

## **BGI Law Brief**

**February – June 2021**

### **Draft Code of Enforcement**

On February 22, the Draft Enforcement Code (the “Draft Law”) was published on the Parliament’s website.

Pursuant to the Draft Law, the existing ‘dual’ system comprised of the Enforcement Officers of the National Bureau of Enforcement and the Private Enforcement Officers will be abolished. Instead, the Chamber of Enforcement Officers will be formed, which will include all enforcement officers. The area of action for individual officers will be determined upon their appointment. The National Bureau of Enforcement will be vested with supervision authority and will continue rendering certain enforcement related services determined by the Draft Law, including auction related services.

If the Draft Law is approved, the Enforcement Code will become effective gradually and will enter into full force from October 1, 2022, replacing the existing Law on Enforcement Proceedings.

### **Amendments to the Law on Deposit Insurance**

On April 28, the Parliament adopted amendments to the Law on System of Deposit Insurance, which will enter into force from January 1, 2022, expanding the deposit insurance coverage, which currently covers only individuals, to the deposits of legal entities.

### **New Competition Regulations in Financial Sector**

On May 28, the President of the National Bank of Georgia approved the Rules on Investigation, and Submission and Review of the Complaints/Applications, for Possible Violation of Competition Law (effective as of June 1).

Investigation action can be taken, and the complaint can be lodged in connection with an alleged abuse of dominant position or anti-competitive practices by the representatives of a financial sector, including inter alia commercial banks, credit unions, brokerage firms, investment funds, asset management companies, microfinance organizations, payment system operators, payment service providers, and other entities subject to the supervision by the National Bank of Georgia.

The National Bank of Georgia has also adopted the Rules on Market Analysis and the Submission and Review of Concentration Notifications (effective as of June 1).

The purpose of the regulation is implementation of competition policy in the regulated area, and maintenance of a competitive market environment. It establishes methodological guidelines for market analysis, as well as the relevant procedural framework for notification of concentrations. The new regulation covers concentrations involving financial sector representatives and provides the procedures for an assessment of compatibility of the concentrations which meet the applicable monetary thresholds with a competitive environment.

### **The National Bank of Georgia Adopts New Consumer Protection Regulation**

On March 9, the President of the National Bank of Georgia adopted the Regulation on Protection of Consumer Rights in the Process of Provision of Services by Financial Organizations. The order is mandatory for all commercial banks and branches of foreign banks operating in Georgia, microfinance organizations, credit unions and lending entities offering financial services and products in Georgia.

## **Law on Environmental Liability Enacted**

On March 2, the Parliament adopted the Law on Environmental Liability which addresses the prevention and mitigation of environmental damages, and measures to be taken in the event environmental damage occurs (including remedial actions and imposition of compensation for environmental damages). The new law is based on the 'polluter pays' principle.

## **Amendments to the Law on the Legal Status of Aliens and Stateless Persons**

The amendments, which entered into force on May 12, 2021, inter alia introduced more stringent requirements for issuing residence permits to foreigners and altered the criteria for obtaining certain types of visas.

## **Amendments to Consumer Protection Regulations in Electronic Communications Sector**

On April 28, the Georgian National Communications Commission adopted regulatory amendments, which will enter into force from January 1, 2022 and aim to enhance the protection of consumer rights.

The amendments largely redefine the terms of the regulations, as well as expand the responsibility of the service providers towards consumers and introduce reporting obligations and a new framework for formation, amending, and terminating the service contracts.

## **Resolution Adopted on Approval of Energy Market Monitoring and Reporting Rules**

On March 30, the Georgian National Energy and Water Supply Regulatory Commission (the "Commission") adopted Resolution on Approval of Energy Market Monitoring and Reporting Rules, which entered into force on April 7, 2021.

The purpose of the Energy Market Monitoring Rules is to establish effective mechanisms for regulating competitive, free, transparent and fair trade in the Georgian energy market, to effectively regulate market and system

operators, as well as to integrate Georgian energy markets into regional energy.

The reporting rules serve the purpose of establishing uniform conditions, procedures, and forms of reporting by inter alia creating a unified electronic portal, which will allow licensees in energy sector to submit the information required by these rules and other legislation to the Commission electronically.

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*For any further questions or inquiries please contact:*

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