

**The order N169/04**  
**Of the President of the National Bank of Georgia**  
**September 22, 2020**

Tbilisi

**On Approving the Rule for Keeping Registry of Investment Fund Unit owners**

On the basis of subparagraph “g” of the 1<sup>st</sup> paragraph of the Article 15 of the Organic Law of Georgia On National Bank of Georgia and paragraph 9<sup>th</sup> of the article 12<sup>th</sup> of the Law of Georgia “On Investment Funds”, I hereby order:

**Article 1**

To approve the rule for keeping the registry of Investment Fund Unit owners.

**Article 2**

This order shall enter into force on October 19, 2020.

**The president of the National Bank**

**Koba Gvenetadze**

**The rule for keeping the registry of the owners of Investment Fund Unit**

**Article 1. General provisions**

1. The rule for keeping the registry of the unit holders (hereinafter referred to as the “Owners”) of Investment Fund Unit (hereinafter referred to as the “Rule”) is developed on the basis of the Law of Georgia on Investment Funds and defines the procedure and conditions for keeping the registry of the owners of Investment Fund Unit.
2. This rule applies to keeping the registry of owners of authorized and registered Investment Funds (Except for the Limited Liability Company or Limited Partnership) unit established in accordance with the Law of Georgia on Investment Funds.

**Article 2. Definition of terms**

The terms used in this rule have the following meaning:

- a) Registry of owners of the Investment Fund Unit (hereinafter referred to as “the Registry”)-a registry kept by the person specified by the paragraph 1<sup>st</sup> of the Article 3 of this Rule and in which the unit owners of the investment fund and its sub-funds are indicated, if any, and the number, class and other information related to them, determined by this rule and legislation, of the Investment Fund Units in their possession.
- b) Asset manager – a legal entity or an investment company defined in accordance with the subparagraph “n” of the paragraph 1<sup>st</sup> of the article 2<sup>nd</sup> of the Law of Georgia "On Investment Funds", which does not have an asset management company;

- c) Entity– a natural or legal entity, as well as an organizational entity provided for by legislation (including a common fund), which is not a legal person;
- d) Identification data of a person - data determined by subparagraph "a" of paragraph 4<sup>th</sup> of Article 5 of this rule;
- e) Extract – an official document issued by the asset manager or nominal owner, which confirms the right of the owner of the unit of the investment fund to the corresponding units of the investment fund;
- f) Ordinance – a document drawn up in accordance with the requirements of this rule, on the basis of which a change in the number of units available in the account of the owner of the investment fund or their pledge is made;
- g) Nominal owner of an Investment Fund Unit (hereinafter referred to as the “Nominal owner”) – a legal entity that is a securities market intermediary, bank or central depository, to which the owner of the unit of the investment fund grants the right in a written agreement to enter the units of the investment fund in the name of this nominal owner in the registry and to engage in other operations related to these units for the interests of this owner;
- h) Sub-register – the registry kept by the nominal owner and which includes data protected in client accounts in accordance with this rule and the legislation of Georgia;
- i) Authorized representative - director (in the case of a legal entity), as well as another person acting on the basis of a document confirming authority.

### **Article 3. Keeping registry**

1. The register is kept by the asset manager of the investment fund, including on the basis of delegated authority.
2. The asset manager has the right to delegate the registry creation function only to another asset management company in accordance with Article 26 of the Law of Georgia "On Investment Funds". Delegation of the registry production function does not affect the responsibility of the asset manager.
3. The asset manager is responsible for the completeness, correctness and security of the register kept by him/her.
4. The asset manager shall ensure the protection of the information, records and other documents stored with him/her about the Investment Fund Unit owners and accounts made in the register, as well as on electronic carriers, against illegal acquisition, alteration, destruction, falsification and distribution, as well as their loss or damage. For this purpose, the asset manager is obliged to take appropriate organizational and technical measures.
5. The asset manager shall have the means to recover the information/records stored by him/her in case of damage or loss.
6. The asset manager shall ensure:
  - a) Keeping the register in full compliance with this rule, the legislation governing investment funds and the legislation on the promotion of prevention of money laundering and financing of terrorism;
  - b) Confidentiality of information available in the register;

- c) Availability of the information existing in the register only for persons established by this rule and the Law of Georgia "On Investment Funds".
- 7. The asset manager is obliged to keep the register in a non-materialized form, so that it is possible to prepare extracts from the electronic register at any time and also to reflect the register in standard format (Word; Excel; PDF).
- 8. The asset manager is obliged to ensure that copies of the registers produced by him/her are transferred to a hard data carrier as of the last working day of each calendar year, as well as their storage in an alternative means of remote access, which is isolated from the electronic carriers (servers) located in the workplace of the asset manager and/or in auxiliary storage facilities.
- 9. The official copies of the registry shall include the information on the investment fund specified in paragraph 2 of Article 5 of this rule and all the data of the accounts of the owner of each unit of the investment fund (both personal and nominal owner). The asset manager is obliged to ensure the storage of the abovementioned copies for at least 10 (ten) years after their preparation.
- 10. The assets manager shall register the records of the operations carried out in the registry in accordance with Article 6 of this rule chronologically and assign a consistent individual number to each record. Documents, on the basis of which changes are made in the registry, shall be kept with the asset management company for at least 10 (ten) years.
- 11. The rules for the handling of official copies of the registry and documents provided for in paragraphs 9 and 10 of this article, after the end of their storage period with the assets manager, are determined in accordance with the current legislation on the storage and protection of typical management documents created in the course of the institutions' activities.
- 12. In the process of keeping the registry, the asset manager shall keep a journal of issuing statements in electronic or material form, where the date and number of receiving the application and issuing (of sending) the extracts, name of the owner of the fund unit (or his representative), the name of the fund and the identification number of the unit (if any) are recorded.

#### **Article 4. Nominal owner**

- 1. The transfer of rights to the units transferred to nominal ownership (allocation, pledging), as well as the ownership right to the abovementioned units is confirmed by the record of the sub-registry produced by the respective nominal owner.
- 2. When transferring units registered on a personal account in nominal ownership, the asset manager is obliged to transfer the transferred units to the account of the nominal owner.
- 3. The nominal owner is obliged to open accounts for the unit owners of the investment fund in accordance with the paragraphs 4-8 of Article 5 of this rule, to carry out operations on them in accordance with Article 6 of this rule, and to prepare relevant statements and orders in accordance with Article 7 of this rule accordingly. The nominal owner shall ensure the storage of relevant documents for a period of at least 10 years.

4. The nominal owner is obliged to disclose information about the owners registered in the sub-registry to the asset manager when submitting the relevant request, unless the unit owner grants the nominal owner the authority to take appropriate actions for his/her interests.
5. The transfer of fund units between clients of one nominal owner is not registered with the asset manager.

**Article 5. Formation of the registry, opening and creation of accounts in the registry**

1. For the formation of the registry, the asset manager shall have all the necessary documents for the foundation of the investment fund defined by the Law of Georgia "On Investment Funds".
2. Registry shall include the following information:
  - a) Identification data of asset manager;
  - b) The name and type of investment fund (open-ended, closed-ended, interval), structure (umbrella, master fund, feeder fund), legal form (in the case of an investment company), identification code, address, phone number, information about the unit owners of the investment fund in accordance with paragraph 4 of the article.
  - c) Information on authorized, issued and placed (including cashed) units, their unit value, circulation period, maturity date, rights, privileges and restrictions according to unit classes of the investment fund;
  - d) The identification number of units of the investment fund;
  - e) Identification data of the owner of each unit;
  - f) The number of units of the respective class registered in the name of each unit owner or nominal owner and the date of registration of units in their name.
3. When forming the register, the following accounts shall be opened to the investment fund (or sub-fund, if applicable):
  - a) Issuance account of the investment fund - where the units issued by the investment fund are registered, which will be transferred to the respective personal or nominal owner's accounts in the future or canceled in case of their cancellation;
  - b) The personal account of the investment fund - where the own units purchased or redeemed (including canceled) by the investment fund in accordance with the law are recorded.
4. The personal account shall include the following information:
  - a) All identification data of the unit owner of the investment fund:
    - A.a) in the case of a natural person – type of investor (qualified/non-qualified), first and last name, citizenship, date of birth, place of residence; ID card (passport) number and citizen's personal number according to the ID card (passport), if the individual is registered as an individual entrepreneur - relevant registration date, number, registering body, taxpayer identification number;
    - A.b) In the case of a legal entity – type of investor (qualified/non-qualified), full name; subject of activity; Legal address (in the case of a branch or representative office, both its address and the address of the main establishment); Registering body, registration date and number; taxpayer

identification number; identification data of persons authorized for management and representation (in accordance with this clause);

b) The unique number of the personal account;

c) The recorded units in the name of the owner of the unit of the investment fund (except for the units transferred to the nominal owner), indicating the relevant class and quantity;

d) Historical data of operations (including dates and cost of operations), on the basis of which the respective units are deposited to the owner of fund unit on the personal account.

e) In case of existence of mortgage rights on Investment Fund Units or blocking of operations, information on the number and class of pledged/blocked units.

5. Personal accounts shall be opened for all new owners of Investment Fund Units. Only one personal account is opened for a person in the registry of one investment fund, where the turnover of the units in the account and other information determined by this rule are reflected chronologically. Each personal account shall be assigned a unique number.

6. The account of the nominal owner shall be opened to the nominal owner in the registry/sub-registry, which shall include the information specified in paragraph 4 of this article. If the nominal owner, in addition to the clients' units, has his/her own units, the separate personal account shall be opened to him/her in the registry/sub-registry.

7. If the unit of the investment fund is in co-ownership, one personal account is opened in the registry/sub-registry, in which, in addition to the requirements established by this rule, the data provided for in paragraph 4 of this article regarding all co-owners and the share of each of them in co-ownership are additionally indicated.

8. In case of a change of identification data of the owner of the account, the relevant documentation confirming the change shall be submitted to the assets manager/nominal owner. The change of identification data about the owner in the register in the sub-register must be made within 1 working day of the request. The change of identification data about the owner in the registry/sub-registry shall be made within 1 working day of the request.

## **Article 6. Operations on Investment Fund Units**

1. When the value of units of the investment fund changes, a record shall be made chronologically in the registry/sub-registry about the date of change and the value of the unit.
2. While every change in the number of Investment Fund Units on a personal account, a record shall be made chronologically in the registry/sub-registry about the reason for the change, the changed number of units in the name of the owner of the Investment Fund Unit, the value of the operation and the date of the change in accordance with the type of operation carried out.

3. In the case of purchase, redemption, exchange, loans, gifts, inheritance, blocking or unblocking, pledging or pledge removal of Investment Fund Units, as well as in the case of transfer of Investment Fund Units to nominal ownership or transfer of units by the nominal owner to the person (client), for whose interests and instructions he/she nominally owned the abovementioned units or purchased them:
  - a) A corresponding decree shall be drawn up (except for the case of placement), which shall be accompanied by the relevant documentation specified in paragraphs 4-5 of this article;
  - b) The following information shall be reflected in the registry/sub-registry: the date of the request submission, the content of the operation, the date, time and number of the operation implementation, the identification data of the investment fund, the identification number of the unit of the investment fund, the name of the parties participating in the operation or the authorized body/entity by whose decision the relevant operation is carried out, the number of units of the investment fund, the price (if any), the cost of the operation (if any), the means of payment and the fee(s) for carrying out the operation.
4. When issuing or redeeming new units, the relevant documentation shall be submitted to the asset manager, which is related to the issue/placement or redemption of units, changes in the amount or structure of units.
5. Based on the content of the information, the following documentation shall be submitted to assets manager/nominal owner:
  - a) If the court decision is the basis of the operation - a legally binding court decision or writ of execution;
  - b) If the agreement is the basis of the operation on the units - inheritance certificate issued by a notary;
  - c) In case of transfer of units by the inheritance - inheritance certificate issued by a notary;
  - d) In case of blocking or unblocking - a written instruction from the President of the National Bank of Georgia and/or the head of LEPL Financial Monitoring Service and/or a corresponding decision of the court.
6. If the basis for the transfer of the right to the unit is a contract, when carrying out operations on the units of the investment fund, the direct party(ies) of the transaction or their (his/her) authorized representatives shall be represented with the manager/nominal owner of the assets, who sign the relevant decree in the presence of the manager/nominal owner of the assets. The authority of the representatives of the parties shall be confirmed by the document(s) drawn up in accordance with the legislation of Georgia. The presence of signatories with the manager/nominal owner of assets is not mandatory, if a decree signed by the parties or authorized representatives of the parties, duly certified, is presented to him/her. In addition, if only the signatures of the authorized representatives of the parties are verified on the decree, it is mandatory to submit documents confirming the authority of the signatories to the manager/nominal owner of the assets.

7. If the unit is in co-ownership, the written consent of all co-owners or a duly certified power of attorney is required to carry out an operation on it, on the basis of which the trustee is authorized to act on behalf of the co-owners.
8. The operation shall be reflected in the registry/sub-registry as soon as the relevant documentation is received, but no later than the next working day.

#### **Article 7. Extract, decree and their content**

1. The asset manager/nominal owner shall provide the Investment Fund Unit owner within 3 (three) business days from the request, based on the request submitted by the owner of the Investment Fund Unit in writing or in another alternative form determined by the asset manager:
  - a) A statement from his/her account for a specific date;
  - b) Statement on the turnover carried out on the account and the change in the value of the units of the investment fund for a specific period.
2. The extract shall include:
  - a) Identification information of the unit owner of the investment fund;
  - b) Account number of the unit owner of the investment fund;
  - c) Date and time of issue of statement (in case of turnover statement – period);
  - d) Full name of the investment fund, legal address and identification code of the Investment Fund Unit;
  - e) The number and value of the units existing in the account of the owner of the Investment Fund Unit;
  - f) In case of encumbrance of the units or blocking of the account, the extract from the registry/sub-registry shall contain the relevant information in the registry/sub-registry;
  - g) Full name and contact details of the asset manager, date and number of activity authorization/registration recognition/license; name, surname, personal number, contact details and signature of the responsible individual of the assets manager/nominal owner;
  - h) A clear indication that the given extract is not a unit of the investment fund and is only a record that the person named in the extract is the owner of those units (with an indication of the type of owner) as of the date indicated therein.
3. The decree shall contain the following information:
  - a) The name of the manager/nominal owner of the assets that establishes the decree;
  - b) The data of the person implementing the transfer/mortgage/blocking of the Investment Fund Unit;

b.a) his/her identification information, address and contact information; If the operation is carried out through an authorized representative, - identification data of the representative and the data of the document confirming his/her authority;

b.b) The account number from which the units are transferred or to which the mortgage/blocking is applied;

c) Data of the recipient/mortgagor of the Investment Fund Unit:

c.a) His/her identification information, address and contact information; If the operation is carried out through an authorized representative, - identification data of the representative and the data of the document confirming his/her authority;

g.b) The account number on which the units are received or on which the mortgage/blocking is reflected;

d) The identification number of the unit of the investment fund;

e) The type of operation (in accordance with paragraph 3 of Article 6 of this rule);

f) The number of units of the investment fund, the cost of the operation and the fee(s);

g) Certain conditions (restrictions) accompanying further transfer or mortgage/blocking of units;

h) Terms of settlement between the parties (if the transfer is paid);

i) The list of documents attached to the decree;

j) The date of drawing up the decree;

k) Date and signature/signatures of participating parties/authorized representatives;

m) In case of the participation of a brokerage company, the name of the brokerage company and the signature of the authorized representative and the date;

n) Signature and date of the responsible person of the assets manager/nominal owner.

#### **Article 8. The right to obtain information available in the registry and with nominal owner**

1. Considering the conditions of this article, the following persons have the right to obtain the information available with the register and the nominal owner:

a) The unit owner of the investment fund in accordance with paragraph 2 of this article;

b) National Bank of Georgia;

c) The specialized depository, in order to exercise the powers granted to him/her by law;

d) The other persons defined by the legislation of Georgia, in the manner established by the legislation.



2. The owner of the Investment Fund nit has the right to receive from the registry/sub-registry information about the units registered in his/her name in accordance with the first and second paragraphs of Article 7 of this rule.
3. The manager and nominal owner of the assets are obliged to provide the National Bank of Georgia with any information requested by it in accordance with the terms and forms established by the National Bank of Georgia, as well as in case of separate requests.