

LAW OF GEORGIA
ON FUNDED PENSION

Chapter I – General Provisions

Article 1 – Scope of the Law

1. This Law regulates relations associated with funded pension.
2. The relations associated with funded pension shall be implemented independently of the state pension and state compensation.
3. The purpose of this Law is to ensure the management of pension assets within the funded pension scheme, in accordance with the interests of participants.
4. This Law shall apply to:
 - a) employers;
 - b) citizens of Georgia;
 - c) foreign citizens having permanent residence permits and stateless persons having permanent residence permits in Georgia;
 - d) activities related to funded pension scheme that are carried out by asset management companies, specialised depositories, commercial banks, insurance companies and other entities.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Article 2 – Definition of terms

For the purposes of this Law, the terms used herein have the following meanings:

- a) affiliated person – in the case of any person:
 - a.a) an equity holder with more than 10% of voting rights, or a holder of equity of less than 10% who can directly or indirectly influence the process of decision-making by the person;
 - a.b) any other legal person, whose direct or indirect holder of more than 25% of voting shares at the same time owns, directly or indirectly, more than 25% of voting shares in that person;
 - a.c) a person making an investment or an administrative decision or any members of a supervisory body;
- b) asset management company – a legal entity with a fiduciary duty licensed by the National Bank or a relevant regulator of another state for the purpose of managing assets, which carries out management of pension assets, or an entity created or established by an international organisation the member state of which Georgia is, for the purpose of managing assets and/or providing investment advice, and which is not subject to licensing by the



regulators of individual countries;

c) asset placement strategy – an investment strategy that includes the target indicators for the placement of various classes of assets in an investment portfolio, a basis for determining the target indicators, and the permissible limits of deviation from the target indicators that depend on the risk tolerance of the Pension Fund and/or an asset management company (companies), the investment period and the investment objectives and that may change over time according to the change of the said parameters;

d) funded pension scheme – a pension scheme for certain pension contributions, where the pension contributions to be made in favour of a participant are calculated under the procedure established in accordance with this Law and are reflected in his/her individual retirement account, and the benefit received is calculated only after taking into account the implemented pension contributions and revenue, expense, surplus revenue, loss and other incomes (if any) credited to an individual retirement account, and the pension/pension assets are paid out in accordance with this Law;

e) employer – a person (except for a non-resident person) who pays remuneration for the work performed and/or the service rendered by an employee;

f) employee – a natural person who:

f.a) performs obligations within the scope of the relations that are regulated by the civil legislation of Georgia and/or by the labour legislation of Georgia or another state;

f.b) performs obligations related to his/her service in the defence forces of Georgia, law-enforcement bodies or in other equivalent bodies;

f.c) is a head (director) or an acting head (director) of an enterprise or an organisation;

f.d) is employed in a public institution in accordance with the Law of Georgia on Public Service;

g) lump-sum payment – lump-sum payment of the total value of the pension assets registered in an individual retirement account;

g¹) the Pension Fund – the Legal Entity under Public Law – the Pension Fund;

h) National Bank – the National Bank of Georgia;

i) self-employed – an entrepreneur natural person provided for by the Tax Code of Georgia, who is registered as a taxpayer under the legislation of Georgia;

j) income of a self-employed person:

j.a) in the case of an individual entrepreneur – income subject to income taxation, which is received from entrepreneurial activities provided for by the Tax Code of Georgia;

j.b) in the case of a natural person provided for by Article 1(1) or (2) of the Law of Georgia on Entrepreneurs – income subject to income taxation;

j.c) in the case of an employee whose employer is not obliged to withhold income tax from salary (at source of payment), – salary subject to income taxation;

k) individual retirement account – an accounting form created for a participant by the Pension Fund that reflects the pension contributions made in his/her favour, information on the portfolio units owned by a participant, the results of pension asset management, the amounts of money withdrawn in accordance with this Law and all the related expenses;

l) participant – an employee or a self-employed person who has become a member of the funded pension scheme;



- m) fiduciary – a person defined by Article 14 of this Law;
- n) pension – an amount received/to be received in accordance with Articles 32 and 33 of this Law as a result of the participation of a participant in the funded pension scheme and reflected in his/her individual retirement account, which is calculated, awarded and paid to the participant in the amount and according to the procedure defined by this Law and by the Pension Fund under this Law;
- o) programmed withdrawal – the periodic withdrawal of a pension from an individual retirement account in accordance with this Law;
- p) investment policy document – a document developed by the Investment Committee of the Pension Fund, which defines the investment strategy and principles and by which the Pension Fund or an asset management company defined by Article 28¹ of this Law respectively is guided when making decisions regarding the management and investment of the pension assets of the participants;
- q) retirement age – the age determined by the Law of Georgia on State Pensions;
- r) pension assets – a unity of assets registered in an individual retirement account. The Budgetary Code of Georgia shall not apply to pension assets;
- s) pension contribution – a sum of money paid on behalf and at the expense of a participant, in his/her favour, for reflecting it in the individual retirement account of the participant, in the amount and under the procedure defined by this Law;
- t) (Deleted – 27.6.2024, No 4312);
- u) government security – any security issued by the state of Georgia;
- v) State Treasury – the Treasury Service, a state subordinated agency of the Ministry of Finance of Georgia;
- w) (Deleted – 27.6.2024, No 4312);
- x) electronic system – an electronic system of the Pension Fund for the administration of pension contributions, supported by the information technology, and the related database;
- y) specialised depository – a legal entity with a fiduciary duty licensed by the National Bank or a relevant regulator of another state, or a branch thereof, which provides the Pension Fund with services of a specialised depository on the basis of the related agreement, and the National Bank in the case defined by Article 26(12) of this Law;
- z) investment horizon – a period of time during which the Pension Fund and/or an asset management company plans to place an investment in assets of a certain class or in an investment portfolio, considering the risk tolerance defined in accordance with the asset placement strategy and the desired investment income;
- z1) investment portfolio – a set of investment instruments, in which the composition of instruments depends on the investment period, the investment objectives and the risk tolerance;
- z2) temporary special administration regime – a temporary administration regime of the Pension Fund, which commences in accordance with this Law and aims at the National Bank to ensure the continuity of the activities of the Pension Fund;
- z3) investment fund unit – a financial instrument, which is a stock/an equity in an investment company or a share in a joint investment fund;
- z4) Revenue Service – a legal entity under public law within the governance of the Ministry of Finance of



Georgia;

z5) disability – a condition defined by the Law of Georgia on Medical and Social Examination, which is confirmed by an extract of the medical and social examination act issued by a relevant medical institution with the right to establish the status of disability, and which assumes the status of moderately, significantly or severely expressed disability;

z6) selection commission – a commission that selects the candidates for membership of the Governing Board;

z7) salary – the income received within an employment relationship and/or from the provision of services, which is taxed at source in accordance with Article 101 of the Tax Code of Georgia (except for an income provided for by Article 101(2¹) of the tax legislation of Georgia, and the income which, in accordance with Article 104 of the same Code, is not an income received from a Georgian source, and an income received through royalties, rentals or leases, and an investment income);

z7¹) annual salary/annual income – for a participant, the salary/income of a self-employed person received as of 1 January through 31 December of one year, or for a new participant who has become a member of the funded pension scheme, the salary/income of a self-employed person received as of becoming a member through 31 December of the same year;

z7²) (Deleted – 1.11.2023, No 3601);

z7³) risk management – a combination of co-ordinated actions of the structural units and governance bodies of the Pension Fund, by which the Pension Fund carries out risk management;

z7⁴) (Deleted – 27.6.2024, No 4312);

z7⁵) (Deleted – 27.6.2024, No 4312);

z7⁶) (Deleted – 27.6.2024, No 4312);

z7⁷) (Deleted – 27.6.2024, No 4312);

z7⁸) pension recipient – a person who was a participant and who receives pension/pension assets under the procedure established by this Law and the Pension Fund;

z7⁹) portfolio unit – a unit certifying the ownership of a share in an investment portfolio defined by this Law;

z7¹⁰) investment fund engaged in trading at a stock exchange – an investment fund the units of which are traded at a recognised foreign stock exchange defined by the legislation of Georgia and which updates financial indicators in accordance with the pre-determined investment policy;

z7¹¹) investment fund – an investment fund defined by the Law of Georgia on Investment Funds, including the investment fund engaged in trading at a stock exchange.

Law of Georgia No 895 of 2 August 2021 – website, 4.8.2021

Law of Georgia No 3531 of 21 September 2023 – website, 12.10.2023

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024



Article 3 – Funded pension scheme

1. (Deleted – 1.11.2023, No 3601.)

2. Joining the funded pension scheme and making pensions contributions shall be mandatory for all employees, with regard to each salary income earned after the entry of Article 21 of this Law into force, except for employees who have attained the age of 60 (for males) or the age of 55 (for females) before the entry of this Law into force.

3. Joining the funded pension scheme shall be voluntary for all the employees who have attained the age of 60 (for males) or the age of 55 (for females) before the entry of this Law into force, with regard to salary income earned, and for self-employed persons, with regard to income of a self-employed person. Making of a pension contribution on behalf and in favour of a participant who has joined the funded pension scheme voluntarily shall be mandatory with regard to each salary income earned by an employee or to income of a self-employed person.

4. The pension contributions of an employee who has joined the funded pension scheme shall be financed by the employer, the employee and the State in the amount and under the procedure defined by this Law, while the pension contributions of a self-employed person shall be financed by the self-employed person and the State in the amount and under the procedure defined by this Law.

5. Employees who have attained the age of 40 before the entry into force of this Law and who do not wish to be participants shall be entitled, in accordance with Article 22 of this Law, to leave the funded pension scheme.

6. The pension contributions of a participant shall be financed as follows:

a) an employer shall, not later than the day of submitting an income declaration under the procedure established by the legislation of Georgia, at its own expense and in favour of an employee, transfer the sum of a pension contribution under the procedure defined by the Pension Fund, to the related account of the Pension Fund, in the amount of 2% of the taxable salary paid to the employee within the accounting period, and shall make the pension contribution on the basis of the related income declaration;

b) an employer shall, not later than the day of submitting an income declaration under the procedure established by the legislation of Georgia, on behalf and at the expense of an employee, transfer the sum of a pension contribution under the procedure defined by the Pension Fund, to the related account of the Pension Fund, in the amount of 2% of the taxable salary paid to the employee within the accounting period, and shall make the pension contribution on the basis of the related income declaration;

c) organisations receiving state treasury services shall, like employers, make pension contributions in the amount defined by sub-paragraphs a) and b) of this paragraph, with the technical support of the state sub-agency institution of the Ministry of Finance of Georgia – the Treasury Service, under the procedure established by the Pension Fund;

d) a self-employed person shall, on the day of submitting an income declaration under the procedure established by the legislation of Georgia, transfer the sum of the pension contribution under the procedure defined by the Pension Fund, to the related account of the Pension Fund, in the amount of 4% of the income of the self-employed person received within the accounting period, and shall make the pension contribution on the basis of the related income declaration;

e) the State shall make a pension contribution in favour of a participant, to his/her individual retirement account:

e.a) within the first GEL 24 000 of the annual salary/annual income in the context of a respective calendar year – in the amount of 2% of the taxable salary of an employee and/or of the income of a self-employed person;

e.b) after the annual salary/annual income in the context of a respective calendar year exceeds the amount defined



by subparagraph e.a) of this paragraph – from the said amount to GEL 60 000 inclusive, in the amount of 1% of the taxable salary of an employee and/or of the income of a self-employed person;

f) the state shall not make a pension contribution on the taxable salary of an employee and/or the income of a self-employed person over GEL 60 000 in the context of a respective calendar year.

7. The pension contributions provided for by this Law shall be made, and the settlement with employers and employees/participants (including the transfer/payment/return of pensions/pension assets by the Pension Fund) shall be carried out in the national currency of Georgia (lari).

8. The sum received to a nominal ownership account opened by the Pension Fund for the accumulation of pension contributions, and which cannot be assigned to an employer registered in the electronic system, shall become part of the pension assets of the current participants/pension recipients on the day when 10 years pass from receiving the sum. After that, a person who transferred that sum shall not have the right to claim for its return and/or to file any claim with the Pension Fund, including a claim for damage. The Pension Fund shall be authorised to ensure the accrual of interest to the amounts available on the nominal ownership account opened for the accumulation of pension contributions. The interest shall become part of the pension assets of the current participants/pension recipients under the procedure and as frequently as determined by the Pension Fund.

9. For voluntary joining and/or re-joining the funded pension scheme in accordance with this Law, an employee shall apply to the Pension Fund under the procedure established by the Pension Fund.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4313 of 27 June 2024 – website, 12.7.2024

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Chapter III – The Pension Fund

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 4 – Establishment of the Pension Fund

1. The Pension Fund shall be an independent legal entity under public law established on the basis of this Law, which is responsible for the implementation, management and administration of the funded pension scheme.

2. Participation of the state in the activities of the Pension Fund shall be limited to this Law and the legal acts adopted on its basis.

3. The Pension Fund shall perform its activities independently, in accordance with this Law, the Statute of the Pension Fund and other legislative and subordinate normative acts of Georgia.

4. The structure, powers, procedure for activity and other organisational issues of the Pension Fund shall be defined by the statute of the Pension Fund.

5. The restrictions and requirements set by the Law of Georgia on Remuneration in Public Institutions shall not apply to the Pension Fund with regard to the remuneration of employees of the Pension Fund.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024



Article 5 – Administration of the funded pension scheme

1. The Pension Fund shall provide technical support for participants' joining the funded pension scheme through an electronic system, record participants, pension recipients and persons withdrawn from the funded pension scheme, carry out administration of the pension contributions in accordance with this Law, and shall create individual retirement accounts for the participants.
2. The obligations related to making pension contributions shall be fulfilled by the technical support of the Revenue Service and through an electronic system under the procedure established by a joint normative act of the Revenue Service and the Pension Fund.
3. The Pension Fund shall manage and administer the electronic system, including through third persons. For providing efficient administration, the Pension Fund shall be authorised to provide such third persons, through electronic service, with necessary information, including personal data, under the procedure established thereby.
4. Apart from the enforcement purposes defined by Article 6 of this Law and provided for by the Law of Georgia on Enforcement Proceedings, for the purposes of the Law of Georgia on Rehabilitation and the Collective Satisfaction of Creditors' Claims and the Law of Georgian on Entrepreneurs, the Pension Fund shall not be creditor, with regard to the relations concerning the failure of an employer and the state to make a pension contribution on behalf/in favour of an employee. With regard to the pension contributions to be made on behalf/in favour of a participant, and based on this Law, in relation to his/her claims against the employers, the creditor (creditors) shall be the participant (participants) concerned or a successor (successors) of the participant. The Pension Fund shall, in the case of an application by a rehabilitation manager and/or a bankruptcy commissioner under the Law of Georgia on Rehabilitation and the Collective Satisfaction of Creditors' Claims, and in the case of an application by a liquidator under the Law of Georgia on Entrepreneurs, provide the said person (persons) with the information available in the electronic system on the pension contributions made by the related employer, and the information received as a result of collating the information available in the databases of the Revenue Service.
6. The Pension Fund shall process the personal data of a participant in accordance with the Law of Georgia on Personal Data Protection.

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 6 – Violation of the obligation to make a pension contribution

1. The Revenue Service shall provide the relevant information to the Pension Fund in accordance with the procedure established by the joint normative act of the Revenue Service and the Pension Fund, in order for the latter to carry out activities provided for by this article. The Pension Fund shall, as a result of comparing the information available in the electronic system with the information received from the Revenue Service and/or taking into account paragraph 12 of this article, identify a fact of violation of the obligation to make a pension contribution (failure to fulfil that obligation and/or its fulfilment in violation of the time limit determined by the legislation of Georgia for making a pension contribution) and shall detect a fact of making a pension contribution in excess.
2. The Pension Fund shall be authorised to request and/or receive from any person, including an employer, participant, pension recipient or a successor of a deceased participant any information regarding the pension contribution and/or the pension assets available on the individual pension account and/or their adjustment and take that information into account when making a decision provided for by paragraph 3 and/or paragraph 3¹ of this article. In addition, the Pension Fund shall be authorised to request from any person to return to the Pension Fund any sum paid to him/her by mistake and take measures provided for by the legislation of Georgia to return that sum.



3. In case the Pension Fund identifies a fact of the failure to fulfil the obligation to make a pension contribution (the failure to fulfil that obligation and/or its fulfilment in violation of time limits determined by the legislation of Georgia for making a pension contribution) in accordance with paragraph 1 of this article, an employer shall, based on the decision made in accordance with the procedure established by the Pension Fund, be imposed a penalty in the amount of a pension contribution, which was not made or was made in violation of the relevant time limits, from the date following the date of time limit for making a pension contribution, in the amount of 5% added for each overdue day to the existing monetary policy rate established by the National Bank. The penalty shall be charged from the date following the date of time limit for making a pension contribution and shall continue up to the date of making full pension contribution by that employer. The penalty provided for by this paragraph shall be imposed on an employer independently from the fine provided for by the Administrative Offences Code of Georgia in the cases and in accordance with the procedure established by the Pension Fund.

3¹. In the case of identification of the fact of violation of the obligation of making pension contribution (the failure to fulfil that obligation and/or its fulfilment in violation of time limits determined by the legislation of Georgia for making a pension contribution), an employer shall, based on the decision made in accordance with the procedure established by the Pension Fund, be imposed a fine determined by the Administrative Offences Code of Georgia, except when an employer, as a result of the amendment/verification of the income declaration provided for by paragraphs 6(a) and (b) of Article 3 of this Law, makes a relevant pension contribution/contributions in accordance with the procedure established by the Pension Fund. In the case provided for by paragraph 6(c) of Article 3 of this Law, an employer shall be imposed a fine determined by the Administrative Offences Code of Georgia, if he/she does not make a pension contribution in accordance with the procedure established by the Pension Fund.

3². Imposing a penalty and/or a fine on an employer in accordance with paragraphs 3¹ and 3² of this article, shall not release him/her from the obligation of making a pension contribution in accordance with this Law. In the case provided for by this article, an employer shall be obliged to make the relevant pension contribution at its own expense (without the deduction from the salary of an employee).

4. In the case of detection of the fact of excessive pension contribution as provided for by paragraph 1 of this article, the Pension Fund shall be authorised to request from the employer to rectify the excess pension contribution in accordance with the procedure provided for by the Pension Fund. If the employer fails to rectify the excess pension contribution within the time limits determined by the Pension Fund, the Pension Fund shall take appropriate measures to correct the excess amount concerned.

5. The sum of the fine provided for by paragraph 3¹ of this article shall be transferred to the State Budget of Georgia and the sum of the pension contribution and penalty provided for by paragraph 3 shall be transferred to the individual pension account of a participant in accordance with the procedure provided for by the Pension Fund.

6. The fine, pension contribution and penalty provided for by this Law shall be referred to compulsory enforcement on the basis of an effective individual administrative act of the Pension Fund, and a writ of execution issued in accordance with that act.

7. The Pension Fund shall be authorised to draw up the administrative offence report electronically and determine the cases when the administrative offence report is not drawn up within the frameworks of administrative proceedings and in accordance with the procedure established by the Pension Fund.

8. According to the purpose provided for by this article, the Pension Fund shall establish the procedure and conditions for communicating with persons, serving/delivering an administrative offence report and any individual administrative acts to relevant persons, including electronic communication, and serving/delivering them through other administrative bodies as well.

9. The Pension Fund shall develop and approve in accordance with this Law the rules and procedure for identifying the violation of the obligation to make a pension contribution, detecting the fact of the excess pension contribution, imposing and enforcing a fine and/or a penalty, and returning the sum of the pension contribution made in excess by an employer, including the organisations under the service of the State Treasury, and shall draw



up the forms for the relevant administrative offence reports for exercising the said powers.

10. The adjustments provided for by this article with regard to excess pension contribution detected by the Pension Fund and the sum paid by mistake shall not apply to persons, including the successors of deceased participants who have fully received pension/pension assets by 30 September 2024 in accordance with the procedure established by law. Accordingly, the Pension Fund shall not request from such persons the return of the sum paid to them by mistake/in excess resulting from making excess pension contributions.

11. When a non-compliance identified as a result of the collation provided for by this article implying the difference between the pension contribution made and the pension contribution to be made in accordance with this Law does not exceed GEL 1 for a one-month period, it shall not be considered a non-compliance with the obligations provided for by this Law. If the period concerned exceeds one month, the indicated amount shall be defined proportionally.

12. If as a result of study of the information/documentation obtained by the Pension Fund in accordance with paragraph 2 of this Article, its incompliance with the information received from the Revenue Service and/or the information stored in the electronic system is identified, the Pension Fund shall be authorised to be guided by the information/documentation obtained in the process of study when making a decision and executing the made decision.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Law of Georgia No 832 of 26 June 2025 – website, 30.6.2025

Article 7 – The rights and duties of the Pension Fund

1. The Pension Fund shall manage pension assets as a fiduciary, in the interests of participants, pension recipients and their successors.

2. The functions of the Pension Fund shall be:

- a) the management and administration of the funded pension scheme, and assurance of its proper functioning;
- b) the investment of pension assets in accordance with this Law and the investment policy document, the reliable investment principles and the interests of the participants and their successors;
- c) the performance of other related activities provided for by the legislation of Georgia, including this Law;
- d) the opening of accounts at the National Bank, commercial banks and/or other financial institutions for the accumulation of pension contributions, the performance of investment activities and/or other purposes provided for by this Law and/or based on it, and the management of pension assets (including the monetary resources available at the nominal ownership accounts of the Pension Fund) in accordance with the interests of the participants and their successors;
- e) the management and administration of an electronic system;
- f) the conclusion of agreements, including:
 - f.a) with an asset management company (companies), a specialised depository and entities providing any services required for carrying out investment activities or administrative activities, and/or supplying goods;
 - f.b) with persons rendering accounting, audit, legal or actuarial services and other services necessary for the Pension Fund;



f.c) on purchase and management of immovable property or movable property (including equipment or software) necessary for the activities of the Pension Fund;

g) the request and the reception of information regarding any transaction carried out on behalf of the Pension Fund for an asset management company (companies), a specialised depository and persons rendering other services;

h) the staffing of the Pension Fund with employees and the establishment of competitive remuneration conditions;

i) the implementation of necessary measures relating to pension contributions, pension assets and payment of pensions;

j) the administration of the process of payment of the pensions and the value corresponding to the pension assets to the participants, and in the case determined by this Law, to the successors of the participants;

k) the making of a decision on imposing on a person that has violated the obligation to make a pension contribution, the obligation to make a pension contribution under Article 6 of this Law and a warning/fine, in accordance with this Law and the procedure determined by the Pension Fund.

3. The Pension Fund shall approve legal acts regarding the procedures for paying pension contributions, the definition of the forms for submitting information concerning pension contributions, the filing of applications for claiming pensions and pension assets, awarding and payment of pensions and pension assets, and other measures, rules and procedures determined by this Law necessary for the administration of the funded pension scheme.

4. For the purpose of the fulfilment by the Pension Fund of the obligations provided for by this Law and the efficient administration of the funded pension scheme, any administrative body and/or person shall, within his/her/its competence, provide the Pension Fund with any information (including the personal data of a participant) necessary for carrying out its activities, in accordance with the legislation of Georgia.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 7¹ – (Deleted)

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 8 – Special functions of the Pension Fund

1. The Pension Fund shall have special functions. Persons performing special functions shall ensure their efficient performance in compliance with the principles of impartiality, fairness and independence. The special functions shall be:

a) the investment function;

b) the risk management function;

c) the internal audit function.



2. Special functions provided for by this article shall be performed independently of each other.
3. A person connected to the performance of special functions shall submit any essential information and recommendation within its competence to the Governing Board which shall determine the necessity of taking proper and timely measures. If the Governing Board does not take proper and timely measures when a person performing special functions detects essential risks threatening the interests of the participants, or when the legislation of Georgia has been violated significantly and essentially, the person connected to the performance of special functions shall, within its competence, be authorised to inform the National Bank. When a person connected to the performance of special functions exercises authority provided for by this paragraph, its proper observance shall be ensured in accordance with the procedure provided for by the National Bank.
4. The investment function is a special function which implies the investment of pension assets in order to maximise their real return in an investment horizon (taking into account inflation) in the interests of participants and in compliance with good investment principles. Good investment principles shall be:
- a) the maximisation of real returns (taking into account inflation) over a long-term period, as a result of the investment of pension assets;
 - b) the diversification of investments;
 - c) the security of pension assets in the conditions of a long-term investment;
 - d) maintaining adequate liquidity.
5. Risk management function is a special function which shall be efficient and properly integrated into the organisational structure of the Pension Fund and the process of decision-making. In addition, this function shall be organised in such a manner as to facilitate the functioning of a risk management system. With that purpose, the Pension Fund shall approve relevant strategies, processes and reporting procedures required for the identification, assessment, monitoring, management and regular reporting of the risks at individual and aggregate levels. The risk management function shall, at least, include:
- a) the management of assets and liabilities;
 - b) the investments;
 - c) the management of liquidity and concentration risks.
 - d) the operational risk management;
 - e) the risk mitigation methods.
6. The internal audit function is a special function which evaluates the appropriateness and efficiency of the internal control system of the Pension Fund and other elements of the management system, including in the case of outsourcing services. The internal audit function is an impartial, assurance activity, independent from other activities of the Pension Fund which evaluates and improves the efficiency of the process of governing the Pension Fund through the methodical, disciplined and organised approach.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 9 – Governing Board

1. The Governing Board is the highest management body of the Pension Fund consisting of 9 to 15 members.



2. The Governing Board shall consist of professional members and official members. When the Governing Board consists of not more than 10 members, 1 member shall be an official member and if the number of members exceeds 10, 2 official members shall be permitted. Official members cannot be state and political officials.
3. In accordance with this Law, professional members of the Governing Board shall be selected by the Selection Commission which shall nominate them to the Prime Minister of Georgia. The term of office of a professional member of the Governing Board shall be 5 years. If a new professional member of the Governing Board is not elected by the time the term of office of the professional member of the Governing Board expires, the active professional member of the Governing Board shall continue to exercise his/her powers until a new professional member of the Governing Board has been elected.
4. A bona fide person, who has at least the education and work experience required for this position, including at least 5 years of work experience in a managerial position may be appointed to the position of a professional member of the Governing Board. The number of members of the Governing Board, the rules and procedure for the selection of persons to relevant positions, the additional criteria of their education and work experience and other requirements for their eligibility, as well as the procedure for the appointment of an official member of the Governing Board and the policy and thresholds for their remuneration, shall be determined by the ordinance of the Government of Georgia. That ordinance shall include the needs of the Pension Fund.
5. The majority of members of the Governing Board shall be professional members who have at least 10 years of professional experience in the financial sector in the field of finance, investment, economics, risk management or actuarial services, or at least 10 years of work experience in the financial sector as a director in any of these fields. 1 of the professional members determined by this paragraph may not be a member of the Investment Committee or the Risk Committee. The Selection Commission shall announce the competition by publishing a relevant application both at local and international levels to select a member of the Governing Board.
6. A professional member of the Governing Board may not be a person with a criminal record for committing a serious or particularly serious crime, for terrorist financing and/or legalisation of illicit income, or for committing other economic crime, as well as a person whose actions led to insolvency or bankruptcy of a financial institution.
7. A professional member of the Governing Board shall be dismissed from the position in case of reference of the National Bank, or his/her powers shall be terminated by the decision of the Prime Minister of Georgia on one of the following grounds:
- a) a judgment of conviction against him/her has entered into legal force;
 - b) a court has declared him/her missing or dead;
 - c) he/she has been recognised as a beneficiary of support by a court decision in accordance with the legislation of Georgia or another state unless otherwise provided for by a court decision;
 - d) he/she has resigned or passed away;
 - e) by his/her action or omission, he/she violated the requirements established by law and/or improperly exercised the powers granted by law and improperly fulfilled the obligations provided for by law. The dismissal of a member of the Governing Board on the basis of this subparagraph shall have grounds;
 - f) he/she did not participate in the meetings of the Governing Board on three consecutive occasions without good reason as provided for by the statute of the Pension Fund.
8. The Governing Board shall elect a chairperson of the Governing Board and his/her deputy from among its members, by a majority of the total number of its members. An official member of the Governing Board or an executive director of the Pension Fund cannot be elected as a chairperson or a deputy chairperson of the Governing Board. The additional procedures for electing and appointing a chairperson of the Governing Board and a deputy chairperson of the Governing Board shall be established by a statute of the Pension Fund.



9. When electing a chairperson and a deputy chairperson of the Governing Board, a member of the Governing Board may not vote for himself/herself.

10. The Governing Board shall:

a) draw up and approve a statute of the Pension Fund and its organisational structure;

b) determine the directions of the activities of the Pension Fund;

c) ensure the compliance of the activities of the Pension Fund with the requirements established by the legislation of Georgia, the statute of the Pension Fund and the relevant policy documents, and the efficient, timely performance of these activities in compliance with the ethical standards;

d) in accordance with this Law, select executive directors of the Pension Fund on the basis of open competition and appoint them to the positions in agreement with the Pension Fund, also dismiss executive directors from the position after the advance notice to the National Bank. A member of the Governing Board shall be authorised to participate in the open competition for the selection of an executive director. In this case, the member concerned shall not participate in the decision-making process of the Governing Board to appoint an executive director to the relevant position;

e) establish Pension Fund committees in accordance with this Law;

f) approve the documents determined by the statute of the Pension Fund;

g) review and approve the policy documents related to special functions;

h) review and approve the annual budget and a staff list of the Pension Fund submitted by the director general of the Pension Fund;

i) establish the procedures and criteria for selecting an asset management company as determined by Article 28¹ and a specialised depository, as well as the criteria and rules (procedures) for establishing the amount/class of pension assets to be transferred for management to the asset management companies and for determining time limits for their transfer;

j) be authorised to set up and invite an advisory group in order to receive recommendations, which shall constitute the representatives of employees and employers. Members of the advisory group shall not be a part of the Governing Board. The procedures for staffing the advisory group and inviting its members shall be established by the statute of the Pension Fund. The National Bank shall be authorised to request, if appropriate, from the Governing Board to exercise powers provided for by this subparagraph;

k) appoint an audit firm to carry out external audit;

l) prepare and approve the framework for the management of the conflict of interests of the Pension Fund which shall, at least, involve the mechanisms/procedures for the disclosure or prevention of the potential conflict of interests, including in the process of decision-making;

m) carry out other activities provided for by this Law and the statute of the Pension Fund.

11. Based on the decisions of the Governing Board, a chairperson of the Governing Board, or in his/her absence a deputy chairperson of the Governing Board shall issue normative legal acts – ordinances, and individual administrative acts – decrees.

12. A member of the Governing Board shall not at the same time be a person affiliated with a member of the Selection Commission, an executive director of the Pension Fund (except for the cases when that member is the executive director at the same time) or the member of the Government of Georgia, or the head of or a person hired by an asset management company (companies), specialised depository or any entity providing other services to the Pension Fund, or a beneficial owner holding equity in an asset management company (companies), a



specialised depository or any entity providing other services to the Pension Fund, or a person affiliated with an asset management company (companies), a specialised depository or any entity providing other services to the Pension Fund.

13. A member of the Governing Board shall be restricted from receiving any gift, payment or credit (except for the credit received under ordinary commercial conditions) from an asset management company (companies), a specialised depository or a person affiliated with them, or other entities providing service to the Pension Fund.

14. The activity of a professional member of the Pension Fund is a remunerative activity and shall be financed from the annual budget of the Pension Fund.

15. Executive directors of the Pension Fund shall not constitute half or more than half of the members of the Governing Board.

16. During 6 months after the termination of his/her term of office, a professional member of the Governing Board may not provide professional services to an asset management company which manages pension assets, or a specialised depository providing specialised depository services to the Pension Fund. If during the above period, the professional member of the Pension Fund remains unemployed due to the restriction provided for by this paragraph, his/her official salary will be maintained during that period.

17. The Governing Board shall be accountable to the Prime Minister of Georgia and the National Bank.

18. The procedure for the review and publication of the policy documents provided for by this Law and the statute of the Pension Fund shall be established by the statute of the Pension Fund.

Law of Georgia No 2208 of 30 November 2022 – website, 15.12.2022

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 9¹ – (Deleted)

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 10 – Meeting of the Governing Board and its holding procedures

1. Meetings of the Governing Board shall be held as necessary but at least once in 3 months. Meetings of the Governing Board may be held by using electronic means of communication.

2. Meetings of the Governing Board shall be chaired by a chairperson of the Governing Board and in his/her absence by a deputy chairperson of the Governing Board or other member of the Governing Board determined by the chairperson of the Governing Board.

3. A member of the Governing Board shall have the right to one vote. He/she may not transfer that right to another person. The Governing Board shall be duly authorised to adopt decisions if more than half but at least 6 of the active members of the Governing Board attend a meeting. The Governing Board shall make decisions by a majority of the total number of members present at a meeting, except for the case determined by Article 15(3) of this Law. In the case of equal votes, the vote of the chairperson of the Governing Board shall be decisive.



4. The Governing Board shall be authorised to invite any employee of the Pension Fund to a meeting of the Governing Board. That employee shall not have a right to vote when the Governing Board makes a decision.
5. Other rules and procedures related to holding meetings of the Governing Board shall be established by the statute of the Pension Fund.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 11 – Selection Commission

1. The Selection Commission shall select candidates for professional membership of the Governing Board under the procedure established by the legislation of Georgia and submit them to the Prime Minister of Georgia. Along with the candidates for professional membership, the Selection Commission shall submit the recommended remuneration conditions for them to the Prime Minister of Georgia.
2. The procedures for selecting candidates for professional membership of the Governing Board by the Selection Commission shall be defined by this Law and an ordinance of the Government of Georgia. The Selection Commission shall select candidates for professional membership of the Governing Board based on their professional skills and experience by a majority of the total number of its members, and submit them to the Prime Minister of Georgia under the procedure established by Article 9 of this Law.
3. The Selection Commission must have the statute approved thereby, which determines the rules and procedures for performing its activities.
4. The Selection Commission shall consist of 8 members. The members of the Selection Commission shall be: the Minister of Finance of Georgia, the Minister of Economy and Sustainable Development of Georgia, the Minister of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia, 3 Members of the Parliament of Georgia, and 2 independent members.
5. An independent member of the Selection Commission shall be nominated by the National Bank. An independent member shall not be an employee of the National Bank or a member of the Board of the National Bank. An independent member shall have at least 10 years of professional experience in the financial sector, including at least 5 years of work experience in a managerial position in the field of finance, investment and/or risk management.
6. Three Members of the Parliament of Georgia shall be nominated as members of the Selection Commission by the Parliament of Georgia.
7. The term of office of member of the Selection Commission shall be prematurely terminated for a member of the Selection Commission upon the termination of his/her term of office on this position. The procedure established by this paragraph shall not apply to an independent member of the Selection Commission, whose term of office and the issues regarding the termination of the term of office are defined by the National Bank.
8. The Selection Commission shall have a chairperson elected by it by a majority of the total number of its members. Members of the Selection Commission, except for the independent members, shall not be remunerated for their activities in the Selection Commission. The payment of the remuneration to an independent member of the Selection Commission shall be ensured by the National Bank under the procedure established thereby. The function of the secretariat of the Selection Commission shall be performed and other logistic support related to its activities shall be provided by the Pension Fund.
9. The Selection Commission shall be duly constituted if not less than 5 members of the Selection Commission attend its meeting. The Selection Commission shall make a decision by a majority of the total number of its members.



Article 12 – Committees of the Pension Fund

1. To perform its special functions efficiently, the Governing Board set up the following committees with its professional members with the relevant education and experience:

a) the Investment Committee;

b) the Risk Committee;

c) the Audit Committee.

2. The majority of members of a committee who have voting rights should be members of the Governing Board. A member of a committee may also be an executive director of the Pension Fund, its employee or an invited person. The executive directors may not constitute half or more than half of the members of the committee. The requirements of this paragraph shall not apply to the audit committee.

3. A committee shall consist of at least 3 members determined in accordance with this Law. A committee shall select a chairperson of the committee from respective professional members of the Governing Board. An executive director of the Pension Fund cannot be elected as a chairperson of a committee. A chairperson of a committee shall manage the activities of a committee. The meeting of the committee shall be duly authorised to adopt decisions if it is attended by more than two-thirds of the total composition of the committee. A committee shall make decisions by a majority of the total number of members who attend the meeting. The members and the executive directors of the Governing Board shall have the right to vote when the committee makes decisions.

4. A committee shall be accountable to the Governing Board. The rules and procedures for setting up and functioning of a committee shall be established by the statute of the Pension Fund.

5. The professional members of the Governing Board appointed in compliance with the requirements of Article 9(5) of this Law shall constitute the members of the investment committee with voting rights. The investment committee shall draw up the investment policy document and the procedures for its implementation and submit them for approval to the Governing Board, also shall select an asset management company provided for by Article 28¹ of this Law and a specialised depository in accordance with the criteria established by the Governing Board. The investment committee shall make decisions regarding the issues related to the investment activities in accordance with the investment policy document.

6. The professional members of the Governing Board appointed in compliance with the requirements of Article 9(5) of this Law shall constitute the members of the risk committee with voting rights. The risk committee shall develop a risk management framework and the procedure for its implementation and submit them for approval to the Governing Board. The risk committee shall make decisions regarding the issues related to risk management in accordance with the risk management framework.

7. The audit committee shall include the members of the Governing Board who are not executive directors of the Pension Funds. The audit committee shall be authorised to invite the head of the internal audit. The head of the internal audit shall not be authorised to participate in the decision-making of the audit committee. The audit committee shall review and supervise the issues related to the financial reporting, risk management, internal control system, activities of the internal audit, and audit services, also select an audit firm to carry out an external audit and submit it for approval to the Governing Board in accordance with the legislation of Georgia. An audit firm shall be selected from the 4 largest audit firms in the world. The contract with the selected audit firm shall be concluded for a term of not more than 3 years.



8. A committee shall draw up its statute which determines the mandate of that committee, the direction of its activities, and procedures which include the information regarding the regular reporting of the committee to the Governing Board, cooperation with other committees, restrictions related to the membership of the committee, and the functions of the members of the committee. A statute of a committee shall be approved by the Governing Board.

9. The members of the committee, except for a chairperson of the committee and invited persons, shall not receive remuneration for their activities in the committee.

10. The Governing Board shall be authorised to, except for the committees determined by this article, establish other committees if necessary and the procedure for their establishment and activities shall be determined by the statute of the Pension Fund.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 13 – Executive directors of the Pension Fund

1. The executive directors of the Pension Fund shall constitute the executive body of the Pension Fund which shall consist of a director general, a chief investment officer, a chief risk officer and the head of the internal audit. The Governing Board shall be authorised to appoint, as necessary, the executive directors of other fields as well. In this case, the requirements established by this Law for the executive directors and the requirements established by the National Bank as provided for by this Law shall apply to them as well.

2. The Governing Board shall select executive directors of the Pension Fund through an open competition and appoint them to positions in agreement with the National Bank, also dismiss executive directors from positions after an advance notice to the National Bank.

3. The Governing Board shall be authorised to appoint its professional member or any other person to the position of executive director of the Pension Fund in accordance with the procedure established by paragraph 2 of this article. An executive director appointed by the Governing Board may be a member of a committee of the Pension Fund at the same time. An official member of the Governing Board may not be an executive director of the Pension Fund or a member of a committee. The activity of an executive director shall be remunerated. If in accordance with this paragraph, a member of the Governing Board is an executive director at the same time, he/she shall receive additional remuneration.

4. In the absence of an executive director of the Pension Fund or when he/she is unable to perform his/her duties, an acting director (deputy) shall perform his/her functions. The procedure for the appointment of the acting director (deputy) of an executive director of the Pension Fund shall be established by the statute of the Pension Fund.

5. A bona fide person, who has the education and work experience required for this position, including at least 5 years of work experience in a managerial position may be appointed to the position of an executive director of the Pension Fund. The criteria for education and work experience required for appointing a person to the position of executive director of the Pension Fund, as well as other requirements for their eligibility shall be determined by the National Bank.

6. An executive director of the Pension Fund may not be a person with a criminal record for committing a serious or particularly serious crime, for terrorist financing and/or legalisation of illicit income, or for committing other economic crime, as well as a person whose actions led to insolvency or bankruptcy of a financial institution.

7. If a new executive director is not elected by the time the term of office of the executive director of the Pension Fund expires, the active executive director of the Pension Fund shall continue to exercise his/her powers until a new executive director has been elected.



8. A director general shall:

- a) represent the Pension Fund in relations with third parties and shall exercise the powers granted to the Pension Fund by this Law and the statute of the Pension Fund, including concluding agreements and conducting transactions on behalf of the Pension Fund if not otherwise provided for by law;
- b) appoint to and dismiss from positions the employees of the Pension Fund in accordance with this Law and the statute of the Pension Fund;
- c) execute the decisions of the Governing Board;
- d) prepare the annual budget and a staff list of the Pension Fund and submit them for approval to the Governing Board;
- e) manage the activities of the Pension Fund in accordance with this Law and the statute of the Pension Fund and make and execute relevant decisions within its framework;
- f) issue an individual administrative act regarding the imposition of the obligation to make a pension contribution, a fine and a penalty in accordance with the procedure provided for by this Law and the Pension Fund to a person violating the obligation to make a pension contribution, and issue a writ of execution on the basis of an individual administrative act in force to enforce the decision made.
- g) submit to the Parliament of Georgia a report on the activities of the Pension Fund according to the results of each year;
- h) execute other functions provided for by the statute of the Pension Fund and the legislation of Georgia.

9. A director general shall issue legal acts – orders - to exercise powers granted thereto by this Law and the statute of the Pension Fund.

10. A chief investment officer shall implement the investment policy in accordance with this Law, the statute of the Pension Fund and the investment policy document. A chief investment officer shall be authorised to make, clear and execute investment decisions, as well as represent the Pension Fund in relations with third parties and conclude relevant contracts within the powers delegated thereto in accordance with the statute of the Pension Fund. The investment policy document shall provide for the rules and procedure for a chief investment officer to agree the investment decisions with an investment committee.

11. A chief risk officer shall be in charge of risk management of the Pension Fund and perform functions related to it in accordance with this Law, the statute of the Pension Fund and within the powers delegated to him/her by a risk committee. A chief risk officer shall be authorised to have access to any information available to the Pension Fund to perform his/her functions related to risk management. A chief risk officer shall also be authorised to receive information regarding the contracts concluded on behalf of the Pension Fund from an asset management company, a specialised depository or entities providing other services to the Pension Fund.

12. The head of the internal audit shall manage the activities of the internal audit together with the audit committee in accordance with this Law, a statute of the audit committee and a statute of the Pension Fund. This activity shall be carried out separately from every other activity. All documents and records, including the information on the employees and executive directors of the Pension Fund and members of the Governing Board, shall be available to the head of the internal audit.

13. Obligations provided for by the Law of Georgia on the Fight against Corruption shall apply to the executive director of the Pension Fund. The executive director shall also be restricted from receiving any gift, payment or credit (except for the credit received under ordinary commercial conditions) from an asset management company, a specialised depository or a person affiliated with them, or any other entities providing services to the Pension Fund. An executive director shall be obliged to submit the official's asset declaration in accordance with the



legislation of Georgia.

14. During 6 months after the termination of his/her term of office, an executive director of the Pension Fund may not provide professional services to the asset management company which manages pension assets, or a specialised depository. If during the above period, the executive director remains unemployed due to the restriction provided for by this paragraph, his/her official salary will be maintained during that period.

15. The executive directors of the Pension Fund shall be accountable to the Governing Board and the respective committees.

16. In case the National Bank suspends the signatory authority of an executive director of the Pension Fund, the deputy of the above executive director shall carry out that authority and in the case of his/her absence – other employees of the Pension Fund determined by the Governing Board, who meets the requirements for the eligibility of the respective executive director of the Pension Fund established by the National Bank.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 14 – Fiduciary

1. For the purposes of this Law, the fiduciaries shall be:

a) the members of the Governing Board;

b) the executive directors;

c) a specialised depository and persons he/she has employed, who have discretionary power with respect to the pension assets;

d) an asset management company (companies) defined by Article 28¹ of this Law and persons it (they) has employed, who have discretionary power with respect to the pension assets;

e) a person responsible before the participants with respect to the pension assets, who provides investment advice to the Pension Fund on the basis of the related agreement;

f) any employee of the Pension Fund, who has discretionary power with respect the investment decisions related to the pension assets.

2. For the purposes of paragraph 1(c) and (d) of this article, a person employed by a specialised depository/an asset management company, who has the right to directly make a decision with regard to and/or within the related service.

Law of Georgia No 2208 of 30 November 2022 – website, 15.12.2022

Law of Georgia No 2286 of 1 December 2022 – website, 15.12.2022

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 15 – Remuneration policy



1. The Pension Fund shall have the remuneration policy determined in proportion to the size, nature, extent and complexity of its activities for every person who manages the funded pension scheme efficiently, performs special functions and whose activities have essential impact on a risk profile of the funded pension scheme. The information on the remuneration policy shall be made public annually.

2. When drawing up the remuneration policy, the following shall be considered:

- a) the remuneration policy shall be prepared and implemented so that the risk profile, goals, long-term interests and financial stability of the funded pension scheme are observed and the sound/reasonable and efficient management of the Pension Fund is facilitated;
- b) the remuneration policy shall be in compliance with the long-term best interests of the participants of the remuneration policy;
- c) the remuneration policy shall include the measures which aim at the prevention of the conflict of interests;
- d) the Pension Fund shall be obliged to determine the key principles of the remuneration policy and renew it at least once in 3 years;
- e) management and control of the remuneration policy shall be exercised clearly, transparently and efficiently.

3. The remuneration policy shall be approved by the Governing Board by a majority of votes of the attending members. The executive directors of the Pension Fund may not participate in the approval of the remuneration policy.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 15¹ – (Deleted)

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 16 – Outsourcing services

1. Any activity of the Pension Fund, including special functions, may be fully or partially transferred to providers of relevant outsourced services who shall act on their behalf when carrying out that particular activity/conducting that particular function. The transfer of the investment function shall be conducted in accordance with Article 28¹.

2. In the case provided for by paragraph 1 of this article, the Pension Fund shall be fully responsible for fulfilling any obligation provided for by this Law and subordinate normative acts issued on its basis.

3. Outsourcing of the activities or special functions should not lead to:

- a) significant deterioration of the quality of the management system of the Pension Fund;
- b) unjustified increase of operational risks;
- c) hindered performance of supervision by the National Bank of the fulfilment by the Pension Fund of the obligations provided for by the legislation of Georgia;



d) deterioration of the provision of services to the participants.

4. In the case of the outsourced services provided for by this article, the Pension Fund shall be obliged to conduct relevant monitoring of the providers of outsourced services throughout the period of their functioning to ensure the proper implementation/performance of the transferred activities/special functions.

5. Transfer of the activities and special functions shall be conducted on the basis of the written contract concluded between the Pension Fund and a provider of outsourced services. The contract shall clearly determine the distribution of rights and duties between the parties.

6. The Pension Fund shall receive prior consent from the National Bank in accordance with the procedure established by the National Bank in the case of transfer of the activities related to special functions to outsourcing. Any further changes related to outsourcing services provided for by this paragraph shall be agreed upon with the National Bank. In the case of the transfer of other activities to outsourced services, the Pension Fund shall be obliged to inform the National Bank thereof.

7. The National Bank shall be authorised to any time request information regarding the transferred special functions and other activities from the Pension Fund and a provider of outsourced services provided for by paragraph 6 of this Article.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 17 – Source of financing of the Pension Fund; annual budget of the Pension Fund

1. The source of financing of the Pension Fund activities shall be the pension assets of the participants in the form of an annual service fee for pension assets, which is expressed as a percentage of pension assets. The Pension Fund shall be authorised to determine the periodicity of withdrawal of the fee.

2. The percentage of the annual service fee must be defined in the annual budget of the Pension Fund.

3. The General Director of the Pension Fund shall, no later than 1 December of each year, submit a draft budget of the Pension Fund for the next year to the Governing Board for approval.

4. The sum received as an annual service fee for pension assets from the participants' pension assets may not be pledged or encumbered, the right of its ownership may not be transferred to a third person, or it may not be otherwise alienated in order to meet or secure any claim against the Pension Fund, for financing of the Pension Fund activities. Enforcement proceedings (if any) related to the commission fee for management provided for by Article 38(7) of this Law shall be carried out step by step so as not to impede the Pension Fund activities defined by this Law.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 18 – Reporting and accountability by the Pension Fund

1. The Pension Fund shall annually, not later than 5 months after the end of a calendar year, publish on its official website an annual report of the activities performed by the Pension Fund in the previous year. The report must include the following information:



- a) an annual financial report in compliance with international standards, which has been audited by one of the world's 4 largest audit companies to be selected by the Audit Committee and appointed by the Governing Board. The selected audit company shall have the opportunity to continuously audit an annual financial report only 3 times;
- b) information on the total absolute earnings in the context of each of the investment portfolios defined by Article 27(3) of this Law, including according to the classes of assets;
- c) information on the value and proportion of the pension assets invested according to the investment portfolios defined by Article 27(4) of this Law, and information on both targeted and factual distribution of the classes of assets;
- d) information on the results of the activities of an asset management company, its target indicators and the rate of their deviations – for financial instruments denominated in the national currency and foreign currency separately;
- e) report on all other charges, including on the commission fee for a specialised depository and on the total fees for other services and financial transactions;
- f) other information defined by the statute of the Pension Fund and/or by the National Bank.

2. The director of the Pension Fund shall annually, not later than 5 months after the end of a calendar year, submit to the Parliament of Georgia, the Government of Georgia and the National Bank a report of the activities performed by the Pension Fund in the previous year.

3. The Pension Fund shall be authorised to publish other information (including an unaudited financial report) as frequently as defined thereby.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 19 – Supervision of the Pension Fund activities

1. The National Bank shall regulate and supervise the Pension Fund activities in accordance with this Law and other legal acts, on the basis of the foresight and risk-based approach.

2. The regulation and supervision of the Pension Fund activities by the National Bank shall include at least the following issues:

- a) the examination of the compliance of the investment policy document prepared by the Pension Fund with the requirements established by this Law and by the National Bank in accordance with this Law, and the coordination of the said document;
- b) the examination of the compliance of the methodology for preparing an asset placement strategy, of investment decisions and a procedure for selecting by the Pension Agency of asset management companies defined by Article 28¹ of this Law with the minimum requirements established by the National Bank;
- c) the establishment of the compliance of the investment activities of the Pension Fund with the limits defined by the investment policy document;
- d) the establishment of the suitability criteria for the executive directors of the Pension Fund;
- e) the establishment of the rules related to the operational activities of the Pension Fund;
- f) the establishment of the investment rules provided for by Article 27 of this Law;



- g) the setting of the requirements for preparing documents/information for and providing them to the participants;
- h) the establishment of the rules for transferring the pension assets provided for by this Law;
- i) the definition of the methodology for calculating the value of the pension assets;
- j) the definition of the methodology for calculating the value of a portfolio unit, the methodology for calculating the value of an individual retirement account and the maintenance principles and standards related to an individual retirement account;
- k) the setting of the requirements for the protection of the participants' rights;
- l) the setting of the requirements for making a record of the pension contributions made to the individual retirement accounts, the payments and the commission fees;
- m) the setting of the requirements for programmed withdrawing of pensions;
- n) the setting of the minimum requirements for the claims review and resolution mechanism;
- o) the coordination of the risk management framework and the setting of any other requirement related to the risk management.

3. The National Bank shall be authorised to:

- a) establish additional regulatory rules for a specialised depository providing services to the Pension Fund/an asset management company (companies). These rules may relate to their equity, the experience of staff, hardware and software, maximum price of service or to any other issue that the National Bank considers necessary for the enforcement of this Law;
- b) request and receive from the Pension Fund, a specialised depository, an asset management company, and a natural person and a legal person providing services to them, any information (including confidential) necessary for it to exercise the powers provided for by this Law;
- c) request and receive from the Pension Fund, a specialised depository and an asset management company (companies) the accounting documentation in the form and as frequently as defined thereby;
- d) examine the compliance of the procedures related to the organisational structure of the Pension Fund, to the asset management and other activities, and of the logistic resources with the minimum requirements related to the pension assets, including those established by the National Bank and necessary for the investment activities;
- e) examine the compliance of the maintenance, settlement, administrative and information systems related to the investment activities and other activities, and of the means of communication with interested parties with the requirements set by this Law and the National Bank;
- f) inspect on site the Pension Fund, a specialised depository or an asset management company (companies) in accordance with this Law and other legislative and subordinate normative acts of Georgia;
- g) establish, under this Law, additional rules and limits with regard to the ownership of an investment fund (investment funds) engaged in trading at a stock exchange in the investment portfolios of the Pension Fund and/or an asset management company (companies);
- h) if the need and/or a violation is identified as a result of examination, give a binding instruction and/or a public recommendation to the Pension Fund and/or an asset management company regarding the elimination of the existing deficiencies and to fix a reasonable time limit for their elimination;



- i) for ensuring protection of interests of participants and consistency of the investment activities of the Pension Fund, perform the functions of a specialised depository, fully or in part, under the procedure established thereby, on the basis of the related agreement concluded with the Pension Fund;
- j) if a participant enjoys the right granted to him/her by Article 27(3¹) of this Law, determine for the Pension Fund such a mechanism of redeeming the portfolio units within which the limit for the total quantity or the maximum value of the portfolio units redeemed will be set for each period of their redemption, and such a mechanism for the deviation from the portfolio unit price calculated according to the net value of assets, which will balance the effect the sale of the new portfolio units or the redemption of the existing portfolio units has on the net value of assets;
- k) the minimum credit rating of financial investment instruments denominated in permissible national currency and foreign currency provided for by Article 27 of this Law, in which the pension assets may be invested in accordance with this Law and other legislative and subordinate normative acts of Georgia;
- l) assess the qualitative characteristics related to the management system/structure of the Pension Fund;
- m) assess the existing and potential risks for the Pension Fund;
- n) assess the abilities of the Pension Fund to identify, measure and manage the risks;
- o) assess the related charters and activities of the Pension Fund committees and, if necessary, to establish the minimum standard and procedure for the respective committees;
- p) assess the statute of the Pension Fund;
- q) if a violation is identified, apply the sanctions in proportion to the violation, including when a significant violation is identified, to suspend the power of signature for the executive director of the Pension Fund, or dismiss him/her from office. If the power of signature is suspended for the executive director, this power shall be exercised by a deputy of the said executive director during the respective period of time, and if there is no such deputy, this power shall be exercised by another employee of the Pension Fund as defined by the Governing Board;
- r) request from the Pension Fund to develop/approve the necessary policy documents;
- s) define related non-monetary sanctions for the Pension Fund and apply them against it in cases defined and under the procedure established thereby.

4. The National Bank shall reflect in its annual report the compliance of the Pension Fund activities with this Law and the requirements of the National Bank.

5. If the National Bank has information on the deterioration or possible deterioration of the financial or organisational condition of a specialised depository, it shall communicate that information to the Pension Fund in writing, and information on the initiation of the process of revoking authorisation of a specialised depository selected by the Pension Fund under this Law and of an asset management company defined by Article 28¹ of this Law.

6. The National Bank shall implement a temporary regime of special administration, the grounds for initiating which shall be the loss of more than 1% of the invested pension assets earned as a result of the investment of the pension assets and the related activities, which is not caused by a change in market conditions, by the materialisation of a credit risk or a counterparty risk, which was impossible to foresee, or a regular failure to comply with the significant instructions of the National Bank, or such a condition when the Pension Fund is temporarily unable to perform the functions related to its activities and which, for ensuring the consistency of the investment activities, provides for a temporary action to be carried out by the National Bank in relation to these activities. The procedure for the implementation of the temporary regime of special administration by the National Bank and for its application shall be established by the National Bank.



7. The National Bank shall have the right to establish additional rules for exercising the powers vested in it by this Law and for regulating the funded pension scheme. The National Bank shall exercise other powers defined by this Law.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 20 – (Deleted)

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Chapter IV – Participation in the Funded Pension Scheme

Article 21 – Participation in the funded pension scheme

1. An employee, except for an employee who has attained the age of 60 (in the case of a male employee) or the age of 55 (in the case of a female employee) before the entry of this Law into force, shall become a participant immediately after the employer makes the first pension contribution after this article becomes effective, on the basis of Article 3(6) of this Law.

2. Employees shall have the right to refuse to participate in the funded pension scheme in accordance with this Law.

3. An employee, who has attained the age of 60 (in the case of a male employee) or the age of 55 (in the case of a female employee) before the entry of this Law into force, and a self-employed person, shall become a participant voluntarily, in accordance with this Law.

4. An employee, who has attained the age of 60 (in the case of a male employee) or the age of 55 (in the case of a female employee) before the entry of this Law into force, and a self-employed person, shall become a participant immediately after he/she makes the first pension contribution.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Article 22 – Refusal to participate in the funded pension scheme

1. If an employee, who has attained the age of 40 before the entry of this Law into force, does not wish to be a participant, he/she shall have the right, under the procedure established by the Pension Fund, to apply to the Pension Fund in writing and to withdraw from the scheme within a period of 5 months after automatic joining it under a mandatory procedure, but not earlier than 3 months after the joining. Otherwise, the employee shall remain a participant.

2. Employers shall be prohibited from persuading or dissuading employees, or otherwise influencing them in relation to the refusal to participate in the funded pension scheme.

3. If an employee refuses to participate in the funded pension scheme in accordance with paragraph 1 of this



article:

a) the contributions made by an employer on behalf and in favour of an employee to the individual retirement account of the employee and the investment income associated with these contributions, excluding the respective charges, shall be taxed in accordance with the legislation of Georgia and shall be returned to the employee under the procedure established by the Pension Fund;

b) the contributions made by an employer in favour of an employee to his/her individual retirement account and the investment income associated with these contributions, excluding respective charges, shall be returned to the employer or his/her/its successor under the procedure established by the Pension Fund;

c) the pension contributions made by the State in favour of an employee to his/her individual retirement account shall be transferred to the treasury account of the Pension Fund, and the investment income associated with these contributions, excluding respective charges, shall be transferred to the State Treasury Single Account under the procedure established by the Pension Fund.

4. If an employee refuses to participate in the funded pension scheme in accordance with paragraph 1 of this article, he/she shall have the right to re-join the said scheme at any time in accordance with this Law and the procedure established by the Pension Fund. In such a case, he/she shall be considered as having joined the funded pension scheme under a mandatory procedure.

5. The first pension contribution made by an employee who has joined the funded pension scheme in accordance with paragraph 4 of this article on the basis of an application filed under the procedure established by the Pension Fund shall result in the creation of an information record about him/her in the electronic system, which will confirm the employee's joining the funded pension scheme and will establish the ground for activating his/her individual retirement account.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 23 – Continuity of participation in the funded pension scheme

1. An employed participant, whose receipt of the sum in the form of salary is temporarily suspended, shall temporarily suspend making pension contributions. He/she shall resume making pension contributions immediately after his/her receipt of the sum in the form of salary is resumed. If an employee stops making pension contributions due to the termination of labour/contractual relations, or maternity leave or new-born adoption leave, or temporary or long-term incapacity for work, or because he/she has no salary for any reason, the pension assets shall remain in his/her individual retirement account in accordance with this Law.

2. A self-employed participant, whose receipt of income of a self-employed person is temporarily suspended, shall temporarily suspend making pension contributions. The pension assets shall remain in his/her individual retirement account in accordance with this Law. The self-employed person shall resume making pension contributions immediately after his/her receipt of income of a self-employed person is resumed.

3. (Deleted – 1.11.2023, No 3601).

4. (Deleted – 1.11.2023, No 3601).

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Chapter V – Pension Assets and Investing Pension Assets



Article 24 – The right of a participant to pension assets

1. The pension assets, or portfolio units that are reflected in the individual retirement account of a participant shall be his/her property. The right of a participant to dispose of the said property shall arise only upon reaching retirement age or in other cases provided for by this Law.
2. The property rights of a participant/a pension recipient to pension assets/portfolio units may not be pledged or encumbered, transferred to a third person or otherwise alienated in order to meet or fulfil a claim against the participant, the Pension Fund, a special depository, an asset management company (companies) or any other person. The pension assets/portfolio units available in the individual retirement account of a participant/a pension recipient shall not be subject to enforcement and may not be included in the bankruptcy assets of the participant/pension recipient, the Pension Fund, a special depository or an asset management company (companies).

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 25 – Individual retirement accounts available at the Pension Fund

1. The pension contributions and the portfolio units purchased by the pension contributions shall be reflected in the individual retirement account of a participant.
2. The Pension Fund shall create an individual retirement account for a participant upon his/her joining the funded pension scheme and shall provide him/her with remote electronic accessibility of information on that account. Issues related to the creation of an individual retirement account, the methodology of calculating the value of a portfolio unit, the methodology of calculating the value of an individual retirement account, and other issues related to an individual retirement account shall be defined by the Pension Fund under the procedures established by the National Bank.
3. The value of an individual retirement account shall be calculated and the information thereon shall become accessible to the participant at least once a quarter.
4. (Deleted – 27.6.2024, No 4312).
5. (Deleted – 1.11.2023, No 3601).
6. After a participant withdraws from the funded pension scheme, or he/she fully receives his/her pension and/or pension assets, the individual retirement account of the participant shall become inactive, but it shall not be cancelled though. The individual retirement account of a former participant/pension recipient shall remain accessible for him/her.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 26 – Specialised depository

1. The Investment Committee shall select a specialised depository on whom it will impose the obligations of exercising the functions defined by paragraph 6 of this article and other functions provided for by the legislation of Georgia.



2. The Investment Committee shall select a specialised depository based on competition basis (except as provided for by Article 19(3)(i) of this Law). The conditions and procedures for conducting a competition (including the requirements for the preliminary selection of a specialised depository) shall be defined and approved by the Governing Board.
3. A specialised depository may provide services to more than one entity, but it must register and store the pension assets of the Pension Fund and the operations and records related thereto separately from its own assets and records and/or the assets and records of other entities.
4. A legal entity registered in Georgia providing specialised depository services to the Pension Fund must be licensed and authorised by the National Bank for storing pension assets. A legal entity registered outside Georgia providing specialised depository services to the Pension Fund must be licensed by a relevant regulator of another state, recognised by the National Bank, and also authorised by the National Bank for storing pension assets. Such a specialised depository must be operative, insolvency proceedings must not be pending against it, and it must meet the requirements of the legislation of the state concerned.
5. A specialised depository must not act as an asset management company.
6. A specialised depository shall perform the following functions, considering the requirements of paragraph 12 of this article:
- a) receive and store securities that constitute the pension assets;
 - b) receive and store copies of transaction documents on the transfers and the payment of financial resources that constitute the pension assets;
 - c) make entries in the relevant accounts of the register of pension assets stored with the specialised depository;
 - d) provide the Pension Fund with all necessary information to render assistance to it in fulfilling the obligations provided for by this Law;
 - e) ensure the compliance of the documents on the acquisition and administration of the pension assets with the legislation of Georgia and other requirements established by the Pension Fund;
 - f) fulfil supervisory obligations with respect to the pension assets;
 - g) perform other functions defined by the National Bank.
7. A specialised depository agreement concluded between the specialised depository and the Pension Fund must consider at least the following issues:
- a) the obligations of the specialised depository;
 - b) the terms and form of the fulfilment of obligations by the specialised depository;
 - c) the amount of remuneration of the specialised depository and the procedure for calculating the remuneration;
 - d) other requirements established by the legislation of Georgia.
8. Where the related licence or authorisation/recognition of a specialised depository is revoked, or in the case of substantial violation or improper fulfilment of a specialised depository agreement, or if insolvency proceedings are initiated against a specialised depository, the Pension Fund shall send a notification to the specialised depository on terminating the specialised depository agreement and shall immediately notify the National Bank and the Governing Board about its termination.
9. A specialised depository shall be changed in such a way to ensure the consistent provision of specialised



depository services to the Pension Fund.

10. If a specialised depository agreement is terminated, the specialised depository shall transfer the pension assets stored at it and the documents related to the fulfilment of the obligations by the specialised depository to a new specialised depository within the time limits defined by the said agreement or additionally agreed upon between the parties.

11. The pension assets placed with a specialised depository in accordance with this article shall not be its property, they may not be utilised for discharging the liabilities of the specialised depository, and they shall not be part of its assets to which the bankruptcy procedures may apply.

12. If the service of a specialised depository cannot be otherwise obtained or requires unreasonable efforts or costs, the Governing Board shall be authorised to make the decision on concluding an agreement with the National Bank for purchasing the specialised depository service. On the basis of the said agreement, the National Bank may perform all the functions of the specialised depository defined by paragraph 6 of this article or only a certain part thereof.

Law of Georgia No 5860 of 19 March 2020 – website, 23.3.2020

Law of Georgia No 2551 of 9 February 2023 – website, 27.2.2023

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 3728 of 16 November 2023 – website, 7.12.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 27 – Investing pension assets

1. (Deleted – 27.6.2024, No 4312).

2. (Deleted – 27.6.2024, No 4312).

3. Pension assets may be invested in the 3 following investment portfolios having the riskiness and expected profitability that are different from one another:

a) the conservative (low-risk) investment portfolio;

b) the balanced (average-risk) investment portfolio;

c) the dynamic (high-risk) investment portfolio.

3¹. A participant/a pension recipient shall have the right to decide on his/her own which investment portfolio best suits his/her tolerance to risk. A participant/a pension recipient shall, by way of an application filed under the procedure established by the Pension Fund, state his/her decision as to which investment portfolio best suits him/her.

3². If a participant/a pension recipient enjoys the right granted by paragraph 3¹ of this article, the rules provided for by paragraphs 4 and 4¹ of this article shall not apply to him/her.

4. The pension assets shall be invested in compliance with the following principles until a participant/a pension recipient enjoys his/her right under paragraph 3¹ of this article:

a) the pension assets available/reflected on the individual pension account of the participant/the pension recipient



before 1 January 2028 shall be invested in the conservative (low-risk) investment portfolio;

b) the pension contributions made to the individual pension account of the participant/the pension recipient after 1 January 2028, and the pension assets of a participant having joined the funded pension scheme after 1 January 2028, shall be invested in compliance with the following principles:

b.a) the pension assets of a participant under 40 years of age shall be invested in the dynamic (high-risk) investment portfolio;

b.b) the pension assets of a participant from 40 to 50 years of age shall be invested in the balanced (average-risk) investment portfolio;

c) the pension assets of a participant of 50 or more than 50 years of age shall be invested in the conservative (low-risk) investment portfolio.

4¹. The age of a participant provided for by paragraph 4 of this article shall be determined as follows: the age of a participant who joins the funded pension scheme before 1 January 2028 – calculated as of 1 January 2028, and the age of a participant who joins the funded pension scheme after 1 January 2028 – calculated as of the date of his/her joining. In addition, as the age of a participant changes, the pension assets available on his/her individual pension account shall be moved to the investment portfolio defined by paragraph 4(b.a-b.c) of this article for the respective age category. If a participant enjoys the right granted by Article 33 of this Law, his/her pension assets, without regard to the age of a participant, shall be invested in the conservative (low-risk) investment portfolio.

5. A participant/a pension recipient shall have the right to change, in accordance with this Law and the procedure established by the Pension Fund, the investment portfolio he/she has chosen or the investment portfolio that has been automatically chosen under paragraphs 4 and 4¹ of this article, and which is managed by the Pension Fund.

5¹. The procedure for choosing and changing the investment portfolio by a participant/a pension recipient shall be established by the Pension Fund. The said procedure shall define different issues, including the frequency of changing the investment portfolio and the period for filing the related application to the Pension Fund by a participant/a pension recipient. The frequency of changing the investment portfolio must not be less than 12 months, except for the individual cases (if any) defined by a normative act of the Pension Fund.

5². The Pension Fund shall electronically provide information to a participant about his/her investment portfolio two years before he/she attains the pension age, including information about the possibility of changing the investment portfolio after receiving the pension and the forms of taking the pension. The Pension Fund shall establish the rules and procedures for the payment/awarding of the pension/pension assets to/for the pension recipients, including the minimum requirements for the liquid assets in the context of each portfolio under the procedures established by the National Bank.

6. The Investment Committee shall, considering the principles defined by this article, prepare the investment policy document according to which the pension assets will be invested.

7. For the purposes of the investment of pension assets, an investment policy document shall clearly specify at least the following issues in the context of each type of investment portfolio:

a) investment objectives;

b) an asset placement strategy and the maximum permissible limits of deviation from the asset placement strategy for each class of assets;

c) an overall risk profile and the matrix of tolerance to individual risks, with an indication of an investment horizon of its validity;

d) the procedure for selecting, monitoring, assessing and concluding/terminating an agreement with an asset management company defined by Article 28 of this Law, a specialised depository and an entity providing other



services related to the investment activities. Investments in each investment portfolio shall be planned in such a way as to expect, by the end of an investment horizon, a positive real return on the investment (taking into account inflation) with high confidence.

8. Each investment portfolio must provide for a different investment horizon to be defined by the Investment Committee in accordance with the requirements established by this Law. In addition:

- a) the investment horizon of the conservative (low-risk) investment portfolio must be less than 5 years;
- b) the investment horizon of the balanced (average-risk) investment portfolio must exceed the investment horizon of the conservative (low-risk) investment portfolio;
- c) the investment horizon of the dynamic (high-risk) investment portfolio must exceed the investment horizon of the balanced (average-risk) investment portfolio.

8¹. The Pension Fund shall be authorised to create, according to each type of the investment portfolios defined by this article (conservative, balanced or dynamic), and offer to the participants several, different from one another, conservative (low-risk), balanced (average-risk) or dynamic (high-risk) investment portfolios.

9. The returns on investment made by means of each investment portfolio and the efficiency of investment policy shall be assessed taking into account the riskiness of the investment portfolio compiled based on the length of investment horizon and the investments made.

10. The Governing Board shall define the procedure and the periodicity for revising an investment policy document. An investment policy document must be revised at least once a year.

11. The Governing Board shall consider the necessity of amending an investment policy document for the purpose of responding to significant fluctuations in financial markets and the risks caused by them.

12. The types of investment portfolios provided for by paragraph 3 of this article and the permissible investment limits, in the context of broad classes of assets, shall be defined as follows:

a) the conservative (low-risk) investment portfolio:

a.a) the financial instruments provided for by paragraph 16(a-d¹) and paragraph 17(a-c¹) of this article, and the corporate debt securities provided for by paragraph 16(e) and paragraph 17(d) of this article that are placed through a public offer – up to 100%;

a.b) equity securities provided for by paragraph 16(f) and paragraph 17(e) of this article – up to 20%;

a.c) other types of assets provided for by paragraphs 16 and 17 of this article (except for the investment fund or sub-fund units provided for by paragraph 13¹ of this article) – up to 15%;

a.d) when investing in private capital, venture capital and real estate investment funds provided for by paragraph 16(g) and paragraph 17(f) of this article, the investment funds must registered/authorised by the National Bank;

a.e) in relation to the financial instruments provided for by paragraph 16(d²) and paragraph 17(d¹) of this article, the National Bank shall be authorised to set, by a legal act, a strict limit on the limit defined by sub-paragraph a.c) of this paragraph;

b) the balanced (average-risk) investment portfolio:

b.a) the financial instruments provided for by paragraph 16(a-d¹) and paragraph 17(a-c¹) of this article, and the corporate debt securities provided for by paragraph 16(e) and paragraph 17(d) of this article that are placed through a public offer – up to 80%;



b.b) equity securities provided for by paragraph 16(f) and paragraph 17(e) of this article – from 20% to 40%;

b.c) other types of assets provided for by paragraph 16 and paragraph 17 of this article (except for the investment fund or sub-fund units provided for by paragraph 13¹ of this article) – up to 20%;

c) the dynamic (high-risk) investment portfolio:

c.a) the financial instruments provided for by paragraph 16(a-d¹) and paragraph 17(a-c¹) of this article, and the corporate debt securities provided for by paragraph 16(e) and paragraph 17(d) of this article that are placed through a public offer – up to 60%;

c.b) equity securities provided for by paragraph 16(f) and paragraph 17(e) of this article – from 40% to 60%;

c.c) other types of assets provided for by paragraph 16 and paragraph 17 of this article (except for the investment fund or sub-fund units provided for by paragraph 13¹ of this article) – up to 25%.

13. The maximum limits of placement in financial investment instruments denominated in foreign currency, in the context of investment portfolios, shall be determined as follows:

a) the conservative (low-risk) investment portfolio – 20%;

b) the balanced (average-risk) investment portfolio – 40%;

c) the dynamic (high-risk) investment portfolio – 60%.

13¹. For the purposes of paragraphs 12 and 13 of this article, the owning of the investment fund provided for by paragraph 16(g) or paragraph 17(f) of this article or the sub-fund units thereof shall be considered as the owning of the assets included in a portfolio of the same investment fund/sub-fund in the proportional amount if not less than 95% of the related portfolio is comprised of the assets provided for by paragraph 16(a-d¹), (e) and (f) and paragraph 17(a-d) and (e) of this article. The additional requirements set by the National Bank under paragraph 19 of this article shall apply to the related assets included in a portfolio of the investment fund/sub-fund defined by this paragraph, unless otherwise provided for by a legal act of the National Bank.

14. (Deleted – 27.6.2024, No 4312).

15. The Investment Committee shall, for an asset management company defined by Article 28¹ of this Law (if any), approve a detailed investment guideline for each type of investment portfolio. It must include not less than the target indicators of return (threshold), the limited indicator of deviation of risks to the threshold with respect to the target indicators, permissible and prohibited investments, credit risks, the investment horizon and the rating thresholds, in accordance with the investment policy document and this Law.

16. Pension assets may be invested in the following financial investment instruments denominated in foreign currency:

a) financial resources, bank deposits and deposit certificates;

b) government securities;

c) debt securities issued by the international financial institutions;

d) securities issued by the State, and the securities issued by a municipality or a state agency, provided that they are properly secured by the state concerned;

d¹) mortgage-backed securities issued by the commercial banks licensed by the state bank regulator;

d²) co-investment together with the international financial institutions in compliance with the conditions defined



by the National Bank;

e) corporate debt securities (except for the securities provided for by sub-paragraph d¹ of this paragraph) that have been registered by a relevant regulator and placed through a public or private offer;

f) shares of enterprises or global depository receipts, which are registered by a relevant regulator of the capital market of the state and are placed through a public offer, and trade in which is carried out on a stock exchange, provided that they are continuously supervised by a relevant regulator;

g) units of the investment fund licensed/authorised/registered by a relevant state regulator and/or subject to the supervision of a relevant state regulator (including an investment fund engaged in trading at a stock exchange, a private capital investment fund, a venture capital investment fund or a real estate investment fund);

h) other financial instruments and/or non-financial assets that may be allowed for the balanced (average-risk) and dynamic (high-risk) investment portfolios by the National Bank for investment.

17. Pension assets may be invested only in the following financial investment instruments denominated in national currency:

a) financial resources, bank deposits and deposit certificates;

b) government securities, securities issued by a municipality;

c) debt securities issued by the international financial institutions;

c¹) mortgage-backed securities issued by the commercial banks licensed by the National Bank;

d) corporate debt securities (except for the securities provided for by sub-paragraph c¹ of this paragraph) that have been registered by a relevant regulator in Georgia and placed through a public or private offer;

d¹) co-investment together with the international financial institutions in compliance with the conditions defined by the National Bank;

e) shares of enterprises, which are placed through a public offer in the list of stock exchanges licensed in Georgia or other state and the continuous supervision of which is carried out by a relevant regulator;

f) units of an investment fund authorised/registered by the National Bank (including a private capital investment fund, a venture capital investment fund or a real estate investment fund);

g) other financial instruments and/or non-financial assets that may be allowed for the balanced (average-risk) and dynamic (high-risk) investment portfolios by the National Bank for investment.

18. (Deleted – 1.11.2023, No 3601).

19. The National Bank shall be authorised to establish additional requirements (including the minimum permissible credit rating) for any type of a financial investment instrument and/or issuer provided for by this article.

20. Pension assets shall not be invested:

a) in assets, the alienation of which is not permitted by law;

b) in options, other agreements related to futures and forward transactions and securities and financial assets, except for derivatives to be used within the hedging strategy for reducing the risks, which do not increase open positions. Article 24(2) of this Law shall not apply to the said case. The National Bank shall be authorised to set additional requirements for the derivatives to be used within the hedging strategy provided for by this sub-



paragraph;

c) in private equity securities/equity, immovable property and tangible assets;

d) in any property of an asset management company, which manages the pension assets, of a member of the Governing Board, or of a person affiliated therewith;

e) in the securities issued by an asset management company, which manages the pension assets, or a person affiliated therewith;

e.b) a specialised depository providing services to the Pension Agency and/or to an asset management company, or a person affiliated with a specialised depository;

f) in other financial instruments and/or non-financial instruments determined by the National Bank.

21. More than 5% of the pension assets may not be invested in the financial investment instruments issued by one issuer. The National Bank shall be authorised to establish a rule different from the one defined by this paragraph in relation to the investment fund engaged in trading at a stock exchange and an issuer of such an investment fund.

22. The following shall be inadmissible, in the context of the pension assets that are managed by the Pension Fund:

a) owning of totally more than 20%, or in accordance with the procedure established by the National Bank, owning of more than 30% of the financial investment instruments in circulation of one issuer;

b) more than 20% of co-participation within transactions of the international financial institutions provided for by paragraph 16(d²) and paragraph 17(d¹) of this article.

22¹. If an investment portfolio exceeds the limits/requirements defined by this article and that incompliance is not caused by a new investment decision, the Pension Fund shall ensure the compliance of the investment portfolio with the requirements defined by this Law within 6 months.

22². When calculating the limits defined by this article only open (non-hedged) positions shall be considered.

22³. The limit defined by paragraph 21 of this article shall be calculated in the context of each of the investment portfolios that are managed by the Pension Fund.

23. The restrictions provided for by paragraphs 21 and 22 of this article shall not apply to the financial resources, bank deposits, deposit certificates and mortgage-backed bonds, and to the securities issued by the international financial institutions that are recognised by the National Bank or the Government of Georgia and have no less than AA- or its equivalent credit rating.

24. The pension assets may not be alienated to:

a) an asset management company which provides services to these pension assets;

b) a member of the Governing Board;

c) any person who is affiliated with the asset management company or with a member of the Governing Board (if the affiliation can be identified).

24¹. The restrictions set by paragraph 20(d), paragraph 24 of this article and Article 35(3) of this Law shall not apply to a transaction concluded with the securities by the Pension Fund/an asset management company the other party of which, on behalf/in favour of a beneficiary, is a financial institution licensed by the National Bank or by a regulator of another state. In addition, based on the habits settled of the securities market, the identity of that



beneficiary is unknown to the Pension Fund/the asset management company.

25. An asset management company may not issue any loan or guarantee in favour of a person defined by paragraph 24(c) of this article.

26. The Pension Fund/an asset management company shall exercise all the rights, based on the financial investment instruments that it manages, in the interests of the participants and their heirs.

Law of Georgia No 5860 of 19 March 2020 – website, 23.3.2020

Law of Georgia No 7008 of 15 July 2020 – website, 28.7.2020

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 28 – (Deleted)

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

[Article 28¹ – The Asset Management Company]

1. The Governing Board shall be authorised to make the decision, in compliance with the criteria and procedures established by the legislation of Georgia and by itself, to transfer the pension assets for management to an asset management company defined by this article. In this case, the Pension Fund shall conclude the related agreement with the asset management company. If the said power is exercised, the pension assets may only be transferred for investing them in another type of assets.

2. The asset management company shall manage the pension assets in accordance with the pension assets management agreement and the detailed investment guidelines approved by the Investment Committee and developed on the basis of the investment policy document.

3. An asset management company, which is registered in Georgia, must be a licensed legal entity authorised by the National Bank for the management of pension assets; it must have continuously carried out activities for the past 3 years, and insolvency proceedings or licence/authorisation revocation procedures must not be pending against it.

4. For the purposes of this article, the National Bank shall be authorised to establish additional requirements for an asset management company licensed in Georgia.

5. An asset management company registered outside Georgia must meet the following requirements:

a) it must be licensed by a relevant regulator of the state where it is registered, and it must be recognised by the National Bank;

b) it must have continuously carried out activities for the past 10 years, and insolvency proceedings or licence suspension or revocation procedures must not be pending against it;

c) it must not be a person affiliated with a member the Governing Board;

d) it must have at least 3 years' experience in managing the accumulated assets of third (private and institutional) persons.



6. The National Bank shall be authorised to establish additional requirements for an asset management company registered outside Georgia.

7. The Governing Board shall select one or more than one asset management companies through transparent selection procedures. The Governing Board shall establish the procedure and criteria for selecting an asset management company.

8. The pension assets placed with an asset management company under this article shall not be its property; they may not be used for fulfilling the obligations of the asset management company; and they shall not be part of its assets to which insolvency procedures may apply.

9. The procedures established by Article 16 of this Law shall not apply to the provisions of this article. *(Shall become effective from 1 January 2026)]*

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 29 – (Deleted)

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 30 – (Deleted)

Law of Georgia No 2551 of 9 February 2023 – website, 27.2.2023

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Article 31 – Annual reporting before participants

1. The Pension Fund shall, not less than once a quarter, provide a participant with information on the total value of the pension assets available in his/her individual retirement account, which shall indicate the dates of making pension contributions and the return on investment. This information may be communicated to a participant through an electronic system. The procedure and the way of providing information to a participant shall be defined by the Pension Fund in accordance with the legislation of Georgia.

2. When requested by a participant, the Pension Fund shall provide the participant with written information on the value of the total pension assets in his/her individual retirement account.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 32 – Awarding and payment of pensions at retirement age

1. After reaching the retirement age, a participant shall have the right to apply to the Pension Fund under the procedure established by the Pension Fund, and receive the value corresponding to the total pension assets available in his/her individual retirement account, by means of a lump-sum payment or a programmed withdrawal.



2. After reaching the retirement age, a participant shall also have the right to apply to the Pension Fund under the procedure established by the Pension Fund, and request that he/she purchase an insurance annuity product with the pension assets available in his/her individual retirement account in order to receive the pension.
3. The Pension Fund shall be authorised to specify another form of issuing the pension assets available in the individual retirement account of a participant to him/her as a pension, and provide the participant with this form.
4. A participant shall be entitled to receive the total amount of the value of the pension assets from his/her individual retirement account, if he/she reached the retirement age no later than 5 years after the date of commencement of making pension contributions.
5. The Pension Fund shall set the limit of the value of total pension assets, within which a participant shall have the right to receive a pension by means of a lump-sum payment.
6. A participant shall receive the amount corresponding to the pension assets available in his/her individual retirement account in full after he/she applies to the Pension Fund under the procedure established by the Pension Fund, and the Pension Fund makes the decision provided for by paragraph 15 of this article.
7. The General Director of the Pension Fund shall, in agreement with the Governing Board, on the basis of the statistical data on life expectancy, approve the procedures and conditions for defining the periodicity of programmed withdrawals, in compliance with the requirements set by the National Bank, for paying the pension assets to those participants that do not have the right to withdraw pension assets under paragraphs 4 and 5 of this article.
8. In order to calculate the amount of money to be paid through programmed withdrawal, the value of the total pension assets available in the individual retirement account of a participant at the time of retirement shall be divided by the remaining life expectancy of the participant, which shall be based on the data of the Legal Entity under Public Law called the National Statistics Office of Georgia on the age distribution and life expectancy of the population.
9. The amount of money to be paid through programmed withdrawal shall be calculated annually, in the month when the age of the participant changes. The schedule of payments shall not be different on the grounds of the state of health, race, religious beliefs, gender, or nationality of a participant or any other discriminatory grounds.
10. The Pension Fund shall notify a participant about approaching of his/her retirement age through an electronic system 6 months before the retirement age and shall make the standard application form available to him/her.
11. (Deleted – 1.11.2023, No 3601).
12. (Deleted – 1.11.2023, No 3601).
13. After reaching the retirement age, a participant shall have the right, but shall not be obligated, to request, on account of reaching the retirement age, and receive the pension under the procedure established by the Pension Fund. If the participant fails to exercise that right after he/she reaches the retirement age, the employer and the state shall make pension contributions in his/her favour until the participant makes the request for the pension in accordance with this Law and the procedure established by the Pension Fund.
14. A participant may not continue making pension contributions after he/she starts receiving pension.
15. The Pension Fund shall make the decision on awarding pension/pension assets not later than 30 calendar days from the date when a participant files an application to it for retiring on pension under the procedure established by the Pension Fund, and it shall start issuing/paying pension not later than 30 calendar days after making the decision on awarding pension/pension assets. After the Pension Fund makes the decision on awarding pension/pension assets, a participant's status shall change and he/she shall become a pension recipient.
16. (Deleted – 1.11.2023, No 3601).



17. (Deleted – 1.11.2023, No 3601).

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 33 – Awarding and payment of pension to a participant with disabilities

1. A participant shall have the right to receive a pension at any age due to his/her disability if he/she is granted an appropriate status in accordance with the legislation of Georgia. In this case, the participant shall receive a pension in one of the forms provided for by Article 32(1) and (2) of this Law.
2. The Pension Fund shall define the appropriate forms and procedures on the basis of which a participant shall exercise the right granted under this article and request to receive a pension before he/she reaches the retirement age.
3. The Pension Fund shall make the decision on awarding a pension on the ground of disability of a participant and shall start issuing/paying the pension within the period defined and under the procedure established by Article 32(15) of this Law.
4. After a participant withdraws from the funded pension scheme on account of the awarding a pension by means of a lump-sum payment on the ground of disability, he/she shall have the right to re-join the funded pension scheme at any time in accordance with this Law and the procedure established by the Pension Fund. In this case, he/she shall be considered to have joined the funded pension scheme on a mandatory basis. In addition, he/she shall no longer have the right to request, under the procedure established by this Law, the awarding and payment of a pension on the ground of disability.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 34 – Transfer of pension assets to the heir of a participant

1. If a participant dies, the amount corresponding to the pension assets available in his/her individual retirement account shall be transferred to his/her heir (heirs) in accordance with the procedures determined by this Law and other legislative and subordinate normative acts of Georgia.
2. The pension assets may be passed to a heir of a participant by means of a lump-sum payment, and if a heir of a deceased participant is a participant, the pension assets may be passed to him/her by means of transferring them to his/her individual retirement account, as per the choice of the heir.
3. The heir of a participant shall submit a claim to the Pension Fund in accordance with the rule (procedures) approved by the Pension Fund.
4. The Pension Fund shall, after it receives a claim from the heir of a deceased participant for transferring the pension assets to him/her and the documentation certifying the legitimacy of that claim, under the procedure established by the Pension Fund, make the decision on transferring the pension assets to the heir of the deceased participant, within the period defined by Article 32(15) of this Law, and shall transfer to the heir the pension assets available on the individual pension account of the deceased participant in one of the manners provided for by paragraph 2 of this article, as per the choice of the heir.
5. (Deleted – 1.11.2023, No 3601).



Article 34¹ – Receipt of the pension assets by a participant when permanently leaving Georgia

1. If the participant's citizenship of Georgia has been terminated and/or he/she has lost his/her permanent residence permit in Georgia, he/she shall have the right to claim for receiving the value corresponding to the pension assets available on his/her individual pension account by means of a lump-sum payment. This claim shall be allowed if it is confirmed that the participant is no longer a citizen of Georgia and/or he/she no longer has the permanent residence permit in Georgia.
2. If a person, who has enjoyed the right provided for by paragraph 1 of this article, has obtained Georgian citizenship and/or a permanent residence permit in Georgia again, it shall be mandatory to make a pension contribution on behalf and in favour of this person in accordance with this Law. If a participant obtains Georgian citizenship and/or a permanent residence permit in Georgia again, he/she shall notify all of his/her employers thereof.
3. The Pension Fund shall make the decision on paying out the value corresponding to the pension assets available on the individual pension account of a participant on the ground of his/her permanently leaving Georgia, and shall transfer the value corresponding to the pension assets to the participant within the period defined by Article 32(15) of this Law. The sum to be transferred to the participant on the ground of his/her permanently leaving Georgia shall be subject to taxation under the legislation of Georgia.

Chapter VI – Breach of Fiduciary Duty and its Consequences

Article 35 – Breach of fiduciary duty

1. A fiduciary shall manage pension assets only in the interests of participants and their heirs, with due consideration of the requirements established by this Law. Protecting other interests shall be a breach of fiduciary duty. A fiduciary, when performing his/her/its duties, shall be obliged to:
 - a) act in good faith;
 - b) act with the care that a reasonably prudent person would exercise in a similar position and under similar circumstances;
 - c) act with the belief that his/her/its actions are in the best interest of the owners of the pension assets.
2. If a fiduciary does not have the knowledge necessary to make a decision, or the capacity to conduct an expert examination, he/she shall seek an opinion on this matter from a specialist with appropriate qualifications in the relevant field.
3. A violation, intentionally or by gross negligence, by a fiduciary of the obligation provided for by this article (including the use of the pension assets in his/her/its favour or in favour of a person affiliated with him/her/it, or the conclusion of a transaction related to the pension assets (except for a transaction concluded by the Pension



Fund or the asset management company at a stock exchange within the investment activities with the use of the pension assets), the other party of which is a person affiliated with the fiduciary) shall be considered as a breach of fiduciary duty.

4. An action of a fiduciary, which he/she has performed in the process of carrying out investment activities in compliance with the requirements established by this article, shall not be deemed a breach of the fiduciary duty, irrespective of its consequences. The failure of an employer and the state to make a pension contribution on behalf/in favour of an employee shall not be deemed a breach by a fiduciary of the fiduciary duty either.

5. Liability as provided for by the legislation of Georgia shall be imposed on a person for breaching fiduciary duty.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 36 – Consequences of a breach of fiduciary duty

1. The Pension Fund may request a fiduciary to compensate for damage caused by the breach of the fiduciary duty.

2. The compensation for damage caused by a breach of fiduciary duty shall be regulated by the legislation of Georgia.

3. The funds recovered as a result of compensation for damage caused by a breach of fiduciary duty shall be transferred to the individual retirement account of the respective participant or his/her heir, in proportion to the damage caused by the breach of the fiduciary duty.

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 37 – Interference by the employer in the process of the employee’s joining the funded pension scheme and a violation by an employer of the obligation to make a pension contribution

1. Interference by the employer in the process of the employee’s joining the funded pension scheme shall be a violation of this Law.

2. A violation (non-fulfilment and/or improper fulfilment) by an employer of the obligation to pay a pension contribution, or a failure of an employee provided for by Article 3(6)(d) of this Law to make a pension contribution in accordance with this Law, or a failure of the employer to compensate an employee for the pension contribution in the case provided for by Article 3(6)(d) of this Law, shall be a violation of this Law and shall carry the imposition of administrative liability.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Article 37¹ – Review and resolution of participants’ claims

1. A participant shall have the right to apply to the Pension Fund with a claim.

2. The statute of the Pension Fund shall define the mechanism for reviewing and resolving participants’ claims by the Pension Fund.

3. The National Bank shall be authorised to set the minimal requirements for the mechanism for reviewing and



resolving participants' claims by the Pension Fund.

4. The time limit for reviewing a participant's claim and for making the appropriate decision by the Pension Fund must not exceed 30 calendar days.

5. A participant shall be entitled to apply to court at any time for the protection of his/her rights.

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Chapter VII – Transitional and Final Provisions

Article 38 – Transitional provisions

1. By 15 August 2018, the Government of Georgia shall ensure the approval of the statute of the Legal Entity under Public Law called the Pension Agency.

2. By 15 September 2018, the Supervisory Board shall ensure the appointment of a director of the Legal Entity under Public Law called the Pension Agency in accordance with the procedure established by this Law.

3. By 1 December 2018, the National Bank shall ensure the adoption of the legal acts provided for by this Law.

4. By 1 December 2018, the Legal Entity under Public Law called the Pension Agency shall ensure the adoption of the legal acts provided for by this Law.

5. The Supervisory Board shall be deemed duly constituted consisting of three members before a chairperson of the Investment Board is elected.

6. The first chairperson of the Supervisory Board shall be elected by the Government of Georgia.

7. A commission fee for the management of the Pension Fund must not exceed 0.5% of the pension assets.

8. The Parliament of Georgia shall elect two members of the first composition of the Investment Board provided for by Article 12(1) of this Law for a period of 3 years.

9. Within 5 years of the entry into force of this Law, pension assets shall be invested only in a low-risk investment portfolio.

9¹. The Legal Entity under Public Law – the Pension Agency shall, before 1 September 2024, ensure the compliance of the balanced (average-risk) investment portfolio with Article 27(12)(b) of this Law, and the compliance of the dynamic (high-risk) investment portfolio with Article 27(12)(c) of this Law.

10. Within 5 years of the entry into force of this Law, the limit for the investment of pension assets (except for financial resources and bank deposits) in the securities issued by one issuer referred to in Article 27(21) shall be 15%.

11. The activities of the Selection Commission shall be financed from the State Budget of Georgia in the first year.

12. Within 9 months of the entry into force of this Law, the Ministry of Finance of Georgia shall submit to the Government of Georgia a package of legislative amendments related to the indexation of state pensions, to ensure the maintenance of the wage replacement rate.

13. The Government of Georgia shall determine a procedure defined in this Law for ensuring the fulfilment of an



obligation provided for by the funded pension scheme, to be fulfilled in 2019 with respect to the funding contributions to be made in the scheme by the State, as well as the co-funding contributions by an employer in the case of persons employed in budgetary organisations.

14. The Pension Agency shall, before the entry of Article 7¹ of this Law into force, ensure the development and approval of the procedure provided for by Article 7¹(6) of this Law.

15. A person who has violated the obligation of making a pension contribution provided for by this Law before 1 May 2025, including he/she has violated the time limit, but will fully comply with this obligation not later than the Pension Agency commences its inspection, shall not be subject to the imposition of a fine under this Law.

16. A person who has violated the obligation of making a pension contribution provided for by this Law before 1 May 2025, including has violated the time limit, but will fully comply with this obligation not later than the Pension Fund commences its inspection, shall not be subject to the imposition of a fine under this Law.

17. An employee shall be considered as having joined the funded pension scheme voluntarily for the period until 1 May 2025 as of the earliest pension contribution made by his/her employer, and if there are several employers, the date of an employee's joining the funded pension scheme shall be determined in relation to each employer, as of the earliest pension contribution made by a respective employer. If any of the employers fails to make a pension contribution, the date when it becomes mandatory for that employer to make a pension contribution shall be the period of making the first pension contribution on behalf and in favour of the employee concerned.

18. The following shall be inadmissible before 1 May 2025 in the context of the pension assets managed by the Pension Agency:

a) owning of totally more than 20% or, under the procedure established by the National Bank, owning of not more than 30% of the financial investment instruments in circulation of one issuer;

b) more than 20% of co-participation within transactions of the international financial institutions provided for by Article 27(16)(d²) and 17(d¹) of this Law.

19. If, before 1 May 2025, an investment portfolio exceeds the limits/requirements defined by Article 27 of this Law and that incompliance is not a result of a new investment decision, the Pension Agency shall, during 6 months, ensure the compliance of the investment portfolio with the requirements set by this Law.

20. Until 1 May 2025, the Pension Agency shall not request from the persons, including the heirs of a deceased participant, who have fully received the pension/pension assets before 30 September 2024 under the procedure established by Law, to return the amount paid to them by mistake/in excess as a result of the excessive payment of a pension contribution.

Law of Georgia No 3601 of 1 November 2023 – website, 20.11.2023

Law of Georgia No 4312 of 27 June 2024 – website, 12.7.2024

Article 39 – Entry into force of this Law

1. This Law, except for Articles 7, 21 and 29, shall enter into force upon its promulgation.

2. Articles 7 and 21 of this Law shall enter into force on 1 January 2019.

3. Article 29 of this Law shall enter into force on 1 January 2021.



President of Georgia

Giorgi Margvelashvili

Kutaisi

21 July 2018

No 3303-რს

