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The following Business Brief edition contains some of the most significant changes lately made to the Azerbaijani legislation.

### 1. Update on the PSA Protocols

As an update to our October edition of the Business Brief, the original information on the effective date of the new PSA Protocols no longer appears to hold true. Despite the fact that the changes have already been agreed with the state authorities, enforcement of the new Protocols is still pending due to certain legal formalities which are yet to be completed. This makes the effective date of the new Protocols unknown as of today. We will update you on the final effective date of the Protocols once this information is available.

### 2. Decree with Regard to Adoption of Certain Legal Documents in Connection with the Law on Application of Special Economic Regime for Export-Oriented Oil and Gas Operations

On 6 November 2009 the Cabinet of Ministers of the Republic of Azerbaijan issued the Decree with Regard to Adoption of Certain Legal Documents in Connection with the Law on Application of Special Economic Regime for Export-Oriented Oil and Gas Operations (the "Decree"). The Decree as well as the Law apply to export-oriented oil and gas operations carried out by contractors and by subcontractors.

The Decree covered specifically the following:

1. List of the documents required for applying for a permission of contractors and subcontractors operating in connection with export-oriented oil and gas operations to employ expatriate personnel in a proportion different from that envisaged by the Law on Application of Special Economic Regime for Export-Oriented Oil and Gas Operations;
2. List of the documents required for applying for a certificate of contractors and subcontractors to be entitled to various benefits under the special economic regime;
3. Rules on assignment of an expert for and carrying out of an expertise of the documents presented to obtain the above-mentioned certificate;
4. Rules on issuance, prolongation and cancellation of the above-mentioned certificates.

### 3. Amendments and Additions to the Law on Labour Pensions

On 27 October 2009 the Parliament of the Republic of Azerbaijan adopted amendments and additions to the Law on Labour Pensions of 7 February 2006 that will take effect from 1 January 2010.

To be entitled for a labour pension an employee's insured term of service was increased from 5 to 12 years.

In addition, the age requirement was also increased by 6 months for every year for the period from 1 January 2010 to 1 January 2012 for men and from 1 January 2010 to 1 January 2016 for women consecutively.

Lastly, a formula for calculation of insured portion of the labour pensions was introduced by the amendments.

#### **4. Decree with Regard to Adoption of Certain Rules and Legal Documents in Connection with the Law on Special Economic Zones**

On 18 December 2009 the Cabinet of Ministers of the Republic of Azerbaijan issued the Decree with Regard to Adoption of Certain Rules and Legal Documents in Connection with the Law on Special Economic Zones (the "Decree").

The Decree covered specifically the rules on conducting of the registration and registry of the special economic zone residents.

In order to be eligible to benefit from the special economic zone, legal and physical persons are required to present the following documents:

1. An application form and a list of the documents required to be attached to the application;
2. An intention agreement to conduct an activity in the special economic zone concluded between legal/physical persons and the operator of the special economic zone;
3. Information on an entrepreneurial activity beyond the special economic zone.

An application form with a list of the attached documents is reviewed by an administration of the special economic zone within 10 days. Upon review of the documents, the administration authorities are required to provide the applicant with a registration certificate of the special economic zone or a written information on rejection of the registration.

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