



Georgian Legal News

Refer to the Law

Organic Law “On Workplace Safety”

The provisions of the Organic Law “On Workplace Safety” that did not enter into force upon its publishing did so on 1 September 2019, including Article 2(1), which extends the application of the law to every field of economic activity. As of this date, the supervisory body is authorised to inspect, search, and check any workplace subject to inspection at any time of the day without a prior notice, which is necessary for effective enforcement and implementation of workplace safety norms.

Additionally, in every field of economic activity it is mandatory that the employer appoint a workplace safety specialist – a duly qualified person that will ensure implementation and management of workplace safety measures to ensure workplace safety compliance.

Amendments to Order No. 37/04 of the President of the National Bank of Georgia "On Approving the Rules for Registration and Regulation of Currency Exchange Offices"

On 20 and 27 August 2019, the President of the National Bank of Georgia adopted two orders (No. 153/04 and No. 154/4, respectively), which amended Order No. 37/04 ("the Order").

According to the amendments, a legal person wishing to carry out currency exchange activities through the use of electronic equipment must apply to the National Bank for registration.

As for the already registered currency exchange offices, they may – as long as they satisfy the conditions the Order sets forth – carry out their currency exchange activities through the use of electronic equipment without the need to re-register. To do so, such currency exchange offices must apply to the National Bank, following which the National Bank will issue a permit, authorising the use of electronic equipment.

Furthermore, the amendments set forth the obligations of currency exchange offices that use electronic equipment. For instance, prior to carrying out currency exchange transactions, such offices must ensure that the following information is displayed to the customers, in a large font (at least 28 points)*:

- "Conversion fee applies" (if applicable);
- "We are using notable exchange rate" (if applicable);
- "Transaction can be canceled and the amount returned within 30 minutes after receiving of the receipt, if the transaction volume does not exceed 3000 GEL or its equivalent in foreign currency!"
- Instructions on how to cancel the transaction.

*Please note that this list is NOT exhaustive.

Obligations of those currency exchange offices/branches that do not use electronic equipment have also changed. They must ensure that the following information is provided at the cashier's office in a large (at least 28 points) font:

"You can cancel your transaction and return the exchanged amount within 30 minutes of receiving the transaction slip, if the transaction is under GEL 5,000 or its equivalent in a foreign currency!"

This information must also be printed on the transaction slip.

The National Bank may revoke the registration of a currency exchange office of either type for failure to comply with the above requirements.

Bill "On Financial Pledge, Netting, and Derivatives"

According to a bill prepared by the Government of Georgia, a derivative is defined as a qualified financial contract, whose value and financial flows, pursuant to the provisions of such contract, are reliant on the underlying asset or rate, and which is settled by delivery or in cash, including by netting/final netting. The bill's explanatory note states that the derivatives' market has not been properly developed in Georgia up to the present day. However, it recognises that there is a certain sound foundation in place already and expects a growing demand for such instruments.

The interest towards derivative instruments is explained by two factors: an increased volatility of the country's currency floating exchange rate since 2014; and the active use of loans and securities with floating rates. Derivatives are used to hedge against the fluctuations in currency exchange rates and interest rates.

The bill aims to introduce new definitions for certain terms, such as the qualified financial contract, certain derivative contracts (the option, forward, swop, and futures), the netting contract, final netting, financial pledge, and financial instrument.

With a view to ensuring compliance with the newly introduced regulations concerning securities, the bill provides for corresponding amendments to the laws "On Private International Law", "On Enforcement Proceedings", "On Securities' Market", as well as to the Tax Code, Civil Procedure Code, and some other normative acts.

Bill on amendments to the Code of Administrative Procedure

Pursuant to the proposed bill, Chapter VII¹⁷ "On Administrative Proceedings With Respect to Suspension of Activities of a Merchant" is introduced into the Code of Administrative Procedure. The amendments are related to the bill of Georgia on "Consumer Rights Protection", whereby the LEPL Competition Agency ensures institutional protection of consumer rights. The bill of Georgia "On Consumer Rights Protection" provides for suspension of the activities of a merchant, who is subject to investigation, based on a court order. As the existing legislation does not provide for the relevant procedure, without amendments to the Code of Administrative Procedure, the courts will not be able to consider case on consumer rights protection.

Contacts

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