

FINANCIAL LEASING BILL

The Milli Maclis held the first reading of the bill *On Financial Leasing* on 27 April 2026.

Under the bill, a lease would qualify as financial leasing if: (i) ownership of the leased asset is transferred to the lessee at the end of the lease term, or the lessee has the right to purchase it at a fixed or presumed price; (ii) the lease term exceeds 75 percent of the asset's useful life; (iii) the asset's residual value at the end of the lease term is less than 20 percent of its market value at the start of the lease; or (iv) total lease payments during the lease term equal or exceed 90 percent of that market value.

The financial leasing agreement must be in writing and include, among others, the description of the leased asset, its purpose and useful life, transfer procedure, lease term, maintenance and repair obligations, rights in respect of the leased asset, total lease payments, the lessor's remuneration, payment schedule, and early performance or termination costs. Financial leasing would generally be available only for movable and immovable fixed assets used in entrepreneurial or economic activity, excluding, among others, items used for personal or household purposes and land plots. The Central Bank would oversee registration and supervision and be empowered to determine minimum charter capital requirements, issue binding instructions, restrict or suspend certain activities, prohibit the opening of new branches, require capital increases and deregister lessors.

Non-bank lessors, including local companies and foreign branches, would need to be entered in the public register, upon payment of a state duty, before carrying out financial leasing. They would also need to meet minimum capital and own-funds requirements, with corresponding equivalent-funds requirements for foreign branches.

Only those engaged in financial leasing activities would be able to use the words "financial lease", "financial leasing" or "leasing" in their names. Once the bill is approved, the law will enter into force six months after publication, and existing leasing operators will then have nine months to comply with the new rules and apply for registration. The bill supplements the existing rules on financial leasing, to the extent that it does not contradict the Civil Code.

SUBSOIL USE REFORM

On 17 March 2026, the Milli Maclis adopted Law No. 380-VIIQD amending Law No. 439-IQ, *On Subsoil*, dated 13 February 1998. The amendments expand permitted forms of subsoil use and introduce land reclamation requirements. The amendments recognize sediments accumulated in reservoirs or water impoundments, including sand, sand-gravel and clay, as well as rock removed during tunnel and passage construction, as permitted sub-soil uses. They also address rehabilitation measures for non-metallic mineral deposit operators and the use of mining-related production waste.

The amendments further introduce mandatory land reclamation. Subsoil users engaged in mineral extraction or the construction and operation of underground facilities must submit a reclamation plan within three months of obtaining the right to use subsoil, together with a positive state ecological expertise opinion. The plan must cover soil fertility preservation, site-specific geological and hydrogeological conditions, reclamation methods, restoration sequencing and timelines.

Detailed procedures for granting subsoil use through direct negotiations, rehabilitation measures for non-metallic mineral deposit operators, use of mining-related production waste and subsoil area reclamation are to be set separately.

CONTROL OVER NON-COMPLIANT GOODS

On 6 April 2026, the Cabinet of Ministers adopted Resolution No. 94 approving the Rules *On Control Measures Against Goods Not Compliant with Technical Regulation Requirements in Consumer Markets*. The Rules apply to goods subject to technical regulation and empower the State Agency for Antimonopoly and Consumer Market Control to carry out control measures, including organoleptic checks, document verification, conformity marking review, and sampling for laboratory testing. Where non-compliance is identified, the Agency may issue mandatory written instructions with a remediation period of up to 30 days, followed by measures under the Code of Administrative Offences if not complied with. For micro-entrepreneurs, only awareness measures apply during the first control measure.

The Rules set out procedures for taking samples and testing them in accredited laboratories, including foreign laboratories where no appropriate local laboratory is available. They also require the Agency to prepare, approve, and publish an annual risk-based control plan by 1 December each year. For e-commerce, the Agency may require operators to remove goods from information systems or prevent their purchase where applicable.

EU SANCTIONS AZERBAIJANI FINANCIAL INSTITUTION, LIQUIDATION

The European Union has adopted another package of restrictive measures, for the first time, subjecting an Azerbaijani financial institution to EU sanctions. While earlier EU measures had affected a limited number of Azerbaijani-owned assets, this development marks an extension of enforcement into the financial sector: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202600508

European Tobacco-Baku JSC, one of Azerbaijan's recognized cigarette manufacturers, announced its liquidation on 21 April 2026. The notice does not disclose the reasons for the decision; nor have insolvency proceedings or restructuring been announced. Creditors have been given two months to submit claims.

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Republic of Azerbaijan

For Further Information:

ContactUs@Bureau28a.com

*Information does not, and is not intended to, constitute legal advice

67, Neftcilar Avenue

Baku, AZ1095

Republic of Azerbaijan

www.bureau28a.com

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