

INITIATIVES AND LEGISLATIVE AMENDMENTS FOR PROMOTING BUSINESS ACTIVITIES IN GEORGIA

Mgaloblishvili Kipiani Dzidziguri (MKD) is full service law firm with local, national and international clients. We serve as a legal counsel to number of global corporations and major regional and local businesses handling nearly all key aspects of law and advising on various large investments in industry, banking, infrastructure, finance, energy, retail and other sectors of economy.

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THE LAW OF GEORGIA ON STATE INSPECTOR SERVICE

The Law of Georgia on State Inspector Service, which passed on July 21, 2018, was officially published on August 9, 2018.

The Law on State Inspector service regulates the activities of the State Inspector, as the chief controller over the lawfulness of the personal data processing.

The State Inspector shall be elected for 6 years. The Service is independent and is not subordinate to any of the branches of the government, or the government/political officials.

DISPUTE RESOLUTION PROCEDURES UNDER THE LAW ON PUBLIC-PRIVATE PARTNERSHIP

On August 30, 2018, the Decree N437 of the Government of Georgia on Approving the Dispute Resolution Procedures for the Disputes arising out of the Selection Procedures under the Law of Georgia on Public-Private Partnership was published.

Pursuant to the Decree, the disputes arising from the selection procedures under the Law of Georgia on Private-Public Partnership, shall be resolved by the Dispute Resolution Council in accordance with the Law of Georgia on State Procurements.

The fee for submitting the application to the Council - 0.15% of the value of the public-private partnership project, should be no less than GEL 22 000 and should not exceed GEL 150 000.

Though the decision, made by the Council is mandatory to enforce, it may be appealed in the court.

THE NEW REGULATIONS OF THE NATIONAL BANK OF GEORGIA

In September-October, 2018, the National Bank of Georgia adopted various pieces of regulation, aimed at strengthening of the corporate governance principles in commercial banking, and formulating new rules for capital market development, among them:

- ✦ The Order N215/04 of the President of the National Bank of Georgia on establishing Corporate Governance Code for the Commercial Banks, dated 27 September, 2018. The Order sets forth the corporate governance provisions to be followed by the commercial banks.

The requirements are mandatory for all the commercial banks in Georgia, including branches of foreign banks and subsidiaries. The commercial banks have to ensure the creation of the supervisory board committees no later than December 31, 2019, and harmonization of their internal policies with the Corporate Governance Code until June 1, 2019.

- ✦ The Order N 206/04 of the President of the National Bank of Georgia, dated 19 September, 2018, on Approving the Rules for Maintaining the Securities' Registry, defines the procedures to be followed for keeping the Securities' Registry, as well as the rights and the respective obligations of the securities' market participants.

According to the Order, all non-material securities will have to be entered in the Securities' Registry in accordance with the new rules.

- ✦ The Order N226/04 of the President of the National Bank of Georgia on Approving the Rules of Submission of the Corporate Stock and Bond Prospectus and Securities Issuance and Placement Report, dated October 16, 2018, applies to the public offer of securities, namely, stocks and bonds.

The Order defines the role of the prospectus in the context of the issuance of the securities, prohibiting the initiation of the public offer without publication of the final prospectus in compliance with the new rules.

The Order also mandates that the issuer is obligated to submit the prospectus to the National Bank of Georgia.



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