

**Order N206/04 of
President of the National Bank of Georgia
September 18, 2018
Tbilisi**

On Approving the Rule of Production of Securities Register

In accordance with Article 15, paragraph 1, subparagraph "g", Article 52, paragraph "g", Article 63, paragraph 2 of the Organic Law of Georgia "On the National Bank of Georgia", Article 10 paragraph 2, Article 40 of the Law of Georgia "On the Securities Market", Article 51 paragraph 4 of the Law of Georgia "On Entrepreneurs" and Article 25 paragraph 1 subparagraph "b" of the Law of Georgia "On Normative Acts", I order:

Article 1

To approve the attached rule for the production of securities register .

Article 2

Immediately after the implementation of this order, the order N 5 of the Head of the Financial Supervision Agency of Georgia of September 8, 2008 "On the approval of the procedure for the production of the securities register" shall be declared invalid.

Article 3

This order shall enter into force in one month after its publication.

The President of National Bank

Koba Gvenetadze

The Rule Of Production of Securities Register

Article 1. General provisions

1. The rule for the production of the securities register (hereinafter - the rule) was developed on the basis of the Law of Georgia "On the Securities Market" (hereinafter - the law) and defines the rules and conditions for the production of the securities register, as well as the rights and obligations of the participants of the securities market for the production of the securities register in the process.
2. All dematerialized securities shall be entered in the securities register in accordance with this rule.
3. The register of securities issued by international financial institutions and development organizations may be maintained by the National Bank of Georgia through the State Securities Settlement (CSD) system based on their application, in accordance with the rules of the same system.

Article 2. Definition of terms

The terms used in this rule have the following meanings:

- a) Register of securities – a register maintained by the issuer or a licensed registrar of securities and in which the number, class and other information determined by the law of the registered owners and the securities in their possession are mentioned;
- b) Person – both a resident and a non-resident natural or legal person, as well as an organizational structure provided for by the legislation of Georgia, which is not a legal person;
- c) identification data of a person - data determined by paragraph 4 of Article 5 of this rule;
- d) extract from the register – an official document issued by the registrar, which confirms the right of the owner to the security registered in the securities register;
- e) transfer of securities – legal act, on the basis of which the transfer of securities to a person in ownership or nominal ownership is carried out in accordance with the legislation of Georgia;
- f) Registered owner – owner or nominal owner of securities registered in the securities register;
- g) Decree - a document drawn up in accordance with the requirements of this rule and submitted to the registrar of securities, on the basis of which a change in the number of securities in the account of the registered owner of securities or a pledge of securities is made;
- h) Nominal owner of a security - a legal entity that is a securities market intermediary, a bank or a central depository, to which the registered owner (or other nominal owner) grants the right to enter the securities in the register in the name of this nominal owner and the registered owner or nominal owner to engage in other transactions related to these securities;
- i) corporate operations – operations to be performed in relation to the total issue of securities of the relevant class of the issuer, which the registrar carries out in the cases determined by the decision of the authorized body of the issuer and/or the issue prospectus;
- j) personal account – a set of data in the register in accordance with paragraph 8 of Article 5 of this rule;
- k) Registrar – a licensed registrar of securities or a natural person hired by the issuer to produce the securities register;
- l) Licensed registrar – a legal entity licensed by the National Bank of Georgia, which maintains the issuer's securities register and performs other functions defined by the agreement concluded between the issuer and the securities registrar;
- m) Splitting – increasing the total number of issued securities by a certain ratio compared to the existing one, according to which the nominal value of the security is proportionally reduced. The division operation does not lead to a change in the authorized capital;
- n) Consolidation – reduction of the total number of issued securities by a certain ratio, in accordance with which the nominal value of the securities increases proportionally. The consolidation operation does not lead to a change in the authorized capital;
- o) Conversion – conversion of securities of one class or category into securities of another class or another category, which is carried out by the decision of the relevant authority of the issuer and/or in accordance with the issue prospectus;
- p) account blocking – an operation carried out by the registrar, the purpose of which is to prevent the implementation of operations related to securities or the realization of rights to securities for a specified period of time or until the fulfillment of any condition;
- q) Materialized register – a register produced by the registrar in documentary form;
- r) Dematerialized register – register produced by the registrar in electronic form;
- s) International Securities Identification Number (ISIN) – an identification number assigned

to a security by the National Bank of Georgia, the structure and content of which is based on the requirements established by the International Organization for Standardization (ISO) and which represents the same class and mark of this or that issuer. - allowing for the unique identification of the security bearing the properties;

t) authorized representative - director (in the case of a legal entity), as well as another person acting on the basis of a document confirming authority;

f) Sub-register – a register maintained by the nominal owner and which includes data stored in client accounts in accordance with the legislation of Georgia.

Article 3. Securities registrar

1. The registrar is obliged to maintain the securities register taking into account the requirements of this rule.

2. The registrar is responsible for the completeness, correctness and security of the register of securities produced by him.

3. The registrar must ensure the protection of the information, records and other documents stored with the registered 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 registrar is obliged to take appropriate organizational and technical measures.

4. The registrar shall have the means to restore the information/records stored by it in case of damage or loss.

5. The registrar is obliged to develop and use adequate systems and procedures to ensure the continuity and smoothness of its activities.

6. The registrar shall ensure:

a) maintaining the register in full compliance with the present rule, the securities regulatory legislation, the legislation on the prevention of legalization of illegal income, as well as the terms of the agreement signed with the issuer;

b) confidentiality of information in the register;

c) Availability of the information in the register only to the persons established by the legislation.

Article 4. Production of securities register

1. The licensed registrar is obliged to maintain the register of securities in a non-material form, so that it is possible to prepare extracts from the electronic register at any time and also to display the register of securities in the standard format (Word; Excel; PDF).

2. The licensed registrar is obliged to ensure that, as of the last working day of each calendar year, copies of the registers produced by it are transferred to a hard data carrier, as well as their storage in an alternative means of remote access, which is isolated from the electronic carriers (servers) located in the registrar's workplace and/or auxiliary storage facilities.

3. If the issuer maintains the register of securities himself, he/she is authorized to maintain the register of securities in dematerialized or materialized form. In case of making the register in a non-materialized form, the issuer is obliged to follow the rules for making the register established by the present article for the licensed registrar.

4. In case of production of a materialized register, the registrar must ensure the production of

copies of the registers produced by it in a materialized form as of the last working day of each calendar year. Each page of the said copies must be certified by the signature of the natural person producing the register and the authorized representative of the issuer, and it must be ensured that it is kept safely.

5. Official copies of the securities register must include information about the issuer in accordance with information specified in paragraph 9 of this article and all data of accounts of the owner of each security of the issuer (both personal and nominal owner). The registrar is obliged to ensure the storage of said copies for at least 10 (ten) years after their preparation.

6. The registrar must record the entries made in the register chronologically and assign a consecutive individual number to each entry. Documents, on the basis of which changes are made in the register, must be kept with the registrar for at least 10 (ten) years.

7. The rules for the handling of official copies and documents of the register provided for in paragraphs 5 and 6 of this article, after the end of their storage period with the registrar, are determined in accordance with the current legislation on the storage and protection of typical governance documents created in the course of the institutions' activities.

8. In the process of producing the register, the registrar must produce the following journals in electronic or material form:

a) Record log of incoming and outgoing documents - where the incoming/outgoing documentation (correspondence) is recorded and assigned a corresponding serial number, indicating the date of entry/exit, content and applicant/addressee;

b) log of accounting of operations - where, according to the content of operations, the following are recorded:

b.a) when transferring securities - the date of receipt of the request, the issuer, the class of securities, the FCSN (if any), the name of the parties to the transaction or the authorized body/entity by whose decision the transfer of securities is carried out, the number of securities, the content of the operation, the value of the transaction, the date and number of the operation;

b.b) in the case of pledging of securities - the date of receipt of the request, the name of the participants of the transaction or the authorized body/entity, by the decision of which the pledging of the securities is carried out, data on the pledged securities; Social security number (if any), date and number of registration; When removing the pledge - name of the person authorized to remove the pledge, name of the issuer, data on the securities on which the pledge was removed, ID number (if any), date of pledge removal, number;

b.c) when securities are blocked - the date of request, the name of the initiator of the blocking and the owner of the securities placed in the account, the name of the issuer, the data on the blocked securities, the ID number (if any), the contents of the blocking, the date of registration, the number, the blocking period; At the end of the blocking, the name of the person authorized to remove the blocking, the name of the issuer, the class and number of unblocked securities, the ID number (if any), the date of the blocking removal, number;

b.d) in the case of operations to be carried out at the issuer's initiative - the date of receipt of the request, the name of the operation, the date of decision-making by the relevant authorized person/organization; Class of security, FKSSN (if any), start and end date of the operation, number.

c) log of issuing statements - where the date, number, name of the registered owner (or his

representative), issuer and name of the security, FKSSN (if any) are recorded.

9. The securities register must include the following data about the issuer:

- a) in the case of a natural person producing the register - name, surname, citizenship, ID card (passport) number, address, telephone number; In the case of a licensed registrar – the name of the issuer's registrar, legal form, identification code, address, phone number;
- b) the issuer's name, legal form, identification code, address, telephone number, information about the registered owners of the securities placed by the issuer in accordance with Article 5 of this rule;
- c) information on the amount of authorized capital, authorized, issued and placed (including cashed) securities, the total number of each class, nominal value, circulation term, maturity date, rights, privileges and restrictions;
- d) in the case of assigning them to each class of securities of FCSSN;
- e) records of all own securities purchased or redeemed by the issuer;
- f) information about all corporate operations and the ratio on the basis of which such operation was carried out.

10. Production of securities register should include the following types of operations:

- a) production of accounts in the register;
- b) conducting corporate operations;
- c) implementation of blocking on accounts and cancellation of blocking; d) transfer and pledging of securities;
- e) issuance of extracts from the register;
- f) preparation of the list of registered owners of securities at the request of an authorized person;
- g) other operations provided for by the agreement concluded between the issuer and the registrar.

Article 5. Production of accounts in the register

1. Except for the cases stipulated by the legislation, the registrar has no right to refuse to carry out the operation, if the documentation submitted by the interested person meets the requirements defined by the issuer's charter and legislation. In case the registrar refuses to apply for operations, he is obliged to submit a reasoned refusal to the person within 3 working days of the request.

2. Based on the agreement concluded between the issuer and the registrar, the registrar is obliged to open the accounts specified in this rule in the issuer's securities register if the applicant submits to the registrar the documents defined by the law.

3. Before opening any kind of account, the registrar is obliged to identify and verify the person, including the beneficial owner of the person, in accordance with the Law of Georgia "On Promotion of Prevention of Legalization of Illegal Income".

4. The register reflects the following identification data about a person:

- a) in the case of a natural person:
 - a.a) name and surname;
 - a.b) citizenship;

- a.c) date of birth;
- a. d) place of residence;
- a.e) ID card (passport) number and citizen's personal number according to the ID card (passport);
- a.f) if a natural person is registered as an individual entrepreneur - relevant registration date, number, registering authority, tax payer identification number;
- b) in the case of a legal entity:
 - b.a) full name;
 - b.b) subject of activity;
 - b.c) legal address (in the case of a branch or representative office, both its address and the address of the main institution);
 - b.d) registering body, registration date and number;
 - b.e) identification number of the tax payer;
 - b.f) identification data of persons authorized for management and representation (in accordance with subparagraphs "a" and "b" of this article).
- 5. The registrar is obliged to open personal accounts for all new owners of securities. Only one personal account is opened for a person in the securities register of one category, where the turnover of the securities in the account and other information determined by this rule are reflected chronologically. Each personal account must be assigned a unique number.
- 6. When establishing a joint-stock company, the registrar must open personal accounts in the register for any person who has become a shareholder of this joint-stock company, if the issuer has submitted the original document(s) or a certified copy in accordance with the law. In case of presentation of founding documents drawn up in a foreign language, the registrar is entitled to request a notarized Georgian translation of the founding documents of the issuer.
- 7. The registrar must open the following accounts for the securities issuer:
 - a) Issuing account of the issuer – where the securities issued for private or public offering 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) Issuer's personal account - where the issuer's own securities purchased or redeemed in accordance with the law are recorded.
- 8. The personal account must include the following information:
 - a) all identification data of the registered owner;
 - b) the unique number of the personal account;
 - c) securities numbered in the name of the registered owner (except securities transferred to the nominal owner), indicating the relevant class and quantity;
 - d) historical data of transaction details (including transaction dates and value), on the basis of which the registered owner of the securities is credited to the personal account of the relevant securities;
 - e) in case of the right of lien on securities, information on the number and class of pledged securities;
 - f) in case of blocking of operations on a personal account, to the information defined by paragraph 2 of Article 11 of this rule.
- 9. In case of a change in the account owner's identification data, the relevant documentation

confirming the change must be submitted to the registrar. The change of identification data about the owner in the register must be made within 3 working days of the request. If the registrar refuses to apply for the change, he is obliged to submit a reasoned refusal to the interested person no later than 3 working days after the request.

10. The nominal owner's account is opened in the register, which must include the account number, identification data of the nominal owner, as well as the class and number of securities transferred to him in nominal ownership. If the nominal owner, in addition to the securities of clients, has his own securities, the registrar is obliged to open a separate personal account for him.

11. If a security is co-owned, one personal account is opened in the securities register, 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 in co-ownership are indicated.

12. For each change in the number of securities in the personal account, a chronological record must be made of the reason for the change, the changed number of securities in the name of the registered owner, the value of the transaction and the date of the change. Also, information about the representative of the registered owner (if any) should be included.

Article 6. The right to obtain information in the register

1. Taking into account the conditions of this article, the following persons have the right to obtain the information in the register:

- a) the issuer;
- b) to the registered owner;
- c) National Bank of Georgia;
- d) to other persons defined by the legislation of Georgia, in the manner established by the legislation.

2. The registered owner has the right to receive information from the register about the securities registered in his name in accordance with Article 10 of this rule.

3. The issuer is entitled to receive from the registrar information about the registered owners of securities, which should include data indicating the names of registered owners, contact information, the number and class of securities in their possession.

4. The registrar is obliged to provide information to the National Bank in accordance with the deadlines and forms established by the National Bank, as well as in case of individual requests.

Article 7. Nominal owner of securities

1. Transfer of rights to securities transferred to nominal ownership (allocation, pledging), as well as the client's ownership right to said securities is confirmed by the entry of the sub-register produced by the corresponding nominal owner.

2. When transferring securities numbered on a personal account to nominal ownership, the registrar is obliged to transfer the transferred securities to the account of the nominal owner.

3. The nominal owner is obliged to disclose to the registrar the information about the registered owners recorded in the sub-register when submitting the relevant request, except when the registered owner grants the nominal owner the authority to take

appropriate actions for his interests.

4. According to the Law of Georgia "On Promotion of Prevention of Legalization of Illegal Income", in certain cases, the registrar is obliged to request from the nominal owners the information in its records about the identity of the registered owner or nominal owner of the securities. In such a case, the nominal owner is obliged to submit to the registrar no later than 5 (five) working days the list of registered owners recorded in his sub-register (including information about the beneficial owners), indicating their identity, contact information and the number and class of securities in possession.

5. The transfer of securities between clients of one nominal owner shall not be registered with the securities registrar.

Article 8. Content of the decree

The decree must contain the following information:

- a) the name of the registrar to whom the decree will be submitted;
 - b) identification data of the registered owner who transfers or pledges the securities;
 - c) account type, number from which the securities are transferred or to which the pledge is applied;
 - d) identification data of the person to whom securities are transferred or in whose favor securities are pledged;
 - e) the type and number of the account (in the case of an existing account) to which securities are transferred;
 - f) identification code of the issuer, number, class, nominal value of transferred or pledged securities;
 - g) FCSSN, if any;
 - h) stock exchange code of the security, if any;
 - i) if the transfer is carried out through an authorized representative, the identification data of the representative and the data of the document confirming his authority;
 - j) the type of transaction (transfer in nominal ownership, purchase, gift, exchange, pledging, etc.);
 - k) the value of the transaction;
 - l) certain conditions (restrictions) accompanying subsequent transfer or pledging of securities;
 - m) terms of settlement between the parties (if the transfer of securities is paid);
 - n) the list of documents attached to the decree, if any; p) the date of drafting the decree;
 - o) signature/signatures of participating parties/authorized representatives, date;
 - p) in case of the participation of a brokerage company, the name of the brokerage company and the signature of the authorized representative, the date;
 - q) signature of the registrar/registrar's authorized representative, date.
- Article 9. Registration of rights related to securities

1. The transfer or pledging of securities shall be allowed only in accordance with the requirements established by the legislation regulating the securities market. In violation of these requirements registration of securities in the register is not allowed.

2. The registrar must make entries in the securities register about the changes reflecting the transfer or pledging of securities, based on the decree drawn up by the registered owner or another person authorized by the legislation of Georgia in accordance with the requirements

of Article 8 of this rule, within 3 working days after receiving the decree.

3. The person issuing/signing the decree is responsible for the accuracy and completeness of the facts confirmed by the decree.

4. When transferring or pledging securities without the participation of a securities market intermediary, the registrar is obliged to comply with the following requirements:

a) if the transfer of rights to securities is based on a court decision, a legally binding court decision or writ of execution must be submitted to the registrar;

b) if rights to securities are transferred on the basis of inheritance, a certificate of inheritance issued by a notary must be submitted to the registrar;

c) If the basis for the transfer of rights to securities is a decision taken by the issuer, related to the change in the amount and/or structure of the authorized capital, the registrar must be submitted to the registrar the decision of the authorized body of the issuer duly received and certified or the issue prospectus, as well as other documents specified by the issuer's charter or legislation, which may be required to perform the requested operation.

d) if the transfer of rights to securities is based on a contract, the direct parties to the transaction or their authorized representatives must be present at the registrar and sign the relevant decree in the presence of the registrar; The authority of the representatives of the parties must be confirmed by the document(s) drawn up in accordance with the legislation of Georgia; The attendance of the signatories at the registrar is not mandatory, if the decree signed by the parties or authorized representatives of the parties, duly certified, is submitted to the registrar; In addition, if the authenticity of the signatures of the authorized representatives of the parties is verified on the decree, it is mandatory to submit the documents confirming the authority of the signatories to the registrar.

5. When transferring or pledging securities with the participation of a securities market intermediary, it is allowed to make a corresponding change in the register on the basis of a decree drawn up by the intermediary, which must be signed by the parties to the transaction or their authorized representatives and which must be certified by the authorized representative of the intermediary. In the event that a securities market intermediary applies to the registrar with a request to make a change in the register, the presence of the signatory persons at the registrar is not required.

6. In order to transfer the securities to the nominal ownership by the owner registered in the register, as well as to transfer the securities in his possession to the same owner or to a new owner, a transfer order signed by the registered owner or the nominal owner shall be submitted to the registrar.

7. In case of co-ownership of securities, the transfer of rights to securities requires the written consent of all co-owners or a duly certified power of attorney, on the basis of which the trustee is authorized to act on behalf of the co-owners.

8. In case of transfer of a pledged security, in addition to the documents mentioned in Article 8 of this rule, the written consent of the pledger to the transfer of securities must be submitted to the registrar.

Article 10. Extract from securities register

1. An extract from the securities register is issued in the name of the registered owner at the

time of opening his personal account. An extract from the securities register shall be delivered to the registered owner or, at the request of the registered owner, sent to the personal account within 3 (three) business days after the opening by means of communication agreed between the parties.

2. An extract from the securities register shall be delivered to all registered persons on whose account the operation was carried out.

3. The registrar of securities shall provide the registered owner, based on the written request of the registered owner or in another alternative form determined by the registrar:

a) extract from its securities account for a specific date;

b) information on the turnover of securities carried out on the account for a specific period.

4. the extract from the securities register must state:

a) Identification information of the registered owner (for a natural person: first name, surname, citizenship, identity document number; for a legal person, as well as for the organizational formation provided for by the legislation of Georgia, which is not a legal entity: business name, legal address, identification number;

b) account number of the registered owner;

c) date and time of issue of statement (in case of turnover statement - period);

d) full name and legal address of the issuer;

e) class, quantity and nominal value of securities on the registered owner's account;

f) Percentage share in relation to the authorized capital (in the case of equity securities);

g) issue and maturity date, interest rate (in the case of debt securities);

h) FCSSN (if any);

i) in case of encumbrance of securities or account blocking, the extract from the securities register must contain the relevant information in the register;

j) the full official name and contact details of the licensed registrar, the date and number of the activity license; In the case of a natural person producing the securities register, his name, surname, personal number, contact details;

k) a clear indication that the given extract is not a security and is only a record that the person mentioned in the extract is the registered owner of these securities (indicating the type of owner) as of the date specified in it.

Article 11. Blocking of operations on personal accounts and rights to securities

1. Blocking of operations on a personal account may be carried out:

a) at the written request of the registered owner;

b) with the written instructions of the National Bank of Georgia;

c) based on the court decision;

d) with the written instructions of the head of the Financial Monitoring Service of Georgia;

2. In case of blocking, the registrar must enter the appropriate code in the registered owner's personal account and make a record of the reason for blocking operations or realization of rights to securities, the number and class of blocked securities, the blocking period, and indicating the documents on the basis of which the blocking took place.

3. In the event of suspicion of a suspicious transaction defined by the Law of Georgia "On Promotion of Prevention of Legalization of Illegal Income", in case of blocking of the account

by the written instructions of the head of the Financial Monitoring Service of Georgia, the management and employees of the registrar (both fixed and indefinite employees) do not have the right to notify the participant of the relevant transaction. persons and other persons information about the implementation of the provided measures.

4. The person issuing the decree on blocking can request the extract from the registrar on blocking.

5. Blocking should be terminated based on the order of the person by whose order the blocking took place or who, according to the legislation and/or the agreement concluded between the parties, is authorized to cancel the blocking in the following cases:

a) upon expiry of the term specified in the decree on blocking;

b) after the occurrence of the condition specified in the decree on blocking;

c) based on the court decision;

d) on the basis of the written request of the authorized body, on the initiative of which the blocking of operations on the personal account was carried out.

6. Upon termination of blocking, the registrar must remove the corresponding code from the personal account.

Article 12. Corporate Operations

1. If the issuer carries out corporate operations, the registrar must make a change in the registry records that reflects the change in the number of securities of the relevant class owned by each registered person (splitting, consolidation) or the conversion of one class of securities into another class based on the wording specified by the issuer in the decision of the authorized body or in the issue prospectus. The registrar must make changes to the registry entries no later than 15 days after receiving the relevant documents.

2. In the event that the conversion is carried out in accordance with the conditions determined by the issuer based on the wish of the registered owner, the registrar must enter in the register information about the conversion of the securities of this registered owner only within 3 working days after receiving the relevant application.

3. The registrar is obliged, on the basis of the issuer's order, to prepare a list of persons authorized to attend the meeting of securities owners according to the accounting date. The mentioned list should be prepared by the registrar within 3 working days after receiving the relevant application from the issuer.

4. In order to accrue dividends/benefits on securities, the registrar, on the issuer's instructions, must compile a list of persons who are entitled to receive dividends/benefits in accordance with the accounting date. The mentioned list should be prepared by the registrar within 3 working days after receiving the relevant application from the issuer.

5. When issuing new securities by the issuer or canceling already issued securities, the registrar must reflect the data reflecting the said change in the register within 3 working days from the submission of the relevant documentation.

6. In case the registrar refuses the application provided for in this article it is obliged to submit a reasoned refusal to the issuer no later than 3 working days after the request.