Cross-Border Listings Guide - Baku Stock Exchange

Overview of exchange

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# Overview of exchange

[Last updated: 1 January 2024, unless otherwise noted]

The Baku Stock Exchange (BSE) is the only stock exchange in Azerbaijan. It began its operations on 15 February 2000, with the support of the Central Bank of the Republic of Azerbaijan (the CBA). The first trading operation at the stock exchange was carried out on 1 September 2000. The BSE is organized in the form of a closed joint stock company with 20 shareholders.

In total, two companies have listed at the BSE so far, both of them being domestic.

The CBA is the state regulatory authority for the stock exchange and the securities market in Azerbaijan. It has relatively large powers and can issue rules to regulate the securities market, including those related to participation of foreign companies in the Azerbaijani securities market.

For the purposes of this document, it is noteworthy to mention that the listing of foreign companies in Azerbaijan is not regulated under the Rules On Listing, Delisting and Admission to Trade of Securities approved by the BSE on 28 October 2021 (the Rules), which are the primary listing rules in Azerbaijan. The BSE officials communicate that if foreign issuers follow the rules and regulations now in force at the securities market in respect of the circulation of foreign securities, then the listing of foreign companies can be considered for review by the BSE, but this cannot be guaranteed due to the lack of applicable laws on listing of foreign securities.

According to the Regulations on Circulation of Securities of Foreign Issuers in the Republic of Azerbaijan approved by the CBA on 6 September 2000 (the Regulations), foreign issuers can apply for circulation of their securities in the Republic of Azerbaijan only upon obtaining a Certificate on Turnover of Securities of Foreign Issuers in the Republic of Azerbaijan issued by the CBA. To obtain such, the foreign issuer must submit an application to the CBA along with the required documents, and the CBA will review and respond to such application within 30 business days. All documents provided by a foreign company must be certified in the country of the company's establishment and translated into Azerbaijani.

According to paragraph 3.1 of the Regulations, the CBA has the right to restrict or prohibit the circulation of foreign securities in the Republic of Azerbaijan for the purposes of regulation of the securities market. In the event that a positive response in respect of the application is issued by the CBA, the foreign securities can be placed and traded in Azerbaijan as per the agreement with the local investment company.

However, it should be noted that Azerbaijani regulations and rules currently in force in relation to the circulation of foreign securities are outdated and not quite clear in terms of their practical implementation, and no foreign company has proceeded with such issuance to date.

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