



## Legal updates

### Deloitte Legal—representing tomorrow

#### **Decree on ensuring the activity of “Azerbaijan Republic Credit Guarantee Fund” Open Joint Stock Company**

On 29 November 2017, the President of the Republic of Azerbaijan signed the Decree “On Ensuring the activity of “Azerbaijan Republic Credit Guarantee Fund” Open Joint Stock Company (“Fund”)”. By virtue of the Decree, the following legislative acts have been approved:

- The Charter of the Fund;
- The Structure of the Fund;
- The Rules “On guarantying the loans received by entrepreneurs in Manats”;
- The Rules “On implementation of credit rating system and other risk management tools by the Fund”;
- The Rules “On Subsidizing interest rates on loans received by entrepreneurs in Manats”.

#### ***The Charter of the Fund (“Charter”)***

According to the Charter, the Fund has been established as a legal entity pursuing the aim to increase the access of entrepreneurs to financial resources and stimulate entrepreneurial activity, as well as to form a lending system based on risk sharing in the financial sector.



### ***The Rules "On Guarantying the loans received by entrepreneurs in Manats" ("Rules")***

Pursuant to the Rules, guarantees shall be granted on obligations of entrepreneurs operating in the non-oil sector and applying to their authorized banks for receiving loans to finance their entrepreneurial activity in the territory of the Republic of Azerbaijan.

The Rules define the conditions under which the guarantees shall be issued as well as the cases when issuing of guarantees is prohibited.

Entities with state share exceeding 50%, entrepreneurs engaged in gambling activities, credit institutions, insurance companies, investment funds and other participants of the financial market are excluded from the scope of entrepreneurs eligible to apply for guarantees.

It is the requirement of the Rules that borrowers shall use guaranteed funds only in accordance with their purpose and in a cashless manner.

### ***The Rules "On Subsidizing interest rates on loans received by entrepreneurs in Manats" ("Rules")***

According to the Rules, interest rate subsidies shall be granted by the Fund on loans received by entrepreneurs from the authorized banks and guaranteed by the Fund. Under the Rules and for their purposes, interest rate subsidies have been defined as gratuitous financial contribution by the government to entrepreneurs covering the part of the interest rates paid by entrepreneurs under the loans received from their authorized banks and guaranteed by the Fund.

The Rules further define the criteria, the limits and the conditions for issuing such interest rate subsidies.

Interest rate subsidies would be issued only with respect to loans received by entrepreneurs in Manats from 1 January to 31 December 2018.



Get in touch



[deloitte.az](http://deloitte.az)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 244,000 professionals make an impact that matters, please connect with us on [Facebook](#), [LinkedIn](#), or [Twitter](#).

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2017 For information, contact Deloitte Touche Tohmatsu Limited.

To no longer receive emails about this topic please send a return email to the sender with the word "Unsubscribe" in the subject line.