

Legal Newsletter

(April 2024)

The present newsletter contains significant legislative amendments made in various legislative and sub-legislative acts in April 2024.

Order №33/01 of the President of the National Bank of Georgia

On the 1st of April, by order №77/04 of the President of the National Bank of Georgia an amendment was made to the Order №33/01 of the President of the National Bank of Georgia made on the 9th of March, 2010 "on approval of the procedure for licensing the securities registrar, submitting financial statements, determining the minimum amount of capital and terminating the activities of the securities registrar" and paragraph 3 of Article 5 of the approved rule was formed with the following redaction:

„3. The National Bank makes a decision on issuing a license or refusing to issue a license within 45 working days after receiving the application of the license seeker. If necessary, this term can be extended by no more than 15 working days, if the National Bank notifies the license applicant in advance."

You can see the full version of the above rule and appendix at the link: <https://matsne.gov.ge> with the registration code: 040230000.18.011.016846.

The Order came into force upon its publication.

Order №90/04 of the President of the National Bank of Georgia

On the 10th of April, 2024 by order №90/04 of the President of the National Bank of Georgia Loans/bank credits up to 400,000 (four hundred thousand), GEL must be issued by lending organizations only in GEL. A loan/bank credit linked or indexed to a foreign currency in any way is not considered a loan/bank credit given in GEL.

2. For this rule, the lending organization is defined as "on approval of the regulation on lending to natural persons" by the order №44/04 of the President of the National Bank of Georgia made on March 13, 2020.

3. The requirements stipulated in the first paragraph of this article do not extend if:

a) As a result of issuing a loan/bank credit, the total liabilities of each borrower to the same lender exceed 400,000 (four hundred thousand) GEL. When calculating the total liabilities, liabilities secured by cash and/or guaranteed shall not be taken into account;

b) A loan/bank credit is granted to a person without Georgian citizenship and/or to a legal entity not registered in Georgia;

c) The loan/bank credit is fully secured by cash in the same currency;

d) Borrower receives sufficient income to pay loans/bank credits in full in the respective currency of the loan/bank credit. Income will be considered received in the currency of the loan/bank credit if the source of income is not sensitive to exchange rate fluctuations

during the set term of the loan/bank credit and its source of origin is related to a country in which the currency of the loan/bank credit is the national currency. For this subsection, in the case of a loan/bank credit granted for business purposes, the healthy service ratio of the loan/bank credit determined by the internal policies and procedures of the lending organization must be fully protected by the income in the currency of the loan/bank credit;

e) Refinancing/careful modification/restructuring of the loan/bank credit in the same currency is carried out and at the same time, the amount of the borrower's existing obligations does not increase. The capitalization of accrued and unpaid interest, commission, penalty, and any other form of financial sanction on the loan/bank credit, also, as the costs of the services of the notary, the National Public Registry Agency and/or other costs related to the loan/bank credit are not considered as an increase in the number of liabilities. For this subsection, refinancing/significant modification/restructuring is defined by the "rules for determining risk categories of financial instruments and expected credit losses" approved by the order №192/04 of the President of the National Bank of Georgia of December 29, 2022.

4. The requirements of this article also apply to loan/bank credit guarantors, except for legal entities and organizational formations without legal entity status, also, the cases indicated in subparagraph "f", paragraph 3 of Article 1 of the Regulation "on approving the Regulation on Lending to Individuals" approved by Order №44/04 of the President of the National Bank of Georgia dated March 13, 2020.

Order №374/04 of the President of the National Bank of Georgia made on December 22, 2023 "on determining the rules for issuing loans/bank credits up to 300,000 GEL by loan-issuing organizations" was declared invalid.

You can see the full version of the amendment to the above Rule at the link: <https://matsne.gov.ge> with the registration code: 220010010.18.011.016849

The Order came into force upon its publication.

Order №m-5 of the Head of the Accounting, Reporting and Audit Supervision Service

On the 12th of April, 2024 by the order №m-5 of the head of the Accounting, Reporting and Audit Supervision Service, the International Financial Reporting Standards adopted and issued by the International Accounting Standards Board (IASB) - 2024 (hereinafter - Standards) were introduced into operation in the Georgian language.

2. The use of the standards is mandatory on January 1, 2024 and for the reporting period beginning thereafter.

3. The standards were posted on the website of the Accounting, Reporting and Audit Supervision Service (hereinafter - Service) (www.saras.gov.ge).

4. The standards brought into effect by this order will be updated by the service within 6 months from the update of the current English edition of the standards.

5. The service provides periodic editing of the translation of the standards introduced to operate under this order, in order to improve the quality.

You can see the full version of the amendment to the above standards at the link: <https://matsne.gov.ge> with the registration code: 260000000.64.076.016135

The Order came into force upon its publication.

Resolution №134 of the Government of Georgia

On the 10th of April, 2024 by Article 140 of the code of Spatial Planning, Architectural and Construction Activities of Georgia, the attached "Certification Rules for Architects and Engineers-Builders" was approved.

You can see the full version of the amendment to the above Rule at the link: <https://matsne.gov.ge> with the registration code: 330090000.10.003.024527

The Resolution, except for articles 2 - 6, came into force immediately after its publication.

Articles 2 - 6 of the resolution will come into force from the 1st of December, 2025.

Resolution №141 of the Government of Georgia

On the 16th of April, 2024 by Article 18 of the Law of Georgia, "on International Agreements of Georgia" to enter into force, the agreement between the Government of Georgia and the Government of the People's Republic of China on the bilateral exemption from visa requirements for holders of ordinary passports signed on April 10, 2024, was approved.

Ministry of Foreign Affairs of Georgia should:

- a) inform the President of Georgia and the Parliament of Georgia about the conclusion of the agreement mentioned in the first article of this resolution;
- b) inform the party of the People's Republic of China about the completion of the internal state procedures necessary for the entry into force of the agreement mentioned in the first article of this resolution by the part of Georgia.

You can see the full version of the amendment to the above Agreement at the link: <https://matsne.gov.ge> with the registration code: 480140000.10.003.024534

The Resolution came into force upon its publication.

Resolution №255 of the Government of Georgia

On the 23rd of April, 2024 according to the Resolution №147 of the Government of Georgia by paragraph 4, Article 20 of the Organic Law of Georgia "on Normative Acts", an amendment was made to the Resolution №255 of the Government of Georgia made on June 5, 2015 "on approval of the list of countries whose citizens can enter Georgia without a visa" and paragraph 11 of the note of the appendix approved by the resolution was formed with the following redaction:

„11. Citizens of Ukraine have the right to enter Georgia without a visa and stay for a full period of 3 years." "The rule for issuing permission for the transfer of personal data to another state and international organization" was approved (Appendix №1). "Application form for transfer of personal data to another state and/or international organization" was approved (Appendix №2).

You can see the full version of the above Document at the link: <https://matsne.gov.ge> with the registration code: 010120000.10.003.024540

The Resolution came into force upon its publication and extended to legal relationships arising from February 24, 2024.