

Validation of Requirement 2.5 – Armenia:

Draft assessment by the EITI International Secretariat

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1. Summary

The Secretariat’s preliminary assessment is that Armenia has made “satisfactory progress” in meeting the initial criteria for implementing Requirement 2.5 on beneficial ownership, subject to the gaps in information on legal owners being considered as immaterial in light of the overall progress made in addressing the requirement.

Armenia has established a legal framework for beneficial ownership (BO) disclosures and is developing an online register that will significantly improve the usability of beneficial ownership data. Beneficial ownership data has been requested from all extractive companies, and first disclosures have been published online in PDF format. The MSG has participated actively in the development of the framework for BO transparency and has reviewed the disclosures made to date. Armenia is drawing on international best practice to ensure the accuracy and accessibility of beneficial ownership information.

However, legal barriers have prevented the government from disclosing the legal owners of closed joint-stock companies (CJCSs). The companies did not provide this information upon request from Armenia EITI. At the same time, information on CJCSs’ beneficial owners is publicly available. According to the 2018 EITI Report, 10 out of 26 companies holding mining permits in Armenia are CJCSs.

2. Background

Following Armenia’s first Validation, the EITI Board concluded on 9 July 2020 that Armenia had made “satisfactory progress” in implementing the 2016 EITI Standard (see [Board decision](#)).

In June 2019, the EITI Board agreed a framework for assessing Requirement 2.5 on beneficial ownership.¹ To ensure that progress on Requirement 2.5 would be assessed in all countries within a reasonable timeframe, the Board agreed that any country that had achieved overall “satisfactory progress” in Validation that commenced or was concluded in 2019 would undergo a beneficial

¹ Board decision 2019-48/BM-43: <https://eiti.org/board-decision/2019-48>.

ownership Validation on 1 January 2021. The Board upheld this decision when agreeing on the transition to a new Validation model.²

This assessment follows the Board-agreed framework for phase 1 of assessing beneficial ownership disclosures. The Board agreed that between January 2020 and December 2021, the Validation would focus on whether the implementing country had met a set of initial criteria and provide recommendations for strengthening beneficial ownership disclosures.

This assessment covers Requirement 2.5 only. Progress and possible backsliding on other EITI Requirements have not been considered.

The draft assessment in English was sent to the multi-stakeholder group for comments on 18 February 2021. After receiving comments from the MSG, the assessment will be finalised for review by the EITI Board.

3. Assessment of Requirement 2.5 on beneficial ownership

Adherence to Requirement 2.5 on beneficial ownership is assessed in Validation as of 1 January 2020 as per the framework agreed by the Board in June 2019.³ The assessment consists of a technical assessment focusing on initial criteria and an assessment of effectiveness.

Technical assessment

The technical assessment is included in Annex A.

Armenia committed to beneficial ownership disclosures under the frameworks of EITI and OGP as well as signed a Memorandum of Understanding (MoU) with Open Ownership. In order to achieve beneficial ownership transparency, Armenia, with support from the EBRD, started by conducting a legal analysis and developing a beneficial ownership roadmap that has been further transformed into a Government Protocol Decree.

Based on the beneficial ownership legal review and roadmap, Armenia has agreed the definition of a “beneficial owner” that is in line with the 2019 EITI Standard. In order to facilitate beneficial ownership reforms, an inter-agency BO working group has been created and a number of amendments have been made to relevant legislation in 2018-2020. This allowed to also include concepts of politically exposed persons, affiliated legal entities and individuals, affiliated persons and intermediated legal entities in addition to the definition of a “beneficial owner”.

Starting from 2020, all companies applying for or holding mining rights are required and were requested to submit beneficial ownership information to the State Register of Legal Entities under the Ministry of Justice. In 2020, this information was submitted in paper form, and an overview of submissions is well-documented in the 2018 EITI Report and quarterly progress reports. Starting from 2021, it is expected that beneficial ownership declarations will be submitted through an online register hosted by the Ministry of Justice. The online register has been tested since December 2020 and is expected to be used for the second round of disclosures.

The declaration form provides such information as nationality, full name, date of birth, serial number and date of issue of the ID document, registered address, place of residence, contact details, PEP information, etc. In addition, the declaration form includes a data field that allows for the provision of

² Board decision 2020-83/BM-48: <https://eiti.org/board-decision/2020-83>.

³ <https://eiti.org/document/assessing-implementation-of-eitis-beneficial-ownership-requirement>.

a name of the stock exchange and a link to the stock exchange filings for publicly listed companies. Most of the information, except for such personal data as details of the ID document, registration and residential addresses information, and contact data, is publicly available.

According to the MSG self-assessment form, it appears that some mistakes have been made during the first round of disclosures, and warnings have been sent from the Ministry of the Territorial Administration (MTAI) to respective companies. It is expected that most of these issues will be eliminated through online declaration form which allows for downloading or comparing part of information with other databases. Sanctions for non-submission or submission of false or not complete information on beneficial owners are detailed in the 2018 EITI Report.

The report also notes the importance of the issue of sale and purchase of shares of the legal entities holding mining rights and recent changes to the legislation, according to which any changes should be reflected in the register. At the same time, it is noted that there are limited state control mechanisms over such process.

Legal ownership information can be accessed from the State Register of Legal Entities under the Ministry of Justice by paying a small fee. Stakeholders consulted noted that the register provides legal ownership information for limited liability companies (LLCs). However, it does not include data on legal owners of closed joint-stock companies (CJSCs). This issue has been discussed by the MSG, and CJSCs were requested to disclose their legal owners voluntarily for the 2016-2017 EITI Report. However, no companies made the requested disclosures. The issue would require further legal reforms in order to be fully addressed.

Assessment of effectiveness

Armenia has expressed a strong commitment to beneficial ownership transparency since joining the EITI. The beneficial ownership reforms also appear to be in line with the country's anti-corruption agenda⁴.

In addition, Armenia has also committed to the establishment of an open and public beneficial ownership register under its 2018-2020 OGP action plan⁵ and is a member of the OGP beneficial ownership leadership group⁶. To facilitate the implementation of this reform, a beneficial ownership inter-agency group was formed in March 2018⁷.

As an outcome of efficient cooperation between government, company and civil society representatives, the package of draft amendments related to ensuring beneficial ownership disclosures was adopted by the National Assembly (Parliament) in April 2019. Since then, Armenia EITI, together with the Ministry of Justice, the Ministry of Territorial Administration and Infrastructure as well as other relevant stakeholders, have been actively working on collecting beneficial ownership information and development of a beneficial ownership register. The collection of beneficial ownership data has also been integrated into the process of applying for mining rights. The government's ambition is to expand the beneficial ownership reforms to other sectors based on the pilot conducted for the mining sector⁸. The first round of disclosures was conducted in early 2020. The data is currently disclosed in PDF format, while the online register is being developed. The government is

⁴ Armenia's anti-corruption action plan for 2019-2022, pp.2021. Available at https://www.moj.am/storage/files/pages/pg_7105326429692_Anti-Corruption_Action_Plan_03.10.2019_ENG.pdf.

⁵ 2018-2020 Armenia OGP action plan. Available at http://ogp.am/u_files/file/OGP_2018_2020_eng.pdf.

⁶ OGP beneficial ownership leadership group <https://www.openownership.org/what-we-do/the-beneficial-ownership-leadership-group/>

⁷ List of inter-agency beneficial ownership working group is available at <https://www.eiti.am/en/msg-working-groups>.

⁸ Ministry of Justice (2019), "The legal regulations aimed at revealing the real owners were discussed". Available at <https://www.moj.am/article/2240>.

developing the accessibility, accuracy and usability of the online register in collaboration with Open Ownership. It is drawing on best practices from countries with operational BO registers. The launch of the register is expected to significantly improve opportunities for analysing beneficial ownership.

The 2018 EITI Report as well as annual and quarterly progress reports provide an overview of disclosures and comment on the main weaknesses of the legal framework and actual reporting. For example, the third quarterly progress report for 2020 documents missing information in the submitted declarations as of October 2020. The 2018 EITI Report notes the need for further strengthening of verification procedures, with a stronger focus on reliability and correctness of data provided. The MSG's self-assessment form notes that the shortcomings in reporting were primarily related to technical mistakes and that the online reporting form should address some of these mistakes by automating the process. Stakeholders consulted also noted that the package of legal amendments was developed in late 2020⁹ and public discussions of the proposed changes are planned to be held in early 2021.

Since December 2020, a test version of the beneficial ownership online declaration submission platform has been presented and discussed with relevant stakeholders¹⁰. According to the legislation, the next round of disclosures is expected to be finalised by February 2021. The MSG's self-assessment form notes that the online platform for submitting BO declarations will have some automated data verification functions. For example, *“the data of citizens of Armenia will be automatically checked with the data of the Passport Database of citizens, the data of companies registered in the State Register of Legal Entities will be automatically generated in the relevant fields of BO online declarations, BO online declaration fields will have input data restrictions (digital, text fields)”*, etc. This should significantly reduce the scope for entering incorrect data.

Furthermore, there is ample evidence of public debate on beneficial ownership information, with a list of relevant articles provided in Annex 2. The national secretariat as well as government, company and civil society representatives are also actively cooperating with experts in the field such as Open Ownership in order to ensure continuous progress on beneficial ownership transparency.

Secretariat's assessment

Armenia has agreed a definition of a “beneficial owner” that is in line with the 2019 EITI Standard. All metal mining companies, including those applying for mining permits, were requested to submit beneficial ownership information starting from 2020. The first round of disclosures was conducted in 2020, and beneficial ownership information was submitted in paper format to the state register under the Ministry of Justice. The information has been subsequently published online and is publicly accessible. Starting from 2021, an online beneficial ownership portal is expected to be established for all further disclosures. Armenia EITI and other relevant stakeholders comprehensively analysed the beneficial ownership data disclosed in 2020 and proposed additional amendments to the relevant legislation. An overview of the main gaps in disclosure is available in the EITI Reports, as well as in annual and quarterly progress reports.

While legal ownership information is available only for companies incorporated as limited liability companies, inter-agency discussions are ongoing to ensure disclosure of legal ownership information for closed joint-stock companies. It should be noted that less than half (10/26) of companies holding mining licenses are incorporated as closed joint-stock companies and beneficial ownership information is available for all of these companies. While the lack of publicly-accessible information on

⁹ Draft amendments to beneficial ownership legislation per November 2020. Available at <https://www.e-draft.am/projects/2818>.

¹⁰ Armenia EITI (2020), “EITI Armenia is testing the BO online declaration platform”. Available at <https://www.eiti.am/en/news/2020/12/04/eiti-armenia-is-testing-the-bo-online-declaration-platform/101/>.

legal owners of closed joint-stock companies is a gap compared to the requirements of phase 1 of the beneficial ownership Validation framework, the International Secretariat considers that the broader objective of establishing a framework to enable the public to know who ultimately owns and controls the companies operating in the country's extractive industries has been fulfilled given that information on beneficial owners of all metal mining companies has been requested. Acknowledging the government's plans to resolve gaps in the availability of legal ownership information for all extractive companies, on balance the Secretariat's preliminary assessment is that Armenia has made "satisfactory progress" in meeting the initial criteria for implementing Requirement 2.5.

To strengthen implementation ahead of the second phase of Validation of Requirement 2.5 from January 2022 onwards, Armenia is required to disclose the legal and beneficial owners of all companies holding or applying for extractive licenses, including the legal owners of closed joint-stock companies. Armenia is encouraged to strengthen the ongoing work on verification procedures and data quality, including through automation of the process and additional consultations with mining companies.

Annex A: Technical assessment

| EITI Requirement: Beneficial ownership disclosure (#2.5) | | | |
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| EITI sub-Requirement | Summary of main findings | Source(s) of information | Summary of stakeholder views (if applicable) |
| <p>The MSG has agreed an appropriate, publicly available definition of the term beneficial owner (#2.5.f)</p> | <p>In 2018-2020¹¹, a number of amendments have been made to relevant laws, including the Mining Code, Law “On State Registration of Legal Entities, Separate Divisions of Legal Entities, State Registration of Companies and Individual Entrepreneurs” (hereinafter – Law “On State Registration of Legal Entities”) and Law “On the “Public Service”, in order to define the term “beneficial owner” and ensure comprehensive sectoral regulatory framework for disclosure of beneficial owners.</p> <p>A beneficial owner is defined as a natural person that:</p> <p>a. controls or holds the total of at least 10% participation in the share capital of a legal person, including the stakes, shares, stocks or the right to vote, or at least 10%</p> | <p>Armenia EITI website (2019), “Hereafter disclosure of beneficial owners of metal mining companies is a mandatory legislative requirement”. Available at https://www.eiti.am/en/news/2019/04/23/disclosure-of-beneficial-owners-of-metal-mining-companies-will-be-made-on-mandatory-demand-defined/60/</p> <p>Law “On Making Amendments to the Law of the Republic of Armenia “On State Registration of Legal Entities, Separate Divisions of Legal Entities, State Registration of Companies and Individual Entrepreneurs””. Available at https://www.eiti.am/file_manager/EITI%20Documents/Beneficial%20</p> | <p>Stakeholders consulted during the first Validation of Armenia confirmed that the definition of a “beneficial owner” has been widely discussed at the MSG and BO inter-agency meetings.</p> |

¹¹ Armenia has two main definitions of “beneficial owner” within its legislation: one provided in the Law “On Combating Money Laundering and Terrorism Financing” and one provided in the Law “On State Registration of Legal Entities”. For the purpose of this assessment, the focus will be on the definition provided in the Law “On State Registration of Legal Entities”.

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| | <p>participation in the share capital of the participating or shareholding legal persons of the given legal person, jointly with an individual or affiliated person;</p> <p>b. controls a legal person by virtue of having participation in share capital, by way of preferred stocks or voting stocks (shares, stake, hereinafter referred to as “stock”) granting the right to more than one vote or other securities;</p> <p>c. receives at least 15% of the annual proceeds of a legal person;</p> <p>d. is entitled to appoint or dismiss persons included in the management bodies of a legal person;</p> <p>e. has the possibility of influencing the management of the legal person although not being included in the management bodies of a legal person, controlling management or the activity of the legal person or is entitled to otherwise predetermine the decisions of the legal person, including under a trust management contract, joint venture agreement, an option contract, stocks/shares lending agreement and other means.</p> <p>There is ample evidence that the MSG was actively involved in the process of reviewing relevant legislation and adopting the term</p> | <p>Ownership/StateRegister_eng_non_official.pdf</p> <p>Armenia EITI (2017), “Legal Review on Beneficial Ownership in Armenia”. Available at: https://www.eiti.am/file_manager/EITI%20Documents/Beneficial%20Ownership/EN_Legal%20Report%20EITI%20Armenia%20Final%20Report%20EXE.pdf</p> <p>Armenia EITI (2018), “Beneficial Ownership Disclosure Roadmap of Armenia”. Available at https://www.eiti.am/file_manager/EITI%20Documents/Beneficial%20Ownership/BO%20Roadmap_EN.pdf</p> <p>Armenia EITI (2017), MSG meeting minutes from 6 December 2017. Available at https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_meeting_minutes_06_12_2017_eng.pdf</p> <p>Armenia EITI (2018). MSG meeting minutes from 31 July 2018. Available at: https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG</p> | |
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| | <p>“beneficial owner”. For example, in 2017-2018, with support from the European Bank for Reconstruction and Development (EBRD), Armenia EITI commissioned a legal review on beneficial ownership in Armenia and developed a beneficial ownership roadmap. The roadmap includes a suggested definition of a “beneficial owner” as well as a timetable of activities aimed at ensuring beneficial ownership disclosures in the mining sector. The roadmap was later transformed into a Government Protocol Decree. The definition of a “beneficial owner” has been comprehensively discussed by the MSG representatives at the MSG and BO inter-agency working group meetings.</p> | <p>meeting_minutes_31_07_2018_en_g.pdf</p> | |
| <p><i>There are laws, regulations or policies in place to back establishing and maintaining a public register of beneficial owners (#2.5.a)</i></p> | <p><i>The Law “On State Registration of Legal Entities” requires all companies to provide information regarding their beneficial owners to the State Unified Register of Legal Persons. The state register is consequently responsible for public disclosure of beneficial ownership information, except for personal information. Establishment of an open and public beneficial ownership register was one of the commitments under the OGP action plan for 2018-2020. This commitment has been consistently expressed and supported by government representatives¹².</i></p> | <p><i>Armenia self-assessment form. Shared with the International Secretariat.</i></p> <p><i>Law “On Making Amendments to the Law of the Republic of Armenia “On State Registration of Legal Entities, Separate Divisions of Legal Entities, State Registration of Companies and Individual Entrepreneurs””. Available at https://www.eiti.am/file_manager/EITI%20Documents/Beneficial%20</i></p> | |

¹² See, for example, <https://transparency.am/en/press/view/83>, <https://armla.am/en/3640.html>.

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| | <p>The first round of disclosures under the updated legislation was conducted in 2020. Considering that development of software for a register was still ongoing in 2020, all declaration forms were filled in and submitted to the Ministry of Justice of Armenia in paper format. The register has been recently established and is being tested. It is expected that the register will be used for beneficial ownership disclosures starting from the 2021 fiscal year.</p> | <p>Ownership/StateRegister_eng_non_official.pdf</p> <p>OGP Armenia action plan for 2018-2020. Available at https://www.opengovpartnership.org/documents/armenia-action-plan-2018-2020/</p> <p>Armenia EITI (2020). “EITI Armenia is testing the BO online declaration platform”. Available at https://www.eiti.am/en/news/2020/12/04/eiti-armenia-is-testing-the-bo-online-declaration-platform/101/</p> <p>Armenia’s BO register. Available at https://bor.vxsoft.com/am/auth</p> | |
| <p>The government’s policy and multi-stakeholder group’s discussion on disclosure of beneficial ownership is documented (#2.5.b)</p> | <p>The government’s policy and the MSG’s discussions and decisions on beneficial ownership disclosures are well documented in publicly accessible sources. For example, the 2016-2017 and 2018 EITI Reports document the government’s policy and describe anticipated legislative reforms. The reports also provide an overview of activities conducted by the BO inter-agency working group. Moreover, progress in meeting the Requirement on beneficial ownership is well-</p> | <p>Armenia EITI (2019), “2016-2017 Armenia EITI Report”. Available at https://www.eiti.am/en/annual-reports/2018</p> <p>Armenia EITI (2020), “2018 Armenia EITI Report”. Available at https://www.eiti.am/en/annual-reports/2020</p> <p>Armenia EITI website, annual and quarterly progress reports.</p> | |

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| | <p>documented in the annual and quarterly progress reports as well as in the MSG meeting minutes.</p> <p>In addition to making commitments under the EITI and OGP frameworks, Armenia signed a Memorandum of Understanding with OpenOwnership in October 2019.</p> <p>The commitment of the Government of Armenia to beneficial ownership transparency is also highlighted in the MSG self-assessment form. It is also noted that beneficial ownership disclosures are planned to be expanded from the mining sector to all sectors in the country. Moreover, it appears that the beneficial ownership activities are in line with the anti-corruption strategy adopted by the Government of Armenia in October 2019.</p> | <p>Available at https://www.eiti.am/en/Quarterly-annual-reports</p> <p>Armenia EITI website, MSG meeting minutes. Available at https://www.eiti.am/en/agenda-protocols-other-related-documents</p> <p>OpenOwnership (2019), “Armenia signs MoU with OpenOwnership”. Available at https://www.openownership.org/news/armenia-signs-mou-with-openownership/</p> <p>Armenia self-assessment form. Shared with the International Secretariat.</p> <p>Council of Europe (2019), “New Anticorruption Strategy and establishment of Corruption Prevention Commission in Armenia”. Available at https://www.coe.int/en/web/corruption/-/new-anticorruption-strategy-and-establishment-of-corruption-prevention-commission-in-armenia</p> | |
| <p>The implementing country has requested beneficial</p> | <p>According to the MSG self-assessment form, all companies that obtained rights for geological exploration or metal mining</p> | <p>Armenia self-assessment form. Shared with the International Secretariat.</p> | <p>.</p> |

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| <p>ownership information to be publicly disclosed (#2.5.c)</p> | <p>extraction as well as companies that apply for new permits are required to disclose information about their beneficial owners.</p> <p>In 2020, all companies that were obliged to provide information on beneficial owners submitted declarations in paper format, which are publicly on the website of the State Register of the Legal Entities of the Ministry of Justice of Armenia.</p> <p>According to the MSG self-assessment form, due to martial law declared in September 2020, the website of the State Register of Legal Entities went offline till the end of December 2020 in order to protect personal data. However, during that period the latest BO declarations of the metal mining companies as of 3 December 2010 have been available on the national EITI website.</p> | <p>State Register of the Legal Entities of the Ministry of Justice of Armenia. Available at http://www.e-register.am/. Also available on the national EITI website at https://www.eiti.am/hy/%D4%BB%D5%8D-%D5%B0%D5%A1%D5%B5%D5%BF%D5%A1%D6%80%D5%A1%D6%80%D5%A1%D5%A3%D5%A5%D6%80/?tab=88</p> | |
| <p>The requested information includes the identity(ies) of their beneficial owner(s), including nationality, country of residence, and identification of politically exposed persons, the level of ownership and details about how ownership or control is exerted (#2.5.c-d)</p> | <p>Yes, the requested information includes the identity(ies) of respective beneficial owner(s), including nationality, country of residence, and identification of politically exposed persons as well as affiliated persons, the level of ownership and details about how ownership or control is exerted.</p> <p>All information is publicly available, except for such personal data as details of the ID document, registration and residential addresses information and contacts.</p> | <p>Armenia self-assessment form. Shared with the International Secretariat.</p> <p>Armenia EITI website. Beneficial ownership declaration form, unofficial translation into English. Available at https://www.eiti.am/file_manager/EITI%20Documents/Beneficial%20Ownership/BO_declaration_Armenia_eng_non_official.pdf</p> | |

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| <p>Any corporate entity(ies) that apply for, or hold a participating interest in an exploration or production oil, gas or mining license or contract have disclosed the information</p> | <p>The 2018 EITI Report and Armenia EITI website provide an overview of companies that submitted information about their beneficial owners in 2020. The 3rd quarterly progress report presents information on the warnings issued by the Ministry of Territorial Administration and Infrastructure to 11 companies due to submitting incomplete information (as per October 2020).</p> | <p>Armenia EITI (2020), “2018 Armenia EITI Report”. Available at https://www.eiti.am/en/annual-reports/2020</p> <p>Armenia EITI website, declarations of beneficial owners. Available at https://www.eiti.am/hy/%D4%BB%D5%8D-%D5%B0%D5%A1%D5%B5%D5%BF%D5%A1%D6%80%D5%A1%D6%80%D5%A1%D5%A3%D5%A5%D6%80/?tab=88</p> <p>Armenia EITI website, annual and quarterly progress reports. Available at https://www.eiti.am/en/Quarterly-annual-reports</p> | <p>During stakeholder consultations, it was confirmed that all companies that apply for or hold a mining permit were requested to disclose beneficial ownership information.</p> <p>It was also highlighted that beneficial ownership declaration form is included in the package of documents that companies submit when applying for a mining permit. It appears that some companies did not provide information on beneficial owners when applying for a mining permit even though they were requested to do so. At the same time, non-submission of information about beneficial owners can form a basis for rejection of a mining permit.</p> |
| <p>The MSG had assessed and documented gaps or weaknesses in disclosure of beneficial ownership information (#2.5.c)</p> | <p>According to the MSG self-assessment form, the MSG reviewed the information on beneficial ownership and identified gaps and weaknesses in disclosures. The form notes that the shortcomings were primarily related to the inexperience of submitting the declarations as well as technical mistakes</p> | <p>Armenia self-assessment form. Shared with the International Secretariat.</p> <p>Armenia EITI website, annual and quarterly progress reports. Available at</p> | |

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| | <p>related to filling in the paper form instead of open format e-version.</p> <p>The following examples of actions taken are provided in the self-assessment form:</p> <ul style="list-style-type: none"> Based on the review of submitted declarations by the State Register of the Legal Entities of the Ministry of Justice, the Ministry of the Territorial Administration and Infrastructure (MTAI) and the EITI national secretariat, MTAI sent warnings to the companies, which implied that the company should submit a complete declaration within 90 days after receiving the warning letter, otherwise the company’s mining permit would be suspended. Information on issued warnings and subsequently amended declarations are available in the 3rd quarterly progress report for 2020. The CSO MSG constituency developed a document on standing discrepancies in BO declaration submission process, as well as general principles and approaches, which was presented to the stakeholders. | <p>https://www.eiti.am/en/Quarterly-annual-reports</p> <p>Transparency International Anticorruption Center (2020), “Recommendations on solutions of certain issues identified during the process of disclosure of beneficial owners of mining companies”. Available at https://transparency.am/files/publications/1592292171-0-852077.pdf?v=4</p> <p>Unified website for publishing draft legal acts. Draft amendments to the beneficial ownership legislation. Available at https://www.e-draft.am/projects/2818</p> <p>TI Armenia, “Recommendations on solutions of certain issues identified during the process of disclosure of beneficial owners of mining companies”. Available at https://transparency.am/files/publications/1592292171-0-852077.pdf?v=4%D6%89&fbclid=IwAR1b-V4-gAHejbCpsx0GsboyosMPTKB4czL98qfsb2SwqKl176yztb7Go.</p> <p>OpenOwnership (2020), “Beneficial Ownership Transparency in</p> | |
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| | <ul style="list-style-type: none"> Based on the abovementioned reviews and other recommendations, as well as the commitment of Armenia to extend the scope of beneficial ownership disclosures in the country, the Ministry of Justice has prepared a package of legislative amendments which is currently in the phase of public hearings/debates. <p>The 3rd quarterly report for 2020 documents that 11 companies obliged to submit beneficial ownership information received warnings. The report also describes deficiencies in the declaration forms and supporting documentation for each of the 11 companies.</p> <p>Moreover, the civil society constituency of the MSG had developed a document on gaps in beneficial ownership submissions and the process overall. In addition, in the framework of OGP and OpenOwnership, Armenia’s progress in beneficial ownership disclosures is continuously reviewed.</p> | <p>Armenia”. Available at https://www.openownership.org/uploads/armenia-scoping-report.pdf</p> <p>OGP website. Armenia - Beneficial Ownership Register (AM0037). Available at https://www.opengovpartnership.org/members/armenia/commitments/AM0037/</p> | |
| <p>The relevant government entity or the MSG has established an approach for participating companies to assure the accuracy of the</p> | <p>According to the MSG self-assessment form, the beneficial ownership declaration is submitted by the senior management of the company or a person authorized by him/her. This person signs the first page of the</p> | <p>Armenia self-assessment form. Shared with the International Secretariat.</p> <p>Armenia EITI website, annual and quarterly progress reports.</p> | |

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| <p>beneficial ownership information (#2.5.e)</p> | <p>declaration, assuring that the submitted information is correct and complete.</p> <p>According to the current legislation, if the company has not submitted beneficial ownership information, or the submitted declaration is incomplete or contains false information, the MTAI, applies a warning (90 days), subsequently suspension of the mining permit (120 days), then termination of the permit. The 3rd quarterly report for 2020 documents all mistakes in the submitted forms as of October 2020.</p> <p>The accuracy of filling in the declarations is checked by the State Register of the Legal Entities of the Ministry of Justice, and in case of inconsistencies, this information is presented to the MTAI. All stakeholders, including individuals, can inform the authorized body in case of reasonable suspicion of false information.</p> <p>In the MSG self-assessment form, it is also noted that the online declaration submission platform will have some automated data verification functions. For example, the data of citizens of Armenia will be automatically checked with the data of the passport database of citizens, the data of companies registered in the State Register of Legal Entities will be automatically generated in the</p> | <p>Available at https://www.eiti.am/en/Quarterly-annual-reports</p> | |
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| | relevant fields of the beneficial ownership online declaration form, etc. | | |
| For publicly listed companies, including wholly-owned subsidiaries, the name of the stock exchange has been disclosed and a link included to the stock exchange filings where they are listed (#2.5.f) | According to the declaration form, there is a data field that allows for disclosure of the name of the stock exchange and a link to the stock exchange filings. This information is publicly available. | Armenia EITI website. Beneficial ownership declaration form, unofficial translation into English. Available at https://www.eiti.am/file_manager/EITI%20Documents/Beneficial%20Ownership/BO_declaration_Armenia_eng_non_official.pdf | During stakeholder consultations, it was confirmed that the name of the stock exchange and a link to stock exchange filings were requested. An example of a declaration where the company included this information is Chaarat Kapan CJSC which provided a link to the following stock exchange documents: http://www.londonstockexchange.com/exchange/prices-and-markets/stocks/summary/company-summary/VGG203461055GBGBXAMSM.html |
| Information about legal owners and share of ownership of applicable companies is publicly available (#2.5.g) | <p>The 2016-2017 EITI Report describes the availability of legal ownership information. The scope of available information appears to have remained unchanged.</p> <p>The 2016-2017 EITI Report notes that legal ownership information for limited liability mining companies can be accessed through the State Register Agency of Legal Entities of the Ministry of Justice for a small fee. At the time, information on legal owners of closed-joint stock companies is not publicly available since the registry of shareholders was managed by specialized registrars. The 2016-2017 EITI Report provides a list of legal</p> | <p>Armenia self-assessment form. Shared with the International Secretariat.</p> <p>Armenia EITI (2019), “2016-2017 Armenia EITI Report”. Available at https://www.eiti.am/en/annual-reports/2018</p> <p>Armenia EITI (2020), “2018 Armenia EITI Report”. Available at https://www.eiti.am/en/annual-reports/2020</p> <p>State Register of the Legal Entities of the Ministry of Justice of</p> | During stakeholder consultations, it was confirmed that information on legal owners of limited liability mining companies can be accessed from the State Register Agency of Legal Entities of the Ministry of Justice through a paid inquiry. It was also noted that the MSG had discussed the issue of disclosing legal owners for closed-joint stock companies. However, considering that this issue is not unique to the mining sector, inter-agency discussion on the next steps is still ongoing. The MSG considers this provision as met. |

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| | <p>owners of limited liability mining companies. The report also notes that requests to provide legal ownership information were sent to all relevant closed-joint stock companies. Only two companies replied, but none of the companies provided the requested information.</p> <p>According to the 2018 EITI Report, 10 out of 26 companies holding mining permits in Armenia are CJCSs.</p> | <p>Armenia. Available at http://www.e-register.am/. Also available on the national EITI website at https://www.eiti.am/hy/%D4%BB%D5%8D-%D5%B0%D5%A1%D5%B5%D5%BF%D5%A1%D6%80%D5%A1%D6%80%D5%A1%D5%A3%D5%A5%D6%80/?tab=88</p> | |
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Annex 2: Articles about beneficial ownership disclosures in Armenia¹³

EcoLur

In 2020, several articles on beneficial ownership disclosures were published on the website of NGO “EcoLur” which is represented on the MSG.

- <https://www.ecolur.org/hy/news/mining/38-20-/12081/>
- <https://www.ecolur.org/hy/news/mining/12233/>
- <https://www.ecolur.org/hy/news/mining/12367/>
- <https://www.ecolur.org/hy/news/mining/12380/>
- <https://www.ecolur.org/hy/news/mining/12391/>
- <https://www.ecolur.org/hy/news/mining/12402/>
- <https://www.ecolur.org/hy/news/mining/12407/>
- <https://www.ecolur.org/hy/news/mining/12410/>
- <https://www.ecolur.org/hy/news/officials/12413/>
- <https://www.ecolur.org/hy/news/officials/12416/>
- <https://www.ecolur.org/hy/news/officials/12420/>
- <https://www.ecolur.org/hy/news/officials/12422/>
- <https://www.ecolur.org/hy/news/officials/12426/>
- <https://www.ecolur.org/hy/news/mining/12430/>
- <https://www.ecolur.org/hy/news/mining/12432/>
- <https://www.ecolur.org/hy/news/mining/12436/>
- <https://www.ecolur.org/hy/news/mining/12445/>
- <https://www.ecolur.org/hy/news/mining/12480/>
- <https://www.ecolur.org/hy/news/mining/12570/>

¹³ Information provided by the Armenia EITI national secretariat

Hetq Analytical

- “Owners of metal mines. Russian businessmen make a profit from the lion's share of Armenian copper and molybdenum” <https://hetq.am/hy/article/117849>
- “Zangezur Copper and Molybdenum Combine clarifies” <https://hetq.am/hy/article/118189>
- “It is planned to make public the information about the Beneficial owners of metal mines by the end of March” <https://hetq.am/hy/article/114216>
- “Disclosed and Undisclosed Owners of Gold Mines in Armenia” <https://hetq.am/hy/article/116955>

Civilnet

- “New changes in shareholders in Zangezur copper-molybdenum: Cronimet is not in the list of owners” <https://bit.ly/38gw00e>

Mediamax

- “Electronic Platform on Beneficial Ownership Disclosure: 5 questions and answers” <https://mediamax.am/am/news/digitization/41415/>