

**THE REPUBLIC OF ARMENIA**  
**LAW**  
**PAWNSHOPS AND PAWNBROKERAGE\***

**CHAPTER 1. GENERAL**

**Article 1. Scope of governance**

This law shall govern the relations arising out of pawnbrokerage; and determine the terms and conditions for lending by pawnshops and the public oversight of pawnbrokerage.

**Article 2. Basic definitions**

This law uses the basic definitions as follows:

***pawnbrokerage*** – provision of short term loans secured by the pledge of chattel of personal use by natural persons, and entrepreneurial activity of bailment

***pawnshop*** – an organization that has received a license to engage in pawnbrokerage (hereinafter license)

***pawnshop premises*** – the main building for pawnbrokerage where cash, items of pledge (property under bailment), and lending documentation are kept, customers are serviced, and which performs other functions pertinent to pawnbrokerage

***authorized body*** – a unit authorized by the Government of Armenia to license and oversee pawnbrokerage

***applicant*** – a legal person or sole proprietor who has applied to the authorized body to: i) receive license for pawnbrokerage, ii) reformulate the activity license, iii) change the place of business or engage in the same business in another place as well, iv) receive a duplicate to the activity license, and v) suspend or terminate the effect of the activity license

***large items*** – vehicles and articles of household which cannot be kept in the fireproof safes in the room isolated with walls and cover of reinforced concrete in the pawnshop

***small items*** – jewelry and precious gems and other articles of household which can be kept in the fireproof safes in the room isolated with walls and cover of reinforced concrete in the pawnshop

***guard and anti-fire alarm system*** – a technical device or complex equipment set to watch peoples' access to the pawnshop at any time or certain hours of the day, and to monitor fire or any hazard of fire

***lending documentation*** – loan contract, pledge ticket (pledge contract), nominal receipt and personal card for registry of charges by the borrower (bailor), and other such documents established hereunder

***pledge ticket*** – a document that registers the pledge specified in the pledge contract

***nominal receipt*** – a document that registers the property, as specified in the pledge contract, under bailment

***amount of loan*** – money funds transferred onto the account of or actually paid to the borrower (by check, card, or other payment instruments so accepted in banking) by pawnshop in accordance with the loan contract

***commencement of loan*** – the day subsequent to transfer of the whole amount of loan onto the account of or actual payment to the borrower

***repayment of loan*** – the day when the whole amount of loan and all interests are repaid to pawnshop in accordance with the loan contract

***term of loan*** – a period between the commencement and full repayment of loan, including the starting and closing days. Except as provided for in Article 8(2) hereunder, the above-mentioned period will consider all days whether these are business or non-business days.

***interest payment*** – an amount subject to payment to pawnshop as recompense to the loan, in accordance with the loan contract; that amount shall be equal to: a) one hundredth of the amount of loan, b) the term of loan (part thereof) expressed by days, and c) the product of the daily interest on loan.

**Article 3. Pawnbrokers**

Legal persons and sole proprietors incorporated in the Republic of Armenia (hereinafter organization) can engage in pawnbrokerage in Armenia, based on the activity license issued by the authorized body.

**Article 4. Usage of the word 'Pawnshop'**

1. The word 'pawnshop', its derivatives or translations can only be used by the organization, which has been duly licensed as pawnshop, in its brand name or signboards.

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\* RoAL – 43-S, adopted on 03/12/2003, entered into force on 09/01/2004. Changes and amendments to the Republic of Armenia Law on Pawnshops and Pawnbrokerage under the Armenian laws (21/01/2005/5(337), 28/12/2005/81(453), and 28/06/2006/33(488)) included.

2. Pawnshop cannot use words in its brand name which are misleading and which may give rise to inadequate suggestions of its financial performance or legal status.

## **CHAPTER 2. TERMS FOR PAWNBROKERAGE**

### ***Article 5. Relations between pawnshop and borrower***

1. The relations between pawnshop and borrower shall be governed under the Republic of Armenia legislation and contractual stipulations.

2. Loan contracts shall be signed pursuant to the general terms and conditions for lending as approved by pawnshop and agreed with the authorized body.

3. Applicant shall deliver the general terms and conditions for lending to the authorized body for consent along with an application to receive the activity license.

4. Pawnshop shall agree the changes and addenda (hereinafter change) to the general terms and conditions for lending to the authorized body before these are applied, by presenting such change in two copies to the authorized body.

The authorized body shall make a decision within 15 days to approve or decline the proposed change to the general terms and conditions for lending. A copy of the decision shall be delivered (via mail) to pawnshop within 3 days.

Where the authorized body has decided to accept the change to the general terms and conditions for lending with certain stipulation pawnshop shall, within 10 days after making such decision, deliver rectified documents to the authorized body. The authorized body shall then deliver one copy of the agreed change to the general terms and conditions for lending to pawnshop within 5 days. Where pawnshop fails to deliver rectified documents to the authorized body within 10 days after such a decision, the authorized body's decision on approving the change to the general terms and conditions for lending with certain stipulation shall be deemed annulled.

5. The authorized body shall not give approval to the change as provided for in Article 5(4) hereinabove, if these:

- a) are in conflict with the Republic of Armenia laws and other regulations; and
- b) may cause damage to borrowers.

6. Pawnshop shall keep a ledger of loan contracts. The ledger shall be numbered, filed into pages, and sealed with the pawnshop's seal. Once a regular loan contract is signed and a relevant card is established, the ledger shall register:

- a) the number and day/month/year of the regular record;
- b) the borrower's passport details;
- c) the number/s of loan contract and relevant pledge ticket/s
- d) the amount and term of loan;
- e) information on the repayment of loan; and
- f) other relevant information.

7. The template ledger of loan contracts is subject to approval by the authorized body.

### ***Article 6. Requirements to pawnshops***

Own funds, funds borrowed from other parties, loans and borrowings received from banks and other organizations shall comprise the source of loanable funds for pawnshop.

The pawnshop shall:

- a) engage in pawnbrokerage only in the territory (address) as established in the activity license. Engagement in pawnbrokerage in territory other than specified in the license shall be treated as if carrying out unlicensed activity;
- b) keep property of small items pledged or bailed in the fireproof safes in the room isolated with walls and cover of reinforced concrete in the pawnshop or in a bank functioning in Armenia, under an agreement signed with that bank;
- c) keep property of large items pledged or bailed in the premises it owns under the right of property, leasehold, or usage, which shall meet the requirements specified in Article 6(e) herewith;
- d) buy insurance for the chattel accepted as pledge or for the property under bailment, against natural disasters, fires, plunder, theft, and brigand assault, from an insurance company functioning in Armenia;
- e) make sure the premises of pawnshop is protected by guard and anti-fire alarm systems;
- f) organize a guard service within working hours to protect its premises, with guard officers carrying distinctive uniform; where appropriate, the law may entitle them to carry weapon;
- g) pay a state duty, as established under the Republic of Armenia Law on State Duty, for each year ahead, before commencement of that date, after having been duly licensed;
- h) notify the authorized body of loans and funds borrowed from banks and other organizations, borrowings from other parties, as mentioned in part one herewith, and of insurance contracts and changes and addenda thereto, as mentioned in part two (d) herewith, within 15 days after having signed the relevant contracts or made changes and addenda thereto, in writing, attaching the copy of such contract or changes/addenda thereto; and
- i) notify the authorized body of changes in the charter in writing, within 15 days after such changes have taken legal effect, attaching the copy of such change.

### ***Article 7. Operations by pawnshops***

1. The pawnshop shall be entitled to:
  - a) extend loans backed by the pledge of chattel of personal use, against payment of interest;
  - b) attract loans or borrowing from banks and other organizations, and attract borrowing from other parties;
  - c) issue securities (save for shares) with limited circulation rate and place them among banks or other organizations, the secondary placement of which can be done only among banks or other organizations;
  - d) issue and float shares as established under the law, where the pawnshop is a joint-stock company;
  - e) market against liability the property priced at AMD 100 000 and more which has been handed as pledge or bailment, in accordance with the Republic of Armenia Law on Public Auction;
  - f) market against liability the property priced under AMD 100 000 which has been handed as pledge or bailment, in accordance with the procedure of public auction, as approved by pawnshop and agreed with the authorized body, and as established in Article 7(e) herewith; and
  - g) accept the pledge as established under the law from pledger or bailor only. A written announcement in the pledge ticket or nominal receipt may serve to pawnshop as assurance for the party being as bailor or pledger.
2. The pawnshop shall not be entitled to:
  - a) float bonds or other securities, and attract funds, other than provided for in Article 7(1) hereinabove, to raise loanable funds;
  - b) extend commodity credits;
  - c) extend loans by installment without a new contract signed for each such installment;
  - d) file a claim for disposal of the amount received by the borrower as loan;
  - e) introduce re-scheduling in the loan contract after the specification of the period of maturity (the parties may agree under a new contract that the loan or part thereof formerly outstanding may be treated an indivisible part of the new amount of the loan, while the contract which has been signed before that to be considered void); and
  - f) carry out activity/operations other than pawnbrokerage.

### ***Article 8. Terms and conditions for lending***

1. Pawnshop shall extend loans for a certain period of time, in Armenian dram only, payable on a cash or non-cash basis, by check, card or other payment instruments so accepted in banking.
2. Where, on the day of full repayment, the borrower cannot repay the loan because of pawnshop being closed on the announced business days/hours, the full repayment of the loan shall occur on the next business day. In the event this stipulation applied herewith is effective, the change of the day of repayment shall not entail an accrual of interest.
3. The parties may agree to different interests on loan for individual segments of the loan period, under the same loan contract.

### ***Article 9. Lending documentation***

1. Pawnshop shall draw up a pledge ticket/nominal receipt when extending a loan/accepting a bailment and shall prepare a personal payment registration card for pledger/bailor, as provided for in Articles 10, 11 and 12 hereunder.
2. Pawnshop shall keep lending documents for at least three years after termination of any given loan contract.
3. Lending documents shall be kept at the premises of pawnshop, in a metal bookshelf or a separate room with limited unauthorized access, or in a bank functioning in Armenia.
4. Pawnshop shall guarantee the secrecy of lending documents.
5. Pawnshop shall make personal lending documents or information contained therein available only to:
  - a) the authorized body as and when required for its exercise of oversight;
  - b) court, unit of investigation, inspector, public prosecutor, as provided for in the Republic of Armenia Criminal Procedure Code;
  - c) parties authorized by borrower; and
  - d) notary office to deal with the issues on inheritance. The units and parties, as mentioned herewith, shall duly adhere to the rules of confidentiality of information made available to them.

### ***Article 10. Draw-up of pledge tickets***

1. Pawnshop shall draw up a pledge ticket in two copies, when accepting pledge for bailment. Each pledge ticket has its serial number. It is subject to be sealed with the pawnshop's seal.
2. The form of pledge ticket shall be defined by the authorized body.
3. The pledging of property shall be formulated in one pledge ticket, if:
  - a) the property under pledge is not possible to disintegrate without change in qualitative parameters of that property; and
  - b) the property under pledge provides security for fulfillment of one loan contract only.
4. The pledge ticket shall contain:
  - a) full name of pawnshop and the pledger's passport details;

- b) the number of the loan contract;
- c) day/month/year of acceptance of the property under pledge, and the value of pledged property agreed between pawnshop and pledger (hereinafter property value); and
- d) description of the property under pledge. Where the property under pledge is possible to disintegrate with no material prejudice to physical parameters of that property yet it is handed to without being disintegrated, the pledge ticket shall contain individual and comprehensive description of each such part disintegrated.

5. The pledge ticket shall be deemed drawn up if it contains all mentions and references provided for in Article 10(4) herewith and if each copy of the pledge ticket bears signature by the pawnbroker and pledger and the pawnshop's seal.

A copy of the pledge ticket shall be kept with the pawnshop and the other copy shall be handed to the pledger.

Once drawn up, all changes and addenda to the pledge ticket shall be made to the copies available with the pawnshop and pledger. As such, each change in the pledge ticket shall be validated under signature by the pawnbroker and pledger.

6. When giving the property back to the pledger, the copies of pledge tickets kept with the pawnshop and pledger (except as provided for in Article 10(7) hereunder) shall unconditionally contain, and validate under the pledger's signature, below information, as follows:

- a) day/month/year of actual giveback of property; and
- b) description of property being given back.

7. Where pawnshop markets the property in full in order to accomplish the liabilities prescribed to the pledger as provided for in the Republic of Armenia legislation, the pledge ticket shall be deemed terminated for the meaning of this article irrespective of the pledger's assurances in writing (signature), while the pledge ticket shall be kept as established herewith, along with the documents that validate the procedure of marketing of the property pledged against liabilities.

#### ***Article 11. Draw-up of nominal receipts***

1. A nominal receipt (hereinafter receipt) shall be drawn up in two copies, as soon as the property is accepted for bailment. Each receipt shall have a serial number and be sealed by pawnshop.

2. The form of receipt shall be defined by the authorized body.

3. The bailment of property shall be formulated in a receipt if that property is not possible to disintegrate without prejudice to its physical parameters.

4. The receipt shall contain:

- a) full name of pawnshop and the bailor's passport details;
- b) day/month/year of bailment of property, and the value of bailed property agreed between pawnshop and bailor (hereinafter bailment value);
- c) description of bailed property. Where the property under bailment is possible to disintegrate without prejudice to physical parameters of that property yet it is handed to without being disintegrated, the receipt shall contain individual and comprehensive description of each such part disintegrated; and
- d) the number of contract for bailment.

5. The receipt shall be deemed drawn up if it contains all mentions and references provided for in Article 11(4) herewith and if each copy of the receipt bears signature by the pawnbroker and bailor and the pawnshop's seal.

A copy of the receipt shall be kept with the pawnshop and the other copy shall be handed to the bailor.

Once drawn up, all changes and addenda to the receipt shall be made to the copies available with the pawnshop and bailor. As such, each change in the receipt, including change in the value of the property bailed, shall be validated under signature by the pawnbroker and bailor.

6. When giving the property back to the bailor, the copies of receipts kept with the pawnshop and bailor (except as provided for in Article 11(7) hereunder) shall unconditionally contain, and validate under the bailor's signature, below information, as follows:

- a) day/month/year of actual giveback of the property under bailment;
- b) description of the property under bailment; and
- c) the giveback of the bailed property.

7. Where pawnshop markets the bailed property in full in order to accomplish the liabilities prescribed to the bailor as provided for in the Republic of Armenia legislation, the receipt shall be deemed terminated for the meaning of this article irrespective of the bailor's assurances in writing (signature), while the receipt shall be kept as established herewith, along with the documents that validate the procedure of marketing of the property under bailment against liabilities.

#### ***Article 12. Draw-up of personal payment registration card***

1. The personal payment registration cards for borrowers/bailors (hereinafter cards) shall be established soon after drawing up of a relevant pledge ticket/receipt. Pawnshop shall establish a new card to register payments under each loan (bailment) contract. Each card shall contain a code and be sealed by pawnshop.

2. The cards shall be closed down only after termination of the loan (bailment) contract.
3. The form of the cards shall be defined by the authorized body.
4. A card shall contain:
  - a) day/month/year of establishment;
  - b) the number of the relevant loan contract or nominal receipt (provided that interest payment for bailment is registered);
  - c) full name of pawnshop, and the borrower's/bailor's passport details, day/month/year of regular payment and the extent of the amount paid; as such, each payment shall be validated by signature by the borrower/bailor and pawnbroker;
  - d) day/month/year on which proceeds generated from duly marketed property under pledge/bailment have been credited onto the cash desk of pawnshop, as well as the extent of the amount registered; and
  - e) the words 'Card closed' when it is being closed, as well as day/month/year of closing; for the meaning of this article, the card is deemed closed soon after the relevant loan contract (receipt) has terminated.

### **CHAPTER 3. LICENSING AND OVERSIGHT OF PAWNBROKERAGE**

#### ***Article 13. Licensing***

1. The authorized body shall be responsible to license pawnbrokerage, in accordance with the Republic of Armenia laws and other regulations.
2. An application to get license is declined, if
  - a) the application and support documents attached do not comply with requirements herewith and requirements of other regulations, or if it contains false or misstated information;
  - b) there arises the case as provided for in Article 20(3) hereunder;
  - c) an applicant has overdue liabilities on tax and other mandatory dues as established under the law;
  - d) the general terms and conditions for lending, as established in Article 5(3) hereinabove, run into conflict with the Republic of Armenia laws, or if such terms and conditions contain stipulation that may cause damage to borrowers; and
  - e) there arise other cases, as provided for under the law.
3. The authorized body's decision to decline application to get license shall, along with the rationale for making such decision, be delivered to the applicant within 3 days.
4. In case of lack of grounds as specified in Article 13(2) hereinabove, the authorized body shall decide to honor the application to get license, and shall notify the applicant of such decision within 3 days.
5. In case of immaterial weaknesses, i.e. errors, non-legal inaccuracies, such other omissions in the application (and/or support documents) to get license, the authorized body shall decide to honor the application with certain stipulation that the applicant would remedy the weakness within a one-month period. The authorized body shall notify the applicant of its decision to honor the application with stipulation within 3 days.
6. Once decided to honor the application, the authorized body shall issue license to the applicant within a one-month period upon the first annual payment of state duty and presentment of a relevant receipt by the applicant, in accordance with the Republic of Armenia Law on State Duty.
7. In the event the notification on remedy of weaknesses, as provided for in Article 13(5) hereinabove, or the first annual payment receipt are delivered to the authorized body later than the date specified, the authorized body shall, before issuing the license, demand an announcement from the applicant that the support documents attached to the application to get license in the former period have not lost their legal effect in terms of their compliance with the requirements herewith and the requirements of other respective regulations.
8. In the event the announcement, as provided for in Article 13(7) hereinabove, is not presented or the applicant announces that any of support documents has lost its legal effect in terms of its compliance with the requirements herewith and the requirements of other respective regulations, the authorized body's decision on issue of license shall be deemed void unless, meanwhile, the applicant delivers documents which would have met the stipulation in Article 13(4) hereinabove.
9. The form of license shall be defined by the Government of Armenia.
10. License shall be issued for an unlimited period of time.
11. License cannot be put in pledge or disposed. Where a legal person is set apart, the license shall be kept with the party who has received that, while the parties set apart may apply for a new license, as appropriate.
12. The authorized body shall keep a ledger for licenses issued.

#### ***Article 14. Oversight***

1. The authorized body shall be responsible to oversee pawnbrokerage through on-site inspections and off-site supervision. The authorized body shall resort to sanction, as provided for in Article 16 hereunder, based on the results of oversight's findings of infringement of this law.

2. On-site inspections of pawnbrokerage shall be carried out as established under the law.
3. Off-site supervision shall be carried out through review and analysis of reports/statements submitted to the authorized body by pawnshops in accordance with Article 15 hereunder.
4. The authorized body may demand other reports/statements from the organizers of pawnshops in the framework of combat against laundering of illicit proceeds.

#### ***Article 15. Reporting by pawnbrokers***

1. Pawnbrokers shall report to the authorized body:
  - a) a monthly statement on the closing daily balance of the total volume of loanable funds, loans allocated, the value of appraised items of pledge and property under bailment, and funds attracted, until the 25th of the month following the month under review;
  - b) a quarterly statement on loans and other assets allocated, equity and assets attracted, and items of pledge, until the last day of the month following the quarter under review; and
  - c) independently audited annual financial accounts reportable to the relevant state authorities in compliance with accounting legislation, until the 30th of April of the year subsequent to the year under review.
2. The forms of monthly and quarterly statements reportable by pawnbrokers in compliance with Article 15(1) 'a' and 'b' hereinabove shall be defined by the authorized body.
3. The statements as specified in Article 15(1) 'c' hereinabove shall be published in the press circulating at least 1000 issue copies.
4. The statements mentioned in Article 15(a) hereinabove shall be submitted to the authorized body with an accompanying note.
5. A statement shall be deemed reported to the authorized body after the authorized body's unit in charge of document handling has received the document as mentioned in Article 15(3) hereinabove, or after a post office has received the same, if delivered to the authorized body via courier mail.

### **CHAPTER 4. SANCTION TO INFRINGEMENT**

#### ***Article 16. Sanction to infringement***

1. In case of infringement of this law the authorized body shall exercise sanction to pawnshops, as follows:
  - a) warning and assignment to remedy infringement;
  - b) penalty;
  - c) suspension of license; and
  - d) termination of license.

#### ***Article 17. Warning and assignment to remedy infringement***

1. The authorized body shall record an infringement through on-site inspections or off-site supervision, and shall issue a warning to the pawnshop.
2. The warning shall involve also an assignment to remedy the committed violation or take action to prevent committing such a violation in future; the fulfillment of the assignment is mandatory.
3. The warning shall be applied, if the pawnshop has:
  - a) failed to meet any of the requirements laid down in Article 4(2), Article 5(6), and Article 9(3) hereinabove;
  - b) violated any of the requirements laid down in Article 6(2) 'b', 'c', 'e', 'f' and 'h', and Article 7(1) 'g' hereinabove; and
  - c) failed to report in a due timeframe the statements as provided for in Article 15(1) 'a', 'b' and 'c' hereinabove.

#### ***Article 18. Penalty***

1. The penalty shall be applied and charged as decided by the authorized body. Where pawnshop does not agree to the decision to apply penalty, the authorized body shall resort to court, filing a claim to charge a penalty.
2. The penalty shall be applied, if the pawnshop has:
  - a) violated the stipulation, laid down in Article 5(1) hereinabove, to the extent of AMD 200 000;
  - b) violated the stipulation, laid down in Article 7(1) 'e' hereinabove, to the extent of 50 percent of selling price of the pledge but not less than AMD 100 000;
  - c) violated the stipulation, laid down in Article 7(1) 'f' hereinabove, to the extent of AMD 50 000;
  - d) violated the stipulation, laid down in Article 7(2) 'c' hereinabove to the extent of AMD 50 000;
  - e) violated the stipulation, laid down in Article 7(2) 'e' hereinabove, to the extent of AMD 50 000;
  - f) violated the stipulation, laid down in Article 8(1) hereinabove, to the extent of AMD 200 000;
  - g) violated the stipulation, laid down in Article 8(2) hereinabove, to the extent of AMD 50 000;

- h) violated the stipulation, laid down in Article 9(1) hereinabove, to the extent of AMD 200 000;
  - i) violated the stipulation, laid down in Article 9(2) hereinabove, to the extent of AMD 100 000;
  - j) violated the stipulation, laid down in Article 9(4) hereinabove, to the extent of AMD 50 000;
  - k) violated the stipulations, laid down in Articles 10, 11 or 12 hereinabove, to the extent of AMD 25 000 for each case;
  - l) submitted immaterial weaknesses (errors, non-legal inaccuracies, numerical errors and such other omissions), to the extent of AMD 30 000;
  - m) failed to fulfill the assignment to remedy infringement as provided for in Article 17 hereinabove, to the extent of AMD 100 000; and
  - n) recommitted the same violation within 2 years after the sanction has been applied as provided for in Article 17 hereinabove, to the extent of AMD 100 000.
3. Where pawnshop persistently commits the same violation or commits new violation within 2 years after the sanction has been applied as provided for in Article 18(2) herewith, the extent of penalty shall be added by AMD 500000.
4. For a delayed presentment of or submission of inaccurate data in information (statements), the authorized body may resort to court, filing a claim to penalize management of pawnshop, to the extent of AMD 100 000.

### ***Article 19. Suspension of license***

1. License shall be suspended as established under the Republic of Armenia Law on Licensing. The authorized body shall suspend the effect of license, if the pawnshop has:
- a) violated the requirement laid down in Article 5(2) and (4) hereinabove;
  - b) violated the requirement laid down in Article 6(1) hereinabove;
  - c) overdue liabilities on tax and other mandatory dues as established under the law;
  - d) violated the requirement laid down in Article 6(2) 'a', 'd', 'g' or 'i' hereinabove;
  - e) violated the requirement laid down in Article 7(2) 'a', 'b' and 'd' hereinabove;
  - f) violated the requirement laid down in Article 7(2) 'f' hereinabove; and
  - g) done other infringement as specified by the law.
2. For the cases specified in Article 19(1) 'a', 'b' and 'e' herewith, license shall be suspended for not more than a 2-month period. For the cases specified in Article 19(1) 'c', 'd' and 'f' herewith, license shall be suspended unless the infringement is remedied. For the case specified in Article 19(1) 'g' herewith, license shall be suspended for the period as determined under the law.
3. Engagement in pawnbrokerage (extending new loans) by pawnshop while in the period of suspension of license shall be treated as if carrying out unlicensed activity.
4. The authorized unit shall deal with the issue of suspension of license within 15 days upon being notified by pawnshop of remedy of infringement having given rise to such suspension, and within 15 days after the end of the period of suspension, in case of failure to notify in the period of suspension.
5. Where the authorized body deals with the issue of suspension of license after the end of the period, as specified in Article 19(2) herewith, the effect of license shall, nonetheless, remain suspended unless the authorized body deals with that issue, but not later than the period specified in Article 19(4) herewith. Where the authorized body fails to deal with the issue of suspension of license within the period, as specified in Article 19(4) herewith, the suspension shall be deemed cancelled and the effect of license recovered.

### ***Article 20. Termination of license***

1. The authorized body shall terminate the effect of license, if:
- a) pawnshop has reported misstated information in statements mentioned in Article 15(1) hereinabove;
  - b) pawnshop has distorted the required information or reported inadequate or inaccurate data (if adequate and full presentment of such data would have entailed a waiver to license) in applying for license or, following thereafter, prior to receiving license;
  - c) pawnshop has thrice committed violation within 2 years after having been penalized in accordance with Article 18 hereinabove;
  - d) pawnshop has, within 2 years after having been penalized in accordance with Article 19 hereinabove, committed violation which gives rise to suspension of license one more time;
  - e) that is requested by the organizer of pawnshop; and
  - f) there arise other cases as provided for by the law.
2. The effect of license shall be terminated as established under the Republic of Armenia Law on Licensing.
3. Except as provided for in article 20(1) 'e' herewith, within one year after having been terminated, the license shall not be re-issued to:
- a) an organization whose license has been terminated;
  - b) an organization holding more than one-third participation in the equity of that organization at the time of disclosure of grounds for termination of license; and

- c) an organization holding more than one-third participation in the equity of the organization whose license had been terminated at the time of disclosure of grounds for termination of license of any natural or legal person holding more than one-third participation in the equity of that organization.

## **CHAPTER 5. FINAL**

### ***Article 21. Final provisions***

1. Prior to entry of this law into force, the licenses duly issued shall, without prejudice to the provisions herewith, remain in effect until the end of validity thereof.
2. Prior to entry of this law into force, the contracts duly signed with insurance companies not complying with stipulations laid down in Article 6(2) 'd' hereinabove shall be subject to adjustment to the same stipulations within a 3-month period upon entry of this law into force.
3. The organizers of pawnshop shall present the general terms and conditions for lending, as established in Article 5(2) hereinabove, to the authorized body for approval, within a 3-month period upon entry of this law into force.
4. This law shall enter into force on the 10th day following official publication.
5. Upon entry of this law into force, to repeal the Republic of Armenia Law on Pawnshops and Pawnbrokerage, No. 133, 05/12/2000.
6. The provisions laid down in Article 48(3) and (4) of the Republic of Armenia Law on Licensing shall not extend over to this law.

***Robert Kocharyan***  
***President,***  
***Republic of Armenia***  
***25 December, 2003***