

Unofficial Translation

Rule for electronic trading of FX using the Bloomberg trading system

Article 1. General Provisions

1. The aforementioned rule regulates the electronic process of FX trading using Bloomberg trading platform (hereinafter “trading platform”) among system participants.
2. Purpose of this rule is to determine unified terms and conditions for using Bloomberg trading platform and electronic FX trading for legal entities.
3. Compliance with the requirements established by this rule is mandatory for trading system participants (financial sector members) and for such legal entities (non-financial sector members), who acknowledge in writing to act in accordance with principles stated in this rule.
4. This rule does not apply to those legal entities, who are carrying electronic FX trading via trading platform with terms and conditions other than those determined under this rule.
5. Each legal entity is eligible to participate and conduct deals via the trading platform without permission of the National Bank of Georgia (hereinafter - the NBG) except for the case provided in Clause 4 of Article 3 of this Rule.
6. In accordance to this rule, it is possible to conduct spot, forward and swap currency deals in the trading system.
7. System participants recognize the mandatory implementation of the requirements of this rule, through submitting their consent to the NBG in accordance to the paragraph 10 of the article 3 of this rule.

Article 2. Definitions

The terms in the aforementioned rules have the following meanings:

- a) Trading platform – The Bloomberg electronic system, through which trades are being made and carried out.
- b) System participant – legal entity, user of the trading platform and carrying on trading deals with other participants of the trading system according to this rule.
- c) Deal code – Four-digit code that is assigned to a system participant as an identifier with which the system participant performs activities for his own needs within the trading platform.
- d) Broker code – a four-digit code different from the deal code assigned to the system participant by the trading system with the approval of the NBG, which the system participant uses for the activities carried out in the trading system on behalf of his client;
- e) Dealer – an employee of the system participant, who makes transactions in the trading system on behalf of the system participant and for his needs with a dealing code;
- f) Foreign exchange broker – a system participant or his employee, who makes transactions in the trading system at the request of the client, in the name of the system participant and with the broker code;
- g) RFQ – Bloomberg trading system platform, through which a system participant sends a currency purchase and/or sale application on his behalf and/or on behalf of the client to other system participants/participants of his choice, which requires confirmation of both sides of the transaction in the trading platform;

- h) BMatch – Rule based Bloomberg's trading platform, through which the system participants place currency purchase and/or sale orders in his name and/or on behalf of the client.
- i) Quote – The announcement of bid-ask rates.
- j) Trade Date – A day during which a trade/deal is conducted between counterparties.

Article 3. Authorization of trading platform participants

1. Legal entity looking for system participation, addresses directly to the Bloomberg (www.bloomberg.net) to get access to the trading platform.
2. Access to the trading platform is granted based on the agreement between trading platform and the legal entity.
3. Trading platform assigns deal code to the system participants. System participants are responsible for the appropriate usage of deal codes assigned.
4. Access to the BMatch platform and the broker code are granted by the trading system to the system participant only in the event of a request from the NBG. The user of the system is responsible for its proper use. Broker code can be given only to commercial bank and Brokerage Company licensed by the NBG.
5. System participant through the special information page of the trading platform provides and in case of any change updates following information:
 - a) System participants' name and contact information;
 - b) Deal Code and broker code (if any);
 - c) Standard Settlement Instructions (SSI) with the details of bank account/s through which the system participants settle the transaction.
6. The NBG publishes information about the deal and broker code on a special page of the trading system.
7. In case of any change in information provided in accordance to paragraph 5 of this article, the system participant is obliged to send the relevant information to the other system participants and the NBG. Otherwise, system participants are entitled to use existing information.
8. In case of cancelation of the system participants' status, legal entity addresses the trading platform in writing (electronic form of address is also available) and sends respective notification to its counterparties in trading platform.
9. Provisions of this rule apply to the deals conducted in accordance to this rules. Fulfillment of such deal is mandatory even after the cancelation of the system participant's status.
10. The legal entities (non-financial sector participants) apply in writing to the NBG once and declare in writing their consent to the application of this rule and the mandatory fulfillment of the requirements stipulated by this rule. NBG ensures publication and updating of the list of such participants in the trading system.

Article 4. Publication of Quotes and Conduction of Deals

1. Subject to the conditions stated in this rule, the system participant may enter into agreements with other participants in the trading system.
2. In order to conduct deals, system participants mutually grant each other the status of a counterparty in the trading system. A participant can unilaterally suspend the counterparty status of another participant in case of decision to halt trading.
3. Each banking day, system participant commercial banks and microfinance organizations are obliged to

publish and constantly update their quotations on a special page in the trading system.

4. Published rate in the system means that the participant agrees to deal with this rate up to 200,000 US Dollar (or equivalent in other currencies). The rate on the deals which exceed 200,000 USD are agreed between the parties. Several deal offers on each rate published by the participant will be treated as one offer and will be satisfied in accordance to limit set above.
5. It is possible to conduct the deal each business day and there is no time limit for it
6. As to conduct deals, the system participants may use the RFQ and/or BMatch platform of the trading system at their own choice, except for the cases provided in paragraph 8 of this rule.
7. The participants of the system make transactions through the RFQ and BMatch platform of the trading system according to the rules defined by the trading system.
8. According to the agreement between the FX broker and the client, the broker can perform the client's order to buy and/or sell the currency as a principal trader and as an agent trader.
9. FX Broker should only use Broker Code when purchasing/selling FX. The FX broker places the client's order to buy and/or sell currency in the trading system according to the conditions (amount, exchange rate) determined by the client's order.
10. Commercial bank and/or brokerage company may charge the client only a fixed commission fee for the processing of foreign currency purchase and/or sale applications by the client's order and broker code in the trading system.
11. A system participant can satisfy an application placed in the trading system with his broker code with his own deal code and vice versa.
12. The foreign exchange broker can change the application placed in the trading system with his broker code in accordance with the client's order.
13. All conducted deal through the trading platform is final and the cancellation of deal is possible only if both counterparties agree on cancelation.
14. On the day of conclusion of the transaction, the parties immediately register the change and/or cancellation of the terms of the transaction concluded through the trading system in the trading system.
15. If the participants of the system make a transaction outside the trading system and they want to register the transaction in the trading system, the parties must register such transaction through the RFQ platform of the trading system no later than 15 minutes after the conclusion of the transaction.
16. The system participant is obliged to provide the National Bank with information on the reasons for the canceled transaction or changes in the transaction conditions, upon request.

Article 5. Settlement and Supervisor Procedures, Penalty Sanctions

1. Settlement between system participants takes place on the day that is specified in the deal agreement.
2. Settlement of the transaction concluded in the trading system between commercial banks participating in the system is carried out in accordance with the terms of the transaction and through the correspondent accounts of the parties (unless something else is agreed upon between the parties during the transaction):
 - a) For settlement in national currency through the GEL correspondent account in the NBG or commercial bank;
 - b) In a foreign bank or in a commercial bank licensed by the NBG, as well as through a foreign currency correspondent account in the NBG for settlement in foreign currency.
3. Transaction settlement with a non-banking legal entity participating in the system is carried out using

the banking details of the system participant located on a special page in the trading system, unless otherwise agreed upon between the parties.

4. If there is no other agreement between the parties and one party of the deal is non-banking system participant and second - commercial bank, the latter will settle the deal amount after first ones settlement is done.
 - a) If the non-banking participants has made the settlement, but there is less than an hour left before the selected/particular currency settlement cut-off time the commercial bank can settle the deal amount on next working day.
 - b) Commercial banks settlement will be considered as properly done if it settles the deal amount on time regardless of whether or not non-commercial participants' settlement account is credited by its commercial bank.
 - c) If deal amount is settles within one commercial bank the latter has right to debit system participants settlement account without acceptance.
5. In the cases defined by subsections "a" and "b" of paragraph 4 of this article, the settlement by the commercial bank shall be considered to have been carried out on the day stipulated by the transaction and shall not be considered a violation of the settlement term of the transaction.
6. Settlement is conducted on a cashless basis.
7. If the system participant is unable to settle the deal on the settlement date, settlement will take place on the following business day. The penalty interest stipulated in this article will be charged only to the participant, due to which the payment could not be made on the day stipulated by the transaction.
8. If the system participant is unable to settle the deal on the following business day as well, he other party has the right to deemed deal as cancelled.
9. In case of breach of settlement period, system participant is obliged to pay fee on deal amount for each outstanding day. Annual penalty fee for settlement delay of national currency amounts equals to TIBR rate on settlement day plus 5% and for settlement delay of foreign currency amounts equals to overnight benchmark rate (risk free) of respective currency on settlement day plus 5%. In case there is no benchmark rate (risk free) for particular currency the penalty fee for settlement delay equals to refinance rate (set in the Country of mentioned currency) plus 5%.
10. If the breach of settlement period triggered the cancelation of deal, the system participant must pay the penalty fee of 5% of deal amount.
11. System participant is obliged to pay penalty fee and penalty interest to the banking account of second party within the 5 business days after the deal settlement date.
12. In case of deal cancellation, if the settlement of the deal has already taken place, transferred amounts of the cancelled deals must be returned to the payer by the receiver, no later than the day of the cancellation of the trade. For each overdue day, receiver will be assessed a penalty of TIBR rate plus 5% in case of national currency amounts and benchmark rate (risk free) of respective currency plus 5% in case of foreign currency amount on the unreturned amount of the deal. In case there is no benchmark rate (rusk free) for particular currency the penalty fee for settlement delay equals to refinance rate (set in the Country of mentioned currency) plus 5% .
13. If any counterparty of a deal is unable to settle the deal within 5 business days after the deal settlement date, the complainant party has right to notify this case to NBG.
14. The National Bank has the right to give a written warning to the system participant, to unilaterally suspend and/or terminate the right to access the BMatch platform and/or the status and/or limit of the participant in operations with the National Bank, if it considers that it systematically violates the requirements of this rule, or the legal acts of the National Bank other requirements established.