ORGANIC LAW OF GEORGIA

ON THE NATIONAL BANK OF GEORGIA

Chapter I – General Provisions

Article 1 – The National Bank of Georgia

1. The National Bank of Georgia ('the National Bank') is the central bank of Georgia, the bank of banks, the banker and the fiscal agent of the Government of Georgia. It is a legal entity under public law. In its activity, the National Bank is guided by the Constitution of Georgia, this Organic Law, and the legislation of Georgia and relies on the procedures and customs accepted in international banking practice. It has the right to independently enter into contracts, independently purchase immovable and movable property, own and dispose of it, appear as a plaintiff and a defendant, and independently perform the functions assigned to it.
2. (Deleted).
3. The National Bank shall be founded by the highest representative body of Georgia.
4. The National Bank shall be located in Tbilisi.

Organic Law of Georgia No 2828 of 23 March 2010 – LHG I, No 19, 13.4.2010, Art. 102

Article 2 – Definition of terms

The terms used in this Law have the following meanings:
a) financial sector representative – a commercial bank, non-bank depository institution, brokerage company, independent securities registrar, asset management company, central depository, specialised depository, stock exchange, microfinance organisation, founder of a non-state pension scheme, payment system operator, payment service provider, publicly accountable enterprise, foreign currency exchange office;
b) financial sector – a unity of financial sector representatives;
c) commercial bank – a legal person licensed by the National Bank of Georgia that accepts deposits and uses them to conduct on its behalf banking activities defined by the legislation of Georgia;
d) inflation target – an inflation rate target index to be reached by the National Bank;
e) official exchange rate – an exchange rate established by the National Bank with regard to different currencies, which is used for accounting and other official purposes;
f) state loan – the public debt of Georgia defined under the Law of Georgia on Public Debt, and issued state credit guarantees of Georgia;
g) deposit – monetary funds or other means of payment placed on deposit by a person in a commercial bank or a non-bank depositary institution, for which a commercial bank or a non-bank depository institution acquires the right of ownership. Funds received in exchange for electronic money shall not be a deposit;
h) currency – banknotes and coins issued by the National Bank and other country's issuing institutions as a legal tender;
i) counterfeit money – banknotes and coins manufactured in a fraudulent and illegal way, as well as falsified banknotes on which traces of altering the face value can be noticed;
j) emission – putting, by the National Bank, lari banknotes and coins, or securities into circulation;
k) reproduction – producing, in full or parts of, banknotes and coins issued by the National Bank, including producing their individual design elements, colour, size, symbols, or producing an image, by modifying them, in material or non-material form, which might resemble authentic money, or create an impression of authentic money;
l) numismatic value – lari banknotes and coins, reproduced by the National Bank, which are intended for sale or exhibition, as well as banknotes and coins, withdrawn from circulation, or not emitted due to their improper characteristics, and historical banknotes and coins, and their replicas;
m) credit – any commitment related to disbursing monetary funds, based on the principles of redemption, valuation, securing and maturity;
n) clearing (clearing agreement) – a system of cashless settlement, which is based on the mutual offset of assets and liabilities and is used in both domestic and international settlement;
o) spot transaction – a transaction, which is settled within two banking days after the transaction is made;
p) forward transaction – a transaction, which is settled within more than two banking days after the transaction is made;
q) swap – a transaction of the purchase or sale of foreign currency under preliminarily agreed terms for its further sale or repurchase;
r) fiscal agent – a person who supports the implementation of the State fiscal policy by organising a payment system and circulation of securities and who represents the State in relations with central banks of other countries and international financial institutions;
s) administrative and capital expenditures – all expenditures, except for those that are directly related to the implementation of monetary policy and exchange rate policy and to provision of cash to the economy;
t) statistics of the financial sector of Georgia – statistics reflecting the stocks and flows of financial assets and liabilities of the national economy, as well as of financial and non-financial assets and liabilities of financial corporations;
u) person – a natural or a legal person, as well as an organisational unit under the legislation of Georgia, which is not a legal person;
v) non-bank depository institution – a legal person, which is not a commercial bank and which is authorised to accept deposits and use them to conduct on its behalf a part of banking activities under the legislation of Georgia;
v^1) (deleted – 23.12.2018, No 1894);
w) interim bank – a bank set up urgently and temporarily by the National Bank to ensure the stability of the banking system and security of deposits in exceptional cases;
x) control – exercising a strong influence, directly or indirectly, independently or jointly with others, by using voting shares (stock, share) or by any other means;
y) controlling person – a person, who exercises control;
z) family member – a person's spouse, minor child or stepchild, as well as a person permanently residing with him/her;
z_1) close relative – a person who is a relative falling under the category of first or second heir, according to the Civil Code of Georgia;
z_2) public register – a departmental public register of the National Bank in which legal acts of the National Bank are registered and systematised;
z_3) external sector statistics – statistics on the balance of payments, international investment climate, foreign debt and official international reserves;
z_4) inflation – change in the consumer price index, published by the official agency that produces price statistics;
z_5) reserve money – cash issued by the National Bank (excluding the balance of funds at the cash desk of the National Bank), funds in the accounts of commercial banks (including banks with revoked licences) at the National Bank, denominated in the national currency;
z_6) free industrial zone – a zone established according to the Law of Georgia on Free Industrial Zones;
z_7) duty-free shop – a customs control zone, for activities of which a permission issued by the Revenue Service is required, and where it is permitted to

sell any goods without tariff measures, except for the goods, whose import, export, and sale on the territory of Georgia is prohibited;
z_8) bank group – a unity of members of the group that consists of legal persons, such as a commercial bank, its head enterprise(s), a subsidiary, affiliated and joint enterprise(s) of a commercial bank and its head enterprise(s) within and outside the country, which are meanwhile financial institutions and/or legal persons engaged in activities related to banking activities, and/or bank holding companies;
z_9) bank holding company – a legal person which directly or indirectly owns more than 50% of stocks/shares of a commercial bank, or controls a commercial bank;
z_{10}) affiliated enterprise – an enterprise, which is under major influence of an investor, which implies the right to participate in a decision making related to the financial and operations policy of the enterprise. An affiliated enterprise also involves subsidiaries to the affiliated enterprise;
z_{11}) consolidated supervision – a process of supervision which involves the setting of supervision requirements towards any member of the bank group individually and/or together (jointly) with other members of the bank group for the purpose of facilitating the stability of the banking sector and the process of supervision over a commercial bank(s) included in the bank group and the exercise of supervision powers/actions;
z_{12}) credit information bureau – an entrepreneurial entity which gathers, keeps, processes and transfers credit information of a person;
z_{13}) administrator – a member of the supervisory board of the representative of the financial sector, a member of the directorate (board), also a person who is authorised to undertake liabilities independently and/or jointly with several persons, on behalf of the representative of the financial sector;
z_{14}) loan holding entity – any person or a group of affiliated persons, to which more than 20 natural persons (including individual entrepreneurs) have loan/credit liabilities simultaneously;
z_{15}) joint enterprise – an enterprise in which parties with joint control powers have access to net assets. A joint enterprise also involves subsidiaries to the joint enterprise. For the purpose of this sub-paragraph, joint control involves the joint control under the relevant agreement, which exists only when the making of decision regarding the relevant activities requires joint consent of parties who hold joint control powers.
Z_{16}) a group of affiliated persons – a group of persons who hold 50% or more than 50% of shares in the same enterprise and/or in the enterprise of each-other, and /or own head enterprises (head organisations) of each-other, and/or their subsidiary enterprises and/or affiliated enterprises and/or joint enterprises, and/or shall include the persons who are the first and second degree heirs of each-other by law;
Z_{17}) pension agency – a legal entity under public law called the Pension Agency determined by the Law of Georgia on Funded Pensions.

Organic Law of Georgia No 3702 of 12 October 2010 – LHG I, No 56, 20.10.2010, Art. 363
Organic Law of Georgia No 5001 of 1 July 2011 – website, 15.7.2011
Organic Law of Georgia No 5946 of 27 March 2012 – website, 12.4.2012
Organic Law of Georgia No 6320 of 25 May 2012 – website, 12.6.2012
Organic Law of Georgia No 6305 of 25 May 2012 – website, 12.6.2012
Organic Law of Georgia No 353 of 20 March 2013 – website, 4.4.2013
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018
Organic Law of Georgia No 3264 of 21 July 2018 – website, 6.8.2018
Organic Law of Georgia No 3320 of 21 July 2018 – website, 7.8.2018

Article 3 – Objectives and functions of the National Bank
1. The main objective of the National Bank shall be to ensure price stability.
2. The National Bank shall ensure stability and transparency of the financial system and facilitate sustainable economic growth in the country, if this is possible without posing a threat to attaining its main objective.
3. The functions of the National Bank shall be to:
a) develop and implement a monetary policy and exchange rate policy, according to basic directions defined by the Parliament of Georgia;
b) implement supervision of the financial sector;
c) ensure the functioning of the monetary system;
d) own, keep and dispose of the official international reserves;
e) act as a banker and a fiscal agent of the Government of Georgia;
f) facilitate secure, sustainable and effective functioning of the payment system;
g) issue currency of Georgia;
h) produce and disseminate the financial and external sector statistics of the country, according to the international standards and methodologies;
i) (deleted – 29.5.2014, No 2465);
j) perform other functions defined by this Organic Law.
Organic Law of Georgia No 6305 of 25 May 2012 – website, 12.6.2012
Organic Law of Georgia No 2465 of 29 May 2014 – website, 2.6.2014
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 4 – Independence of the National Bank
1. The National Bank shall be independent in its activity. Legislative, executive and other bodies may not intervene in its activity or monitor it except as provided under the Constitution of Georgia and this Organic Law.
2. The National Bank shall be economically independent and shall provide for all its expenses. The National Bank shall not be liable for the obligations of the State of Georgia. The State of Georgia shall not be liable for the obligations of the National Bank except as provided in this Organic Law.
3. The National Bank, its assets, property and income, as well as activities and transactions it carries out, shall be exempt from all state taxes, state charges, fees and state duties.
Organic Law of Georgia No 2828 of 23 March 2010 – LHG I, No 19, 13.4.2010, Art., 102
Organic Law of Georgia No 5001 of 1 July 2011 – website, 15.7.2011
Organic Law of Georgia No 6017 of 10 April 2012 – website, 30.4.2012

Article 5 – International cooperation
1. The National Bank shall, within the scope of its authority, represent Georgia at international meetings, all boards and organisations.
2. The National Bank shall, within the scope of its authority, cooperate with the respective financial sector supervisory body of another country. Such cooperation may comprise exchange of information between the National Bank and the respective financial sector supervisory body of another country, provided that this body keeps the information, obtained in this way, confidential.
3. The National Bank may provide banking services to a foreign government, central bank, and monetary authorities, as well as an international

organisation whose member the National Bank or the State of Georgia is.
4. Being the representative of Georgia, the National Bank may undertake obligations and carry out operations related to participation of Georgia in the activities of international organisations.
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Chapter II – Organising and Managing the National Bank

Article 6 – Organising the National Bank
1. The National Bank is a unified centralised system.
2. The National Bank shall, on the basis of this Law, define procedures for establishing, functioning and abolishing its structural units.
Organic Law of Georgia No 2465 of 29 May 2014 – website, 2.6.2014
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 7 – Managing the National Bank
1. The supreme body of the National Bank shall be the Board of the National Bank which consists of seven members. If there are fewer than four members on the Board, the Board of the National Bank shall not be authorised to perform its functions. In this case, the vacancy (vacancies) shall be filled not later than two months after occurrence of this fact.
2. Members of the Board of the National Bank shall be citizens of Georgia or of a foreign country, professionals in economics, finance or other appropriate fields, and shall be distinguished by their integrity. The number of professionals in other relevant fields (except for economics and finance) on the Board of the National Bank shall not exceed two.
2^1. A member of the Board of the National Bank may not be a person who is convicted of a serious or grave crime (including for terrorism financing and/or illicit income legalisation), or of other economic crimes.
3. The chairperson of the Board of the National Bank shall be the President of the National Bank. Apart from the chairperson of the Board, two Vice-presidents of the National Bank and other members shall be on the Board of the National Bank.
4. The Parliament of Georgia shall, on the recommendation of the President of Georgia, elect members of the Board of the National Bank for a period of seven years, in accordance with procedures provided for by the rules of procedure of the Parliament of Georgia.
5. A member of the Board of the National Bank may be dismissed only under Article 48 of the Constitution of Georgia, by decision of the Parliament of Georgia.
6. A member of the Board of the National Bank may be re-elected. In the case of the termination of the Board member's term of office ahead of time, a new member to replace him/her shall be elected for the full term of office of a Board member.
7. President of the National Bank shall be appointed from among the Board members of the National Bank, and dismissed by the President of Georgia upon recommendation of the Board of the National Bank. Vice-presidents of the National Bank shall be appointed and dismissed by the Board of the National Bank upon recommendation of the President of the National Bank.
8. The President of the National Bank shall be dismissed if he/she:
a) is not a member of the Board of the National Bank anymore;
b) has lost the right to hold the position of a Board member of the National Bank according to Article 13 of this Organic Law;
c) is unable to perform his/her duties due to his/her health status;
d) dies.
9. Vice-presidents of the National Bank shall be dismissed according to the rule defined in paragraph 8 of this article.
10. A member of the Board of the National Bank, except for the President and Vice-presidents of the National Bank, shall not be a public servant.
Organic Law of Georgia No 6017 of 10 April 2012 – website, 30.4.2012
Organic Law of Georgia No 3359 of 20 March 2015 – website, 31.3.2015
Organic Law of Georgia No 101 of 16 December 2016 – website, 20.12.2016
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018
Organic Law of Georgia No 3380 of 5 September 2018 – website, 21.9.2018
Organic Law of Georgia No 3904 of 6 December 2018 – website, 14.12.2018

Article 8 – Board of the National Bank
The Board of the National Bank shall manage and supervise the activity of the National Bank.

Article 9 – Powers of the Board of the National Bank
The Board of the National Bank shall be authorised to:
a) review and approve the key principles of managing and disposing of international reserves;
b) establish the procedure for determining the official exchange rate of the national currency to foreign currencies;
c) approve the budget of administrative and capital expenditures of the National Bank;
d) create special reserves;
e) review, approve and submit to the Parliament of Georgia an annual report and financial statements of the National Bank;
f) issue legal acts;
g) (deleted – 3.9.2015, No 4188);
g^1) determine main fields of supervision and regulation of activities of the financial sector;
h) approve the organisational structure and the Regulations of the National Bank;
i) perform other functions set forth in this Organic Law.
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 10 – Determination of the amount of an extra salary for a Board member of the National Bank
The amount of an extra salary for a Board member of the National Bank may not be smaller than an average salary in the National Bank. The amount of an extra salary for a Board member of the National Bank shall be determined by the Parliament of Georgia.
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 101 of 16 December 2016 – website, 20.12.2016
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 11 – Resignation of a member of the Board of the National Bank
1. A member of the Board of the National Bank may resign, if he/she submits a written application to the Chairman of the Parliament of Georgia at least two months before resigning.

2. A member of the Board of the National Bank shall be considered to have resigned from the date indicated in the application.

Article 12 – Meeting of the Board of the National Bank
1. The President of the National Bank, and in his/her absence – the Acting President, shall conduct meetings of the Board of the National Bank.
2. As a rule, the President or the Acting President of the National Bank shall convene meetings of the Board of the National Bank. Meetings may be convened at any time on the basis of the written request of two members of the Board.
3. Each member of the Board of the National Bank shall have one vote. A meeting shall be authorised if attended by more than half of the Board members of the National Bank, of which one shall be the President or the Acting President of the National Bank.
4. A resolution of the Board of the National Bank shall be adopted at a meeting of the Board by a simple majority of those present and voting. Only Board members participating in the meeting shall have the right to vote. In the case of equal votes, the vote of the President of the National Bank shall be decisive, and in the case of his/her absence – the vote of the Acting President.
5. The Board of the National Bank shall determine the rules and procedures for holding a meeting of the Board of the National Bank.
6. A meeting of the Board of the National Bank shall be held at least quarterly.
7. A meeting of the Board of the National Bank may also be held by means of electronic communication.
8. The Board of the National Bank may take a decision to declare a meeting closed.

Article 13 – Conflict of interests of the Board members of the National Bank
1. A member of the Board of the National Bank (except for the President and Vice-presidents) may not at the same time be a state employee, a state political official, a political official, a public servant, head of a legal entity, an employee of a representative of the financial sector of Georgia or of a related legal entity.
2. The President and Vice-presidents of the National Bank are state employees.
3. A member of the Board of the National Bank and his/her family members may not be a partner of a representative of the financial sector of Georgia or of a legal entity related to it.
Organic Law of Georgia No 4387 of 27 October 2015 – website, 11.11.2015
Organic Law of Georgia No 101 of 16 December 2016 – website, 20.12.2016

Article 14 – Further employment of the Board member of the National Bank
1. In the case of expiration of the term of membership in the Board of the National Bank, or dismissal from the membership with the Board of the National Bank, the President and Vice-presidents of the National Bank may not work in the financial sector of Georgia for six months.
2. In the case of expiration of the term of membership with the Board of the National Bank or dismissal from the membership in the Board of the National Bank, the President and Vice-presidents of the National Bank shall retain their official salaries for six months.

Article 15 – Powers of the President of the National Bank
1. The President of the National Bank shall:
a) manage the activity of the National Bank;
b) represent the National Bank before third parties;
c) appoint and dismiss employees of the National Bank;
d) distribute duties between the President and Vice-presidents of the National Bank, as well as among the officers of the National Bank;
e) be authorised to attend the meetings of the Government of Georgia without the right to vote;
f) determine the staff list of the National Bank and amounts of employees' official salaries, as well as the amount of fringe benefits of any kind;
f^1) define a unified procedure for record-keeping at the National Bank;
g) issue legal acts;
g^1) determine the volume of additional benefits for the partial compensation of the life and health insurance of a member of the Board of the National Bank;
h) set up advisory and consultative bodies (committee, commission);
h^1) (deleted – 10.3.2017, No 436);
i) perform other functions defined by this Organic Law.
2. One of the Vice-presidents shall perform the duties of the President of the National Bank in his/her absence.
Organic Law of Georgia No 5001 of 1 July 2011 – website, 15.7.2011
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 4498 of 17 April 2019 – website, 24.4.2019

Article 15^1 – Human resources management powers
1. Only the National Bank shall be empowered to:
a) determine basic, special and additional qualification requirements for being employed by the National Bank; select a person for the appointment to a position in the National Bank and appoint him/her to a position; promote a person to a higher position, determine the period of prior notification of the National Bank, which shall not exceed 30 working days, in the case of the release of an employee of the National Bank on the basis of his/her personal application;
b) determine procedures for sending employees of the National Bank to official missions, for compensation of expenses related to official missions, and determine the amount of compensation within the standards existing in the public service;
c) determine general codes of conduct and ethics of the National Bank.
2. Procedures and conditions for organising a competition for the employment in the National Bank, and procedures for the creation of competition commission and its rules of activities shall be determined by a legal act of the National Bank.
3. Procedures for the promotion of employees of the National Bank, professional skills and qualification raising, for incentives, premiums, for moving to another position, and for the release of employees from occupied positions on the basis of the personal application, shall be determined by a legal act of the National Bank.
4. The legal acts related to matters referred to in this article shall be issued by the President of the National Bank.
Organic Law of Georgia No 4498 of 17 April 2019 – website, 24.4.2019

Article 16 – (Deleted)
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015

Article 16^1 – Financial sector supervision committee of the National Bank
1. The financial sector supervision committee of the National Bank shall be established on the basis of an order of the President of the National Bank.

The members of the financial sector supervision committee of the National Bank shall be the President of the National Bank, respective Vice-president, and the heads of the relevant structural units of the National Bank. On the basis of a decision of the President of the National Bank, the members of the financial sector supervision committee may be other employees of the National Bank, as well as invited persons.
2. The function of the financial sector supervision committee shall be the development and implementation of the policy for supervising and regulating activities of the financial sector.
3. The financial sector supervision committee shall be authorised to:
a) review and develop legal acts related to the regulation of financial supervision;
b) review comments from the representatives of the financial sector regarding the measures taken by the relevant structural units of the National Bank.
4. A decision of the financial sector supervision committee shall be provided to the President of the National Bank as recommendation, and on the basis of the final decision of the president, the National Bank shall issue legal acts.
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 17 – Monetary Policy Committee of the National Bank
1. The President of the National Bank shall, by an order, set up the Monetary Policy Committee of the National Bank. Members of the Monetary Policy Committee shall be the President of the National Bank, the respective Vice-president, and heads of the respective structural units of the National Bank. By decision of the President of the National Bank, other employees of the National Bank and invited persons may be members of the Monetary Policy Committee.
2. The function of the Monetary Policy Committee shall be to develop and implement the monetary policy and the exchange rate policy.
3. The Monetary Policy Committee shall be authorised to:
a) develop the monetary policy and the exchange rate policy of the country;
b) define procedures for the open market and for other monetary, credit and currency operations, for calculation and observance of the emission and circulation of own securities, and the minimum reserve requirements;
c) set interest rates on loans, deposits and other monetary operations of the National Bank, except for loans of last resort;
d) (deleted – 3.9.2015, No 4188);
d^1) determine norms of minimum reserve requirements;
e) perform other duties related to the monetary policy and the exchange rate policy.
4. The decision of the Monetary Policy Committee regarding the monetary policy shall be based on maintaining the inflation target over the medium term, while achieving short-term goals, that might affect the price stability over the medium term, shall not be decisive.
5. The decision of the Monetary Policy Committee shall be submitted to the President of the National Bank as a recommendation, and, based on the final decision of the President, the National Bank shall issue legal acts.
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Article 17^1 – Audit committee within the Board of the National Bank
1. An audit committee within the Board of the National Bank shall consist of three non-executive members of the Board of the National Bank. A member of the audit committee shall be elected during the term of office of the member of the Board of the National Bank.
2. The members of the audit committee and the chairperson of the audit committee shall be approved by the Board of the National Bank.
3. The audit committee shall, within the powers delegated by the Board of the National Bank, review and supervise the matters related to financial reporting, risks management, internal control system, internal and external audit activities of the National Bank.
4. Activities of the audit committee shall be determined by the regulation of the audit committee within the Board of the National Bank of Georgia, which shall be approved by the Board of the National Bank.
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Article 18 – Internal Audit Service of the National Bank
1. The Board of the National Bank shall appoint and dismiss the Head of the Internal Audit Service of the National Bank by majority of members present and voting at a meeting. The Head of the Internal Audit Service shall be appointed for a period of seven years. He/she may be reappointed.
2. The Head of the Internal Audit Service of the National Bank shall be a citizen of Georgia, a professional in the field of economy and/or finances, and/or banking activities and shall be highly honoured.
3. The Head of the Internal Audit Service of the National Bank may not be a person who is convicted of serious or grave crime (including of terrorism financing and/or illicit income legalisation), or of other economic crime.
4. The Head of the Internal Audit Service of the National Bank shall resign if:
a) his/her 7-year term of office has expired;
b) he/she has resigned from the position on the basis of the personal application, upon one month's notice to the President of the National Bank;
c) he/she has been affected by the conflict of interest referred to in Article 20 of this Law;
d) he/she has died.
5. The Head of the Internal Audit Service of the National Bank may be released from the position if he/she fails to exercise his/her authority for four consecutive months due to his/her health condition.
6. The Head of the Internal Audit Service of the National Bank shall be accountable before the Board of the National Bank and the Audit Committee within the system of the Board of the National Bank.
7. The functions of the Internal Audit Service shall be to:
a) periodically audit internal control systems and operations of the National Bank;
b) prepare a progress report and develop recommendations on budget and accounting procedures and internal control systems, to report to the Board of the National Bank;
c) audit periodical financial statements and related documents of the National Bank.
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Article 18^1 – (Deleted)
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 19 – Remuneration of labour of the personnel of the National Bank
1. The amount of remuneration of labour of the employees of the National Bank shall be in line with the level of remuneration across the banking system of Georgia. The amount of remuneration of temporary employees shall be set on the basis of a contract.
1^1. (Deleted – 10.3.2017, No 436).
2. The amount of official salaries, bonuses and other payments to be paid by the National Bank shall not depend on the net income of the National Bank.

Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 20 – Professional secrecy and conflict of interests
1. Present or former members of the Board of the National Bank, employees or auditors of the National Bank may not allow the access of an unauthorised person to confidential information, as well as disclose, disseminate or use such information for personal purposes.
2. (Deleted – 29.5.2014, No 2465).
3. Information on accounts and/or transactions of natural and legal persons, or on third parties, may be provided only based on a court decision, except for the provision of information to the legal entity under public law called the Deposit Insurance Agency in the case provided for by the Law of Georgia on Deposits Insurance System, and except for the cases provided for by this Law.
4. Information under paragraph 3 of this article shall be provided to persons who are authorised to implement the acts subject to enforcement under the Law of Georgia on Enforcement Proceedings, during their enforcement.
5. Based on the monetary policy, statistical objectives and/or the objectives of the stability of financial sector, by the decision of the Board of the National Bank, any information available at the National Bank may be declared confidential for a certain reasonable period of time. The Board of the National Bank shall define the list of such information, the time frame of restriction and the procedures for providing such information.
5^1. (Deleted – 10.3.2017, No 436).
5^2. (Deleted – 10.3.2017, No 436).
6. The President of the National Bank, the Vice-President of the National Bank, and an employee of a structural unit of the National Bank supervising the financial sector under this Law, may not be an employee of a financial sector representative or of a related legal entity, a direct or indirect shareholder, a member of the supervisory board or of the board of directors. If a family member or a close relative of an employee of a structural unit of the National Bank, who supervises the financial sector under this Law, is a holder of more than 10 % of the shares of a person under supervision and regulation of the National Bank or of a related person, or is a member of the supervisory board or the board of directors, he/she shall submit a written statement to the National Bank under the procedure established by the National Bank. He/she may not participate in resolving issues related to such person. An employee of the National Bank may not be charged with supervision of a person whose shareholder or whose member of the supervisory board or the board of directors is his/her family member or a close relative.
7. An employee of the National Bank may not receive any material or other benefits, by abusing his/her office, from a person under the supervision and regulation of the National Bank, or from a person related to it, on his/her behalf or on behalf of another person, with whom he/she is connected as a close relative, or through work or financial relations.
8. A member of the Board of the National Bank, an employee of the National Bank shall, under the procedure established by the National Bank, be obliged to notify the National Bank about his/her or his/her family member's as a natural person's loan or another material liability, which in total exceeds GEL 10 000, to a financial sector representative.
9. The members of the Board of the National Bank and employees of the National Bank shall not be entitled to act on the basis of the instructions related to official activities that have been taken from any other party except for the National Bank.
Organic Law of Georgia No 2465 of 29 May 2014 – website, 2.6.2014
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 858 of 17 May 2017 – website, 2.6.2017
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Chapter III – Financial Provisions

Article 21 – Capital of the National Bank
1. The capital of the National Bank shall consist of the charter capital and the general reserve fund.
2. The charter capital of the National Bank shall be GEL 15 000 000.
3. The source of the growth of the National Bank charter capital shall be its net profits.

Article 22 – General reserve fund of the National Bank
1. The general reserve fund of the National Bank shall be formed from the annual net profits, according to the distribution provided in Article 25 of this Organic Law.
2. The general reserve fund of the National Bank may be used only to counteract the National Bank's net loss.
3. In order to facilitate the stability and transparency of the financial system, and sustainable economic growth in the country, the Board of the National Bank of Georgia shall be authorised to decide on the distribution of sums in the reserve fund.
Organic Law of Georgia No 2186 of 1 December 2009 – LHG I, No 40, 7.12.2009, Art., 287

Article 23 – Special reserves of the National Bank
1. By decision of the Board of the National Bank, the National Bank's net profits may be used to form:
a) a reserve for counteracting losses expected due to a change in the national currency exchange rate against foreign currencies;
b) a reserve for counteracting losses caused by a change in the price of assets;
c) other special reserves.
2. Special reserves shall be used for counteracting the respective loss.

Article 24 – Calculation of the net profits of the National Bank
The net profits of the National Bank for each financial year shall be calculated according to international accounting standards and financial reporting standards as the sum of net unrealised profit or loss, as a result of net operating profits or losses and revaluation. The net operating profit or loss shall be calculated by deducting operating expenses intended for conducting the main activity from the amount of income of the reporting year.

Article 25 – Distribution of the net profits of the National Bank
If the National Bank has net profits at the completion of a financial year, it shall be distributed in the following sequence:
a) If net profits consist of net operating profits and net unrealised profits obtained as a result of revaluation, the unrealised profits obtained as a result of revaluation shall be transferred to the revaluation reserve. If net profits include revaluation of unrealised losses, it shall be compensated from the revaluation reserve account. If net profits consist of net operating losses and net unrealised profits obtained as a result of revaluation, net profits shall be transferred to the revaluation reserve.;
b) The remaining amount of net profits shall be used to fill the general reserve fund of the National Bank, until its volume equals 15% of the amount of the reserve fund at the end of the financial year. The Board of the National Bank of Georgia shall be authorised to decide to use the remaining net profits to fill the general reserve fund of the National Bank, until its volume is less than 15% of the amount of the reserve fund at the end of the financial year.
c) The remaining net profits for the financial year must be transferred to the account of the Ministry of Finance of Georgia within six months after completion of the financial year of the National Bank.
Organic Law of Georgia No 2186 of 1 December 2009 – LHG I, No 40, 7.12.2009, Art., 287

Article 26 – Distribution of net losses of the National Bank
1. If the National Bank incurs a net loss in any financial year, it shall be distributed as follows:
a) If the net loss consists of net operating losses and net revaluation unrealised losses, the amount of net operating losses shall be added to the general reserve fund, and the amount of revaluation unrealised losses shall be distributed among the revaluation reserve accounts. If after such distribution the revaluation reserve accounts become negative, the negative balance shall be distributed to the general reserve fund.
b) If a net loss consists of the sum of net operating profits and a greater net revaluation unrealised losses, the revaluation loss shall be compensated from the revaluation reserve accounts. The remaining losses shall be distributed to the general reserve fund.
c) If the net loss consists of net operating losses and net revaluation unrealised profits, the losses shall be added to the general reserve fund.
d) If after the above distribution the capital of the National Bank becomes smaller than the charter capital, in order to cover the deficit (to fill the charter capital of the National Bank) the Ministry of Finance of Georgia shall transfer to the ownership of the National Bank the circulating (market) government bearer bonds, under terms and conditions similar to those of other government securities.
2. The Ministry of Finance of Georgia shall unconditionally issue the securities defined by paragraph (1)(d) of this article, within five months after the completion of the financial year of the National Bank. After having been issued, these securities shall be reflected in the State Budget of Georgia.

Chapter IV – Monetary Credit Functions and Operations of the National Bank

Article 27 – Own securities of the National Bank
In order to implement monetary policy, the National Bank shall be authorised to issue its own securities under procedures and terms established by it.

Article 28 – Open market operations
When implementing monetary policy, the National Bank shall be authorised to perform open market operations with government securities and by way of direct purchase or sale of securities issued by the National Bank, or under the condition of their further alienation or repurchase (repo and reverse repo operations).

Article 29 – Minimum reserve requirements
1. The National Bank may set for commercial banks and non-bank depository institutions the minimum reserve requirements that are defined by a percentage ratio of attracted funds, and, by decision of the National Bank, may be subject to mandatory retention by the National Bank.
2. The norms of minimum reserve requirements, the procedures for their calculation and compliance, as well as the sanctions for their violation shall be established by the National Bank. A pecuniary penalty imposed as a sanction for the violation of the norms of minimum reserve requirements shall be transferred to the State Budget of Georgia.
3. If minimum reserve requirements are placed in the National Bank, it may decide to pay an interest on the amount of the minimum reserve requirements.
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 29^1 – (Deleted)
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 30 – Discount transactions of the National Bank
1. The National Bank shall be authorised, by way of purchasing the securities of the Government of Georgia and of the National Bank, to carry out discount transactions with commercial banks and non-bank depository institutions, under procedures and conditions established by it.
2. The National Bank shall be authorised to alienate securities purchased through discount transactions at its own discretion.

Article 31 – Loan and deposit operations of the National Bank
1. Under the procedures and terms set by the National Bank, the National Bank may issue loans to commercial banks and non-bank depository institutions that have accounts at the National Bank, secured by respective collateral.
2. The Board of the National Bank shall approve the list of assets to be pledged as collateral for loans.
3. The National Bank shall be authorised to accept deposits under the procedures and conditions set by it.
4. The National Bank may, based on the decision of the board of the National Bank, disburse loan in accordance with the terms set by the National Bank for the legal entity under public law called the Deposit Insurance Agency.
5. The loan under paragraph 4 of this article shall be disbursed only in the case of strong deficit of liquidity, with the relevant security. Such loan shall be maximally short-term and its term shall not exceed six months, and the interest rate for such loan shall be approximated to the interest rate prevailing on the market and shall be no less than the overnight standing credit rate of the National Bank.
Organic Law of Georgia No 2828 of 23 March 2010 – LHG I, No 19, 13.4.2010, Art., 102
Organic Law of Georgia No 858 of 17 May 2017 – website, 2.6.2017

Article 32 – Accounts of commercial banks, non-bank depository institutions, other financial institutions, and the Pension Agency at the National Bank
The National Bank shall be authorised to have accounts of commercial banks, non-bank depository institutions, significant system participants, and the Pension Agency, and accept deposits from them under the procedures and conditions established by it.
Organic Law of Georgia No 6305 of 25 May 2012 – website, 12.6.2012
Organic Law of Georgia No 3264 of 21 July 2018 – website, 6.8.2018

Article 33 – Lender of the last resort
1. Except for the loans permitted under Article 31 of this Organic Law, the National Bank may issue a last resort loan to a commercial bank.
2. The term of the last resort loan, provided in paragraph 1 of this article, shall not be longer than three months, the interest rate shall not be lower than the interest rate set for a one-day loan by the National Bank and shall be secured by assets determined under Article 31 of this Organic Law.
3. In exceptional cases, when the stability of the country's financial system may be under threat, by decision of the Board of the National Bank, it shall be admissible to issue a loan for a longer term, with a different interest rate and unsecured by collateral.
3^1. (Deleted – 10.3.2017, No 436).
4. The Board of the National Bank shall, in accordance with this Organic Law, define the procedures and terms for issuing a last resort loan.
Organic Law of Georgia No 2828 of 23 March 2010 – LHG I, No 19, 13.4.2010, Art. 102
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 33^1 – Information support for performing monetary and statistics functions of the National Bank

1. In order to provide information support for performing monetary and statistical functions, the National Bank shall be authorised to request a financial sector representative to submit statistical and accounting reports necessary for maintaining monetary, financial and external sectors statistics.
2. The National Bank shall be authorised to request confidential information from a financial sector representative for the sole purpose of performing its statistical functions.

Organic Law of Georgia No 5001 of 1 July 2011 – website, 15.7.2011

Chapter V – Means of Payment

Article 34 – Currency unit

1. The currency unit of Georgia shall be the lari. The lari consists of 100 tetri.
2. The lari shall be the only legal tender on the territory of Georgia, except for free industrial zones, duty-free shops and/or cases defined by the National Bank.

2^1) When offering and/or advertising property for sale, and/or provision of services by an entrepreneur in the territory of Georgia, the price shall be indicated only in laris.

2^2) A regulation different from the one provided for in paragraph 2^1 of this article may be determined by an appropriate legal act of the National Bank.

2^3) Cash settlement in the territory of Georgia shall be carried out on the basis of the principle of cash rounding. The principle of cash rounding shall involve rounding up and down to the nearest 5 currency value.

2^4) The method of cash rounding and procedures for its use shall be determined by the legal act of the Board of the National Bank.

3. The lari banknotes and coins put into circulation or realised by the National Bank shall be the unconditional liability of the National Bank at face value, except for the lari banknotes and coins that have been withdrawn from circulation and/or are a store of numismatic value.

Organic Law of Georgia No 2828 of 23 March 2010 – LHG I, No 19, 13.4.2010, Art., 102
Organic Law of Georgia No 3702 of 12 October 2010 – LHG I, No 56, 20.10.2010, Art., 363
Organic Law of Georgia No 5001 of 1 July 2011 – website, 15.7.2011
Organic Law of Georgia No 238 of 29 December 2016 – website, 13.1.2017
Organic Law of Georgia No 3313 of 21 July 2018 – website, 31.7.2018

Article 35 – Emission

1. Only the National Bank shall have the right to produce lari banknotes and coins intended for circulation, collection and/or for other purposes and issue them on the territory of Georgia. The National Bank shall be the copyright holder for lari banknotes and coins.
2. The Board of the National Bank shall define the face value, size, weight, volume, material and other characteristics of lari banknotes and coins.

2^1. The Board of the National Bank shall develop the design of lari banknotes and coins and approve it in accordance with procedures provided for by its own normative acts.

3. If the design and material of a lari banknote or coin of an existing face value, and/or the year designated on it is changed, or a lari banknote or coin of a new face value is introduced, they shall be put into circulation by decision of the Board of the National Bank.
4. Emission of lari banknotes and coins directly for covering the deficit of the State Budget of Georgia shall be prohibited.
5. The National Bank may sell lari banknotes and coins, as well as numismatic valuables, both inside and outside the country.
6. The Board of the National Bank shall determine the procedures for production and realisation of lari banknotes and coins.
7. The Board of the National Bank shall define criteria for determining the fitness of lari banknotes and coins for use and the procedures for their acceptance and replacement.

Organic Law of Georgia No 2828 of 23 March 2010 – LHG I, No 19, 13.4.2010, Art., 102
Organic Law of Georgia No 4315 of 22 February 2019 – website, 7.3.2019

Article 36 – Storage and destruction of currency and other valuables

1. The National Bank shall ensure reliable storage of both currency and original materials necessary for producing lari banknotes and coins, and other valuables.
2. Only the National Bank shall ensure the destruction of lari banknotes and coins and original materials necessary to produce them.
3. The Board of the National Bank shall set the procedure for destruction or further use of lari banknotes and coins.

Article 37 – Withdrawal from circulation and replacement of lari banknotes and coins

1. The National Bank may withdraw from circulation and replace issued lari banknotes and coins.
2. The Board of the National Bank shall establish the procedures for withdrawal from circulation and replacement of lari banknotes and coins.
3. As soon as the time for the replacement of lari banknotes and coins set by the Board of the National Bank expires, lari banknotes and coins to be replaced shall become ineffective as legal tender.

Article 38 – Stock of currency and emission plan

The National Bank shall directly control the stock of cash, plan the emission of money, and provide the economy of Georgia with lari banknotes and coins.

Article 39 – Counterfeit banknotes and reproduction of money

1. Making counterfeits of monetary notes shall be prohibited and shall be punishable by law.
2. Counterfeit money shall be withdrawn from circulation and shall not be reimbursed.
3. The Board of the National Bank shall set the procedure for responding to the facts revealing counterfeit money on the territory of Georgia.
4. The National Bank shall be the key expert in establishing the authenticity of lari banknotes and coins and the expert of foreign currency banknotes and coins on the territory of Georgia.
5. Lari banknotes and coins may be reproduced on the territory of Georgia only under procedures set by the Board of the National Bank.

Chapter VI – International Reserves

Article 40 – Official international reserves

1. The National Bank shall own, store and manage the official international reserves which may consist of the following assets:

a) monetary gold;
b) foreign currency in the form of coins and banknotes;
c) foreign currency balances available in bank accounts in a foreign country;
d) special drawing rights (SDR) for loans of the International Monetary Fund and the reserve position in the International Monetary Fund;

e) bills of exchange and deposit certificates denominated and payable in a foreign currency;
f) debt instruments issued by foreign countries, central banks, international financial institutions, and private companies;
g) derivative financial instruments and agreements on purchase of securities, denominated and payable in foreign currency, under the condition of their further alienation (reverse repo operations);
h) any other universally recognised international reserves.
2. To perform the tasks of managing the official international reserves, the National Bank shall be authorised to borrow foreign currency on its own behalf, for a term of up to one year, which will be secured by assets within the international reserves, or to enter into agreements on alienation/lending of securities under the condition of their further repurchase (repo operations).

Chapter VII – Relations of the National Bank with Other State Bodies

Article 41 – Banker and fiscal agent
1. The National Bank shall perform the role of a banker and a fiscal agent of the Government of Georgia.
2. The National Bank shall be obliged to provide advisory assistance to the President of Georgia and the Government of Georgia on all issues related to the activity of the National Bank or falling within the scope of its authority.

Article 42 – Consultations on a draft State Budget of Georgia
1. Before submitting to the Parliament of Georgia a draft State Budget of Georgia or draft changes to the Sate Budget of Georgia, the Minister of Finance of Georgia shall consult with the President of the Bank regarding the main parameters of the State Budget of Georgia that include:
a) the volume and structure of total revenues;
b) the volume and structure of the surplus of the State Budget of Georgia;
c) the change in financial assets;
d) the structure of expenditures of the State Budget of Georgia.
2. The consultations shall necessarily take into consideration information on plans regarding attracting domestic and foreign loans for the state sector for the following financial year, including information on lending amounts of credit facility agreement, their acceptance and allocation and expected loan conditions. The central and local self-government bodies of Georgia shall notify the National Bank about the debt instruments issued.
3. After consultations, the President of the National Bank shall send to the Parliament of Georgia and the Government of Georgia an opinion on basic parameters of the State Budget of Georgia.

Article 43 – Depository functions
1. The National Bank shall accept the deposits of the Treasury Service of the Ministry of Finance of Georgia. As a depository, the National Bank shall accept and issue monetary funds, register accounts and provide other related financial services. On the basis of payment documents, the National Bank shall issue an amount within the limits of the amounts deposited on the above accounts. The National Bank may decide to pay interest on such deposits.
2. The National Bank may permit other financial institutions to accept such deposits under terms established by the National Bank.

Article 44 – Functions of a financial agent
The National Bank may perform the role of a financial agent of state institutions on the following issues:
a) realisation of debt instruments issued by them, including performing the functions of a transfer agent, or other necessary administrative functions;
b) issuance of principal amounts and interest, performing other payments on securities;
c) performing payment transactions from their accounts;
d) other issues pertaining to the National Bank's functions.

Article 45 – Information to be submitted to the National Bank
The National Bank shall be authorised to require and receive from state institutions and any other person all the statistical, accounting and other information (including confidential information) necessary to perform functions assigned to it.
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 46 – Right of the National Bank to provide financial assistance
1. The National Bank shall not assist the Government of Georgia and state institutions financially, except in the case of paying dividends, provided in Article 25 of this Organic Law. Based on the purposes of the monetary policy, the National Bank shall purchase government securities only on the secondary market.
2. The National Bank of Georgia may purchase government securities on the primary market only in exchange for securities already existing in its portfolio, if the day of payment for them coincides with the day of issuance of new securities. They shall be purchased at the volume-weighted average price fixed at the auction. The volume of securities purchased by the National Bank at each auction shall be the additional emission of securities offered for sale at the auction and shall not exceed 20% of the total volume of securities sold at this auction.

Chapter VIII – Supervisory Powers of the National Bank
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Article 47 – Objectives and functions of the National Bank in terms of supervision of the financial sector
The objective of the National Bank shall be to facilitate the financial sustainability and transparency of the financial sector, and to protect the rights of customers and investors. For this purpose, the National Bank shall facilitate stable and effective functioning of the financial system, contribute to the creation of competitive environment, the control of the systemic risk, and the mitigation of potential risks.
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 47^1 – (Deleted)
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 47^2 – (Deleted)
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 47^3 – (Deleted)

Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Record of session No 3/6/668 of the Preliminary Session of the Plenum of the Constitutional Court of Georgia of 12 October 2015 – website, 23.10.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 47^4 – (Deleted)
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Record of session No 3/6/668 of the Preliminary Session of the Plenum of the Constitutional Court of Georgia of 12 October 2015 – website, 23.10.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 47^5 – (Deleted)
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 47^6 – (Deleted)
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 47^7 – (Deleted)
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 48 – Supervisory powers of the National Bank
1. The National Bank has been granted full authority to supervise the activities of commercial banks, banking groups, non-bank depository institutions, micro-finance organisations, independent securities registrars, brokerage companies (except for insurance brokerage companies), stock exchange, central depository, specialised depository, asset management companies, publicly accountable enterprises, foreign currency exchange offices, investment funds, payment system operators, payment service providers, credit information bureaus and loan holder entities, on the basis of this Law and other normative acts.
2. (Deleted – 23.12.2018, No 1894).
3. To perform supervisory duties, the National Bank shall be authorised to issue appropriate decrees and orders, implement relevant measures, give written instructions, set additional requirements, and impose relevant limitations and/or sanctions.
4. Except for the grounds provided for by the legislation of Georgia, the National Bank shall also be authorised to refuse a person registration as/granting a licence of a subject under paragraph 1 of this article, or acquisition of a significant share of a subject under the same article in the case provided for by the legislation of Georgia, if:
a) the registration of a person as a subject/granting a licence to a person or the acquisition of a significant share of a subject by a person may pose a threat to the stability of the Georgian financial sector;
b) the registration of a person as a subject/licensing of a person or the acquisition of a significant share of a subject by a person may cause the violation and/or non-fulfilment of the requirements provided under the compulsory decisions and/or recommendations of international organisations;
c) the registration of a person as a subject/licensing of a person or the acquisition of a significant share of a subject by a person may cause the breach of an agreement signed between Georgia and a foreign country;
d) an interested person failed upon request of the National Bank to submit to the National Bank full information on the origin of funds necessary to comply with minimum capital requirements set under the legislation of Georgia for commencing a subject's activity, or to acquire a significant share in the cases provided for by the legislation of Georgia;
e) based on information available for the National Bank, an interested person (a subject, an administrator, a holder of a significant share, a beneficial owner) violates the entrepreneurial, banking and/or financial legislation, and/or carries out such business practice that poses or may pose a threat to healthy functioning of a particular subject and/or the financial sector;
f) the structure of the group of an interested legal person, the structure of ownership and the governance structure, and/or the banking activities/environment are not transparent enough, which may impede the implementation of effective individual or consolidated supervision, and/or may pose a threat to the stability and healthy functioning of the financial sector.
4^1. The National Bank shall be entitled to:
a) request and obtain information from a representative of the financial sector on the origin of funds of the representative of the financial sector, the ownership structure, direct owners of a significant share, and on beneficial owners (including on the origin of property and/or financial resources);
b) in the case of violation of the legislation of Georgia on facilitating the prevention of money laundering and the financing of terrorism, cease or limit certain type of operations, impose a ban on the distribution of profits, accrual and issuance of dividends, the increase of remuneration, the issuance of premiums and other similar payments, impose monetary fines, make deregistration and deprivation of a licence in relation to the representative of the financial sector;
c) in the case of violation of the legislation of Georgia on facilitating the prevention of money laundering and the financing of terrorism, suspend the right to sign in relation to the administrators of the financial sector, impose monetary fines, and request their dismissal;
d) provide commercial banks with a list of those persons whose activities involve or may involve the risk of money laundering or the financing of terrorism;
e) in the case of failure to submit requested information within the determined time frame, or if requested information is submitted incompletely, impose sanction on the representative of the financial sector in accordance with the procedure established by the National Bank.
4^2. Information on sanctions imposed by the National Bank on a representative of the financial sector for violation of the requirement of the prevention of money laundering or the financing of terrorism shall be published on the official website of the National Bank in accordance with procedures established by the National Bank.
4^3. For the purposes of preventing and combatting money laundering and the financing of terrorism, the National Bank shall supervise the activities of a representative of the financial sector on the basis of the risk-based approach.
5. To perform supervisory functions, the National Bank shall be authorised to request and receive, within its authority, any information (including confidential information) from persons defined in paragraph 1 of this article.
6. To facilitate the prevention of money laundering and the financing of terrorism, the National Bank shall be authorised to cooperate with local supervisory and law enforcement bodies.
7. This Law, the Law of Georgia on Commercial Bank Activities, or a normative act of the National Bank may determine the terms and conditions for the use of an electronic document and an electronic signature (including the electronic documents and electronic signatures that are different from those determined by the Law of Georgia on Electronic Documents and Electronic Trust Services) differently from the Law of Georgia on Electronic Documents and Electronic Trust Services, and their legal force.
7^1. Correspondence between the subject of supervision and the National Bank can be conducted in a material or electronic form. They shall have equal

legal force. The National Bank shall be authorised to define procedures for the use of electronic signature during the conduct of communication with the subject of supervision. The electronic signature used in accordance with procedures defined by the National Bank shall have the legal force which is equal to the personal signature on the tangible document.
8. The National Bank shall be authorised to receive, from the subject of supervision, a document sent in accordance with the procedures established by the National Bank and/or an electronic document with a qualified electronic signature. The issue of use of the qualified electronic signature shall be regulated under an agreement signed between the National Bank and the subject of supervision.
9. If a material and/or an electronic document cannot be delivered to the subject of supervision, the President or the Vice-President of the National Bank may decide to publicly disseminate an official document. The official document shall be publicly disseminated by publishing it on the official website of the National Bank or through another means of information dissemination. A public notice shall be deemed delivered on the 15th day after it has been publicly disseminated.
10. The subjects provided for by paragraph 1 of this article shall have the right to prepare and submit to the National Bank for approval the security policy of the use of the electronic signature while rendering services. During the rendering of particular services agreed with the National Bank, the electronic signature used during the rendering of services on the basis of the security policy for the use of the electronic signature while rendering services, shall have the legal force which is equal to the personal signature on the tangible document. The electronic document certified by the said electronic signature may be used in all cases, where the tangible form of a document is required by the legislation of Georgia.
11. If a subject intends to use the electronic signature and the legal force of such signature is acknowledged on the basis of law, but the security policy for the use of such signature has not been agreed with the National Bank, the subject shall send a prior notification to the National Bank with regard to the use of such electronic signature.
12. The National Bank shall be authorised to establish for a representative of the financial sector procedures for providing necessary information to consumers during the rendering of services.
13. The National Bank shall be authorised to publish a draft normative act of the National Bank in relation to the financial sector for obtaining comments from interested parties before its approval. Such5 requirement shall not apply to a draft normative act, which needs to be adopted for maintaining the stability of the financial sector and/or which shall be immediately put into force.
14. The National Bank shall be authorised to provide any information (including confidential information) directly or indirectly related to subjects provided for by paragraph 1 of this article to an auditor (an auditing company) of the said subjects. Such authority shall be exercised by the National Bank for the purpose of facilitating the proper meeting of supervisory requirements and/or for making assessment. No one shall have the right to require from the National Bank to provide information determined by this paragraph. Any provision/non-provision of information by the National Bank as provided for by this paragraph shall not become the basis for the improper fulfilment of audit by an auditor (an audit company) of the said subjects. An auditor (an audit company) is obliged to keep the confidentiality of information retrieved from the National Bank, except for the cases provided for by law.
Organic Law of Georgia No 5527 of 20 December 2011 – website, 28.12.2011
Organic Law of Georgia No 6017 of 10 April 2012 – website, 30.4.2012
Organic Law of Georgia No 6320 of 25 May 2012 – website, 12.6.2012
Organic Law of Georgia No 6305 of 25 May 2012 – website, 12.6.2012
Organic Law of Georgia No 262 of 6 March 2013 – website, 20.3.2013
Organic Law of Georgia No 353 of 20 March 2013 – website, 4.4.2013
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 668 of 21 April 2017 – website, 10.5.2017
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018
Organic Law of Georgia No 5240 of 30 October 2019 – website, 30.10.2019

Article 48^1 – (Deleted)
Organic Law of Georgia No 6320 of 25 May 2012 – website, 12.6.2012
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 4468 of 28 October 2015 – website, 11.11.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Article 48^2 – Registration and supervision of a payment system operator and a payment service provider
1. The National Bank shall exercise supervision of a payment system operator and a payment service provider in accordance with the legislation of Georgia by registration and revocation of registration, establishment of the minimum requirements, and by imposition of restrictions and sanctions.
2. Procedures for registration and revocation of registration of a payment system operator and a payment service provider by the National Bank, sanctions to be applied to them, including the amount of a monetary penalty and the procedures for imposing it shall be defined by normative acts of the National Bank. The amount of a monetary penalty shall be transferred to the State Budget of Georgia.
3. The National Bank shall define the issue of granting and revoking the status of a significant system and the status of a significant payment service provider in accordance with the legislation of Georgia.
4. The National Bank shall exercise supervision of a significant system and a significant payment service provider in accordance with the legislation of Georgia through inspection, establishment of minimum capital and additional requirements, and imposition of restrictions and sanctions.
4^1. The National Bank shall be authorised to determine the eligibility criteria for the administrator of a payment service provider and the administrator of the payment system operator on the basis of the legal act.
5. The National Bank may, under the procedures established by the National Bank, verify fulfilment by a payment system operator and a payment service provider of the requirements defined under the Agreement between the Government of the United States of America and the Government of Georgia to Improve International Tax Compliance and to Implement the Foreign Account Tax Compliance Act (FATCA).
Organic Law of Georgia No 6305 of 25 May 2012 – website, 12.6.2012
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 4468 of 28 October 2015 – website, 11.11.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Article 48^3 – Credit activities and banking activities
1. No one shall have the right to receive deposits and issue credits using such deposits without the banking licence issued by the National Bank.
2. A business entity, or a group of affiliated persons shall have no right to attract repayable funds (*inter alia*, to take loans) from more than 20 natural persons (including from individual entrepreneurs), and/or to carry out the advertising of the attraction of repayable funds from a wider circle of persons without their registration as a micro-finance organisation by the National Bank, without the licence for non-bank depository and crediting activities, or the licence for banking activities.

3. (Deleted – 21.7.2018, No 3320).
4. The restriction referred to in paragraph 2 of this article shall not apply to:
a) the public offering of securities;
b) the private offering of securities for a sophisticated (experienced) investor provided for by the Law of Georgia on Securities Market;
c) the insurance activities provided for by the Law of Georgia on Insurance;
d) the non-state pension scheme provided for by the Law of Georgia on the Provision of Non-State Pensions and Non-State Pensions Insurance;
e) the activities of brokerage companies provided for by the Law of Georgia on Securities Market;
f) the issuance of a loan by a natural person to another non-entrepreneurial natural person;
g) the issuance of a loan by a partner/shareholder of an enterprise to the same enterprise;
h) the contribution to the capital of an enterprise by the partner/shareholder of the enterprise;
i) the services related to electronic money provided for by the Law of Georgia on Payment Systems and Payment Services;
j) the cases determined by the National Bank.
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018
Organic Law of Georgia No 3320 of 21 July 2018 – website, 7.8.2018

Article 49 – Supervision of a commercial bank and a non-bank depository institution
1. The National Bank shall be authorised to:
a) exercise supervision over the activity of a commercial bank and a non-bank depository institution. The supervision shall include the issuance and revocation of licences, inspection and regulation, the issuance of written instructions, and the imposition of additional requirements, restrictions and sanctions;
b) require and receive information on the sources of the capital of a commercial bank and on both direct and beneficiary owners of its significant shares;
b^1) within the scope of authority, request and obtain any information (including confidential information) on direct owners and beneficiary owners of a commercial bank, and set additional requirements for such commercial bank on the basis of the legal act;
c) exercise supervision and inspect a commercial bank and a non-bank depository institution, inspect their subsidiaries, audit the components of accounting documents and financial statements, and other materials, and receive any information from them in a form defined by itself, within the scope of its authority; in the case of detecting, as a result of an audit, signs of a crime, the materials shall be handed over to the appropriate bodies;
d) increase reserve requirement norms for commercial banks and non-bank depository institutions, terminate their active operations, prohibit distribution of profit, accrual and payment of dividends, raises in salaries, payment of bonuses and other similar compensations, require attracting additional capital and increasing reserve norms against possible losses from assets and conditional obligations;
e) suspend the signature right of administrators of commercial banks and a non-bank depository institutions; impose monetary penalties on them and require their dismissal; require a commercial bank and non-bank depository institution to pay a monetary penalty; revoke a license of a commercial bank and a non-bank depository institution;
f) determine, by a normative act, the procedures for issuance and revocation of a license for a commercial bank and a non-bank depository institution, establish the amount of a monetary penalty and the procedures for imposing it. The sum of a monetary penalty shall be transferred to the State Budget of Georgia;
g) exempt a commercial bank, for a certain period of time and/or under certain conditions, from compliance with the norms established by itself;
h) set up and manage an interim bank that will implement its activities in accordance with the Law of Georgia on Commercial Bank Activities;
i) through a temporary administrator or liquidator, facilitate transfer of assets and liabilities of an insolvent commercial bank or part of them under procedures and conditions established by the National Bank;
i^1) determine procedures for introducing and functioning of the liquidation and temporary administration regimes of a commercial bank on the basis of the legal act;
j) in special cases, for the purpose of stable functioning of the financial system, immediately take appropriate measures for commercial banks: set additional days off for banks apart from public holidays under the Organic law of Georgia – the Labour Code of Georgia; announce days off under the Organic law of Georgia – the Labour Code of Georgia as banking days; set certain restrictions and/or exempt from such restrictions, and perform other actions necessary to maintain sustainability of the financial system.
k) under the procedures established by the National Bank, verify fulfilment by a commercial bank and a non-bank depository institution of the requirements defined under the Agreement between the Government of the United States of America and the Government of Georgia to Improve International Tax Compliance and to Implement the Foreign Account Tax Compliance Act (FATCA).
l) exercise the supervision over the activities of a commercial bank on the basis of the risk-based approach.
2. The National Bank shall appoint a liquidator and a temporary administrator of a commercial bank and a non-bank depository institution. They shall be accountable to the National Bank. The full authority of all organs (including the general meeting of shareholders) of a commercial bank and a non-bank depository institution shall be transferred to a liquidator and a temporary administrator.
3. The National Bank shall be authorised to set, for a commercial bank and a non-bank depository institution, a minimum capital requirements and the procedures for their calculation.
4. (Deleted – 23.12.2017, No 1894).
5. Only by the decision of the National Bank, a commercial bank and a non-bank depository institution may be declared insolvent and bankrupt under procedures established by the National Bank.
6. The National Bank shall audit an international financial company under special procedures established by the National Bank only to check the observance of restrictions set under the legislation of Georgia for international financial companies.
Organic Law of Georgia No 5001 of 1 July 2011 – website, 15.7.2011
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 4468 of 28 October 2015 – website, 11.11.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Article 49^1 – Supervision of the activities of a banking group
1. Supervision over the activities of a banking group shall aim to facilitate the stability of the financial sector and the healthy functioning of a commercial bank(s) included in the banking group.
2. When exercising supervision over the activities of a banking group, the National Bank shall be authorised to:
a) audit a banking group and carry out its inspection on the place of its activity, as well as through its remote supervision, and audit accounting documents, reporting components and other materials individually and in consolidated manner;
b) have unlimited access to the data and documents of the supervisory board, management and employees of each member of the banking group;
c) assess the risks profile, the risks management framework, and the efficiency of the internal control mechanisms of the banking group. Within the scope of assessment the National Bank shall be authorised to request and obtain from a member of the banking group, and from any person related to the banking group any available information (including confidential information) on the banking group and other persons related to the banking group, individually and in consolidated manner, for the purpose of assessing the risks related to them and their effect on the banking group;

d) determine the requirements related to the establishment of the structure of a banking group, *inter alia*, request the change (simplification) of the ownership structure of a commercial bank and/or the structure a banking group, where the complexity of the structure impedes the exercise of efficient supervision and/or poses or may pose a threat to the stability of a commercial bank and/or the financial sector, and to their healthy functioning;
e) set the following requirements for a commercial bank(s) included in the banking group, and/or for a member and/or for several members of the banking group jointly:
e.a) the minimum capital requirements;
e.b) the liquidity requirements;
e.c) the requirements relevant to significant risks;
e.d) the ratio of different type of capital with classified assets;
e.e) the requirements related to the disclosure of information;
e.f) the requirements related to the corporate management;
e.g) the requirements related to reporting and audit;
e.h) the eligibility criteria of an administrator.
3. The National Bank shall be authorised, depending on the risks of the banking group, to set the requirements and/or issue written instructions for a commercial bank in the case of violation of the requirements and/or restrictions determined by this article.
4. The National Bank shall be authorised to set procedures for consolidated supervision of the banking group on the basis of the normative act.
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Article 50 – Supervision of activities of micro-finance organisations and foreign currency exchange offices
1. The National Bank shall be authorised to:
a) exercise supervision of the activities of a micro-finance organisation. Supervision envisages registration, revocation of registration, auditing and regulation of a micro-finance organisation, issuance of written instructions, and setting of additional requirements, restrictions and imposition of sanctions;
b) request and obtain information on the origin of funds of a micro-finance organisation, its direct owners and beneficial owners of its significant share, (including on the origin of property and/or financial resources);
c) establish requirements for the owners of significant share of a micro-finance organisation on the basis of the legal act;
d) carry out inspection of a micro-finance organisation, audit the accounting documents, reporting components and other materials, and obtain from them any information (including confidential information) in the form determined by it and within its scope of authority;
e) terminate or restrict certain type of transactions and/or the attraction of funds for a micro-finance organisation, impose a ban on the distribution of profits, accrual and issuance of dividends, the increase of remuneration, the issuance of premiums and other similar payments, and request the attraction of additional capital;
f) determine the eligibility criteria for the administrator of a micro-finance organisation on the basis of the legal act;
g) suspend the authority to sign in relation to an administrator of a micro-finance organisation, impose monetary fines, and request his/her resignation;
h) determine the norms of classification of assets and the norms of reserves of a micro-finance organisation in the case of possible loss, on the basis of the legal act;
i) determine the minimum amount and procedures of formation of the supervisory capital of a micro-finance organisation on the basis of the legal act;
j) determine procedures for liquidation of a micro-finance organisation on the basis of the legal act.
2. The National Bank shall exercise supervision over the activities of a foreign currency exchange office through its registration and revocation of the registration, inspection, issuance of written instructions, by way of setting requirements and imposing sanctions.
3. Procedures for registration and revocation of registration of a micro-finance organisation and a foreign currency exchange office, the amount of monetary fine and the rules for its imposition shall be determined by the National Bank on the basis of its normative acts. The monetary fine shall be addressed to the State Budget
4. The National Bank shall be authorised to request and obtain from a foreign currency exchange office any information (including confidential information) in accordance with the procedure determined by the National Bank.
5. The National Bank shall be authorised, under the procedures established by the National Bank, verify fulfilment by a micro-finance organisation of the requirements defined under the Agreement between the Government of the United States of America and the Government of Georgia to Improve International Tax Compliance and to Implement the Foreign Account Tax Compliance Act (FATCA).
Organic Law of Georgia No 5527 of 20 December 2011 – website, 28.12.2011
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 4468 of 28 October 2015 – website, 11.11.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Article 50^1 – Protection of consumer rights during the rendering of services by a foreign currency exchange office
1. A foreign currency exchange office shall provide complete information to a consumer during the rendering of services on the foreign currency exchange rate and the amount of service commissions (if any).
2. A foreign currency exchange transaction may be revoked and the exchanged currency may be retrieved in accordance with procedures determined by paragraph 3 of this article.
3. The National Bank shall determine procedures for providing information to consumers during the rendering of services by a foreign currency exchange office, and for the revocation of a foreign currency exchange transaction.
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Article 51 – (Deleted)
Organic Law of Georgia No 353 of 20 March 2013 – website, 4.4.2013

Article 52 – Supervision over securities market
The National Bank shall be authorised to:
a) regulate relations arising from the issuance and circulation of securities by issuers; ensure detection, prevention and elimination of violations in the field of issuance and circulation of securities;
b) issue and revoke licenses of regulated participants in the securities market;
c) set minimum capital requirements for regulated participants in the securities market;
d) approve an issue prospectus;
e) monitor, audit and research regulated participants in the securities market;
f) verify, under the procedures established by it, fulfilment by a participant in the securities market of the requirements defined under the Agreement between the Government of the United States of America and the Government of Georgia to Improve International Tax Compliance and to Implement the Foreign Account Tax Compliance Act (FATCA).
g) under the legislation of Georgia, adopt, amend and cancel the procedures related to the regulation of the securities market, and supervise their

performance;
h) impose sanctions, including a monetary penalty on regulated participants in the securities market. The amount of a monetary penalty and the procedure for imposing it shall be defined by a normative act of the National Bank. The sum of the monetary penalty shall be transferred to the State Budget of Georgia.
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 4468 of 28 October 2015 – website, 11.11.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017

Article 52[1] – Supervision over the activities of the Credit Information Bureau
1. The National Bank shall be authorised to exercise supervision over the activities of the Credit Information Bureau. Such supervision involves the inspection and regulation of the Credit Information Bureau for the purposes of ensuring financial stability, the protection of consumers' rights, the security/safety of information, and the continuity of activities, it also involves the issuance of written instructions, requirements (including financial and operational requirements), restrictions (including those for service fees) and the imposition of sanctions, and for this purpose, the issuance of relevant legal acts.
2. A business entity intending to carry out the activities of the Credit Information Bureau, shall register with the National Bank and meet the requirements established by the National Bank. Procedures for registration of the Credit Information Bureau with the National Bank, for deregistration and those for regulating the Credit Information Bureau shall be established by the legal act of the National Bank.
3. A loan holder organisation shall provide the Credit Information Bureau with information on loans/credits, in accordance with procedures provided for by the National Bank.
4. The National Bank shall establish procedures for providing to and registering with the Credit Information Bureau of information in the territory of Georgia, and procedures for the availability of such information.
5. The National Bank shall be authorised to impose monetary penalty on a subject determined by Article 48(1) of this Law in accordance with procedures determined by the National Bank, for violation of the requirements on provision of information to the Credit Information Bureau as provided for by the legal acts of the National Bank and/or this Law.
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Article 52[2] – Supervision over the activities of a loan holding entity
1. The National Bank shall be authorised to supervise the activities of a loan holding entity. Such supervision involves registration and deregistration of a loan holding entity, its inspection and regulation, the issuance of written instructions, and the imposition of requirements, restrictions and sanctions.
2. A loan holding entity shall register with the National Bank and meet the requirements established by the National Bank. Procedures for registration of a loan holding entity with the National Bank, for deregistration and regulation shall be determined by the legal act of the National Bank.
3. The National Bank shall be authorised to impose sanction (including the monetary penalty) on a loan holding entity for violation of this Law and legal acts and/or requirements of the National Bank, in accordance with procedures determined by the National Bank. The amount of the monetary penalty shall be directed to the State Budget of Georgia.
4. The obligation to register provided for by paragraph 2 of this article shall not apply on:
a) a representative of the financial sector;
b) the issuance of a loan by a business entity to a partner/shareholder and/or an employee of an enterprise.
5. A loan holding entity (a business entity) is obliged to meet the requirements determined by an order of the Minister of Internal Affairs of Georgia with regard to the security and the possession and operation of special software for recording movable things received as a means of security for monetary claim.
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018
Organic Law of Georgia No 3320 of 21 July 2018 – website, 7.8.2018

Article 52[3] – Supervision over the activities of the Pension Agency
The National Bank shall be authorised to:
a) carry out prudential regulation of investment activities of the Pension Agency, in accordance with the Law of Georgia on Funded Pensions;
b) periodically inspect the compliance of the investment activities of the Pension Agency with limits determined by the investment policy document;
c) determine the minimum admissible rating of financial and non-financial instruments and additional requirements with respect to issuers of financial instruments, in which the Pension Agency may make investments;
d) within the competence determined by the Law of Georgia on Funded Pensions, and where there is significant defect identified, give a compulsory instruction to the Pension Agency and/or public recommendation on the elimination of the mentioned defect, specifying the reasonable time frames;
e) carry out a temporary regime of a special administration of the Pension Agency in accordance with the Law of Georgia on Funded Pensions and procedures determined by it;
f) determine additional regulating procedures for a specialised depository serving the Pension Agency. The procedures may apply to the assets of the specialised depository, the experience of personnel, technical and software provision, or any other matters that are deemed necessary by the National Bank;
g) acknowledge a specialised depository and an assets management company licensed by the other state in accordance with procedures determined by it;
h) determine the minimum admissible rating and additional requirements for the assets management company(ies) registered in Georgia or abroad;
i) carry out the audit of the Pension Agency, the specialised depository and assets management company(ies) on the place of their business activities in accordance with the Law of Georgia on Funded Pensions and other legislative and subordinate normative acts of Georgia;
j) review and issue legal acts related to the prudential regulation of the investment activities of the Pension Agency in accordance with the legislation of Georgia;
k) exercise other powers determined by the Law of Georgia on Funded Pensions.
Organic Law of Georgia No 3264 of 21 July 2018 – website, 6.8.2018

Chapter IX – (Deleted)
Organic Law of Georgia No 2465 of 29 May 2014 – website, 2.6.2014

Article 53 – (Deleted)
Organic Law of Georgia No 1274 of 20 September 2013 – website, 2.10.2013
Organic Law of Georgia No 2465 of 29 May 2014 – website, 2.6.2014

Article 54 – (Deleted)
Organic Law of Georgia No 1274 of 20 September 2013 – website, 2.10.2013
Organic Law of Georgia No 2465 of 29 May 2014 – website, 2.6.2014

Article 55 – (Deleted)
Organic Law of Georgia No 1274 of 20 September 2013 – website, 2.10.2013
Organic Law of Georgia No 2465 of 29 May 2014 – website, 2.6.2014

Chapter X – Reports, Financial Reporting, Audit and General Reporting of the National Bank

Article 56 – Financial year of the National Bank
The financial year of the National Bank shall begin on the first day of January and end on the last day of December.

Article 57 – Accounting
The National Bank shall keep its accounts, operations and other documentation necessary to present its financial status, according to international accounting standards and international financial reporting standards.

Article 58 – Financial reporting of the National Bank
The National Bank shall draw up a financial statement for each financial year. A financial statement shall cover a balance sheet, a profit and loss report, a report on the change of its own capital, a report on cash flows, and explanatory notes related to the above.

Article 59 – Audit of reports of the National Bank
1. Reports of the National Bank shall be audited by an independent auditing firm appointed by the Parliament of Georgia.
2. To carry out an external audit of the reports of the National Bank, the Parliament of Georgia shall select one auditing firm (external auditor) from the world’s four largest auditing firms, not later than 1 November, for a period of at least two but not to exceed four years.
3. The State Audit Office shall audit only administrative and capital expenses of the National Bank.
Organic Law of Georgia No 6551 of 22 June 2012 – website, 29.6.2012
Organic Law of Georgia No 2465 of 29 May 2014 – website, 2.6.2014
Organic Law of Georgia No 2795 of 27 November 2014 – website, 2.12.2014
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018
Organic Law of Georgia No 3904 of 6 December 2018 – website, 14.12.2018

Article 60 – Submission and publication of the balance sheet and documents of the National Bank
1. The National Bank shall prepare as soon as possible, but not later than within 10 working days, submit to the Parliament of Georgia and publish a non-audited balance sheet as of the last working day of the reporting month.
2. Within not later than four months after completion of a financial year, the National Bank shall publish and submit for approval to the Parliament of Georgia the previous year’s audited financial statement and a report provided in Article 61 of this Organic Law.
3. In addition to financial statements and documents under paragraphs 1 and 2 of this article, the National Bank may publish other reports and studies on financial and economic issues, which the National Bank considers appropriate to publish.

Article 61 – Determining basic directions of monetary and exchange rate policies and reporting
1. The National Bank shall independently set an inflation target.
2. Not later than 1 October of each year, the National Bank shall submit to the Parliament of Georgia draft basic directions of monetary and exchange rate policies for the following three years.
3. By the end of the current year, the Parliament of Georgia shall approve the basic directions of monetary and exchange rate policies.
4. Unless the Parliament of Georgia approves the draft basic directions of monetary and exchange rate policies submitted by the National Bank of Georgia, the National Bank shall act within the framework of the draft it has developed.
5. The draft basic directions of monetary and exchange rate policies shall contain an inflation target, key instruments of monetary policy that the National Bank will use to achieve the inflation target, and an overview of potential risks.
6. Annually, not later than four months after the end of a financial year, the National Bank shall submit to the Parliament of Georgia a report on the implementation of a monetary and credit, and currency and supervision policy. The National Bank shall reflect in the annual report the compliance of the investment activities of the Pension Agency with the Law of Georgia on Funded Pensions and the requirements of the National Bank. The Parliament of Georgia shall approve the submitted report.
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 3264 of 21 July 2018 – website, 6.8.2018

Article 62 – Clearing and payment agreements
The National Bank shall be authorised to make clearing and payment agreements or any other contracts for the same purpose with public and private central clearing institutions of a foreign country both on its own behalf and for and on behalf of the State.

Article 63 – Mechanism of clearing, settlement, payment services and payment systems
1. The National Bank shall be authorised to develop and issue, at its own discretion, legal acts regulating clearing, settlement, payment services and payment systems, establish procedures and requirements, organise the formation and introduction of payment systems in Georgia, manage and ensure servicing and administration of these systems, assist other banks in formation of payment systems, and provide supervision of payment systems and payment services existing in Georgia.
2. The National Bank shall be authorised to register securities issued in Georgia in the own securities settlement system, ensure appropriate settlement using such system, and for the purpose of maintaining securities and settlement, to open accounts for the Government of Georgia, the government of a foreign country, the Central Bank, the Central Depository, the person rendering custodian services, and for other financial institutions, and for this purpose, to determine appropriate procedures and criteria.
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Chapter XI – Additional Rights and Basic Prohibitions of the National Bank

Article 64 – Preferential and unconditional right of the National Bank
1. At maturity, the National Bank shall have the preferential and unconditional right to satisfy any of its demands from funds available in a debtor's accounts, from cash balances, or from tangible assets owned by a debtor. This procedure shall not apply to funds available in the reserve requirements account at the National Bank.
2. The National Bank may exercise a preferential right to place the available funds in its account and, by selling other assets at an auction, withhold the amount due from the proceeds, after deduction of the costs associated with the sale of assets. The National Bank shall determine the procedures for

holding auctions. If an auction is declared failed, the National Bank shall be authorised to satisfy its requirement by directly obtaining the title to property. The relevant bodies shall be obliged to issue a document to the National Bank confirming its title to such property.
3. By decision of the Board of the National Bank, the above powers may be or may not be applied to a commercial bank that is in the regime of liquidation or temporary administration.

Article 64^1 – Consumer rights protection
The National Bank may, by an appropriate legal act, determine the following in relation to representatives of the financial sector and a loan holding entity:
a) regulations different from those provided for in Article 625(4), Article 625(5) (except for interest earnings), Article 625(7-8) (for an advance payment interest), and Article 868(8) of the Civil Code of Georgia;
b) in the case of granting of a loan or a bank credit, or attraction of funds, the procedure for providing necessary information to consumers;
c) regulations different from those provided for in Article 276(3), Article 300(2^1) and Article 301(1^2) of the Civil Code of Georgia, or additional regulations.
Organic Law of Georgia No 238 of 29 December 2016 – website, 13.1.2017
Organic Law of Georgia No 3320 of 21 July 2018 – website, 7.8.2018

Article 65 – Activity prohibited for the National Bank
Except for cases directly provided in this Organic Law, the National Bank shall be prohibited to:
a) provide financial assistance in any form, including by granting a direct loan, buying a gratuitous loan or a conditional loan, or by undertaking loan or conditional obligations by equity participation loan, or by other commitments;
b) implement commercial activity, purchase shares;
c) acquire, by purchasing, leasing or otherwise, the full or partial right to immovable property, except when it is necessary or expedient to use the building for administrative activities, for execution of operations, or for other situations related to the implementation of the objectives provided in this Organic Law;
d) issue a loan to the Government of Georgia and state institutions, except for the legal entity under public law called the Deposit Insurance Agency.
Organic Law of Georgia No 858 of 17 May 2017 – website, 2.6.2017

Article 66 – Exclusive powers of the National Bank
The National Bank shall be authorised to:
a) issue loans, acquire the right to equity participation, or otherwise participate in the activity of any organisation, whose operation is related to performing the functions and attaining the objectives of the National Bank;
b) define a list of employees of the National Bank system, who have the right to carry firearms, as provided for by law;
c) ensure manufacturing, procurement and sale of gold bars;
d) execute operations with gold and/or financial instruments related to gold under procedures it has established. The Law of Georgia on Securities Market shall not apply to these financial instruments, and they shall be registered and circulated under procedures established by the National Bank;
e) ensure production, purchase and sale of articles necessary for the popularisation of the national currency;
f) manage deposits insurance fund;
g) where necessary, ensure logistical support to the legal entity under public law called the Deposit Insurance Agency, on the basis of the decision of the board of the National Bank.
2. For the purposes of paragraph (1)(g) of this article, logistical support shall not be deemed financial support, except for a loan under Article 31(4) of this Law.
Organic Law of Georgia No 2828 of 23 March 2010 – LHG I, No 19, 13.4.2010, Art., 102
Organic Law of Georgia No 5001 of 1 July 2011 – website, 15.7.2011
Organic Law of Georgia No 5527 of 20 December 2011 – website, 28.12.2011
Organic Law of Georgia No 6320 of 25 May 2012 – website, 12.6.2012
Organic Law of Georgia No 858 of 17 May 2017 – website, 2.6.2017

Article 67 – Regulatory provisions
1. When performing its duties, the National Bank shall enjoy autonomous (independent) regulatory power. The National Bank shall keep a public register of normative acts, directives and instructions.
2. The formats and standards defined in the issues of electronic settlement of accounts and information security, which are established under an appropriate procedure by the National Bank within the scope of its authority, shall be forwarded to commercial banks and non-bank depository institutions individually. They shall be effective from the date defined by the National Bank.
3. Unless immediate entry of a normative act into force is needed, the National Bank shall send a draft normative act to the Ministry of Justice of Georgia for a legal expertise, except for cases defined by a normative act of the Minister of Justice of Georgia.
4. An adopting (issuing) body (official) shall determine the need for the immediate entry into force of a normative act. A normative act issued by the National Bank, in order to be assigned a state registration code, shall, immediately, but not later than the following working day, be submitted to the Ministry of Justice of Georgia. A normative act, which is to enter into force immediately, shall become effective from the date specified in it.
5. If the norm of immediate entry into force of a normative act is applied, this normative act shall include a separate article to specify the reasons of its immediate entry into force.
6. The National Bank, during the course of its activities, shall be authorised to create, receive, send, keep and issue any document in a material and/or electronic form (including, in the form of archive materials), which may have legal consequences, as well as to use an electronic document management system and an electronic and/or qualified electronic signature. An electronic document and its printed version shall have the same legal force as a material document. For the purposes of this article, the National Bank shall be authorised to determine a policy, on the basis of a legal act, for the use of an electronic document management system and an electronic signature for the purposes of its own activities.
Organic Law of Georgia No 5527 of 20 December 2011 – website, 28.12.2011
Organic Law of Georgia No 6017 of 10 April 2012 – website, 30.4.2012
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 668 of 21 April 2017 – website, 10.5.2017
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Article 68 – Administration standards
1. The National Bank shall exercise powers granted to it under this Law on the basis of the principles of equality and impartiality and in compliance with accepted administration standards.
2. The National Bank shall refrain from using the powers specified in paragraph (1) of this article to achieve such a goal that is not in line with these powers, or shall exercise its rights to the extent exceeding the necessary measures to achieve a respective legitimate goal.

3. To fulfil the provisions of this Law, the decisions of the National Bank shall be subject to the principles of impartiality. Their motivation must be objective and rational. All decisions shall be executed in compliance with legal standards and shall serve the goals set.
4. If an individual administrative-legal act of the National Bank is being appealed to court, the plaintiff shall bear the burden of proof according to Article 17(2) of the Administrative Procedures Code of Georgia.
5. If an administrative act of the National Bank is being appealed to court, the effect of such administrative act may not be suspended until the final judgement on appeal is made, unless otherwise decided by the National Bank.
6. No current or former employee of the National Bank shall be personally responsible for his/her act or inaction with regard to any person, if he/she performed this act or refrained from it in good faith, in the course of performing his/her duties, according to the legislation of Georgia. The National Bank is obliged, where an act or the refraining from carrying out such act by a current or a former employee is related to the performance of official duties, to protect the interests of an employee (except for the case where the dispute against an employee is initiated by the National Bank) in the dispute related to the performance of official duties, which may be reflected in rendering legal services to the employee, the compensation of expenses related to the dispute, and in other measures that may be deemed necessary by the National Bank for the protection of the interests of the employee.
6^1. (Deleted – 10.3.2017).
6^2. (Deleted – 10.3.2017).
7. The President, Vice-presidents, an officer of the National Bank authorised by them, or, in a special case, another person, shall represent the National Bank in court, before other bodies and persons.
8. (Deleted – 10.3.2017).
Organic Law of Georgia No 4188 of 3 September 2015 – website, 10.9.2015
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 1894 of 23 December 2017 – website, 11.1.2018

Chapter XII – Transitional and Final Provisions

Article 69 – Indebtedness of the Government of Georgia to the National Bank of Georgia
Indebtedness (credits obtained and re-registered debt obligations) of the Government of Georgia to the National Bank of Georgia, which is the domestic public debt, shall be covered by 16 March 2030, on the basis of the agreement signed between the Government of Georgia and the National Bank of Georgia, so that to annually re-register one part of the debt as a one-year, annually renewable public debt obligation – as a government bond intended for the National Bank of Georgia, and to re-register another part as government bonds with various terms for open market operations, which shall be covered from the State Budgets of Georgia for respective years.

Article 70 – Transitional provisions
1. A Legal Entity under Public Law – the Georgian Financial Supervision Agency set up by the National Bank of Georgia shall be liquidated on 1 December 2009.
2. The National Bank of Georgia shall be reorganised.
3. The reorganised structural units of the National Bank of Georgia shall exercise the powers of the Georgian Financial Supervision Agency.
4. The National Bank of Georgia shall be the legal successor of the Georgian Financial Supervision Agency.
5. Buildings, technical means and other property on the balance sheet of the Georgian Financial Supervision Agency shall be transferred to the National Bank of Georgia.
6. Normative acts regulating the financial sector of Georgia shall remain in force until new normative acts are issued by the National Bank of Georgia.
7. Licenses and permits issued and registrations made with regard to the activity of the financial sector, which have not been revoked, shall remain in force.
8. After entry of this Organic Law into force:
a) the National Bank of Georgia shall ensure the compliance of legal acts falling within the scope of its authority with this Organic Law;
b) the Government of Georgia shall ensure compliance of the legislation of Georgia with this Organic Law.
9. Article 25 of this Organic Law shall not apply to the distribution of net profits of the National Bank for the 2008 financial year, which shall be disposed of according to the legislation effective in 2008.
10. From 1 March 2014 through 1 June 2015, the National Bank of Georgia shall exercise, with regard to investment funds, the power of a supervisory body provided under the Law of Georgia on Collective Investment Undertakings.
11. Before the amount of an extra salary for a Board member of the National Bank is determined under an appropriate legal act of the Parliament of Georgia, the Board of the National Bank may determine the extra salary for a Board member of the National Bank.
12. Legal acts regarding the approval of the amount of an extra salary for a Board member of the National Bank issued before the legal act under paragraph 11 of this article becomes effective shall remain valid.
13. From 1 January 2019 the matters related to the circulation of 1 tetri and 2 tetri nominal value coins shall be regulated by the legal act of the Board of the National Bank.
Organic Law of Georgia No 1828 of 24 December 2013 – website, 28.12.2013
Organic Law of Georgia No 2211 of 4 April 2014 – website, 8.4.2014
Organic Law of Georgia No 2954 of 12 December 2014 – website, 23.12.2014
Organic Law of Georgia No 101 of 16 December 2016 – website, 20.12.2016
Organic Law of Georgia No 436 of 10 March 2017 – website, 22.3.2017
Organic Law of Georgia No 3313 of 21 July 2018 – website, 31.7.2018

Article 71 – Entry into force of this Law
1. This Organic Law, except for Articles 1-69 and Article 70(3-8), shall enter into force upon its promulgation.
2. Articles 1-69 and Article 70(3-8) of this Organic Law shall enter into force on 1 December 2009.
3. The Organic Law of Georgia on the National Bank of Georgia of 23 June 1995 shall be declared void from 1 December 2009 (The Parliamentary Gazette, 1994-1995, No 27-30, Art. 642).

President of Georgia **M. Saakashvili**
Tbilisi
24 September 2009
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