



CENTRAL BANK
OF THE REPUBLIC OF AZERBAIJAN

Key Milestones in Capital Market Reforms and Product Innovations

COMCEC CMR Forum 15th Annual Meeting – Task Force Chairs Session

IBRAHIM AGHAYEV
Central Bank of Azerbaijan

Market Development Task Force | 6 October 2026

Context: two-year chairmanship and strategic anchors

Market Development Task Force, 2024–2026

2024

Elected Chair of the Task Force

Report on Sukuk market development and green Sukuk initiatives

2025

Study on Sukuk in Azerbaijan

Legal and regulatory conditions, regulatory gaps and reform needs; presented at the 14th Annual Meeting

6 Oct 2026

15th Annual Meeting: final update

Overview of CBAR reforms; chairmanship concludes and the Chair becomes vacant

Financial Sector Development Strategy 2024–2026

CBAR strategy: widen market access and create alternative business financing through capital markets (crowdfunding, venture capital funds).

Socio-Economic Development Strategy 2022–2026

Presidential Decree No. 3378 (22 July 2022): deepen the corporate securities market. CBAR is lead executor for securitisation and investor compensation.

AML/CFT National Action Plan 2023–2025

Presidential Decree No. 3770 (28 Feb 2023): supervision framework for virtual assets and service providers, in line with FATF.

Reform roadmap: seven workstreams, one agenda

Capital Markets Law

Overhaul of securities market legislation

In progress

Securitisation

Legal framework for asset-backed bonds

In progress

Crowdfunding

Alternative funding for SMEs and start-ups; bylaws in preparation

In force

Venture capital funds

New investment fund type for start-up financing

In force

Investor compensation

Protection of investors' cash and securities

In progress

Crypto-assets

Licensing and supervision of service providers

In progress

Sukuk

Studies delivered; legislative package under preparation with IsDB

In progress

Status key

In force

In progress

Capital Markets Law: general directions

In progress

Comprehensive update of the legal framework for the capital market

New instruments

Introducing new capital market instruments to diversify the market and widen investor choice.

Market infrastructure

Regulating market infrastructure in line with leading international standards.

Investment services

Aligning the scope of investment services with international practice.

Existing institutions

Improving the regulatory framework for existing market infrastructure institutions.

New institutions

Creating the legal basis for new capital market institutions.

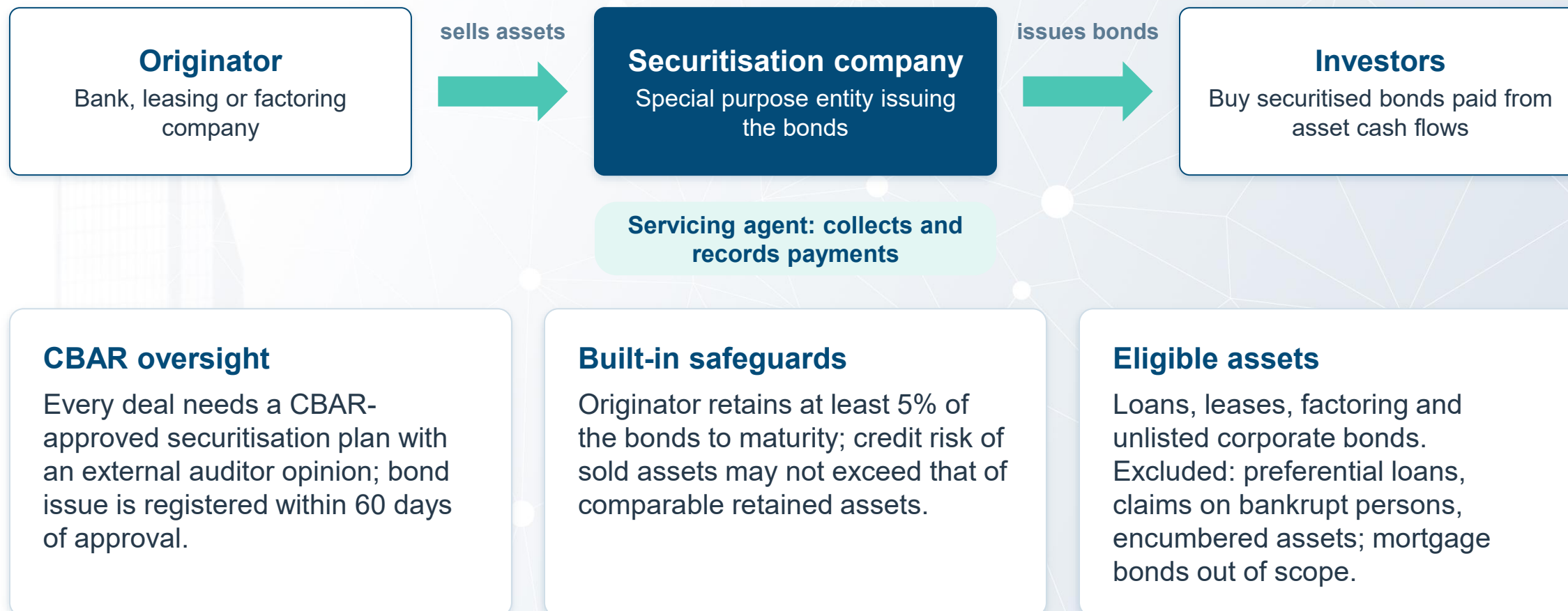
Investor protection

Strengthening investor protection, market integrity and market stability.

Securitisation: building a new funding channel

In progress

Rooted in the Socio-Economic Development Strategy 2022–2026



Draft refined with expert feedback from EBRD, the Capital Markets Board of Türkiye and the Bank of Russia

Alternative financing: crowdfunding and VC funds

Crowdfunding

- Legal status of platform operators defined; activity regulated transparently
- Covers lending-based and investment-based models
- Opens non-bank funding to SMEs and start-ups without collateral or track record
- Strengthens financial inclusion

In force; bylaws in progress

Venture capital funds

- Venture capital fund recognised as a type of investment fund
- Funds and their managers regulated transparently
- Channels domestic and foreign capital into start-ups
- Supports innovation, jobs and competitiveness

In force

Strategy link: both stem from the Financial Sector Development Strategy 2024–2026 action to create alternative business financing opportunities through capital markets.

Investor protection: compensation scheme

In progress

Sustains investor confidence in the financial system

Strategy mandate

Socio-Economic Development Strategy 2022–2026 names CBAR lead executor



Economic Council

Concept presented 17 July 2023; Protocol No. 25 tasks CBAR and the Deposit Insurance Fund



Draft law

Prepared by CBAR and the Fund using EU, UK, Japan and Türkiye practice

Covered

- Cash and securities of investors when an investment firm fails and cannot return them
- Cash of individuals held in the firm's bank account

Not covered

- Losses caused by market risk
- In many cases, losses from derivative transactions

Institutional design

- Managed by the Deposit Insurance Fund, mirroring deposit insurance
- Mandatory membership and contributions by investment firms
- Compensation paid after an insured event

Sukuk: from research to a legislative package

In progress

Studies delivered; legislative package in preparation with IsDB

2024

Report: Sukuk market development and green Sukuk initiatives

Assessed the potential role of Islamic finance instruments, especially Sukuk, in capital market development and their link to green finance.

2025

Study: legal and regulatory conditions for Sukuk in Azerbaijan

Foreign experience, regulatory gaps and reform needs. CBAR carried out preliminary analysis, identified key challenges and prepared recommendations; presented at the 14th Annual Meeting.

Current phase: with the Islamic Development Bank

- Reviewing existing legislation
- Fitting Sukuk into the general capital market framework
- Analysing regulatory and normative models
- Building institutional foundations suited to Azerbaijan's legal system

An international consulting company, with IsDB financial support, continues to prepare the legislative package

Expected impact and next steps

Expected impact

- Wider range of instruments and a broader investor base
- Better access to finance for SMEs and start-ups
- Stronger investor protection and market confidence
- Alignment with international standards (MiFID II, FATF) and cross-border cooperation
- Financial inclusion and a more diversified economy

Next steps

- 1 Adopt the Capital Markets Law and the Crypto-Assets Market Law
- 2 Establish the investor compensation mechanism under the Deposit Insurance Fund
- 3 Finalise secondary regulations for crowdfunding
- 4 Complete the Sukuk legislative package with IsDB support

Farewell and formal announcement

Formal announcement

The two-year term of the Central Bank of the Republic of Azerbaijan as Chair of the Market Development Task Force has concluded.

The position of Chair is now vacant.

Call for volunteers

- All member regulators are warmly invited to volunteer to chair the Task Force
- CBAR will share its experience and materials with the incoming Chair

With sincere thanks

To the COMCEC CMR Forum, its Secretariat and all member institutions for two years of cooperation, shared experience and support.



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Thank you

Questions and discussion

Central Bank of the Republic of Azerbaijan