

LAW OF GEORGIA

PAYMENT SYSTEMS AND PAYMENT SERVICES

Chapter I. General Provisions

Article 1 - Purpose and scope of the Law

1. This Law aims to promote safe, sustainable, and effective functioning of payment systems in Georgia. This Law defines the principles of regulation and supervision of payment systems and payment services.

2. Relations connected to the payment system are governed by the Organic Law of Georgia on National Bank of Georgia, by this Law, and by the Law of Georgia on Securities Markets and other normative acts.

3. If there is a conflict between this Law and other laws with regard to the relations connected with the payment system and payment services, the provisions of this Law shall prevail.

Article 2 - Definition of terms

The terms used in this Law shall have the following meanings:

a) payment system - fund transfer system, securities settlement system, clearing system;

b) funds transfer system - a set of common rules and standard procedures that ensures the processing of fund transfer transactions or transfer orders;

c) securities settlement system - a set of rules and standard procedures that are common for three or more system participants, and based on which securities are transferred;

d) clearing system - a set of rules and standard procedures that are common for three or more system participants through which transfer orders issued by participants are processed and based on which net positions are calculated and/or established for future settlement among the participants and in which the calculation of net positions may be based on the principle by which the system operator becomes seller to every buyer and buyer to every seller;

e) net position - the sum of the value of all transfers or other claims that a system participant has received up to a particular time, less the value of all transfers or other liabilities that a system participant has made in favour of any other participant(s);

f) net credit position (net claim) – a positive value obtained in the process of determining the net position of a participant;

g) net debit position (net obligation) – a negative value obtained in the process of determining the net position of the participant;

h) offsetting mutual obligations (netting) - calculating and/or establishing net positions, as a result of which net payment or net settlement obligations are determined between settling participants within the payment system; offsetting mutual obligations (netting) shall be based both on calculating, offsetting bilateral (between two participants) and multilateral (among more than two participants) mutual obligations and claims;

i) system operator (operator) - a legal person that under the legislation of Georgia, either independently or with other legal persons, is responsible and authorised to operate payment systems and develop system rules;

j) system rules - a set of rules and procedures, developed by a system operator, that determines system performance;

k) important payment system – a system of an operator registered by the National Bank of Georgia that has three or more than three participants and is deemed as an important payment system under Article 4 of this Law;

l) system participant (participant) - a legal person that may directly issue a transfer order within a system and is considered a system participant under the system rules. A system participant may be the National Bank of Georgia, a foreign central bank, a clearing house, a financial institution, an international financial institution, a payment services provider, a settlement agent, a system operator, the Ministry for Finance of Georgia or its structural unit, a foreign government agency or a foreign payment system;

m) settlement agent - a legal person providing system participants with settlement accounts, through which transfer orders within the system are settled. A settlement agent may be the National Bank of Georgia, a commercial bank or any other legal person that may provide securities accounts and related services under the legislation of Georgia;

n) settlement account - a unique account at a settlement agent used to hold funds or financial instruments and to settle transactions in a system;

o) settlement – a transaction with the intent of discharging participants' obligations through the transfer of funds and/or financial instruments;

p) transfer order - an order issued in the system by a system participant to another system participant to transfer to the recipient funds or the title or claim to financial instruments; or an order by which a participant assumes or discharges payment obligations as defined by system rules;

q) financial institution - an institution as defined by the Law of Georgia on Securities Markets;

r) financial instrument – the financial instrument as defined in the Law of Georgia On Financial Collateral Arrangements, Netting and Derivatives;

s) limited activity regime (the Regime) – limited activity regime as defined in the Law of Georgia On Financial Collateral Arrangements, Netting and Derivatives;

t) default – non-performance or improper performance of obligations assumed by one of the parties to the agreement, or any other event provided for in the agreement, as a result of which the other party to the agreement gains the right to enforce collateral or obtains any other right provided for by this Law and the agreement;

u) financial collateral - financial instruments or cash assets credited to an account that are used for securing claims in compliance with this Law;

w) payment service provider (provider) - a legal person that provides payment services to a payment service user under the legislation of Georgia;

w1) electronic money provider – a payment service provider who issues electronic money under the legislation of Georgia;

w2) payment service user (user) - a person who uses a payment service as a payer and/or a payee;

w3) payer - a person who issues payment orders and/or agrees to the issuance of payment orders;

w4) payee - a person in whose favour a payment transaction is made;

w5) payment instrument - a tool and/or a set of procedures agreed to between a payment service provider and a payment service user, through which the payment service user initiates a payment order;

w6) electronic money instrument - a payment instrument that makes it possible to use electronic money;

w7) electronic money – a value equivalent to funds received by an electronic money provider from users for carrying out payment service transactions, which is stored on payment instruments and which is recognised as a means of payment by its issuer and other persons. The ratio of electronic money and the funds received in its stead, as set by the electronic money provider, shall be the same at all stages of the activity of the provider;

w8) money remittance – a payment service where a payer transfers funds without any accounts being opened for the payer and the payee, and funds are transferred directly to the payee or to another provider acting on behalf of the payee in order to transfer the funds to the payee;

w9) payment transaction - a transaction initiated by a payer or a payee for placing/crediting, transferring, or withdrawing funds;

w10) payment order - payment order as defined in the Law of Georgia On Financial Collateral Arrangements, Netting and Derivatives;

w11) standing order - an instruction from a payer to a payment service provider, based on which the payment service provider makes regular payments to the payee;

w12) direct debit - a payment instrument for the debiting of a payer's account in which a payee initiates a payment transaction on the basis of prior authorisation given by the payer;

w13) authentication - a procedure through which a payment service provider verifies the use of a payment instrument, including its personalized features;

w14) acquiring - an activity that ensures, on the basis of the agreement with trade and/or service outlets or other entities, through electronic and technical means, the execution of payment transactions through a payment instrument, the execution of internet payment transactions using the payment instrument details, the execution of cash withdrawal transactions using a payment instrument, and the relevant settlement;

w15) agent - a person acting on behalf of a payment service provider in providing services;

w16) significant share - 10 % or more of declared or paid-in capital owned by a person through direct or indirect participation;

w17) enforcement measures - measures taken under the legislation of Georgia to make a person meet the obligations stipulated by the legislation of Georgia and/or an agreement, including coercive enforcement and the means for securing a claim as provided for by the Civil Code of Georgia (pledge, mortgage).

Law of Georgia No 3719 of 12 June 2015 – website, 24.6.2015

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Chapter II. System Operator

Article 3 - Registering system operators

1. A legal person may manage payment systems in the territory of Georgia only after the National Bank of Georgia registers it as an operator under this Law.
2. System operators shall be registered and deregistered under the procedures and requirements established by the National Bank of Georgia.
3. To ensure the smooth provision of payment services and reliable functioning of payment systems, the National Bank of Georgia may establish compatible standards for the functioning of payment systems, including exchanging information and transfer orders.
4. The National Bank of Georgia may, within its competence and under its procedures, request and receive financial, statistical, and any other information from any system operator.
5. The National Bank is authorized to set the compliance criteria for the administrator of the system operator by the legal act of the National Bank.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Article 4 - Important payment system

1. For the purposes of this Law, to maintain the confidence of society, and/or the stability of payment and/or financial systems, the National Bank of Georgia may, under its procedures,

define an important payment system (inter alia subcategories of important payment system) and establish additional requirements for the system and/or its operators.

2. If under the decision of the National Bank of Georgia the system of a central depository is deemed as important, the central depository shall be obliged to comply with the requirements established for important payment systems.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Article 5 - Exceptions to application of this Chapter

Registration requirements under this Chapter shall not apply to a system operator if the system operator is:

- a) the National Bank of Georgia (the National Bank Systems);
- b) a central depository licensed by the National Bank of Georgia;
- c) a commercial bank licensed by the National Bank of Georgia;
- d) an internationally recognized payment system operator that is not registered as a legal person or as a branch of a legal person under the legislation of Georgia;
- e) a payment service provider, but only if this system is used to provide payment services to the users of this provider.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 5¹ - Availability of the payment system

1. The operator shall ensure that the payment system is available to providers under objective, non-discriminatory and proportionate conditions.

2. The operator may not establish with respect to providers, users or other payment systems:

- a) restrictions on participation in other payment systems;
- b) conditions that put certain system participant providers in a discriminatory position;
- c) restrictions by their institutional status.

3. The National Bank of Georgia shall be authorised to determine exceptions to the provisions of paragraph 2 of this article.

4. If a recipient does not satisfy the criteria of the membership of a payment system, bank under resolution when alienating of shares and/or assets or using instruments of provisional bank, he/she may be the member of payment system for no more than 24 months.

Law of Georgia No 3719 of 12 June 2015 – website, 24.6.2015

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Chapter III. Protecting Payment Systems

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Article 6 - Scope of this Chapter

1. This chapter shall apply to the payment systems of the system operators determined in article 5 of this law and the payment systems of operators which are registered by the National Bank.

2. The National Bank shall publish the list of payment systems of registered operators.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Article 7 - Protecting settlement accounts

1. Enforcement measures, excluding collection orders, may not be applied against funds and financial instruments held in settlement accounts.

2. The National Bank of Georgia, under its procedures, may set requirements for system operators and/or settlement agents with regard to settlement accounts, as well as funds and financial instruments held on settlement accounts.

3. In the circumstances specified in the relevant system rules, system operators and/or settlement agents may temporarily suspend transactions on the settlement accounts of system participants. While exercising the authority under this paragraph, system operators and/or settlement agents shall be guided by the interests of system participants and/or by the stability of financial systems.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 8 - Irrevocability of transfer orders

System rules shall define the circumstances after which transfer orders entered into the system shall be considered as accepted into the system. Transfer orders accepted into the system may not be revoked either by system participants or by third parties, including liquidators, insolvency administrators, temporary administrators, administrative or judiciary bodies.

Article 9 - Finality of payment, clearing, and settlement

1. The commencement of a limited activity regime against a system participant shall have no retroactive effect on the rights and obligations related to or arising from their participation in the system before the commencement of the limited activity regime.

2. For the purposes of this Chapter, a limited activity regime against the National Bank system participants shall be considered commenced if:

a) the National Bank of Georgia, under Article 11 of this Law, receives notification from the registration authority concerned on commencing liquidation, insolvency, and/or bankruptcy proceedings against the participant;

b) the National Bank of Georgia issues a relevant decision, provided that the participant concerned is a commercial bank;

c) a legal entity under public law (LEPL) – the Insurance State Supervision Service of Georgia issues information about a relevant decision, provided that the participant is an insurance company;

d) any other authorised entity submits official information on commencement of a limited activity regime against the participant;

3. A limited activity regime against a participant of a system that is not operated by the National Bank of Georgia shall be considered commenced if:

a) an operator receives information on a relevant decision made by the National Bank of Georgia, provided that the participant is a commercial bank;

b) an operator receives information on a relevant decision made by the LEPL Insurance State Supervision Service of Georgia, provided that the participant is an insurance company;

c) an operator receives notification from the National Bank of Georgia under Article 11 of this Law;

d) any other authorised entity submits official information on the commencement of a limited activity regime against a participant.

4. The provisions of this paragraph shall be binding on third parties, including liquidators, insolvency administrators, temporary administrators, and special manager as well as for administrative and judiciary bodies and the following may not be disputed:

a) a transfer order entered into the system under the system rules before the commencement of the limited activity regime, irrespective of whether funds, titles or claims to financial instruments were transferred under that transfer order before or after commencement of the regime;

b) netting of claims and obligations under transfer orders accepted into the system under the system rules before the commencement of a limited activity regime, irrespective of whether netting was executed before or after commencement of the regime.

5. Third parties, including liquidators, insolvency administrators, and temporary administrators, special manager, as well as administrative and judiciary bodies shall be obliged to execute netting at clearing houses and may not dispute the netting if the notification of claims and obligations was sent to the clearing house before the commencement of a limited activity regime, irrespective of whether the netting transaction was executed before or after the commencement of the limited activity regime.

Law of Georgia No 355 of 20 March 2013 – website, 4.4.2013

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 10 - Settling accounts after the commencement of limited activity regime

Irrespective of the commencement of a limited activity regime against a system participant, system operators and/or settlement agents may:

a) for the purposes of Article 9 of this Law, use funds and/or financial instruments held in the settlement accounts of system participants for final settlement in the system in order to make

payments under transfer orders accepted into the system, or to discharge net obligations resulting from netting;

b) for the purposes of Article 9 of this Law, use the participant's credit line for final settlement if so provided for in an agreement with the participant; realise the financial collateral secured for the credit line to discharge the liabilities to the system operator and/or to the settlement agent as provided for in Law On Financial Collateral Arrangements, Netting and Derivatives.

2. In the cases provided for in the first paragraph of this Article, the funds available in the settlement accounts of the participant, or the funds available under a credit line extended to the participant, may only be used up to the amount of the transfer orders accepted into the system before the commencement of limited activity regime or up to the amount of net obligations calculated on the basis of those transfer orders.

Article 11 – Notification of the commencement of a limited activity regime

1. The National Bank of Georgia shall prepare and submit to respective registration authorities, in electronic and/or material form, the list of systems and their participants to which this Chapter shall apply.

2. The National Bank of Georgia shall receive from the registration authorities concerned information of commencement of a limited activity regime against system participants, operators, or settlement agents.

3. Upon receiving information from relevant foreign authorities on commencement of a limited activity regime against foreign system participants, operators, or settlement agents, the National Bank of Georgia shall immediately provide the information to local system operators.

4. System participants shall be obliged to immediately notify operators, while operators and/or settlement agents shall be obliged to immediately notify the National Bank of Georgia that a limited activity regime has been commenced against them.

5. The National Bank of Georgia shall immediately notify local system operators if liquidation or a temporary administration regime has been imposed on system participants, operators, or settlement agents on the basis of information received under the second paragraph of this Article or on the basis of its own decision.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 12 - Determining the relevant legislation

1. If the limited activity regime is commenced against a foreign participant as defined by the article 6 paragraph 1 of this Law, the rights and obligations with respect to participating in the system shall be defined by the legislation of Georgia.

2. If a limited activity regime is commenced against the participant of a foreign system, which is at the same time a legal person operating under the legislation of Georgia, the rights and obligations with respect to participating in the system shall be defined by the foreign legislation under which the system operates.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Chapter IV. Payment Services

Article 13 - Concept of payment services

1. For the purposes of this Law, payment services shall mean:

- a) services that ensure the debiting of funds from the payer's account and related transactions;
- b) services related to the crediting of funds to the payee's account and related transactions;
- c) making payments through direct debits (including one-off orders), payment cards, or any other electronic means, or credit transfers (including standing orders) within the funds or credit resources of a payment service user;
- d) issuing and/or acquiring payment instruments, including electronic money instruments;
- e) remittances;
- f) issuing electronic money, executing payment transactions by means of electronic money through a mobile phone, internet, or any other electronic device;
- g) executing payment transactions based on the consent of the payer given by means of telecommunication, digital, or IT devices, to or in favour of the telecommunication, IT system, or network operator that acts as an intermediary between the payer and the payee, as well as between the user and the supplier of goods or services.

2. For the purposes of this Law, payment services shall not include:

- a) payment transactions executed in cash and directly between the payer and the payee, without any intermediary intervention;
- b) payment transactions between the payer and the payee through a commercial agent;
- c) collection services related to transporting banknotes and coins, including their collection, processing, and delivery;
- d) cash-to-cash exchange services where the funds are not held in a bank account;

e) transactions executed between system participants within a payment system;

f) services performed by technical, telecommunication, digital, or IT service providers that technically support payment services, without the provider entering at any time into possession of the funds to be transferred. These services include the processing and storage of data, protection of privacy, data and entity authentication, telecommunication or information technology services, provision and maintenance of technical devices for payment services;

g) services based on payment instruments or electronic money that can be used to acquire goods or services only in or on the issuer's premises;

h) payment transactions executed by means of any telecommunication, digital, or IT device, where the purchased goods or services are delivered to and are used through the same telecommunication, digital, or IT device, provided that the telecommunication, digital, or IT operator does not act only as an intermediary between the payment service user and the supplier of the goods or services;

i) payment transactions related to securities asset servicing, including dividends, income or other distributions, sale and redemption of securities, carried out by a regulated securities market participant;

j) payments between the companies within a group made without the participation of a payment service provider;

k) payment transactions executed through a cheque under the Law of Georgia on Cheques.

3. The National Bank of Georgia, under its procedures, may define the types of services not included in payment services, and may also define the categories of electronic money and payment instruments, the transactions executed by which are not considered as payment services and/or are not subject to this Law.

4. For the purposes of this article, 'commercial agent' shall mean a person authorised to act on behalf of a payer or a payee in the purchase or delivery of goods or services.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 13¹. Permitted activities for the Payment Service Provider

1. Payment service provider is authorised, besides payment service determined under this law, to carry out only on following activities:

- a) The services closely related to commencing payment services, such as exchanging the foreign currency, confirming the execution of payment operation, storing and processing the data.
- b) Operating the payment system, according to article 51 of this law.
- c) Issuing the loan while rendering payment services determined in the subparagraph c and d of paragraph 1 of article 13 only if complying with the following terms and conditions:

c.a) issuing loans is not a principal activity and a loan is being issued only to perform the payment operation;

c.b) loan issued for commencing of the payment operation shall be payed back no later than 12 months;

c.c) loan is not being issued by user's funds.

c.d) the total amount of the loans issued shall not exaggerate the limits set by the National Bank.

2. The payment service provider shall not be authorized to attract funds from the mass of the population, except the cases determined under this law.

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Article 14 - Exceptions to application of this Chapter

1. This chapter shall not apply to:

a) the National Bank of Georgia

b) foreign central banks and international financial institutions

c) internationally recognised payment service providers that are not registered as a legal person or as a branch of a legal person under the legislation of Georgia.

2. The requirements of Article 15(1, 4, and 5), Article 17, and Article 18(1-5) of this Law shall not apply to commercial banks operating in Georgia.

3. The requirements of paragraphs 1, 4 and 5 of Article 15 of this Law shall not apply to microfinance organisations registered by the National Bank of Georgia.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 15 - Registering payment service providers and providing payment services

1. Payment services may not be carried out by the person that is not:

a) a payment service provider registered by the National Bank of Georgia

b) a commercial bank or a microfinance organization

c) a person defined by Article 14(1) of this Law.

2. Payment service providers may provide payment services through an agent or agents. The National Bank of Georgia shall establish the procedure for submitting information about agents.

3. Payment service providers providing payment services through an agent shall be liable to third persons for the payment services executed by the agent. This shall not exempt the agent from obligations to the payment service provider.

4. The National Bank of Georgia, under its procedures, shall register and deregister payment service providers.

5. The National Bank of Georgia shall publish a list of payment service providers.

6. A provider shall be authorised to execute a foreign exchange transaction if this is connected with electronic money or the execution of a payment transaction.

7. The National Bank of Georgia is authorized to determine the compliance criteria for administrator of the payment service provider by its legal act.

Law of Georgia No 3719 of 12 June 2015 – website, 24.6.2015

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Article 16 – Receiving and publishing information

1. The National Bank of Georgia, under its procedures and within its competence, may request and receive financial, statistical, and other information from payment service providers.

2. The National Bank of Georgia, under its procedures, may determine payment services related information that shall be published by payment service providers.

3. For the objectives of Law of Georgia on Facilitating the Suppression of Money Laundering and Terrorism Financing the payment service provider shall present relevant reports. The forms of the reports, quality and time frames are defined by the legal act of the National Bank of Georgia.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 17 - Significant payment service provider

1. The National Bank of Georgia may establish additional requirements for a payment service provider if the volume of electronic money issued by the provider or by an entity related to the provider, or the turnover of other payment services of the provider or of an entity related to the provider, exceeds the limits set by the National Bank of Georgia.

2. If the National Bank of Georgia considers a payment service provider as significant to the financial sector, it may issue an individual administrative legal act to make the requirements set forth in the first paragraph of this article applicable to the payment service provider even if the volume of electronic money issued by the provider or an entity related to the provider, or the turnover of other payment services of the provider or an entity related to the provider does not exceed the limits set forth in the first paragraph of this article.

3. A payment service provider, specified in the first and second paragraphs of this article ('a significant payment service provider') at every stage of its business activity, shall be obliged to comply with the minimum capital requirements, according to the capital types, established and calculated by the National Bank of Georgia. If a significant payment service provider is at the same time a microfinance organization, it shall comply with the highest of the capital requirements set by this Law and the Law of Georgia on Microfinance Organizations.

4. For purposes of the first paragraph of this article the National Bank of Georgia may define the conditions, under which an entity can be considered as an entity related to a payment service provider.

5. The requirements established by the National Bank of Georgia for a significant payment service provider, shall remain in force despite the fact that the volume of electronic money on issued electronic monetary instruments or the turnover of other payment services no longer exceed the limits established by the National Bank of Georgia under the first paragraph of this article, with the exception of the cases specified in the sixth paragraph of this article.

6. The National Bank of Georgia may exempt a payment service provider from the requirements established for a significant payment service provider, by issuing an individual administrative legal act, if:

a) for three consecutive months, the amount of electronic money on issued electronic monetary instruments or the turnover of other payment services no longer exceeds the limits established by the National Bank of Georgia under the first paragraph of this article;

b) additional requirements for the payment service provider have been established based on the second paragraph of this article.

7. The National Bank of Georgia, under its procedures and within its competence, may request, and receive financial information, including audited, statistical and any other information from a significant payment service provider.

8. Payment service provider is obliged to carry out the accounting and financial reporting according to the International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board.

9. Significant payment service provider shall, after completion of a financial year but not later than 15th of May, publish on its webpage audited financial statement for the previous year, which was prepared according to the International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board and audit was conducted according to the International Standards on Auditing (ISA) issued by the The International Auditing and Assurance Standards Board of International Federation of Accountants.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Article 18 - User's funds

1. The National Bank of Georgia, under its procedures, may set requirements for a provider with respect to the funds received from the user (user funds) in exchange for electronic money or for rendering any other payment services.

2. User funds held at a provider shall be credited to a different bank account(s), separate from the provider's own funds on nominal account or accounts. Measures for securing the obligations of a provider may not apply to user funds.

3. The National Bank of Georgia may request certain significant payment service providers to present a guarantee and/or an insurance policy to secure user funds.

4. The National Bank of Georgia may request the replacement or addition of terms of a guarantee and/or insurance policy, as well as of the guarantor and/or the insurer presented under the third paragraph of this Article.

5. A provider may not use user funds to secure its obligations.

6. User funds received by a payment service provider shall not be considered as a deposit.

7. At the request of a payment service user, a payment service provider shall be obliged to exchange the user's electronic money for funds.

8. An electronic money provider may not accrue interest in favour of the electronic money user on the funds received in exchange for providing services.

9. A payment service provider may not use user funds to issue a credit/overdraft.

10. Electronic money is an obligation of the electronic money provider to the user.

11. A legal person and an individual entrepreneur registered under the legislation of Georgia may participate in an electronic money scheme as a payee of the amount of the payment transaction and may not act as a payer, with the exception of when the amount of the executed transaction is returned to the payer. After the receipt of electronic money from these entities, the electronic money provider shall be obliged to transfer the equivalent amount of funds in exchange for the electronic money to the bank accounts of the above entities, not later than within 15 bank days.

12. In Georgia, money remittance services shall be provided only to natural persons. A legal person registered in Georgia shall be prohibited from receiving and/or sending money remittances as a user.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Chapter V. Rights and Obligations Related to Payment Services

Article 19 - Protecting payment services

1. The requirements of this Chapter shall be completed in compliance with the provisions of Article 8 and 9 of this Law.

2. The provisions of this chapter shall apply to payment transactions executed in GEL or in foreign currency. If a foreign payment or notification exchange system participates in executing a transaction, a payment service provider operating in Georgia shall not be subject to the requirements of Article 26 (2)(a), Article 27 and the third paragraph of Article 28 of this Law.

3. The provisions of Articles 24, 25, 26, Article 30 (1)(c) and (2)(d, e), and Article 32 shall not be applicable during a state of emergency and martial law provided for by the legislation of Georgia, if that situation directly affects the provider or user in terms of fulfilling their obligations under this Law, and also if the National Bank of Georgia restricts transactions on the basis of special circumstances and/or taking into account financial system stability.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 20 - Providing information to and/or concluding agreements with users

A payment service provider shall be obliged to provide information to and/or conclude agreements with users according to the procedures established by the National Bank of Georgia, which shall include the service conditions, including service time frames, tariffs, and rights and obligations of a provider and user.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 21 - Low-volume payment instruments

1. The National Bank of Georgia, under its procedures, may determine the features of low-volume payment instruments.

2. If there is a relevant agreement between the user and the provider, a low volume payment instrument shall not be subject to the following provisions of this Law:

a) the requirements of Article 30(1)(c) and (2)(d,e), and Article 33(4,5), if the instrument cannot restrict and/or block transactions;

b) the requirements of Article 32(2) and Article 33(1-3), if the instrument can be used anonymously or, based on the specificities of the instrument, the provider cannot prove that the payment transaction is authorised;

c) the requirement of the first paragraph of Article 25(1), if the payment transaction is refused due to the features of the instrument;

d) time frames for performing the payment order specified in Article 26;

e) the right to revoke the payment order specified in Article 29.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Article 22 - Authorising payment transactions

1. A payment transaction shall be considered authorised, only if there is a payer's consent to execute a payment transaction, unless otherwise provided for by the legislation of Georgia.
2. The form and procedure for giving consent shall be defined by the agreement between the payer and the payment service provider. In the absence of consent, the payment transaction shall be considered to be unauthorised.
3. If consent is given by means of a payment instrument, a payment service provider may set limits on payment transactions executed through that payment instrument, as well as block the payment instrument in circumstances provided for in the agreement with the user.
4. A payer may withdraw its consent to the execution of a payment transaction under Article 29 of this Law.

Article 23 - A Payment order

1. A payment order submitted by a user to a payment service provider shall comply with the standards set by the provider and shall contain details to ensure fulfilment of the payment order by the payment service provider, and any other information provided for in the legislation of Georgia.
2. The form and structure of a payment order shall be determined by a provider.
3. The provider shall be liable for any information which it adds, with the intent of ensuring that the payment order complies with the requirements of the payment system and the legislation of Georgia.

4. The user shall be responsible for the accuracy and completeness of the details of the submitted payment order.

5. A payment order may be issued in writing, as well as through electronic, IT, or any other technological means. The National Bank of Georgia may define a procedure for submitting (initiating) payment orders which is different from the procedure laid down in this article.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 24. Receiving and executing payment orders

1. The moment of receipt of a payment order by a payer's payment service provider shall be considered as the moment of receipt of the payment order, irrespective of whether the payment order is initiated by the payer or the payee. If a payment order is received by the payer's provider on a day that is a non-business day for the provider, the payment order shall be considered to have been received on the following business day. A payer's payment service provider may set a specific point in time during its business day after which payment orders received shall be considered as having been received on the following business day.

2. If the date of executing payment orders (future date of execution of the transfer) has been agreed between the user and the provider, for the purposes of Article 26, the agreed date shall be considered as the moment of receiving the order. If the agreed day is a non-business day for the user's provider, the payment order shall be considered to have been received on the business day following the agreed date.

3. On the day of receiving a payment order the payer's provider shall be obliged to notify the payer of receipt of the payment order in the form agreed to by the parties and in as provided for by the legislation of Georgia, or make this information available to the payer by other means.

4. If a payment order is to be executed on the date agreed to under the second paragraph of this article, a payer's provider may receive the payment order at any time before the agreed date, despite the absence of funds in the payer's account, unless otherwise provided for by the agreement between the payer and the payer's provider and/or by the rules set by the provider.

Article 25 - Refusal of payment orders

1. If a payment service provider refuses to execute a payment order, it shall be obliged to inform the user accordingly in line with procedures established by the National Bank of Georgia, or to make this information available to the user by other means at the earliest opportunity, but not later than the payment order execution deadline.
2. If the requirements set out in the agreement between a payer and its provider and the requirements specified by the rules of the provider are met, the payer's payment service provider may not refuse to execute a payment order authorised by the payer, irrespective of whether the payment order is initiated by a payer or by or through a payee, except as provided for by the legislation of Georgia.
3. If the payer does not have enough funds to execute the payment transaction on the agreed day, the payer's provider may refuse to execute the payment order, unless otherwise agreed to between the payer and its provider.
4. For the purposes of Article 26 and Article 31 of this Law, a rejected payment order shall be deemed not to have been received.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 26 - Time frames for executing payment orders

1. If the payer and the payee are users of the same provider, the provider shall ensure that the amount of the payment transaction specified in the payment order is credited to the account of the payee, and/or otherwise make it available to the payee on the day of receipt of the payment order, unless otherwise provided for by a legal act of the National Bank of Georgia.
2. If the payer and the payee have different payment service providers:

a) the payer's payment service provider shall ensure that the amount of the payment transaction specified in the payment order is credited to the payee's payment service provider's account not later than the business day following the day of receipt of the payment order, unless otherwise provided for by a legal act of the National Bank of Georgia;

b) the payee's payment service provider shall credit funds to the payee's account or otherwise make them available to the payee on the day the funds are credited to its account, and if the day when the money is credited is a non-business day for the provider, the payee's payment service provider shall credit the money not later than the following business day, unless otherwise provided for by a legal act of the National Bank of Georgia.

3. If the payee's provider cannot identify the payee on the basis of received information, the payee's provider shall transfer the money back according to the procedure established by the National Bank of Georgia.

4. The payee's provider shall be obliged to transmit a payment order initiated by or through the payee to the payer's payment service provider within the time frame agreed to between the payee and its payment provider; in the event of a direct debit the payment order shall be transmitted to the payer's provider within the time frame established by the National Bank of Georgia.

5. If a user deposits cash in a bank account or exchanges it for electronic money, the provider shall be obliged to immediately make that amount available to the account holder or electronic money user.

6. To confirm the execution of a payment order, a payer may additionally request a confirmation document from its provider. A document shall be issued to confirm the execution of a payment order according to procedures established by the National Bank of Georgia, in tangible or electronic form and shall contain the information specified in the procedure in addition to the information indicated by the payer in the payment order.

7. The processing/existence of a payment transaction in a system, its details, purpose and date, as well as crediting it to the payee's provider's account may be confirmed in the presence of any authorised person in writing or in electronic form, through an electronic document retrieved from the system.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 27 - Executing payments

1. A payment shall be considered to be executed upon crediting funds to the payee's account, with the exception of the cases provided for in the second paragraph of this article.
2. Before the funds are credited to a payee's account, the payee may define the time or circumstances when he/she will consider the payment transaction to be executed.

Article 28 – Amounts transferred and amounts received

1. The payer's payment service provider, as well as an intermediary of the provider participating in the execution of a payment order, shall be obliged to transfer the full amount specified in the payment order.
2. The payee's payment service provider shall be obliged to credit to the payee's account funds in an amount equal to the amount credited to the payee's provider account, or make the funds available to the payee by other means, unless otherwise agreed to between the payee and its provider. The payee's provider shall be obliged, in the form agreed with the payee, to inform the payee of the amount of funds credited to the payee's provider's account and on the amount of charges, if the deduction of charges is provided for in the agreement between the payee and its provider.
3. If any charges are deducted from the amount transferred, except for charges specified in the second paragraph of this article, the payer's provider shall ensure that the payee receives the full amount specified in the payment order initiated by the payer, unless otherwise provided for in the agreement between the payee and the payer's provider. If the payment order is initiated by or through the payee, the payee's provider shall ensure that the payee receives the full amount specified in the payment order.
4. A payment order may not be executed partially, unless otherwise provided for in procedures established by the National Bank of Georgia.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 29 - Irrevocability of payment orders

1. A payment service user may not revoke a payment order if it has been received by the payer's provider, except in the cases defined by this article.

2. If a payment order is initiated by or through the payee, except for a direct debit, the payer may not revoke the payment order if the payment order has been transferred to the payer's provider or if the payer has given consent to the payee to execute the payment.

3. In the event of a direct debit, a payment order may be withdrawn under procedures established by the National Bank of Georgia.

4. In the circumstances provided for in Article 24(2) of this Law, a user may revoke a payment order not later than the business day proceeding the day agreed for debiting the funds.

5. If there is a relevant agreement between the user and its provider, a payment order may be revoked upon the expiry of the deadline (upon the occurrence of the circumstances) specified in Paragraphs (1-4) of this Article in compliance with the provisions of Articles 8 and 9 of this Law. If such agreement is in place, there must be a relevant agreement with the payee in order for the payee to revoke a payment order in the cases specified in the third and second paragraphs of this article.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 30 - Obligations related to payment instruments

1. A payment service user shall be obliged to:

- a) use the payment instrument in compliance with the conditions established for the payment instrument;
- b) comply with security measures of payment instruments issued to him/her to ensure protecting the payment instrument's personalized means;
- c) notify the payment service provider or the person designated by the provider, on becoming aware of the loss, theft, misappropriation or unauthorised use of the payment instrument.

2. The payment service provider shall be obliged to:

- a) take all possible measures to protect the payment instrument and prevent its misuse;
- b) ensure that the personalised security features and means of the payment instrument are not accessible to persons other than the owner of the payment instrument;
- c) clearly define for the payment service user the security requirements of a payment instrument;
- d) ensure that the notifications specified in paragraph 1(g) of this article are received at any time either directly from the payment service user or from a person designated by it. At a payment service user's request, the provider shall be obliged to provide confirmation of receipt of the notification, unless more than 18 months have passed since receipt of the notification;
- e) prevent any use of the payment instrument once the payment service user's notification specified in paragraph 1(g) of this article is received.

3. The payment service provider shall bear all risks of sending a payment instrument or any of its personalized security features and means.

4. The provider shall not be liable for the results arising from the refusal of the user to comply with the security measures offered by the provider. In that case, the user shall be liable for damages arising from the refusal to comply with the security measures.

5. The National Bank of Georgia, under its procedures, may establish requirements and limits to a payment service provider, in relation to payment instruments, including electronic monetary instruments.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 31 - Non-execution or defective execution of payment orders

1. A payment service provider shall not be liable for non-execution or defective execution of payment orders resulting from incorrect information provided in a payment order submitted by the user. This shall not exempt the provider from the obligation to assist, within its abilities, the user to retrieve the incorrectly transferred amount.

2. If the provisions of the first paragraph of this article and Article 32 of this Law have been observed, the payer's provider shall be liable to the payer for the correct execution of the payment order initiated by the payer, unless it can prove to the payer, and, where relevant, to the payee's provider, that the details were correctly indicated and the payee's provider received the amount of the payment transaction according to Article 26(2)(a). If the payer's provider proves the correctness of the payment order execution, the payee's provider shall be liable to the payee for the correctness of the transaction.

3. If the payer's provider is liable for defective execution of a payment transaction under the second paragraph of this article, it shall be obliged to refund the payer the amount incorrectly transferred and the charges for the transaction.

4. If the payee's provider is liable for defective execution of a payment transaction under the second paragraph of this article, the provider shall be obliged to credit the amount of the payment transaction to the payee's account or make it available to the payee by other means.

5. If a payment order is initiated by or through the payee, provided the provisions of the first paragraph of this article and those of Article 32 are met, the payee's provider is liable to the payee for correct transmission of the payment order initiated by the payee to the payer's provider under Article 26(4) of this Law. If the payee's provider sent the payment order in breach of the requirements provided in this paragraph, the provider shall be obliged to ensure that the mistake is rectified.

6. The payee's provider shall be liable to the payee for breach of Article 26(2)(b) of this Law when crediting the amount of a payment order initiated by the payee to the payee's account.

7. The payer's provider shall be liable to the payer for non-execution or defective execution of a payment order initiated by the payee, except for the cases provided for in the fifth and sixth paragraphs of this article. The payer's provider shall be obliged to refund to the payer the amount of a defectively executed transaction and charges paid for the transaction.

8. If the provider's liability under this Article is caused by the action or inaction of another provider, intermediary or entity participating in the execution of the payment transaction, the provider may request the entity concerned to compensate the provider for the losses (if any) incurred and refund amounts paid under this Chapter.

9. Fulfilling the requirements of this Chapter shall not exempt the parties from the obligation to compensate losses according to the legislation of Georgia.

Article 32 - Notification of unauthorised or incorrectly executed payment transaction

1. A user may request the payment service provider to refund the amount of an unauthorized or incorrectly executed transaction according to the provisions of this chapter, unless more than 40 days have passed from the date of execution of the unauthorised transaction or more than 180 days have passed from the execution of the incorrectly executed transaction, and the user notified the provider on becoming aware of the unauthorised or incorrectly executed transaction shortly after receiving the information regarding such transaction; in the case of a direct debit, a user is entitled to redress within the time frame established by the procedure of the National Bank of Georgia.

2. If the user claims that the payment transaction is unauthorised or has not been correctly executed, it is up to the provider to prove that the transaction was authenticated and/or correctly executed and not affected by a technical breakdown or some other deficiency.

3. If the user fails to notify the provider of an unauthorised or incorrectly executed payment transaction within the time frame under the first paragraph of this article, it does not exempt the provider from the obligation to help the user, within its ability, to recover the amount of the unauthorised or incorrectly executed transaction.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 33 - Payment service user's and payment service provider's liability for unauthorised payment transactions

1. The payment service provider shall be obliged to refund to the payer the amount of the unauthorised payment transaction, provided that the provisions of Article 32 of this Law have been observed, except for the cases specified in the third paragraph of this article. The amount to be refunded to the user shall be determined under the second and fourth paragraphs of this article.

2. A payer shall bear the losses relating to any unauthorised transaction executed in the territory of Georgia, up to the amount of GEL 100, resulting from the use of a stolen or lost payment instrument, or from its misappropriation or illegal use, except for cases provided for in the third paragraph of this article. For the purpose of this paragraph, a transaction executed by Internet shall be considered as executed in the territory of Georgia, provided that it has been executed with a payment instrument issued in Georgia and the website belongs to a citizen of Georgia, to a legal person registered in Georgia or to any other organisation under the legislation of Georgia that is not a legal person.

3. A payer shall bear all losses relating to any unauthorised payment transactions if he/she incurred them by acting fraudulently or by failing to fulfil the obligations under Article 30(1) of this Law either with intent or through gross negligence.

4. A payer shall not be liable for losses relating to an unauthorised transaction resulting from the use of a stolen, lost, misappropriated or illegally used payment instrument, and for losses resulting

from its failure to comply with security measures of the payment instrument or personalized security means, provided that the payer has executed the transaction according to Article 30(1)(c) after receiving notification from the provider, except where the losses result from the payer's criminal or intentional act.

5. If the payment service provider fails to provide the notification required under Article 30(1)(c) at any time, the payer shall not be liable for losses relating to an unauthorised transaction resulting from the use of a stolen, lost, misappropriated or illegally used payment instrument, as well as for losses resulting from the failure to comply with security measures of a payment instrument or personalized security means, except where the losses result from the payer's criminal or intentional act.

Article 34 - Refunding the amount of authorised payment transactions

The National Bank of Georgia, under its procedures, may determine conditions and relevant time within which the payment service provider shall be obliged to compensate the amount of the authorised payment transaction to the payer, provided that the payment transaction has been initiated by or through the payee.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Chapter VI. (Deleted)

December 20, 2019 Law of Georgia # 5681 - webpage, 31.12.2019

Article 35 (Deleted)

Law of Georgia of September 3, 2015 # 4199 - webpage, 10.09.2015

Law of Georgia March 44, 2017 კანონი 446 - webpage, 22.03.2017

Law of Georgia of December 23, 2017 №1897 - webpage, 11.01.2018

December 20, 2019 Law of Georgia # 5681 - webpage, 31.12.2019

Article 36 (Deleted)

Law of Georgia of September 3, 2015 # 4199 - webpage, 10.09.2015

Law of Georgia March 44, 2017 კანონი 446 - webpage, 22.03.2017

Law of Georgia of December 23, 2017 №1897 - webpage, 11.01.2018

Law of Georgia dated December 20, 2019 # 5665 - website, 31.12.2019.

December 20, 2019 Law of Georgia # 5681 - webpage, 31.12.2019

Article 37 (Deleted)

Law of Georgia dated December 20, 2019 # 5665 - website, 31.12.2019.

December 20, 2019 Law of Georgia # 5681 - webpage, 31.12.2019

Article 38 (Deleted)

Law of Georgia of December 23, 2017 №1897 - webpage, 11.01.2018

Law of Georgia dated December 20, 2019 # 5665 - website, 31.12.2019.

December 20, 2019 Law of Georgia # 5681 - webpage, 31.12.2019

Article 39 (Deleted)

December 20, 2019 Law of Georgia # 5681 - webpage, 31.12.2019

Article 40 (Deleted)

December 20, 2019 Law of Georgia # 5681 - webpage, 31.12.2019

Article 41. (Deleted)

Law of Georgia of December 23, 2017 №1897 - webpage, 11.01.2018

Chapter VII - Supervising System Operators and Payment Service Providers

Article 42 - Regulating and supervising activities of system operators and payment service providers

1. The National Bank of Georgia may regulate and supervise the activities of system operators and payment service providers under the organic law of Georgia on the National Bank of Georgia, this

Law and other normative acts. The National Bank of Georgia may issue normative acts regulating certain types of payment services.

2. To perform supervisory functions, the National Bank of Georgia may:

a) issue normative acts;

b) establish requirements for system operators and payment service providers with regard to system rules, procedures, standards, rights and obligations of system participants, security and maintenance of the system and other issues related to system operation;

c) establish additional requirements for a significant system operator and a payment service significant provider for the purposes of this Law;

d) exempt a significant system operator and a payment service significant provider from the obligation to comply with the norms set forth by this Law and those established by the National Bank of Georgia for a certain period and/or under certain conditions;

e) by way of written instruction, request a significant system operator or a payment service significant provider to perform a certain action or refrain from performing that action.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 43 - Storage and confidentiality of the information

1. No one may make confidential information accessible to anyone, disclose, disseminate, or use the information for personal purposes. Such information may be provided solely to the National Bank of Georgia, within its competence.

2. Information on user funds, electronic money, and on transactions executed (including attempted transactions) may be provided by a provider to the user and to its duly authorised representative,

the parties to a respective transaction, to tax authority based on the Agreement between the Government of the United States of America and the Government of Georgia to Improve International Tax Compliance and to Implement the Foreign Account Tax Compliance Act (FATCA), also, in the cases determined by the legislation of Georgia, to the Financial Monitoring Service of Georgia, to persons authorised to execute subordinate enforcement acts defined under the Law of Georgia on Enforcement Proceedings, in the process of their enforcement. This information may be provided to other persons solely based on a court decision.

[2. Information on user funds, electronic money, and on transactions executed (including attempted transactions) may be provided by a provider to the user and to its duly authorised representative, the parties to a respective transaction, to tax authority based on the Agreement between the Government of the United States of America and the Government of Georgia to Improve International Tax Compliance and to Implement the Foreign Account Tax Compliance Act (FATCA), also, in the cases determined by the legislation of Georgia, to the Financial Monitoring Service of Georgia, to the office of the state inspector in the process of their inspection as provided by the Law of Georgia On State Inspector Office, to persons authorised to execute subordinate enforcement acts defined under the Law of Georgia on Enforcement Proceedings, in the process of their enforcement. This information may be provided to other persons solely based on a court decision.

(Shall become effective as from July 1, 2019)]

3. Paragraph 2 of this article shall not restrict a provider in providing information related to a payment transaction to the relevant payment system, the operator, and the respective provider. The information specified in the transfer order and submitted to a system operator as a result of the payment system operation may be provided only to a relevant participant of a system, or to its duly authorised representative.

4. Information provided for in paragraph 3 of this article, in cases determined by the legislation of Georgia, may be provided to persons authorised to execute subordinate enforcement acts under the Law of Georgia on Enforcement Proceedings, in the process of their enforcement. Other persons shall be provided with the information only under court decision.

5. Judicial, investigative, and tax authorities may not provide the information specified in the second paragraph of this article to other persons and bodies, including mass media, or use this information in public speaking, until the relevant decision has been adopted by a court, except the case provided in the paragraph 8 of this article.

6. A system operator and a payment service provider shall be obliged to develop and implement measures aimed at protecting the confidentiality of the information.

7. A system operator and a payment service provider shall be obliged to store appropriate records and documents according to the legislation of Georgia. A system operator and a payment service provider shall be obliged to store information on participants, users, and persons who made transactions and in whose favour transaction was made, in electronic form for at least 15 years.

8. The tax authority is authorised to provide information indicated in paragraph 2 of this article without the relevant decision of the court to the competent body of the United States of America specified in the Agreement between the Government of the United States of America and the Government of Georgia to Improve International Tax Compliance and to Implement the Foreign Account Tax Compliance Act (FATCA).

Law of Georgia No 3719 of 12 June 2015 – website, 24.6.2015

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 4466 of 28 October 2015 – website, 11.11.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Law of Georgia No 3296 of 21 July 2018 – website, 09.08.2018

Law of Georgia No 4261 of 27 December 2018 – website, 29.12.2018

Article 43¹. Right to verify information

1. Provider shall be authorised from natural persons, if acquires consent according to the Law of Georgia On Personal Data Protection, for the objective of verification and identification of natural person use the electronic databases of the Public Entity under Public Law - Public Service Development Agency.

2. Provider is obliged not to transmit the personal data of person received from the Public Entity under Public Law - Public Service Development Agency to third persons, except the cases specified by the law.

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Article 44 - Information to be submitted by a significant system operator and a payment service significant provider

1. Within 30 days after the issuance of an individual administrative legal act of the National Bank of Georgia under which a system operator/a payment service provider are considered as significant, a significant system operator and a payment service significant provider shall be obliged to submit to the National Bank of Georgia:

- a) original copies or notarised, apostilled or legalised copies of founding documents;
- b) information on senior management, on direct owners and beneficial owners of a significant interest;
- c) documents evidencing the amount of capital;
- d) other additional information provided for in the rules of the National Bank of Georgia.

2. The capital of a significant system operator and of a payment service significant provider shall not at any time during their business activity be less than the minimum capital requirements (according to the types of capital) established and calculated by the National Bank of Georgia.

3. The National Bank of Georgia may request a significant system operator and a payment service significant provider, as well as participants of a significant system to open settlement account at the National Bank of Georgia.

4. (Deleted);

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Article 45 - Inspection

1. The National Bank of Georgia may carry out on-site and/or off-site inspection of the compliance of the business activity of a significant system operator and a payment service significant provider with the requirements of the legislation of Georgia and/or with requirements established by the National Bank of Georgia. For this purpose, the National Bank of Georgia may, within its competence, request and receive records management documents, accounting documents, records and any other information.

2. The National Bank of Georgia may carry out on-site and/or off-site inspection of the compliance by a significant system participant with the rules of accessing and participating in the system and with the requirements of the legislation of Georgia.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 46 - Sanctions

1. The National Bank of Georgia may apply the sanctions provided for in the second paragraph of this article to a system operator and a payment service provider, if a system operator/a payment service provider:

a) have breached any of the provisions of this Law, or any norm, instruction, provision, rule, resolution, or written instruction of the National Bank of Georgia;

b) have provided incorrect or inaccurate information;

c) have breached the requirements of the Law of Georgia on Facilitating the Suppression of Money Laundering and Terrorism Financing;

d) implemented or is implementing unhealthy or hazardous business practice;

2. Upon detecting the breach specified in the first paragraph of this article, the National Bank of Georgia may apply the following sanctions to an offender in the order given below; the order need not be observed depending on the gravity of the breach:

- a) send a written warning and/or request to cease and to prevent further breaches and take necessary actions to eliminate the breach in the time frame given by the National Bank of Georgia;
- b) impose a pecuniary fine in the amount and according to the procedure established by the National Bank of Georgia;
- c) terminate or restrict active operations, prohibit distribution of profit, accrual and payment of dividends, raises in salaries, payment of bonuses and other similar compensations.
- d) Suspend the signature of administrators, impose monetary penalties on them and require their dismissal.
- e) Request the supervisory authority to revoke or restrict the control in case of not providing the national bank with financial or other information or in case of occurrence of other violation. Moreover, the terms and time frames for revocation or restriction, which the national bank of Georgia deems necessary from the circumstances of the case should be indicated;
- f) revoke the registration.

3. The amount of the fine imposed according to this Article shall be deposited to the State Budget of Georgia.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Article 47 - Register of system operators and payment service providers

The National Bank of Georgia shall maintain a register of system operators and payment service providers and publish it on its official website.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 48 - Obligations of system operators and payment service providers

System operators and payment service providers shall be obliged to notify the National Bank of Georgia, and the operators of the systems in which they are participants on the reorganisation, liquidation, bankruptcy proceedings, suspension of activities and on other circumstances that may affect the operation of the system or the performance of payment services by system operators and payment service providers.

Law of Georgia No 4199 of 3 September 2015 – website, 10.9.2015

Law of Georgia No 446 of 10 March 2017 – website, 22.03.2017

Article 48¹. Liquidation of a payment service provider

1. Along with the revocation of a payment service provider's registration, the liquidation of a payment service provider takes place. Functions of a liquidator of a payment service provider are carried out by the person appointed by the National Bank of Georgia. A person related to this payment service provider shall not be appointed as a liquidator. As soon as the liquidation process of the payment service provider commences, compulsory enforcement is ceased.
2. A payment service provider is liquidated according to the rule defined by a legal act of the National Bank of Georgia.
3. The liquidator of the payment service provider is accountable to the National Bank of Georgia in accordance with the procedure established by the National Bank of Georgia.
4. The Liquidator has the right to initiate a dispute in Court against or claim cancellation of an activity or transaction carried out by the Administrator of the payment service provider a year before the Liquidator's appointment as a result of which persons connected to the payment service provider had any property gain at the payment service provider's expense or any other benefit, privilege, advantage that caused damage to the payment service provider or/and its creditors.
5. Till completion of the Liquidation Process the Bank shall be subject to the requirements of this Law and Organic Law of Georgia 'On the National Bank of Georgia'.
6. Upon completion of the Payment service provider Liquidation Process, the Administrative-legal Act of the National Bank of Georgia shall be submitted to a relevant registry office for registering the liquidation of the payment service provider and removing it from corresponding Register.

Law of Georgia No 1897 of 23 December 2017 – website, 11.01.2018

Article 49 - Exception from the scope of this Chapter

This chapter shall not apply to commercial banks and microfinance organizations operating in Georgia.

Article 50 - General principles

In absence of a norm regulating a payment system and payment services, an operator or a provider shall act according to international norms and the best international practices.

Chapter VIII - Transitional and Final Provisions

Article 51 - Transitional provision

Legal persons that had been performing business activities provided for in this Law before this Law entered into force must be registered within three months after this Law enters into force, according to the procedure established by this Law and by the National Bank of Georgia.

Article 52 - Entry into force

This Law shall enter into force as from 1 July 2012.

President of Georgia

M.Saakashvili

Tbilisi

25 May 2012

No 6304-Is