with individuals and legal entities;
- 4) the performance of transactions with precious metals and precious stones in accordance with the legislation of the Republic of Abkhazia;
- 5) the lease of special premises or the safes located therein to the individuals and legal entities for the storage of documents and valuables;
- 6) leasing operations;
- 7) the provision of consulting and information services.

A credit institution has the right to carry out other transactions in accordance with the legislation of the Republic of Abkhazia.

All banking operations and other transactions are carried out in the official currency of the Republic of Abkhazia, and if there is an appropriate license of the Bank of Abkhazia, also in foreign currency. The rules for the carrying out of banking operations, including the rules for their logistic support are established by the Bank of Abkhazia in accordance with the laws.

A credit institution shall not engage in production, trade and insurance activities.

#### **Article 6.** The activity of a credit institution on the securities market

In accordance with the license of the Bank of Abkhazia for the carrying out of banking operations, the bank has the right to carry out the issue, purchase, sale, accounting, storage and other operations with securities that function as a payment document, with securities that confirm the attraction of funds as deposits and into bank accounts, with other securities that are involved in operations that do not require a special license in accordance with laws, and the bank also has the right to carry out the trust management of the abovementioned securities based on an agreement with individuals and legal entities.

A credit institution has the right to carry out professional activities on the securities market in accordance with the laws.

#### **Article 7.** The business name of a credit institution

A credit institution has a business (full official) name in Abkhazian and Russian

languages, it may have a shortened name and a name in a foreign language. A credit institution has a stamp with its business name.

The business name of a credit institution should contain the indication of the character of its activity through the use of words, such as “bank” or “non-banking credit institution”, and also an indication of its organisational and legal form.

Other requirements for the business name of a credit institution are established by the Civil Code of the Republic of Abkhazia.

The Bank of Abkhazia shall, when considering the application for the registration of a credit institution, forbid the use of a name of a credit institution, if the proposed name already exists in the Book of state registration of credit institutions. The use in the naming of a credit institution of the words “Abkhazia”, “Republic of Abkhazia”, “state” and “national”, their derivatives and a combination of these words is allowed in the manner prescribed by the legislation of the Republic of Abkhazia.

Not a single legal entity in the Republic of Abkhazia, with the exception of those that received from the Bank of Abkhazia a license to carry out banking operations, shall be allowed to use in its name words, such as “bank”, “credit institution” or indicate in any other way that this legal entity has the right to carry out banking operations.

**Article 8.** The provision of the information about the activity of a credit institution, bank group and bank holding

A credit institution shall publish, in the manner and on the terms established by the Bank of Abkhazia, the following information about its activities:

- quarterly – a balance sheet, a report on the profits and losses, information on the capital adequacy ratio, the amount of allowance for doubtful loans and other assets;
- annually – a balance sheet on the profits and losses with a conclusion by an audit firm (an auditor) concerning their reliability.

A credit institution shall, at the request of an individual or a legal entity, provide them with a copy of a license to perform banking operations, copies of other permits (licenses) issued by it, if the necessity of receiving the abovementioned documents is envisaged by the laws, and also monthly balance sheets for the current year.

For misleading individuals and legal entities by not providing them with information or by providing them with unreliable or incomplete information, a credit institution shall be held responsible in accordance with this Law and other laws.

The head credit institution of a bank group, the head organisation of a bank holding (the management company of a bank holding) are to publish annually their consolidated balance sheets and consolidated reports on their profits and losses in the form, manner and on the terms that are established by the Bank of Abkhazia after being confirmed as reliable by a conclusion of an audit firm (auditor).

A credit institution with a license of the Bank of Abkhazia to attract the funds of individuals as deposits shall disclose the information about the interest rates on bank deposit agreements with individuals (on the credit institution in general without disclosing the information concerning separate individuals) and the information about the credit institution’s debt on the deposits of the individuals. The manner of disclosure of such information is established by the Bank of Abkhazia.

**Article 9.** Relations between a credit institution and the state

A credit institution is not liable for the obligations of the state. The state is not liable for the obligations of a credit institution, with the exception of cases when the state assumed such obligations.

A credit institution is not liable for the obligations of the Bank of Abkhazia. The Bank of Abkhazia is not liable for the obligations of a credit institution, with the exception of cases when the Bank of Abkhazia assumed such obligations.

Legislative and executive bodies and local authorities have no right to interfere in

the activities of credit institutions, with the exception of cases envisaged by the laws.

A credit institution, on the basis of a special agreement, may carry out individual assignments from the Cabinet of Ministers of the Republic of Abkhazia, local government bodies, and carry out operations and settlement operations with the funds of the republican budget and local budgets, ensure the targeted use of budgetary funds, which are allocated for the implementation of republican programs and the programs of administrative and territorial units. A corresponding agreement should include mutual obligations of the parties and provide for their liability, the conditions and forms of control over the use of budgetary funds.

A credit institution shall not be obligated to carry out activity which is not stipulated in its constitutional documents, with the exception of cases when the credit institution assumed the corresponding obligations, or in cases envisaged by the laws.

#### **Article 10.** The constitutional documents of a credit institution

A credit institution has constitutional documents envisaged by the legislation of the Republic of Abkhazia for a legal entity of an appropriate organisational and legal form.

The charter of a credit institution should include:

the business (full official) name and also all other names established in accordance with this Law;

an indication of the organisational and legal form;

information about the location (mailing address) of the governing bodies and subdivisions;

a list of banking operations and transactions carried out by it in accordance with Article 5 of this Law;

information about the size of the authorised capital;

information about the system of the governing bodies, including executive, the bodies of internal control, and on the manner of their establishment and their duties;

other information stipulated in the laws on the charters of legal entities of the abovementioned organisational and legal form.

A credit institution shall register all changes made to its constitutional documents. The documents envisaged by the laws and normative acts of the Bank of Abkhazia are presented by the credit institution to the Bank of Abkhazia in the manner prescribed by it. The Bank of Abkhazia, within a month since the submission of all properly issued documents, makes a decision about the state registration of the changes that are to be introduced to the constitutional documents of the credit institution and sends to the Ministry of Justice of the Republic of Abkhazia the information and the documents that are necessary for the carrying out by this body of the functions on the keeping of the single register of legal entities.

On the basis of the abovementioned decision, made by the Bank of Abkhazia, and the necessary information and documents that were presented by it, the Ministry of Justice of the Republic of Abkhazia, within a period of no more than five working days since the receipt of the necessary information and documents, makes a corresponding entry in the single state register of legal entities, and not later than a working day following the making of a corresponding entry, informs the Bank of Abkhazia about this.

The interaction of the Bank of Abkhazia and the Ministry of Justice of the Republic of Abkhazia on the question of the state registration of the changes made to the constitutional documents of a credit institution is carried out in the manner which is decided upon by the Bank of Abkhazia and the Ministry of Justice of the Republic of Abkhazia.

#### **Article 11.** The authorised capital of a credit institution

The authorised capital of a credit institution consists of the amount of the deposits of its participants and determines the minimal amount of the property that guarantees the interests of its creditors.

The Bank of Abkhazia establishes the marginal value of the non-monetary part of

the authorised capital of credit institutions and also the minimum authorised capital of newly registered credit institutions. The norm on the minimum authorised capital may be established depending on the type of credit institutions.

A decision of the Bank of Abkhazia on the changing of the minimum authorised capital comes into force not earlier than in 90 days after its official publication. For newly registered credit institutions, the Bank of Abkhazia adopts the norm on the minimum authorised capital which is valid on the day of submission of the documents for the registration and the receiving of a license.

The Bank of Abkhazia has no right to request the credit institutions that have been registered before to change their authorised capital.

Attracted monetary funds shall not be used to form the authorised capital of a credit institution.

The funds of republican and local budgets, state extra-budgetary funds, free monetary funds and other property objects administered by the Cabinet of Ministers of the Republic of Abkhazia, central and local state authorities, shall not be used to form the authorised capital of a credit institution, with the exception of the Sberbank of the Republic of Abkhazia (in the part concerning the funds of the state budget) and in other cases envisaged by the legislation of the Republic of Abkhazia.

The acquisition, as a result of one or several transactions by a legal entity or an individual or by a group of legal entities and (or) individuals, bound together by an agreement, or by a group of legal entities that are subsidiary or dependent in relation to each other, of more than 5 percent of shares (stakes) of a credit institution requires the Bank of Abkhazia to be informed, of more than 20 percent – a preliminary approval of the Bank of Abkhazia. The Bank of Abkhazia, not later than 30 days since the receipt of the petition, informs the applicant in writing about its decision – consent or refusal. The refusal should be motivated. If the Bank of Abkhazia did not inform the applicant about its decision within the abovementioned period, the sales transaction of the shares (stakes) by the credit institution is considered authorised.

The Bank of Abkhazia has the right to refuse consent for the acquisition of more than 20 percent of the shares (stakes) of a credit institution if it has been established that the buyer of the shares (stakes) is in an unsatisfactory financial position, has violated the antimonopoly rules, and also in cases when in relation to the person acquiring the shares (stakes) of a credit institution, there are judgements that have entered into force establishing the facts of wrongdoing by the abovementioned person during bankruptcy, premeditated and (or) fictitious bankruptcy, and in other cases stipulated by the laws.

The Bank of Abkhazia shall refuse consent for the acquisition of more than 20 percent of shares (stakes) of a credit institution, if the court has established earlier the fault of the person acquiring the shares (stakes) of a credit institution in causing damages to any credit institution during the performance of duties as a member of the board of founders (supervisory board) of a credit institution, the sole executive body, his deputy and (or) member of the collegial executive body (the board, the management).

The founders of the bank have no right to secede from the group of the bank's participants for two years after the day of its registration.

## **Article 12.** The governing bodies of a credit institution

The governing bodies of a credit institution include, together with the general assembly of its founders (participants), the board of founders (supervisory board), the sole executive body and the collegial executive body.

The current management of a credit institution's activity is carried out by the sole executive body and the collegial executive body.

The sole executive body, his deputies, members of the collegial executive body (hereinafter – head of the credit institution), chief accountant of the credit institution, the head and chief accountant of its branch have no right to hold positions in other organisations, such as credit or insurance organisations, professional participants in the securities market, and also in organisations that engage in leasing activity and that are affiliated persons in relation to the credit institution, where its head, chief accountant, the

head and chief accountant of its branch are working.

Candidates for the posts of the members of the board of founders (supervisory board), head, deputy heads, chief accountant, deputy chief accountants of a credit institution, and also for the posts of the head, deputy heads, chief accountant, deputy chief accountants of the credit institution's branch should be qualified as stipulated in the normative acts of the Bank of Abkhazia on the basis of the Law of the Republic of Abkhazia "On the National Bank of the Republic of Abkhazia (Bank of Abkhazia)".

A credit institution shall notify the Bank of Abkhazia in writing about all planned appointments for the posts of the head, deputy heads, chief accountant, deputy chief accountants of the credit institution, and also for the posts of the head, deputy heads, chief accountant, deputy chief accountants of the credit institution's branch. The Bank of Abkhazia, within a month since the receipt of the abovementioned notice, consents to the abovementioned appointments or presents a motivated refusal in writing.

A credit institution shall notify the Bank of Abkhazia in writing about the dismissal of the head, deputy heads, chief accountant, deputy chief accountants of the credit institution, and also of the head, deputy heads, chief accountant, deputy chief accountants of the credit institution's branch not later than one working day following the adoption of this decision.

A credit institution shall notify the Bank of Abkhazia in writing about the election (dismissal) of a member of the board of founders (supervisory board) within three days since the day of the adoption of this decision.

## **Chapter 2. The Registration Procedure of Credit Institutions and the Licensing of Banking Operations**

**Article 13.** State registration of credit institutions and the issue of licenses to perform banking operations

Credit institutions are subject to state registration in accordance with the Law of the Republic of Abkhazia "On the state registration of legal entities and individual entrepreneurs" by taking into account the procedure for the state registration of credit institutions which is established by this Law.

The decision on the state registration of a credit institution is made by the Bank of Abkhazia. The inclusion in the single state register of legal entities of the information about the establishment, reorganisation and liquidation of credit institutions, and also of other information envisaged by the legislation of the Republic of Abkhazia is carried out by the Ministry of Justice of the Republic of Abkhazia on the basis of a decision by the Bank of Abkhazia about a corresponding state registration. The interaction of the Bank of Abkhazia and the Ministry of Justice of the Republic of Abkhazia on the question of the state registration of credit institutions is carried out in the manner which is decided upon by the Bank of Abkhazia and the Ministry of Justice of the Republic of Abkhazia.

The Bank of Abkhazia, for the purposes of carrying out its control and supervisory functions, keeps the Book of the state registration of credit institutions in the manner established by the legislation of the Republic of Abkhazia and the normative acts of the Bank of Abkhazia which are adopted in accordance with it.

For the state registration of credit institutions, a state fee is charged in the manner and in the amount established by the legislation of the Republic of Abkhazia.

A credit institution shall inform the Bank of Abkhazia about the changes made to the information which is specified in Article 5 of the Law of the Republic of Abkhazia "On the state registration of legal entities and individual entrepreneurs", with the exception of the information about the licenses received, within three days since the making of such changes. The Bank of Abkhazia, not later than one working day since the day of the receipt of the corresponding information from the credit institution, informs the Ministry of Justice of the Republic of Abkhazia about this, which makes an entry in the single state register of legal entities about the changes in the information about the credit institution.

A license to perform banking operations by a credit institution is issued after its

state registration in the manner established by this Law and the normative acts of the Bank of Abkhazia which are adopted in accordance with it.

A credit institution has the right to carry out banking operations from the moment it receives the license issued by the Bank of Abkhazia.

#### **Article 14.** The licensing of banking operations

Banking operations are carried out only on the basis of a license issued by the Bank of Abkhazia in the manner established by this Law.

Licenses issued by the Bank of Abkhazia are recorded in the register of licenses issued for the carrying out of banking operations.

The register of licenses issued to credit institutions is subject to publication by the Bank of Abkhazia at least once a year.

Changes and additions made to the abovementioned register are published by the Bank of Abkhazia within a month after their inclusion in the register.

In the license for the carrying out of banking operations, banking operations that a credit institution has the right to perform are listed, and also the currency in which these banking operations may be performed.

The license for the performance of banking operations is issued without the limitation of the validity period.

For every type of license issued for the performance of banking operations, a license fee is established, which the Bank of Abkhazia sends to the republican budget.

The carrying out by a legal entity of banking operations without a license incurs a penalty in the amount of the entire sum received as a result of performing such operations, and also a penalty in the amount of the double sum which goes to the republican budget. The penalty is collected in court following a lawsuit by the prosecutor, an appropriate body of executive power which is authorised by the legislation of the Republic of Abkhazia, or the Bank of Abkhazia.

The Bank of Abkhazia has the right to submit to the Arbitration Court a claim about the liquidation of the legal entity that performs banking operations without a license.

Citizens who illegally perform banking operations bear civil, administrative and criminal liability in the manner established by the legislation of the Republic of Abkhazia.

#### **Article 15.** Documents necessary for the state registration of a credit institution and the receiving of a license for the performance of banking operations

For the state registration of a credit institution and the receiving of a license for the performance of banking operations, the following documents are to be submitted to the Bank of Abkhazia:

- 1) an application for the state registration of a credit institution and the issue of a license for the performance of banking operations;
- 2) the founders' agreement, if the signing of it is envisaged by law;
- 3) the charter;
- 4) a business plan approved by the board of the founders (participants) of a credit institution. The procedure for the writing of a business plan of a credit institution and its assessment criteria are established by the normative acts of the Bank of Abkhazia;
- 5) the minutes of the meeting of the founders (participants) on the adoption of the charter and the approval of the appointments for the positions of the head executives and the chief accountant;
- 6) documents confirming the payment of the fee;
- 7) copies of the documents on the state registration of the founders – legal entities, an audit report on the reliability of their financial reporting, and also a confirmation from the tax authorities of the Republic of Abkhazia of the founders' – legal entities' fulfillment of obligations before the State budget of the Republic of Abkhazia for the past three years;



- 8) documents confirming the sources of income which is contributed by the founders – individuals to the authorised capital of a credit institution. The documents are to be certified by the tax authorities of the state where these individuals reside;
- 9) application forms from the candidates for the positions of the head, deputy heads, chief accountant, deputy chief accountants of a credit institution. The abovementioned applications are to be filled by these candidates personally and are to contain the information established by the normative acts of the Bank of Abkhazia and also the following information:
  - on the university qualifications of these persons in the fields of law or economics (with a copy of the diploma or the document substituting it);
  - on the experience of managing a department or another division of a credit institution related to the performance of banking operations for at least one year, and in the absence of professional education – at least two years of experience of managing such a division;
  - on the presence (absence) of a criminal record.

**Article 16.** The procedure for the state registration of a credit institution and the issue of a license for the performance of banking operations

Upon submission of the documents listed in Article 15 of this Law, the Bank of Abkhazia issues to the founders of a credit institution a written confirmation of the receipt of the documents which are necessary for the state registration of a credit institution and the receiving of a license for the performance of banking operations.

The making of a decision on the state registration of a credit institution and the issue of a license for the performance of banking operations or the refusal to do so is to be carried out within three months since the submission of all the documents envisaged by this Law.

The Bank of Abkhazia, after examining all submitted documents, notifies the founders of the credit institution applying for the registration on the necessity of paying the authorised capital within a week after the notification by the Bank of Abkhazia. The payment is to be made by depositing the monetary funds in a savings account in the Bank of Abkhazia.

After the submission of the authorised capital in accordance with the established procedure, a decision is made on the state registration not later than the following day after the full payment of the authorised capital.

The Bank of Abkhazia, after making a decision on the state registration of a credit institution, sends to the Ministry of Justice of the Republic of Abkhazia the information and the documents necessary for this institution's performance of its functions on the keeping of a single state register of legal entities.

Upon submission of the documents that prove the payment of a 100 percent of the declared authorised capital of a credit institution, the Bank of Abkhazia issues to the credit institution a license for the performance of banking operations within three days.

The credit institution shall inform the Bank of Abkhazia about all changes in the personal composition of the heads of the executive bodies and the replacement of the chief accountant within a week after the making of such a decision. The notification on the appointment of a new head and (or) chief accountant should include the information envisaged by paragraph 9 of Article 15 of this Law. Within a month, the Bank of Abkhazia approves the abovementioned appointments or presents a motivated refusal in writing on the grounds envisaged by Article 17 of this Law.

**Article 17.** The grounds and the procedure for the refusal to grant the state registration of a credit institution and to issue a license for the performance of banking operations

A refusal to grant the state registration of a credit institution and to issue a license for the performance of banking operations by it is allowed only on the following grounds:

- 1) the non-compliance of the candidates, proposed for the positions of the head, deputy heads, chief accountant, deputy chief accountants of a credit institution, with the qualification requirements which are established by the laws and the normative acts of

the Bank of Abkhazia adopted in accordance with them. The non-compliance of the candidates proposed for the abovementioned positions with these qualification requirements means the following:

- the candidates' lack of higher education in law or economics and the experience of managing a department or another division of a credit institution, the activity of which is related to the performance of banking operations, or the lack of two years of experience of managing such a department, division;
  - a criminal record for committing crimes in the economic sphere;
  - within a year preceding the day of the application to the Bank of Abkhazia for the state registration of a credit institution, the committing of an administrative offense in the sphere of trade and finance which is established by a decision that entered into force and which was made by a body authorised to review cases of administrative offenses;
  - within three years preceding the day of the application to the Bank of Abkhazia for the state registration of a credit institution, the presentation of a claim to the credit institution, in which each one of the abovementioned candidates held the position of the head of the credit institution, to replace him or her as head of the credit institution in the manner envisaged by the Law of the Republic of Abkhazia "On the National Bank of the Republic of Abkhazia (Bank of Abkhazia)";
  - the non-compliance of the business reputation of the abovementioned candidates with the requirements established by the legislation of the Republic of Abkhazia and the normative acts of the Bank of Abkhazia that are adopted in accordance with it;
  - the presence of other grounds established by the legislation of the Republic of Abkhazia;
- 2) an unsatisfactory financial position of the founders of the credit institution and the failure to fulfil their obligations to the State budget of the Republic of Abkhazia in the past three years;
  - 3) the non-compliance of the documents, submitted to the Bank of Abkhazia for the state registration of a credit institution and the receiving of a license for the performance of banking operations, with the requirements of the legislation of the Republic of Abkhazia and the normative acts of the Bank of Abkhazia which are adopted in accordance with it;
  - 4) the non-compliance of the candidates for the positions of the members of the board of founders (supervisory board) with the qualification requirements established by the legislation of the Republic of Abkhazia and the normative acts of the Bank of Abkhazia which are adopted in accordance with it, their criminal record for the committing of crimes in the economic sphere.

The decision to refuse to grant the state registration of a credit institution and to issue a license for the performance of banking operations by it is communicated to the founders of the credit institution in writing and is to be motivated.

The decision to refuse to grant the state registration of a credit institution and to issue a license for the performance of banking operations by it, the failure of the Bank of Abkhazia to make an appropriate decision in due time can be appealed in court (in the wording of the Law of the Republic of Abkhazia from 15.06.2015 N 3812-c-V).

In accordance with this article, the business reputation is understood as the assessment of the professional and other qualities of a person that allow him or her to hold a corresponding position in the executive bodies of a credit institution.

**Article 18.** The state registration of a credit institution with foreign investments and the subsidiary bank of a foreign bank and the issue of a license for the performance of banking operations by them

For the state registration of a credit institution with foreign investments and the subsidiary bank of a foreign bank and the receiving of a license for the performance of banking operations by them, apart from the documents listed in Article 15 of this Law, properly issued additional documents listed below are to be submitted.

A foreign legal entity submits:

- 1) a decision on its participation in the establishment of a credit institution on the territory

- of the Republic of Abkhazia and the opening of a subsidiary bank;
- 2) a document confirming the registration of the legal entity and the balance sheets for the past two years, confirmed by an audit report;
  - 3) a written consent from the appropriate control authority from its place of residence allowing the establishment of a credit institution on the territory of the Republic of Abkhazia and the opening of a subsidiary bank in cases, where such permission is required by the legislation of the state in which it resides.

In necessary cases and upon request by the Bank of Abkhazia, a foreign individual presents a confirmation by a foreign bank of this individual's solvency.

**Article 19.** Additional requirements for the creation and the activity of credit institutions with foreign investments and the subsidiary banks of foreign banks

The size (quota) of participation of foreign capital in the banking system of the Republic of Abkhazia is established by the Law of the Republic of Abkhazia "On the sizes (quotas) of participation of foreign capital in the banking system of the Republic of Abkhazia" by a joint proposal of the Cabinet of Ministers of the Republic of Abkhazia and the Bank of Abkhazia. The indicated quota is calculated as the ratio of the total capital, which belongs to the non-residents in the authorised capitals of credit institutions with foreign investments, and the capital of subsidiary banks of foreign banks to the total authorised capital of the credit institutions which are registered on the territory of the Republic of Abkhazia.

The Bank of Abkhazia ceases to issue licenses for the performance of banking operations to the banks with foreign investments, subsidiary banks of foreign banks upon reaching the established quota.

A credit institution shall receive a preliminary permission of the Bank of Abkhazia allowing it to increase its authorised capital at the expense of the funds of the non-residents, to alienate (including the sale) of its shares (stakes) in favour of non-residents, and for the participants of a credit institution – residents – to alienate the shares (stakes) of the credit institution belonging to them in favour of non-residents. The indicated transactions on the alienation of the shares (stakes) in favour of non-residents, which have been carried out without permission of the Bank of Abkhazia, are considered invalid, with the exception of cases envisaged by part 4 of this Article.

An application that states the intention of a credit institution to increase its authorised capital at the expense of the funds of the non-residents and to alienate the shares (stakes) in favour of non-residents is considered by the Bank of Abkhazia within a month since the day of its submission. As a result of considering it, the Bank of Abkhazia issues a permission to carry out the indicated transaction or a motivated refusal in writing. In case the Bank of Abkhazia fails to communicate its decision in due time, the indicated transaction is considered authorised.

The Bank of Abkhazia has the right to ban the increase of the authorised capital of a credit institution at the expense of the funds of the non-residents and the alienation of shares (stakes) in favour of non-residents, if the indicated action would cause an excess of the quota of participation of the foreign capital in the banking system of the Republic of Abkhazia.

The Bank of Abkhazia has the right, by agreement with the Cabinet of Ministers of the Republic of Abkhazia, to establish for credit institutions with foreign investments and the subsidiary banks of foreign banks the limitations for the performance of banking operations, if in the corresponding foreign states, limitations on the establishment and activity of the banks with Abkhazian investments and the branches of Abkhazian banks are in force.

The Bank of Abkhazia has the right to establish in the manner established by the Law of the Republic of Abkhazia "On the National Bank of the Republic of Abkhazia (Bank of Abkhazia)" additional requirements to the credit institutions with foreign investments and the subsidiary banks of foreign banks concerning the mandatory standards, reporting procedure, the approval of the executive body and the list of banking operations, and also concerning the minimum authorised capital of newly registered credit institutions with foreign investments and the minimum authorised capital of newly registered subsidiary banks of foreign banks.

**Article 20.** The measures of the Bank of Abkhazia undertaken by it as part of a

supervision procedure, in case of violation by a credit institution of the legislation of the Republic of Abkhazia and the normative acts of the Republic of Abkhazia

In case of violation of the legislation of the Republic of Abkhazia, normative acts and injunctions of the Bank of Abkhazia, the mandatory standards established by it, failure to provide information, the presentation of incomplete or unreliable information, and also the committing of actions that constitute a real threat to the interests of depositors and creditors, the Bank of Abkhazia has the right, as part of a supervision procedure, to undertake measures against the credit institution established by the Law of the Republic of Abkhazia "On the National Bank of the Republic of Abkhazia (Bank of Abkhazia)".

**Article 21.** Grounds for the revocation of the credit institution's license to perform banking operations

The Bank of Abkhazia may revoke the credit institution's license to perform banking operations in the following cases:

- 1) the establishing of the unreliability of information on the basis of which the indicated license was issued;
- 2) the delay in the start of the performance of the banking operations provided for by this license for more than a year since the day of its issue;
- 3) the establishing of the unreliability of the reporting data;
- 4) the delay of more than 15 days to present the monthly report (reporting documentation);
- 5) the performance, including a single occurrence, of banking operations not provided for by the indicated license of the Bank of Abkhazia;
- 6) failure to comply with the requirements of the legislation of the Republic of Abkhazia that regulates banking activity and also with the normative acts of the Bank of Abkhazia, if in the course of one year, measures envisaged by the Law of the Republic of Abkhazia "On the National Bank of the Republic of Abkhazia (Bank of Abkhazia)" have been undertaken multiple times in relation to the credit institution;
- 7) an unsatisfactory financial position of the credit institution, its failure to fulfill its obligations to the depositors, creditors, which is the ground for submitting an application to the Arbitration Court to commence proceedings on the insolvency (bankruptcy) of the credit institution;
- 8) the credit institution's violations of the legislation of the Republic of Abkhazia on the prevention of legalisation (money laundering) of criminal income and the financing of terrorism;
- 9) an application by the temporary administration, if by the end of the term of activity of the indicated administration, established by the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of the credit institutions, there are grounds for its appointment envisaged by the indicated legislation;
- 10) the credit institution's repeated failure to present in due time to the Bank of Abkhazia the renewed information necessary for the making of changes to the single state register of legal entities, with the exception of information on the received licenses.

The Bank of Abkhazia shall revoke the license to perform banking operations in the following cases:

- 1) the credit institution's capital adequacy falls below 2 percent.

If within the last 12 months preceding the moment, when in accordance with this Article the credit institution's indicated license is to be revoked, the Bank of Abkhazia was changing the methodology to calculate the capital adequacy of the credit institutions – for the purposes of this Article, that methodology is used, in accordance with which the capital adequacy of a credit institution reaches the maximum;

- 2) the equity capital for 6 months is below the norm established by the Bank of Abkhazia, with the exception of credit institutions whose license to perform banking operations was issued less than two years ago;
- 3) a credit institution is unable to satisfy the claims of the creditors on monetary obligations and (or) fulfill the obligation to make mandatory payments within 14 days

since the date of their satisfaction and (or) execution. The indicated claims are to amount to at least 300 thousand rubles in total.

In cases envisaged by part two of this Article, the Bank of Abkhazia revokes the credit institution's license to perform banking operations within 15 days after the bodies of the Bank of Abkhazia which are responsible for the revocation of the indicated license receive reliable information on the presence of the grounds to revoke the credit institution's license.

The revocation of a license to perform banking operations on grounds other than those envisaged by this Law shall not be permitted.

The decision of the Bank of Abkhazia to revoke a credit institution's license to perform banking operations enters into force on the day of the adoption of a corresponding act of the Bank of Abkhazia and may be appealed within 30 days since the day of the publication of the message about the revocation of the license to perform banking operations. The appeal of the indicated decision of the Bank of Abkhazia and also the undertaking of measures to secure the claims in relation to the credit institution do not suspend the indicated decision of the Bank of Abkhazia.

The message about the revocation of a credit institution's license to perform banking operations is to be published within a week since the day of the adoption of the corresponding decision.

After the revocation of a credit institution's license to perform banking operations, the credit institution is to be liquidated in accordance with the requirements of Article 25 of this Law, and if the credit institution is recognised to be bankrupt – in accordance with the requirements of the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions.

After the revocation of a credit institution's license to perform banking operations, the Bank of Abkhazia:

- not later than one working day following the day of the revocation of the indicated license, appoints to the credit institution a temporary administration in accordance with the requirements of the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions;
- performs actions envisaged by Article 25 of this Law.

Since the moment of the revocation of a credit institution's license to perform banking operations:

- 1) the deadline comes for the fulfillment of the credit institution's obligations that existed before the day of the revocation of the license to perform banking operations.

The sum of monetary obligations and the obligations to make mandatory payments of a credit institution expressed in foreign currency is calculated in rubles at the rate established by the Bank of Abkhazia on the day of the revocation of the credit institution's license to perform banking operations;

- 2) the accrual of interest envisaged by law or an agreement and of the financial sanctions on all types of the credit institution's debt cease, with the exception of financial sanctions for the failure to fulfill or an inadequate fulfillment by the credit institution of its current obligations;
- 3) the execution of executive documents on property penalties is suspended, forced execution of other documents in an indisputable manner is not permitted, with the exception of the execution of executive documents on the collection of the credit institution's current debts;
- 4) until the day of the entry into force of the Arbitration Court's decision on the recognition of the credit institution's insolvency (bankruptcy) or on the liquidation of the credit institution, the following actions are not permitted:
  - the performance of transactions with the property of the credit institution, including the fulfillment of obligations by the credit institution, with the exception of transactions related to the current obligations of the credit institutions which are defined in accordance with this Article;
  - the fulfillment of an obligation on the making of mandatory payments which emerged before the day of the revocation of the credit institution's license to perform banking operations;
  - the termination of the obligations to a credit institution by a set-off;
- 5) the receiving and the making of payments from the correspondent accounts of a credit

institution to the accounts of the clients of the credit institution (individuals and legal entities) ceases. Credit institutions and the departments of the Bank of Abkhazia return the payments that come after the day of the revocation of the license to perform banking operations to the clients of the credit institution, to the accounts of the payers in the sending banks.

Current obligations of a credit institution mean:

- 1) obligations to pay for the expenses related to the continuation of the activity of the credit institution (including the communal, lease and operational payments, communication services expenses, the provision of the property's security), expenses for the fulfillment of the functions for the management of the credit institution by the temporary administration appointed by the Bank of Abkhazia, the remuneration of persons working on an employment contract, the payment of severance pay to these persons in case of their dismissal, and also other expenses related to the liquidation of the credit institution after the day of the revocation of the license to perform banking operations;
- 2) obligations to make mandatory payments that emerged after the day of the revocation of the license to perform banking operations;
- 3) obligations to transfer the monetary sums withheld from the salary (maintenance, the individuals' income tax, trade-union and insurance fees and other payments for which the employer is responsible in accordance with the legislation of the Republic of Abkhazia), which is paid to the workers of the credit institution in accordance with the legislation of the Republic of Abkhazia.

The payment of the expenses related to the fulfillment of the current obligations of the credit institution is carried out on the basis of the expenditure budget established by the Bank of Abkhazia by the temporary administration appointed by the Bank of Abkhazia for the management of the credit institution.

In the period after the day of the revocation of the license to perform banking operations and until the day of the entry into force of the Arbitration Court's decision on the recognition of the insolvency (bankruptcy) of the credit institution or on its liquidation, the credit institution has the right to:

- 1) collect and receive debts, including on loans given before, request the return of advance payments made earlier by the credit institution, receive funds from the redemption of securities and the income on securities belonging to the credit institution by the right of property;
- 2) return the credit institution's property which is in the possession of third parties;
- 3) receive income from the banking operations carried out earlier and from the transactions concluded, and also from operations related to the professional activity of this credit institution on the securities market;
- 4) perform, by agreement with the Bank of Abkhazia, the return of monetary funds, mistakenly credited to the correspondent account or the correspondent sub account of the credit institution. The procedure for the agreement on the return of mistakenly credited monetary funds is established by the normative acts of the Bank of Abkhazia;
- 5) return to the clients of the credit institution the securities or other property that the credit institution accepted for the storage and (or) accounting based on the trust management or other agreements related to the credit institution's professional activity on the securities market, with the ability to show this on the appropriate accounts or custody accounts;
- 6) perform other actions to fulfill the functions of the temporary administration for the management of the credit institution appointed by the Bank of Abkhazia, which are envisaged by the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions and the normative acts of the Bank of Abkhazia adopted in accordance with it.

## **Article 22.** The resolution of disputes with participation of a credit institution

The decisions and actions (inaction) of the Bank of Abkhazia and its officials may be appealed by the credit institution in court or the Arbitration Court in the manner established by the

legislation of the Republic of Abkhazia.

The credit institution has the right to address the Bank of Abkhazia with requests and applications connected to the decisions and actions (inaction) of the Bank of Abkhazia, to which the Bank of Abkhazia shall respond within a month addressing the essence of the issues outlined in them.

Disputes between the credit institution and its clients (individuals and legal entities) are resolved in the manner established by the legislation of the Republic of Abkhazia.

**Article 23.** Branches, representative offices and internal structural divisions of a credit institution

A branch of a credit institution is its separate division situated outside the location of the credit institution and which performs on its behalf, all or a part of banking operations envisaged by the license of the Bank of Abkhazia which is issued to the credit institution.

A representative office of a credit institution is its separate division situated outside the location of the credit institution and which represents its interests and defends them. A credit institution's representative office has no right to carry out banking operations.

The branches and representative offices of a credit institution are not legal entities and carry out their activity on the basis of the provisions established by the credit institution that created them.

The heads of branches and representative offices are appointed by the head of the credit institution that created them and operate on the basis of the power of attorney issued to them in accordance with the established procedure.

A credit institution opens on the territory of the Republic of Abkhazia the branches and representative offices after notifying the Bank of Abkhazia in accordance with the procedure established by the normative acts of the Bank of Abkhazia. In the notification about the opening of a branch, the mail address of the branch (representative office) is indicated, and also its powers and functions, information about the heads, the scale and character of the operations planned, and also the imprint of its seal and the sample signatures of its heads are submitted.

For the opening of the branches of a credit institution, a fee is levied in the amount established by the Bank of Abkhazia, which does not exceed the minimum wage multiplied by a hundred. The indicated fee is contributed to the republican budget.

An internal structural division of a credit institution (its branch) is its division which is situated outside the location of the credit institution (its branch) and which performs banking operations on its behalf, the list of which is established by the normative acts of the Bank of Abkhazia, as part of the license of the Bank of Abkhazia issued to the credit institution (the provisions on the branch of a credit institution).

Credit institutions (their branches) have the right to open internal structural divisions outside the location of the credit institutions (their branches), in accordance with the procedures established by the normative acts of the Bank of Abkhazia.

The power of a credit institution's branch to make decision on the opening of an internal structural division is to be regulated by the provisions on the credit institution's branch.

**Article 24.** The liquidation and reorganisation of a credit institution

The liquidation and reorganisation of a credit institution takes place in accordance with the legislation of the Republic of Abkhazia by taking into account the requirements of this Law. The state registration of a credit institution in connection with its liquidation and the state registration of a credit institution which is being created by way of reorganisation are to be carried out following the procedure established by the Law of the Republic of Abkhazia "On the state registration of legal entities and individual entrepreneurs" by taking into account the particularities established by this Law and the normative acts of the Bank of Abkhazia adopted in accordance with it. The information and the documents necessary for the state registration of a credit institution in connection with its liquidation and the state registration of a credit institution created by way of reorganisation are to be submitted to the Bank of Abkhazia. The list of indicated information and documents and also the procedure for their submission is established by the Bank of Abkhazia.

The Bank of Abkhazia, after making a decision on the state registration of a credit institution in connection with its liquidation or the state registration of a credit institution created by way of reorganisation, sends to the Ministry of Justice of the Republic of Abkhazia the information and the documents necessary for this institution's performance of its functions on the keeping of a single state register of legal entities.

On the basis of the indicated decision adopted by the Bank of Abkhazia and the necessary information and documents submitted by it, the Ministry of Justice of the Republic of Abkhazia, within five working days from the day of the receipt of the necessary information and documents, makes a corresponding entry in the single state register of legal entities and not later than one working day following the day of the making of the corresponding entry, informs the Bank of Abkhazia about this.

The interaction of the Bank of Abkhazia and the Ministry of Justice of the Republic of Abkhazia on the question of the state registration of a credit institution in connection with its liquidation or the state registration of a credit institution created by way of reorganisation is carried out in the manner which is decided upon by the Bank of Abkhazia and the Ministry of Justice of the Republic of Abkhazia.

The state registration of a credit institution in connection with its liquidation is carried out within 45 working days since the day of the submission to the Bank of Abkhazia of all the documents issued in a proper manner.

The state registration of a credit institution created by way of reorganisation, unless a decision has been made to refuse such registration, is carried out within two months since the day of the submission to the Bank of Abkhazia of all the documents issued in a proper manner.

The Bank of Abkhazia has the right to ban the reorganisation of a credit institution if as a result of it, grounds will appear for the undertaking of measures to prevent the insolvency (bankruptcy) envisaged by the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions.

In case the activity of a credit institution ceases on the basis of the decision of its founders (participants), the Bank of Abkhazia, on the basis of an application of the credit institution, makes a decision to cancel the license to perform banking operations. The procedure for the submission of the indicated application by the credit institution is regulated by the normative acts of the Bank of Abkhazia.

If the Bank of Abkhazia, after the founders (participants) of a credit institution have made a decision on its liquidation, on the basis of Article 21 of this Law, makes a decision to revoke its license for the performance of banking operations, the decision of the founders (participants) of a credit institution on its liquidation and other decisions of the founders (participants) of a credit institution related to it, or the decisions of the liquidation committee (liquidator) appointed by the founders (participants) of a credit institution, become invalid. The credit institution is subject to liquidation in the manner established by Article 25 of this Law.

In case of cancellation or revocation of a license for the performance of banking operations, a credit institution, within 15 days since the day of the making of this decision, returns the indicated license to the Bank of Abkhazia.

The founders (participants) of a credit institution, who have made a decision on its liquidation, appoint a liquidation committee (liquidator), establish the interim liquidation balance sheet and the liquidation balance sheet upon agreement with the Bank of Abkhazia.

The liquidation of a credit institution is considered complete, and the credit institution – to have completed its activity, after the Ministry of Justice of the Republic of Abkhazia makes a corresponding entry in the single state register of legal entities.

**Article 25.** The liquidation of a credit institution at the initiative of the Bank of Abkhazia (compulsory liquidation)

The Bank of Abkhazia, within 15 days since the day of the revocation of the credit institution's license for the performance of banking operations, shall address the Arbitration Court with a request to liquidate the credit institution (hereinafter – an application by the Bank of Abkhazia on the compulsory liquidation of a credit institution), with the exception of cases, in which on the day of the revocation of the indicated license, the credit institution shows signs of insolvency (bankruptcy) envisaged by the legislation of the Republic of Abkhazia on the



insolvency (bankruptcy) of credit institutions.

If on the day of the revocation of the license for the performance of banking operations, a credit institution shows signs of insolvency (bankruptcy) envisaged by the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions, or the presence of these signs is established by the temporary administration for the management of the credit institution appointed by the Bank of Abkhazia after the day of revocation of the credit institution's indicated license, the Bank of Abkhazia addresses the Arbitration Court with an application to recognise the credit institution to be insolvent (bankrupt) in the manner established by the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions.

The Arbitration Court reviews the application of the Bank of Abkhazia on the compulsory liquidation of a credit institution in accordance with the rules established by the Arbitration Procedural Code of the Republic of Abkhazia and by taking into account the particularities established by this Law. The application by the Bank of Abkhazia on the compulsory liquidation of a credit institution is reviewed by the Arbitration Court within a period not exceeding one month since the day of the submission of the indicated application. The Arbitration Court makes a decision on the liquidation of a credit institution and the appointment of the liquidator of the credit institution, unless it is established that the credit institution shows signs of insolvency (bankruptcy) on the day of the revocation of its license for the performance of banking operations. When reviewing the application by the Bank of Abkhazia on the compulsory liquidation of a credit institution, the preliminary hearing envisaged by the Arbitration Procedural Code of the Republic of Abkhazia is not held.

The Arbitration Court sends the decision on the liquidation of a credit institution to the Bank of Abkhazia and the Ministry of Justice of the Republic of Abkhazia, which makes an entry in the single state register of legal entities stating that the credit institution is in the process of liquidation.

**Article 26.** The consequences of the Arbitration Court's decision on the liquidation of a credit institution

The Arbitration Court's decision on the liquidation of a credit institution enters into force since the day of its adoption. An appeal of the Arbitration Court's decision on the liquidation of a credit institution does not suspend its execution.

Since the day of entry into force of the Arbitration Court's decision on the liquidation of a credit institution, consequences arise which are envisaged by the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions in case of the recognition of the credit institution as insolvent (bankrupt).

**Article 27.** The regulation of procedures for the liquidation of a credit institution

The liquidation of a credit institution is carried out in the manner and in accordance with the procedures envisaged by the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions for bankruptcy proceedings by taking into account the particularities established by this Law.

The creditors of a credit institution which is in the process of liquidation have the rights envisaged by the Law, and in the part not regulated by it – by the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions. The liquidator of a credit institution shall hold the first meeting of the creditors of a credit institution which is in the process of liquidation not later than 60 days since the end of the term established for the presentation of the creditors' claims.

Control over the activity of the liquidator of a credit institution, the process of his or her reporting to the Bank of Abkhazia, and also the checks by the Bank of Abkhazia of the activity of the credit institution's liquidator are carried out in the manner envisaged by the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions for bankruptcy proceedings.

After the end of the term established for the presentation of the claims of the credit institution's creditors, the liquidator of the credit institution prepares an interim liquidation balance sheet, which contains the information on the property of the credit institution which is in the

process of liquidation, the list of claims of the credit institution's creditors, and also the results of their review. The interim liquidation balance sheet is reviewed at an assembly of the creditors and (or) a meeting of the committee of the credit institution's creditors, and after this review, it is subject to consideration by the Bank of Abkhazia.

The satisfaction of the claims of the credit institution's creditors is carried out in accordance with the interim liquidation balance sheet since the day of its consideration by the Bank of Abkhazia and in order of priority envisaged by the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions.

The procedure for the performance of operations with the property of the credit institution, which is not included, in accordance with the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions, in the bankruptcy stock in case of the insolvency (bankruptcy) of a credit institution, is established by the indicated legislation.

In case the credit institution's monetary funds are not sufficient to satisfy the claims of the credit institution's creditors, the liquidator of the credit institution sells the property of the credit institution in the manner established by the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions.

The term for the liquidation of a credit institution shall not exceed 12 months since the day of entry into force of the Arbitration Court's decision on the liquidation of the credit institution. The indicated term may be extended by the Arbitration Court on the basis of a justified application from the liquidator of the credit institution.

If in the process of the liquidation of a credit institution, it is to be discovered that the value of the property of the credit institution, in relation to which a decision on the liquidation has been made, is not sufficient to satisfy the claims of the credit institution's creditors, the liquidator of the credit institution shall send to the Arbitration Court an application for the recognition of the credit institution as insolvent (bankrupt).

A report on the results of the liquidation of a credit institution with the liquidation balance sheet attached to it is heard at the assembly of the creditors or the meeting of the committee of the credit institution's creditors and is approved by the Arbitration Court in the manner envisaged by the legislation of the Republic of Abkhazia on the insolvency (bankruptcy) of credit institutions.

The ruling of the Arbitration Court on the approval of the report of the credit institution's liquidator on the results of the liquidation and the completion of the credit institution's liquidation process is to be sent by the credit institution's liquidator to the Bank of Abkhazia with the documents attached to it in accordance with the normative acts of the Bank of Abkhazia for the state registration of a credit institution in connection with its liquidation, within ten days of this ruling.

**Article 28.** The particularities of the reorganisation of a credit institution in the form of merger, affiliation and transformation

Not later than 30 days after the adoption of the decision on the reorganisation of a credit institution, the credit institution shall publish the information about this on its website on the internet and notify its creditors about this decision by sending each creditor a written notification and by publishing in a print publication, dedicated to the publication of information on the state registration of legal entities, a notification about the decision.

The indicated notification (message) should contain the following information:

- 1) about the form of the reorganisation and the date it will be carried out;
- 2) in case of reorganisation in the form of merger and transformation – on the planned organisational and legal form, the planned location of the credit institution which is created by way of reorganisation and the list of banking operations that it plans to perform;
- 3) in case of reorganisation in the form of affiliation – on the organisational and legal form, the location of the credit institution with which it will be affiliated, and on the list of banking operations that this credit institution performs and plans to perform;
- 4) on the print publication in which the information will be published about the significant facts (events, actions) that affect the financial and economic activity of the credit institution.

The procedure for the notification of the creditors about the decision made to reorganise a

credit institution is established by the general assembly of the founders (participants) or by the board of founders (supervisory board) of the credit institution, if the charter of the credit institution attributes the solution of this issue to its competence, and it is communicated to the creditors by way of distributing this information in places which are accessible to them in the credit institution and all its divisions. The credit institution shall, at the request of an interested party, present him or her with a copy of the indicated decision. The fee charged by the credit institution for the issue of this copy shall not exceed the cost of its production.

The state registration of a credit institution created by way of reorganisation and the inclusion in the single state register of legal entities of the entries about the termination of the activity of reorganised credit institutions are carried out if there are proofs of notifications of the creditors in the manner established by this Article.

A creditor of a credit institution – an individual, in connection with the reorganisation of a credit institution, has the right to demand an early fulfillment of the corresponding obligations, and in case of the impossibility of an early fulfillment – termination of the obligation and a refund, if such an obligation emerged before the date of his or her receipt of a written notification about the decision to reorganise the credit institution.

A creditor of a credit institution – a legal entity, in connection with the reorganisation of a credit institution, has the right to demand an early fulfillment or a termination of the corresponding obligation and a refund, if this right has been granted to the legal entity on the basis of the conditions of an agreement with the credit institution.

The abovementioned demands are to be sent by the creditors to the credit institution in writing within 30 days since the day of the creditor's receipt of the notification about the decision to reorganise the credit institution.

A credit institution, since the day of the adoption of the decision to reorganise the credit institution and until the day of its completion, shall disclose information about the significant facts (events, actions) that affect the financial and economic activity of the credit institution. For the purposes of this Law, such facts (events, actions) are understood as:

- 1) the reorganisation of a credit institution, its subsidiaries and affiliates;
- 2) the emergence of circumstances that led to a one-time increase or decrease in the price of the assets of a credit institution by more than 10 percent, circumstances that led to a one-time increase in net profit or net loss of a credit institution by more than 10 percent, the carrying out by a credit institution of one-time transactions, the amount of which or the value of property on which is 10 or more percent of the assets of the credit institution as of the transaction date;
- 3) the acquisition by an entity of at least 5 percent of a common share of a credit institution (at least 5 percent of shares in the authorised capital of a credit institution), and also any change as a result of which the amount of shares (stakes) belonging to this entity reaches more or less than 5, 10, 15, 20, 25, 30, 50 or 75 percent of placed common shares of a credit institution (shares in the authorised capital of a credit institution);
- 4) the information about the decisions of the general assemblies of the founders (participants) of a credit institution;
- 5) the information about the accrued and (or) paid earnings on equity securities of a credit institution created in the form of a joint-stock company (on the share of net profit of a credit institution created in the form of a limited liability company, which is shared between its participants).

The disclosure of the information about the significant facts (events, actions) that affect the financial and economic activity of a credit institution is carried out by way of its publication in the print publication indicated in the credit institution's notification about the decision to reorganise the credit institution. This publication is carried out within five days since the emergence of the indicated facts (events, actions). A credit institution shall also publish the information about the significant facts (events, actions) on its website on the internet within five days since the emergence of the indicated facts (events, actions).

The provisions of this Article are also used during the reorganisation of a credit institution at the request of the Bank of Abkhazia in cases established by the legislation of the Republic of Abkhazia.

### **Chapter 3. The Provision of the Stability of the Banking System, the Defence of the Rights, Interests of the Depositors and Creditors of Credit Institutions**

#### **Article 29.** The provision of financial reliability of a credit institution

In order to ensure financial reliability, a credit institution shall create reserves (funds), including for the impairment of securities, the procedure for the creation and use of which is established by the Bank of Abkhazia. The minimum amount of the reserves (funds) is established by the Bank of Abkhazia. The amount of deductions from the earnings before taxation which are contributed to the reserves (funds) is established by the tax legislation of the Republic of Abkhazia.

A credit institution shall classify its assets by marking doubtful and bad debts and create reserves (funds) to cover possible losses in the manner established by the Bank of Abkhazia.

A credit institution shall comply with the mandatory standards established in accordance with the Law of the Republic of Abkhazia “On the National Bank of the Republic of Abkhazia (Bank of Abkhazia)”. The numerical values of the mandatory standards are established by the Bank of Abkhazia in accordance with the indicated Law.

A credit institution shall organise the internal control that ensures the necessary level of reliability corresponding with the character and the scale of the operations that are carried out.

#### **Article 30.** The bank’s reserve requirement

The bank shall comply with the requirement for the reserves deposited in the Bank of Abkhazia, including on the timing, amount and type of attracted monetary funds. The procedure for the depositing of required reserves is established by the Bank of Abkhazia in accordance with the Law of the Republic of Abkhazia “On the National Bank of the Republic of Abkhazia (Bank of Abkhazia)”.

A bank shall have an account for the storage of required reserves in the Bank of Abkhazia.

The procedure for the opening of the indicated account and the operations performed on it is established by the Bank of Abkhazia.

#### **Article 31.** Bank secrecy

A credit institution, the Bank of Abkhazia guarantee the secrecy of the operations, accounts and the deposits of their clients and correspondents. All employees of a credit institution shall keep the secrecy of the operations, accounts and deposits of its clients and correspondents and also of other information established by the credit institution if this does not contract the legislation of the Republic of Abkhazia.

References of the operations and accounts of legal entities and citizens, who carry out entrepreneurial activity without establishing a legal entity, are issued by the credit institution to these entities and citizens, to the courts and the Arbitration Court (the judges), the Control Chamber of the Republic of Abkhazia, tax authorities, customs authorities of the Republic of Abkhazia and the bailiffs, in cases envisaged by the legislation of the Republic of Abkhazia on their activity, and if there is consent of the Prosecutor General – to the preliminary investigation bodies (in the wording of the Law of the Republic of Abkhazia from 15.06.2015 N 2942-c-IV).

In accordance with the legislation of the Republic of Abkhazia, the references on operations and accounts of legal entities and citizens who carry out entrepreneurial activity without establishing a legal entity are issued by a credit institution to the internal affairs bodies when the latter perform the functions of detection, prevention and suppression of tax crimes.

The references on the operations and accounts of individuals are issued by a credit institution to the individuals, courts, bailiffs, and if there is consent of the Prosecutor General – to the preliminary investigation bodies.

The references on the operations and accounts, in case of death of their owners, are issued by a credit institution to the indicated owners of the account or a deposit in a testamentary order made by the credit institution, to the notary offices on the inheritance proceedings of the deposits of the deceased depositors, and in relation to the accounts of foreign citizens – to the

foreign consulates.

The Bank of Abkhazia has no right to disclose the information about the accounts, deposits, and also the information about individual transactions and operations from the reports of credit institutions, received by it as a result of performing its license, supervisory and control functions, with the exception of cases envisaged by laws.

Audit organisations have no right to disclose to third parties the information about the operations, accounts and deposits of credit institutions, their clients and correspondents, received by them in the course of the checks carried out by them, with the exception of cases envisaged by the legislation of the Republic of Abkhazia.

For the violation of bank secrecy, the Bank of Abkhazia, credit, audit and other organisations, and also their officials and their employees shall be held responsible, including for the compensation of damages, in the manner established by the legislation of the Republic of Abkhazia.

The information about the operations of legal entities, citizens, who carry out entrepreneurial activity without establishing a legal entity, and individuals is presented by credit institutions to the Bank of Abkhazia which undertakes measures to prevent the legalisation (money laundering) of criminal income, in cases, manner and in the amount which are envisaged by the legislation of the Republic of Abkhazia on the prevention of the legalisation (money laundering) of criminal income.

The Bank of Abkhazia which undertakes measures to prevent the legalisation (money laundering) of criminal income has no right to disclose to third parties the information received from credit institutions in accordance with the legislation on the prevention of the legalisation (money laundering) of criminal income, with the exception of cases envisaged by the indicated Law.

The information about the credit operations of legal entities, citizens who carry out entrepreneurial activity without establishing a legal entity and individuals is presented with their consent by the credit institutions to the Bank of Abkhazia for the purposes of creating credit histories in the register of credit histories in the manner and on the terms established by the Bank of Abkhazia.

**Article 32.** The seizure and foreclosure of the monetary funds and other valuables of a credit institution

The seizure of the monetary funds and other valuables of legal entities and individuals situated on the accounts and in deposits or stored in a credit institution may take place only by decision of a court and Arbitration court, a judge, and also by a decree of the preliminary investigation bodies if there is a court ruling.

If there is a seizure of the monetary funds on the accounts and in deposits, a credit institution immediately after receiving the decision on the seizure, stops expenditure operations within the limits of the funds that are seized.

The foreclosure of the monetary funds and other valuables of legal entities and individuals situated on the accounts and in deposits or stored in a credit institution may take place only on the basis of executive documents in accordance with the legislation of the Republic of Abkhazia.

A credit institution, the Bank of Abkhazia are not liable for damages caused as a result of the seizure and foreclosure of the monetary funds and other valuables of their clients, with the exception of cases envisaged by the law.

The confiscation of monetary funds and other valuables may take place on the basis of a court sentence that came into force.

## **Chapter 4. Interbank Relations and Customer Service**

**Article 33.** Interbank relations

Credit institutions may on a contractual basis attract and mutually allocate funds in the form of deposits, credits, carry out settlement operations through the settlement centres and correspondent accounts, in accordance with the established procedure, which are to be opened with permission from the Bank of Abkhazia, and may carry out other mutual operations

envisaged by the licenses issued by the Bank of Abkhazia.

A credit institution informs the Bank of Abkhazia monthly about newly opened correspondent accounts on the territory of the Republic of Abkhazia and abroad.

Correspondent relations between a credit institution and the Bank of Abkhazia take place on a contractual basis and in the manner established by the Bank of Abkhazia.

The deduction of funds from the accounts of a credit institution takes place by its order or with its consent, with the exception of cases envisaged by the legislation of the Republic of Abkhazia.

If there is a shortage of funds to credit the clients and perform its obligations, a credit institution may apply to the Bank of Abkhazia to receive loans on the terms established by the Bank of Abkhazia.

**Article 34.** Interest rates on loans, deposits and commission on the operations of a credit institution

Interest rates on loans, deposits and commission on the operations are established by a credit institution on the basis of an agreement with clients, unless otherwise envisaged by the legislation of the Republic of Abkhazia.

A credit institution has no right to unilaterally change the interest rates on loans, deposits, the commission and the validity period of these agreements with clients, with the exception of cases envisaged by the legislation of the Republic of Abkhazia or the agreements with the client.

According to the agreement on bank deposits which are made by a citizen on the terms of their issue after the termination of a certain period or upon the emergence of circumstances envisaged by the agreement, the bank shall not unilaterally shorten the validity period of this agreement, decrease the interest rate, increase or establish the commission on the operations, with the exception of cases envisaged by the legislation of the Republic of Abkhazia.

**Article 35.** Relations between the Bank of Abkhazia, credit institutions and their clients

Relations between the Bank of Abkhazia, credit institutions and their clients are based on agreements, unless otherwise envisaged by the legislation of the Republic of Abkhazia.

An agreement should contain the interest rates on loans and deposits, the price of banking services and their deadlines, including the deadlines for the processing of payment documents, property liability of the parties for the violation of the agreement, including the liability for the violation of the obligation on the deadline for the making of payments, and also the procedure for its dissolution and other significant conditions of the agreement.

Clients have the right to open the necessary number of settlement, deposit and other accounts in any currency in the banks and with their consent, unless otherwise established by the legislation of the Republic of Abkhazia.

The procedure for the opening, keeping and closing by the bank of the clients' accounts in the official and foreign currencies is established by the Bank of Abkhazia in accordance with the legislation of the Republic of Abkhazia.

The participants of a credit institution have no advantages in the matter of receiving a loan or other banking services, unless otherwise provided by law.

A credit institution shall, in accordance with the procedure established by the Bank of Abkhazia, submit all the existing information to the Bank of Abkhazia which is necessary for the creation of credit histories of all borrowers who gave their consent to its submission.

**Article 36.** The performance of settlement operations by a credit institution

A credit institution performs settlement operations following the rules, forms and standards established by the Bank of Abkhazia; in the absence of rules for the performance of some settlement operations – upon mutual agreement; while performing international settlement operations – in the manner established by the legislation of the Republic of Abkhazia and the rules that are accepted in the international banking practice.

A credit institution, the Bank of Abkhazia shall transfer the funds of a client and credit them to his or her account not later than the following operation day, and for interbank

settlements – not later than two operation days after receiving the corresponding payment document, unless otherwise established by the legislation of the Republic of Abkhazia, the agreement or the payment document.

In case of an untimely or mistaken crediting or debiting of monetary funds to the client's account, a credit institution, the Bank of Abkhazia pay the interest on the sum of these funds at the refinancing rate of the Bank of Abkhazia.

**Article 36 (1).** The responsibility of credit institutions when making a payment transfer (introduced by the Law of the Republic of Abkhazia from 18.11.2015 N 3908-c-V)

For the non-compliance with the terms established by part 2 of Article 36 of this Law, a credit institution bears responsibility related to the execution of a payment order, in accordance with this Law, the standards of civil law and the conditions of the agreements concluded between them.

A credit institution that accepted the payer's payment order, in case of non-compliance with the terms established by part 2 of Article 36 of this Law, shall pay to the payer a fee in the amount of 0.1 percent of the sum of the overdue payment for every day of the delay, but no more than 10 percent of the sum of the transfer, unless another fee amount is established by an agreement between them.

The provisions of this Article are used in relations to the violations related to the non-compliance with the terms of the execution of a payment order, in case the interest rate on the sum of these funds is not claimed by the clients in court.

**Article 37.** Antimonopoly rules

Credit institutions are not permitted to conclude agreements and perform coordinated actions that aim to monopolise the banking services market and to limit competition in banking.

The acquisition of shares (stakes) of credit institutions and also the conclusion of agreements that provide for the performance of control functions of the activity of credit institutions (groups of credit institutions) shall not contradict the antimonopoly rules.

The compliance with the antimonopoly rules in the field of banking services is controlled by an appropriate authorised public administration body for the antimonopoly policy together with the Bank of Abkhazia.

**Article 38.** Provisions for the repayment of loans

Loans given by a bank should be secured by a pledge of immovable and movable property, including government and other securities, banking guarantees and the guarantees of solvent legal entities and individuals, whose solvency is confirmed by the appropriate documents and other means envisaged by the legislation of the Republic of Abkhazia or an agreement.

If the borrower violates the contractual obligations, a bank has the right to claim the issued loans and the interest accrued on them before the appointed time, if this is envisaged by an agreement, and also to claim the pledged property in accordance with the procedures established by the legislation of the Republic of Abkhazia.

**Article 39.** The recognition of the borrowers as insolvent (bankrupt) and the repayment of debt

A credit institution shall undertake all measures envisaged by the legislation of the Republic of Abkhazia to collect debts.

A credit institution has the right to apply to the Arbitration Court for the commencement of proceedings in relation to the borrowers who do not fulfill their obligations to repay debts in accordance with the procedures established by the legislation of the Republic of Abkhazia.

## **Chapter 5. Branches, Representative Offices and Subsidiaries of a Credit Institution on the Territory of a Foreign State**

**Article 40.** Branches, representative offices and subsidiaries of a credit institution on the territory of a foreign state

A credit institution that has a general license and its own funds in the amount established by the Bank of Abkhazia may with permission from the Bank of Abkhazia open branches and representative offices on the territory of a foreign state.

A credit institution may, with permission from and in accordance with the requirements of the Bank of Abkhazia, have subsidiaries on the territory of a foreign state.

The Bank of Abkhazia, not later than within a month since the receipt of the corresponding application, notifies the applicant in writing about its decision – consent or refusal. The refusal should be motivated. If the Bank of Abkhazia fails to communicate its decision in due time, the corresponding permission of the Bank of Abkhazia is considered granted.

## **Chapter 6. Personal Savings**

**Article 41.** The bank deposits of individuals

A **bank deposit** – monetary funds in the official currency of the Republic of Abkhazia or in the foreign currency which are deposited by the individuals for the purposes of storage or receiving a profit. The income on a deposit is paid in monetary terms as interest. The deposit is returned to the depositor at his or her request in accordance with the procedure envisaged for this type of deposit by a corresponding agreement.

The deposits are accepted only by the banks that have such right in accordance with the license issued by the Bank of Abkhazia. The banks ensure the safety of deposits and a timely performance of their obligations to the depositors. The attraction of funds as deposits is concluded by an agreement in writing in two copies, one of which is issued to the depositor.

The right to attract the monetary funds of individuals as deposits may be granted to the banks whose state registration took place at least one year ago. With the merger of banks, the indicated period is calculated based on the bank that has the earlier date of state registration. If a bank is transformed, the indicated period is not interrupted.

In the Republic of Abkhazia, the insurance of the individuals' deposits takes place in the manner, in the amount and on the terms established by the Law of the Republic of Abkhazia "On the insurance of the individuals' deposits in the banks of the Republic of Abkhazia".

**Article 42.** The depositors of the bank

The depositors of the bank may be the citizens of the Republic of Abkhazia, foreign citizens and stateless persons.

The depositors are free in the choice of the bank to deposit the monetary funds belonging to them and may have deposits in one or several banks.

The depositors may manage the deposits, receive income on them, make cash-free payments in accordance with an agreement.

**Article 43.** The compulsory insurance fund of the individuals' deposits in banks

To guarantee the return of the citizens' funds attracted by the banks and the compensation for the loss of income on the deposited funds, a compulsory insurance fund of the individuals' deposits in banks is established.

The members of the compulsory insurance fund of the individuals' deposits in banks are the Bank of Abkhazia and the banks that attract the citizens' funds.

The procedure for the establishment, organisation and use of the funds of the compulsory insurance fund of the individuals' deposits in banks is established by the by the Law of the Republic of Abkhazia "On the insurance of the individuals' deposits in the banks of the Republic of Abkhazia".



#### **Article 44.** Voluntary deposit insurance funds

The banks have the right to create voluntary deposit insurance funds to ensure the return of the deposits and the payment of income on them. Voluntary deposit insurance funds are established as non-commercial organisations. Voluntary deposit insurance funds notify the Bank of Abkhazia about their establishment within a week after their registration.

The number of banks – founders of a voluntary deposit insurance fund should be at least three with the total authorised capital of at least quadruple minimum authorised capital established by the Bank of Abkhazia for the banks as of the date of the fund's establishment.

The procedure for the establishment, management and activity of the voluntary deposit insurance funds is established by their charters and the legislation of the Republic of Abkhazia.

### **Chapter 7. Accounting in Credit Institutions, Supervision and Control over their Activity**

#### **Article 45.** The rules of accounting in a credit institution

The rules of accounting in a credit institution, financial and statistical reporting, the writing of annual reports by the credit institution are established by the Bank of Abkhazia by taking into account the international banking practice.

#### **Article 46.** Supervision and control over the activity of a credit institution

Supervision and control over the activity of a credit institution is carried out by the Bank of Abkhazia in accordance with the legislation of the Republic of Abkhazia.

#### **Article 47.** The auditing of a credit institution, bank groups and bank holdings

The reporting of a credit institution is subject to annual auditing by an organisation which has a license to carry out such checks in accordance with the legislation of the Republic of Abkhazia. The reporting of bank groups and bank holdings is subject to annual auditing by an organisation which has a license to carry out the audits of credit institutions in accordance with the legislation of the Republic of Abkhazia and which has been carrying out audits of credit institutions for at least two years.

The auditing of a credit institution, bank groups and bank holdings is carried out in accordance with the legislation of the Republic of Abkhazia.

An auditing organisation shall prepare a report on the results of the audit containing the information about the reliability of the financial reporting of a credit institution, its compliance with mandatory standards established by the Bank of Abkhazia, the quality of management of the credit institution, the state of internal control and other provisions established by the legislation of the Republic of Abkhazia and the credit institution's charter.

The audit report is to be sent to the Bank of Abkhazia within three months since the day of submission to the Bank of Abkhazia of the annual reports of a credit institution, bank groups and bank holdings.

#### **Article 48.** The reporting of a credit institution, the reporting of bank groups and the reporting of bank holdings

A credit institution submits to the Bank of Abkhazia an annual report (including the balance sheet and a report on profits and losses) after its confirmation by a reliable auditing organisation. If a credit institution has significant (direct or indirect) influence on the activity of legal entities (with the exception of credit institutions), it prepares and submits the indicated report on a consolidated basis following the procedure established by the Bank of Abkhazia.

A credit institution publishes in the open press the annual report (including the balance sheet and a report on profits and losses) in the form and by the deadline established by the Bank of Abkhazia, after an auditing organisation confirms its reliability.

The head credit institution of a bank group, head organisation of a bank holding (bank

holding management company) prepare and submit to the Bank of Abkhazia, in order to supervise the activity of credit institutions on a consolidated basis in the manner established by the Bank of Abkhazia, a consolidated report on the activity of the bank holding, each one of which includes a consolidated accounting report, a consolidated report on profits and losses, and also risk calculation on a consolidated basis.

For the purposes of writing, presenting and publishing a consolidated report on the activity of a bank group, the indicated consolidated report should include the reports of other legal entities whose activity and decisions made by the governing body of the indicated legal entities may be significantly (directly or indirectly) influenced by credit institutions that are part of a bank group.

For the purposes of writing, presenting and publishing a consolidated report on the activity of a bank holding, the indicated consolidated report should include the reports of other legal entities whose decisions made by the governing body of the indicated legal entities may be significantly (directly or indirectly) influenced by the head organisation of a bank holding (bank holding management company) and (or) credit institutions that are part of the bank holding.

Legal entities that are significantly (directly or indirectly) influenced by the head credit institution of a bank group, head organisation of a bank holding (bank holding management company), for the purposes of the writing of a consolidated report should submit to them a report on their activity.

The head credit institution of a bank group, head organisation of a bank holding (bank holding management company) have no right to disclose the information received from other legal entities that are part of this bank group (this bank holding), the information about their activity, with the exception of cases envisaged by this Law, or cases that arise because of the task of publishing the consolidated report.

## **Chapter 8. Final Provisions**

### **Article 49. Final provisions**

1. This Law enters into force on March 15, 2011.
2. Article 43, part 4 of Article 41 enter into force on the day of entry into force of the Law of the Republic of Abkhazia "On the insurance of the individuals' deposits in the banks of the Republic of Abkhazia".
3. From the day of entry into force of this Law, the Law of the Republic of Abkhazia "On banks and banking activity" from January 4, 1999, № 477- c-XII, is to be declared null and void.
4. The President of the Republic of Abkhazia, the Cabinet of Ministers of the Republic of Abkhazia and the National Bank of the Republic of Abkhazia are to bring their normative acts into line with this Law.

Adopted by the People's Assembly –  
Parliament of the Republic of Abkhazia  
on February 22, 2011

PRESIDENT  
OF THE REPUBLIC OF ABKHAZIA

S. BAGAPSH

Sukhum  
March 10, 2011  
№ 2859-c-IV