

Order N 33/04 of  
President of the National Bank of Georgia  
February 20, 2018  
Tbilisi

**On the Approval of the Rules for Recognition of the Financial Instruments Trading System as an  
Organized Market**

According to the Article 15, paragraph 1, subparagraph "g", Article 48, paragraph 3, Article 52, Article 67, paragraphs 4 and 5 of the Organic Law of Georgia "On National Bank of Georgia" and Article 8, part 12, subparagraph "b", Article 82, part 1, subparagraph "t<sup>1</sup>-t<sup>3</sup>", Article 98<sup>1</sup> part 2 subparagraph "b" and Article 99 part 1 subparagraph "k<sup>1</sup>-k<sup>3</sup>" of the Tax Code Georgia, I order:

**Article 1**

The attached "Rules for Recognition of the Financial Instruments Trading System as an Organized Market" (Annex N1) be approved.

**Article 2**

The immediate effect of this order is due to the development of the securities market and the goal of protection of investors' rights.

**Article 3**

This order shall enter into force immediately upon signature.

(Acting) Vice President of the National Bank of Georgia

Archil Mestvirishvili

**The procedure for recognizing the trading system of financial instruments as an organized market**

**Article 1. General provisions**

The rule for recognition of the trading system of financial instruments as an organized market (hereinafter - the Rule) determines the requirements and criteria for the recognition of the trading system of financial instruments as an organized market by the National Bank of Georgia.

**Article 2. Definitions of terms**

1. For the purposes of this rule, the terms used in the text have the following meanings:

a) Organized market – a trading system that provides the opportunity for persons wishing to make a transaction on financial instruments to communicate with each other through this system and conclude a transaction of their choice;

- b) Recognized organized market – an organized market or its segment, which is recognized as such by the National Bank of Georgia in accordance with the requirements and conditions determined by this rule;
- c) Governing body – the supervisory board of a legal entity, or in its absence, the board of directors;
- d) Admission to trading – for the purposes of this rule, the admission of a financial instrument to the trading system of an organized market.

2. Other terms used in this rule have the meanings defined by the legislation of Georgia.

### **Article 3. Recognition as an organized market**

1. The status of a recognized organized market may be granted to a licensed stock exchange, its segment or another organized market.
2. Only the National Bank of Georgia has the authority to grant the status of recognized organized market.
3. The regulation of the recognized organized market is carried out by the National Bank of Georgia, the purpose of which is to ensure compliance of the activities of the recognized organized market with the requirements stipulated by this rule and the securities market regulatory legislation, including in accordance with Article 8 of this rule.
4. In order to receive recognition, the organized market (applicant) submits to the National Bank of Georgia:
  - a) the application defined by Annex N1 (hereinafter - the application);
  - b) information confirming the compliance of members of the governing body with the requirements of Article 4, paragraph 2 of this Rule;
  - c) the rules, policies, methodology and procedures defined by Article 5 , paragraphss 1, 2, 3 and 4 of this rule.
5. When reviewing the statement and information provided for in paragraph 4 of this article, the National Bank of Georgia checks the compliance of the applicant with the requirements set for the recognized organized market defined by this rule.
6. The National Bank of Georgia shall consider the application and within 30 calendar days notify the applicant:
  - a) consent on recognition as an organized market; or
  - b) justified refusal; or
  - c) in case the information presented by the applicant is inaccurate or incomplete, a request for additional information. In this case, 30 calendar days are counted from the submission of relevant information to the National Bank of Georgia.
7. If, in accordance with paragraph 6 of this article, the National Bank of Georgia has not provided information in writing to the applicant, after 30 calendar days, the applicant shall be considered a recognized organized market.
8. The National Bank of Georgia is entitled to refuse to accept the application if:
  - a) the application submitted by the applicant and the attached information is incomplete or inaccurate,

and the applicant fails to provide or refuses to submit the additional information requested by the National Bank of Georgia within the determined period;

b) The applicant cannot meet the conditions defined by this rule.

9. In the event that the applicant fails to meet all the conditions provided for in this rule at the time of submitting the application, the National Bank of Georgia is authorized to grant the status of recognized organized market to the applicant on the condition that it meets the conditions provided for in this rule in stages or in full within the period determined by the National Bank of Georgia.

#### **Article 4. Requirements for members of the governing body**

1. The members of the governing body of the recognized organized market/applicant shall have a good repute and sufficient knowledge and experience to be able to effectively manage the recognized organized market and ensure its proper functioning;

2. All members of the governing body of a recognized organized market/ applicant shall meet the following criteria:

a) have education in financial, legal or other relevant fields and at least 5 years of work experience;

b) identify and disclose to the governing body those circumstances that may become the ground for a conflict of interest and endanger his/her independence, objectivity and impartiality in the performance of his/her duties.

3. For the purposes of subparagraph "b" of paragraph 2 of this article, a member of the governing body of a recognized organized market/ applicant shall disclose at least the following types of information:

a) was or is the owner of 5% or more shares of a recognized organized market/ applicant, or a person related to such a person;

b) is or has been the owner of 5% or more shares of a company admitted to trading on the organized market, or a member of its management body;

c) has personal, official and economic relations with other members of the governing body, including companies included in the recognized organized market/ applicant group;

d) has other types of economic interests in relation to another member of the management body of the applicant for recognition or a company related to it, which may become the ground for a conflict of interest;

e) has other types of interest, including family ties, which may become the ground for a conflict of interest.

#### **Article 5. Requirements regarding rules, policies, methodology and procedures**

1. A recognized organized market shall have transparent, fair and non-discriminatory rules designed based on international practice and be publicly available. These rules should include at least the following:

a) the rule of admitting to trading;

b) trading rule;

c) rule related to membership;

d) the procedure for recording non-exchange transactions with public securities;

e) codes of ethics and disciplinary violations.

2. A recognized organized market shall have a fair and transparent pricing policy and methodology.

3. A recognized organized market shall have a transparent conflict of interest policy and an objective

procedure for monitoring the implementation of this policy.

4. The recognized organized market shall have a policy and procedures for determining the compliance of a potential issuer (hereinafter - the issuer) with the rules of admitting to trading on the organized market, according to which the recognized organized market will, with the information available to it and with predetermined periodicity, regularly check the compliance of the issuer admitted to trading with the admission requirements.

5. The recognized organized market shall ensure the monitoring of compliance with the rules, policies, methodology and procedures developed by it, and apply the sanctions specified in the same rules to the members for their violation.

#### **Article 6. Requirements for the issuer of securities admitted for trading**

1. A recognized organized market, based on the information available to it, shall ensure that the issuer of securities admitted to trading (hereinafter - the issuer) complies with the requirements of the rule of admission to trading.

2. The recognized organized market shall require the issuer of the securities admitted to the trading system to publish the annual and semiannual financial statements of the last 2 years on its website and provide it. If the issuer has been in business for less than 2 years, it shall submit the latest possible or current financial statements.

3. A recognized organized market shall require the issuer admitted to trading to provide it with information important to investors and to publish it on its website, which may affect the market price of the company's financial instruments.

4. The recognized organized market shall require the issuer admitted to trading to publish and provide to the issuer's website the changes made in the charter, changes related to the ownership of financial instruments and significant (more than 10%) changes in the capital structure.

5. The recognized organized market shall periodically review the compliance of the issuer of financial instruments admitted to trading with the requirements of paragraphs 2, 3 and 4 of this article. If they fail to meet the mentioned requirements, the recognized organized market may give them a reasonable period to meet these requirements, and if they fail to fully fulfill their obligations within this period, consider terminating or suspending their admission to trade.

#### **Article 7. Storage and publication of information by the recognized organized market**

1. The recognized organized market shall ensure the publication and updating of the following information on its website:

- a) recognized organized market rules;
- b) the policy, methodology and procedures defined by paragraphs 2, 3 and 4 of Article 5 of this rule;
- c) reports defined by paragraph 2 of Article 6 of this rule;
- d) prospectuses of the issuer admitted to the trading system;
- e) information defined by paragraph 3 of Article 6 of this rule of the issuer admitted to the trading system.

2. The recognized organized market is obliged to ensure the publication of trading data on its website within a reasonable period of time. The information should include the following data: date and time of the trade, identification code of the financial instrument, price of the transaction, currency of the transaction, number of securities, total volume of the transaction, type (trading session or fixing).

3. It should be possible to search for the information defined by subparagraphs "c", "d", "e" of the first paragraph and paragraph 2 of the same article, according to each security and issuer, as well as the date of the transaction, in the period after the introduction of this rule.
4. The recognized organized market shall provide the National Bank of Georgia with the information requested by it.
5. The recognized organized market shall produce and store the records specified in this rule for at least five years in electronic or physical (paper) form.

#### **Article 8. Authorities of the National Bank of Georgia**

1. The National Bank of Georgia is authorized to periodically check the compliance of the recognized organized market with the recognition criteria and take appropriate measures within the scope of the powers listed in this article.
2. The National Bank of Georgia is authorized to set additional requirements for recognition as an organized market; In addition, to determine the period within which the recognized organized market should meet these requirements.
3. The National Bank of Georgia is authorized under this rule to submit to the governing body of the recognized organized market the issue of removing a member of the governing body or suspending his/her authority, in the event that:
  - a) the member of the governing body cannot meet the requirements provided for in Article 4 of this rule;
  - b) incorrect, misleading information or documents were submitted by a member of the governing body for the purpose of appointment;
  - c) it is clear from the activity of the member of the governing body that, while performing his/her duties, he/she cannot ensure the protection of the interests of the recognized organized market, members, issuers and investors and hinders the proper functioning of the recognized organized market.
4. In case of non-fulfillment of any of the conditions provided for in paragraph 3 of this article, the National Bank of Georgia is authorized to take appropriate measures by requesting the suspension of the authority of the member of the governing body.
5. The National Bank of Georgia is authorized to revoke the recognition of the organized market in the following cases:
  - a) the recognized organized market no longer meets the conditions defined by this rule;
  - b) recognition was made based on inaccurate or false information;
  - c) if the activity of the recognized organized market threatens the interests of investors and the smooth functioning of the financial market;
  - d) if the recognized organized market significantly violates the requirements stipulated by the legislation of Georgia or the violations have a systematic nature.
6. In case of violation of any subsection of paragraph 5 of this article, the National Bank of Georgia warns the recognized organized market and sets a period of not less than 30 calendar days, during which the recognized organized market must eliminate the deficiencies.
7. If the recognized organized market is not able to eliminate the shortcomings in accordance with the condition established by paragraph 6 of this article, the National Bank of Georgia shall cancel its recognition.

#### **Article 9. Transitional and final provisions**

1. For the purposes of this rule, the part of JSC "Georgian Stock Exchange" (I/C: 211382145; license number: №9001, date: 14.01.2000), which as of January 1, 2018, in accordance with the Rule on Admission to the Securities Trading System and Listing" of JSC "Georgian Stock Exchange: is defined as a listing segment (category) of category "A" and "B", be recognized as an organized market from January 1, 2018.

2. JSC "Georgian Stock Exchange" shall submit to the National Bank of Georgia, instead of all the documents listed in Article 3, paragraph 4, the application provided for in Annex 1 of this rule and listed securities the listed securities of the "A" and "B" categories of the exchange as of January 1, 2018.

3. JSC "Georgian Stock Exchange" is prohibited from adding new securities to the listing segments (categories) provided for in the first paragraph of this article without the prior approval of the National Bank of Georgia. The National Bank of Georgia makes a decision on granting or refusing the admission of securities to the listing segments provided for by the first paragraph of this article within 10 working days after the submission of the application and the attached documentation related to admission to the listing by JSC "Georgian Stock Exchange". In addition, if the National Bank of Georgia does not notify JSC "Stock Exchange" of the answer within the mentioned period, after the expiration of 10 working days, the security is considered admitted to the relevant segment of the listing of JSC "Stock Exchange of Georgia".

3<sup>1</sup>. The application provided for in paragraph 3 of this article shall be accompanied by the following documentation:

a) a copy of the issuer's application for admission to the relevant segment (category) of JSC "Georgia Stock Exchange" listing and the complete documentation attached to it;

b) a copy of the conclusion of the listing service of JSC "Georgia Stock Exchange";

c) copy of the decision of the Supervisory Board of JSC "Georgia Stock Exchange".

3<sup>2</sup>. It is possible to submit the documentation specified in paragraph 31 of this article to the National Bank of Georgia both in physical/documentary form and in electronic form, recorded on electronic media (CD disk).

3<sup>3</sup>. The National Bank of Georgia is entitled to request JSC "Georgian Stock Exchange" to provide additional information when considering the application for admission to the listing. Until the submission of additional documents or other information, the period for consideration of the application provided for in paragraph 3 of this article is considered to be suspended.

4. JSC "Georgian Stock Exchange" is obliged to meet all the requirements defined in this rule by August 31, 2018. Failure to comply with these requirements will result in the cancellation of the recognition provided for in the first paragraph of this article.

*Order N222/04 of the President of the National Bank of Georgia of October 5, 2018 - website, 08.10.2018*



საქართველოს ეროვნული ბანკი  
National Bank of Georgia

Organized market recognition application form

Approved by N.B.G.  
No. \_\_\_\_\_

Date (D D / MM / YYYY)

### 1. APPLICANT NAME

APPLICANT NAME

### 2. APPLICANT INFORMATION

Company Name

Registered Legal Address

Phone Number

Fax Number

E-mail

Web address

### 3. Demand

### 4. INFORMATION REGARDING APPLICANT CHARTERED CAPITAL

Amount of Chartered Capital

### 5. INFORMATION REGARDING MEMBERS OF APPLICANT'S MANAGEMENT BODY

First Name, Last Name

Date of Birth (DD,MM,YYYY)

Personal ID Card (or  
Passport) details:

Identification Document

ID Card (or Passport) Number

Date of Issue

Place of Issue

Position Held

☐ ID Card

☐ Passport

☐ Other

Expiration Date

### 6. INFORMATION REGARDING APPLICANT'S SHAREHOLDERS/PARTNERS, WHO DIRECTLY OR INDIRECTLY OWN A SUBSTANTIAL SHARE (10% or more)

First Name and Last Name or Name

Date of Birth / Registration

Identification Details:

Type of Identification Document

ID Card (Passport) number or registration number

Date of Issuance or Registration

Place of Issuance or Registration

Share number, class and

Position in the Company

☐ Identity card

☐ passport

☐ other

Expiration Date

### 7. SOFTWARE

Applicant shall use the software that was presented to the regulator during its activities

☐ Yes

☐ No

### 8. List of Annexes

Documentation regarding Management body member suitability

☐ Enclosed

☐ Not Available

Other enclosed documents

Signature

Date (DD/MM/YYYY)