

## The Association of Global Custodians - Questionnaire - Database

### Georgia - National Bank of Georgia - View Record

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Welcome to the Depository-Information Gathering Project. Before beginning, we suggest that you: print the entire document for review on paper; review the Glossary of Terms. Each will assist you with answering the questions. For help, contact: Robin D. Truesdale, Baker & McKenzie LLP (202) 835-1664; e-mail: Robin.Truesdale@bakermckenzie.com.

### SCOPE, STRUCTURE, OWNERSHIP, CAPITAL, REGULATION AND AUDIT

*The purpose of this section is to understand the ownership structure and financial strength of your institution, as well as the level of regulatory and operational supervision to which it is subject.*

#### Response Necessary/Eligibility Question

1. Rule 17f-7, by reference to Rule 17f-4, requires that, for a depository to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as "Eligible Securities Depositories"), the depository must be a "system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities."

Are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?

Yes

#### Response Necessary/Eligibility Question

2. Rule 17f-7 also requires that an Eligible Securities Depository "acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated," or "acts as or operates a transnational system for the central handling of securities or equivalent book-entries."

#### Does your institution: (Choose all that apply.)

Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated? (please answer 2b)

2b. Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:

Government and Central Bank Debt Securities

#### 3. What type of legal entity is the institution? (Choose all that apply.)

Central Bank (or part thereof)

#### 4. Is the institution operated as a "for profit" or a "not for profit" organization?

Not for profit

#### 5. Please provide the names of the owners and their ownership interest percentages.

National Bank of Georgia

**6. Please answer the following:****6a. What is the date of establishment of the depository?**

02/Aug/1991

**6b. What is the date that the depository's operations began?**

02/Aug/1991

**7. Under what regulation or statute is the depository established and governed?**

Articles 95 and 96 of the Constitution of Georgia and Organic Law of Georgia on the National Bank of Georgia

**7a. Is the regulation or statute electronically available?**

Yes (please answer 7b)

**7b. If regulation or statute is electronically available, please supply web address(es) here or upload document(s) in question 7c.**[http://www.nbg.ge/uploads/legalacts/nbg\\_const\\_95\\_96\\_eng.pdf](http://www.nbg.ge/uploads/legalacts/nbg_const_95_96_eng.pdf)[http://www.nbg.ge/uploads/legalacts/organic\\_law\\_eng130911.pdf](http://www.nbg.ge/uploads/legalacts/organic_law_eng130911.pdf)**7c. Please supply document(s) here:****7d. Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the depository.****What are the qualifications to become a board member?**Structure of NBG: <http://www.nbg.ge/index.php?m=177> Composition of the board of NBG:<http://www.nbg.ge/index.php?m=364> According to the Organic Law of Georgia on the National Bank of Georgia Article 7, Section 2: Members of the Board of the National Bank shall be the citizens of Georgia or foreign country, professional economists or/and financiers and distinguished by their integrity.**7e. What are the election procedures?**

According to the Organic Law of Georgia on the National Bank of Georgia Article 7, Section 4: Members of the Board of the National bank as nominated by the President of Georgia shall be elected by the Parliament of Georgia for 7 year-term of office with the majority of votes of total number of the Parliament Members.

**7f. What is the maximum length of time a board member can serve?**

There are no limitations.

**7g. How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)?**

According to the Organic Law of Georgia on the National Bank of Georgia Article 12, Section 3: Each member of the Board has one vote. The meeting is authorized if more than half members of the Board take part one of whom is the President or Acting President of the National Bank of Georgia.

**7h. Who is responsible for regulating the board members?**

Board members are independent to act in their functions in accordance with the Organic Law of Georgia on the National Bank of Georgia and therefore are not regulated by any individual(s).

**Response Necessary/Eligibility Question****8. Rule 17f-7 requires that an Eligible Securities Depository "is regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act", with section 2(a)(50) establishing that "'foreign financial regulatory authority' means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its****laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above."****Who regulates the activities of the depository? (Choose all that apply.)****A governmental body or self-regulatory organization empowered to administer or enforce laws related to other financial activities., Other (please answer 8a)**

**8a. Please explain:**

National Bank of Georgia is the Central Bank of the country and an independent, self-regulatory entity and is accountable to the Parliament of Georgia

**9. Please provide the name of regulatory authority(ies) identified in question 8:**

N/A

**Response Necessary/Eligibility Question**

**10. Rule 17f-7 requires that an Eligible Securities Depository "is subject to periodic examination by regulatory authorities or independent accountants."**

**Is the depository subject to periodic examination by: (Choose all that apply.)**

Other (please answer 10a)

**10a. Please explain:**

Independent external auditors

**11. What enforcement actions are available to the regulatory authority(ies) for breach of applicable statute or regulatory requirements? (Choose all that apply.)**

**Name of Authority #1 (please answer 11a):**

Parliament of Georgia

**11a.**

Other (please answer 11b)

**11b. Please explain:**

Parliament may require corrective actions

**Name of Authority #2 (please answer 11c):**

Court

**11c.**

Fines, Other (please answer 11d)

**11d. Please explain:**

By court decision NBG may be required to perform specific corrective actions in accordance with acting legislation

**12. Has there been any use of such enforcement actions in the last three years?**

No

**Capital**

**13. Are annual financial statements publicly disclosed?**

Yes (please answer 13a)

**13a. If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?**

Yes (please answer 13b)

**13b. If yes, please upload the document(s) here or insert web link(s) in question 13d:**

**13c. If more than one document for 13b, please upload the additional document here:**

**13d. Please insert web link(s) for 13b here:**

<http://www.nbg.ge/index.php?m=348&lng=eng>

### **Internal Audit**

**14. Is an internal audit undertaken in your depository?**

Yes (please answer 14a)

**14a. If yes, what areas does the audit cover (financials, operations, etc.) and which department in your depository handles it?**

Financials, operations, risk management, business continuity, legal compliance. Internal Audit Service conducts regular audits.

**14b. Please list the date of your last internal audit and the period that the audit covered:**

01/May/2011

to

01/Jan/2012

**14c. How frequently does the internal audit occur? (Choose one.)**

Annually (please answer 14e)

**14e. Are the results of the internal audit publicly available?**

No

**14f. Please select the statement that most accurately characterizes the results of the last internal audit: (Choose one.)**

No material exceptions found.

**15. Is a financial audit performed by an Audit Firm, Regulatory Authority, or other external party?**

Yes (please answer 15a)

**15a. If yes, please state the name(s) of the entity(ies) who perform the financial audit.**

Any of the "Big Four" audit firms are eligible to conduct external audits of NBG as selected by the parliament through the tender process. Recent auditor is Deloitte.

**15b. Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:**

30/Mar/2012

**15c. Please list the period that the audit covered:**

01/Jan/2011

to

31/Dec/2011

**15d. How frequently does the financial audit occur? (Choose one.)**

Annually (please answer 15f)

**15f. Are the results of the financial audit publicly available?**

Yes

**15g. Please select the statement that most accurately characterizes the results of the last financial audit: (Choose one.)**

No material exceptions found.

**16. Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?**

Yes (please answer 16a)

**16a. If yes, please state the name(s) of the entity(ies) who perform the operational audit.**

16a. If you, please state the name(s) of the entity(ies) that perform the operational audit:

Operational audit is performed as component of financial audit

**16b. Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:**

30/Mar/2012

**16c. Please list the period that the audit covered:**

01/Jan/2011

to

31/Dec/2011

**16d. How frequently does the operational audit occur? (Choose one.)**

Annually (please answer 16f)

**16f. Are the results of the operational audit publicly available?**

Yes

**16g. Please select the statement that most accurately characterizes the results of the last operational audit: (Choose one.)**

No material exceptions found.

## **PARTICIPANTS AND PARTICIPATION**

*The purpose of this section is to understand issues relating to participation in the depository, including eligibility requirements, conditions of participation, and supervision of participants.*

**17. What types of entities are eligible to become participants and how many of each type are there currently? (Choose all that apply.)**

Banks (please answer 17a), Other entities (please answer 17q)

**17a. How many Bank participants are there currently? (then please answer 17b)**

Eighteen(18)

**17b. Please select the features included in the eligibility requirements for Banks. (Choose all that apply.)**

Other (please answer 17d)

**17d. Please explain:**

All banks are eligible

**17q. If you have selected "Other entities" above, please explain:**

Ministry of Finance National Bank of Georgia

**17r. Indicate how many "Other entities" are currently participants?**

Two

**17s. Please select the features included in the eligibility requirements for the participants referred to above as "Other entities". (Choose all that apply.)**

Other (please answer 17u)

**17u. If other, please explain:**

Both are issuers of the securities

**18. Are participants required to contribute capital to the depository that would result in ownership of the depository?**

Not applicable

**19. Are prospective participants subject to an initial review and approval process regarding compliance with**

**eligibility requirements?****No****Conditions of Participation****20. What governs the relationship between the depository and the participants? (Choose all that apply.)**

Relevant law and regulation, Standard participation contract, Rules of the depository

**Response Necessary/Eligibility Question****21. Rule 17f-7 requires that an Eligible Securities Depository “holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants.”****Please confirm that assets of foreign investors held by custodians as participants in the depository are held under safekeeping conditions no less favorable than the conditions that apply to other participants.**

Yes (please answer 21b)

**21b. Please confirm the basis for the arrangements you have in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants. (Choose all that apply.)**

Relevant Law and Regulation, Standard participation contract, Rules of the depository

**22. How does the depository notify participants of material changes to the conditions of participation? (Choose all that apply.)**

By e-mail, Other (please answer 22a)

**22a. Please explain:**

Official letter is sent to all participants. Laws and regulations are subject to mandatory publication

**Governance of Participants****23. Who enforces compliance with the depository's conditions of participation? (Choose all that apply.)**

The depository

**24. What enforcement actions are available to the enforcement authority? (Choose all that apply.)**

Restrictions on participation, Suspension of participation, Termination of participation

**25. Has there been any such enforcement actions in the last three years?****No****DEPOSITORY FUNCTIONALITY AND SERVICES; USE OF AGENTS***Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution.***26. For which of the following security types do you serve as a depository or clearing system? (Choose all that apply.)**

Government securities, Others (please answer 26a)

**26a. Please name the other security types:**

Central Bank Debt Securities

**27. Is the use of the depository in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc). (Choose all that apply.)**

Yes by law for settlement, but not for all instrument types (please answer 27a), Yes by law for safekeeping, but not for all instrument types (please answer 27b)

**27a. Please list the instrument types for which it is not compulsory by law to:**

**(i) settle in your depository**

**Any financial instrument except for Central Bank and Government debt securities**

**(ii) safekeep in your depository:**

Any financial instrument except for Central Bank and Government debt securities

**27b. Please list the instrument types for which it is not compulsory by market practice to:**

**(i) settle in your depository**

**Any financial instrument except for Central Bank and Government debt securities**

**(ii) safekeep in your depository:**

Any financial instrument except for Central Bank and Government debt securities

**28. Settlement and Safekeeping Percentages**

**28a. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.**

Government debt securities 100% Central Bank debt Securities 100%

**28b. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.**

Government debt securities 100% Central Bank debt Securities 100%

**29. Are there any activities performed by a third party on behalf of the depository for the depository participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?**

No

**30. Has any participant suffered any losses in the past three years due to the depository's performance?**

No

**Other Services**

**31. Who accepts cash deposits (or makes payment credit accommodations) for depository transactions? (Choose all that apply.)**

Central Bank

**32. Who processes cash clearing (or draws on credit lines, if applicable) for depository transactions? (Choose all that apply.)**

Central Bank

**33. Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)? (Choose all that apply.)**

Central Bank

**34. Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)? (Choose all that apply.)**

Central Bank

**35. Please indicate services you provide. (Choose all that apply.)**

Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc. Please provide details. (please answer 35c), Same day turnaround settlements., Other (please answer 35d)

**35c. Collateral Handling: please provide details:**

Banks can borrow from a central bank or another bank using securities as collateral. Central bank provides intraday credit to banks free of charge to facilitate settlements

**35d. If other services, please explain:**

Full online access, control, management and reporting of transactions, accounts and portfolios of participants in the CSD system

**36. What procedures are in place for the processing of corporate action entitlements? (Choose all that apply.)**

Credited to the securities account upon actual receipt by the depository.

**37. What procedures are in place for the processing of interest and dividends?(Choose all that apply.)**

Credited to the cash account upon actual receipt by the depository.

**Linkages With Other Central Securities Depositories (CSD) or International Central Securities Depositories (ICSD)**

**38. Please list all depositories or settlement systems to which you have an electronic link.**

CSD system has an electronic link to Real-time Gross Settlement System (RTGS) managed by the National Bank of Georgia

**39. Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?**

Yes (please answer 39a)

**39a. Please explain:**

As both systems are owned and operated by National Bank procedures and proper infrastructure are in place to ensure uninterrupted functioning of both systems

**40. Has a business interruption recovery plan been developed in the event the linkages should become inoperable for any reason?**

Yes

**ACCOUNT STRUCTURES AND RECORDKEEPING**

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*The purpose of this section is to identify the nature of accounts; the naming convention is employed, the level of segregation achieved, accessibility in the event of bankruptcy and the frequency of reporting generated from them.*

**41. Are participants permitted to maintain more than one account at the depository?**

Yes (please answer 41a)

**41a. If yes, please indicate number: (Choose one.)**

An unlimited number of accounts.

**42. Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?**

Yes (please answer 42a)

**42a. If yes, is segregation required or simply permitted?**

Required (please answer 42b)

**42b. How does segregation occur? (Choose all that apply.)**

By separately designated participant accounts., By separately designated beneficial owner accounts.

**43. Does the depository permit its participants to open accounts in the participant's own nominee name(s)?**

Yes (please answer 43a)

**43a. If yes, do laws exist which define as well as protect the rights of beneficial owners with respect**



that, if yes, do laws exist, which define as well as protect the rights of beneficial owners with respect to securities registered in nominee name?

Yes

44. In the event a participant's single or main account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in any account or accounts on behalf of the participant's clients be accessible:

44a. By the participant's clients?

Yes (please answer 44b)

44b. If yes, please describe briefly how clients of participants would access their securities and whether there would be any delay in their ability to do so:

Via their bank (participant). In addition, NBG can give them signed report of their account.

44d. By the intervening authorities controlling insolvency or other proceedings?

Yes (please answer 44e)

44e. If yes, please describe briefly under what conditions access would be granted to the intervening authorities:

New administration will act as regular bank management and only per beneficial owner's instructions

44g. By the participant's creditors?

No

44j. By the depository's creditors?

No

45. In what form does the depository maintain records identifying the assets of each participant? (Choose all that apply. Please refer to "Help" for clarification.)

Other (please answer 45a)

45a. If other, please explain:

The depository is a dedicated system which keeps electronic records on a secure database server.

#### Response Necessary/Eligibility Question

46. Rule 17f-7 requires that an Eligible Securities Depository "provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account."

Does the depository make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?

Yes (please answer 46b)

46b. If yes, please indicate the scheduled frequency: (Choose one.)

Other (please answer 46c)

46c. If other, please explain:

All reports are available online, in real time

47. What is your document and record retention policy for documents and records described above in this section? (Choose one.)

7 years

## SETTLEMENTS

*The purpose of this section is to identify the model of settlement employed, the relationship between cash and securities, and the basis on which participants meet their obligations.*

48. The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely

resemble (Please refer to details on the models within the "Help" section located below this question): (Choose all that apply.)

Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. (please answer 48a)

**48a. Please briefly describe your settlement process, including how your settlement procedures may vary from the model chosen above (and as described below in the Help section)?**

Fully in line with Model 1

**Question 48 Help:**

***Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds simultaneously on a trade-by-trade (gross) basis, with final (irrevocable and unconditional) transfer of securities from the seller to the buyer (delivery) occurring at the same time as final transfer of funds from the buyer to the seller (payment). The securities settlement system maintains securities accounts and funds accounts for participants. Transfer of securities and cash are made by book-entry.***

***Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. These systems settle securities transfer instructions on a trade-for-trade (gross) basis, with final transfer of securities from the seller to the buyer (delivery) occurring throughout the processing cycle, but settle funds transfer instruction on a net basis, with final transfer of funds from the buyer to the seller (payment) occurring at the end of the processing cycle.***

*The securities settlement system maintains securities accounts for participants, but funds accounts are usually held by another entity (often a commercial bank or the central bank). Securities are transferred by book-entry, such transfer being final at the instant the entries are made on the securities settlement system's books. The corresponding funds transfers are irrevocable, but not final. During the processing cycle, the system calculates running balances of funds debits and credits, the balance being settled at the end of the processing cycle when the net debit and net credit positions are posted on the books of the commercial bank or central bank that maintains the funds accounts. Settlement of funds accounts may occur once a day or several times a day.*

***Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds on a net basis, with final transfer of both occurring at the end of the processing cycle. Settlement may occur once a day or several times a day. The securities settlement system maintains securities accounts for participants. Funds accounts may be maintained by another entity, either a commercial bank or the central bank.***

*During a processing cycle, running balances of debits and credits to funds and securities accounts are calculated. All funds and securities transfers are provisional until the end of the processing cycle, at which time book-entry transfer of securities take place. If and only if all participants have sufficient balances of funds and securities, final transfers of the net securities balances and net funds balances are executed.*

**49. Are the cash and security movements simultaneous?**

Yes

## OWNERSHIP OF SECURITIES

*The purpose of this section is to determine how ownership of securities is represented, the ways the depository maintains ownership or control of securities held in the depository, and the extent to which ownership of assets held by the depository is separated from the proprietary assets of the depository.*

*This section also considers the process by which the ownership of securities is transferred in the depository and the existence of any liens or claims on the depository securities (such as a clearing lien) that would affect the ownership of depository securities.*

**50. How are depository eligible securities held by the depository?**

Securities in the depository are held in dematerialized form.

**51. If depository eligible securities are certificated, can depository eligible securities be held outside of the depository?**

Not applicable

**52. If securities are dematerialized:**

**May dematerialized security positions be re-certificated and held outside the depository?**

No (please answer 52a)

no (please answer 52a)

**52a. Are the securities held: (Choose all that apply.)**

Through book-entry at the depository

**52d. If the securities held by the depository are recorded by book entry at the registrar, are the securities registered only to the depository, with the depository providing the function of recording ownership on a centralized basis for the market? (Choose all that apply.)**

Other (please answer 52l)

**52f. Please describe:**

Not applicable

**52i. If the securities held with the depository are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the depository (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:**

Not applicable

**52l. If other, please explain:**

NBG acts as both depository and registrar of the securities

**Response Necessary/Eligibility Question**

**53. Rule 17f-7 requires that an Eligible Securities Depository "maintains records that identify the assets of each participant and segregate the system's own assets from the assets of participants."**

**Does the depository maintain records that identify the assets of each participant and segregate the system's own assets from the assets of participants?**

Yes

**54. Does the law protect participant assets from claims and liabilities of the depository?**

Yes

**55. Can the depository assess a lien on participant accounts? (A lien would entitle the depository to take and hold or sell the securities of the participant in payment of a debt.)**

Yes (please answer 55a)

**55a. If yes, for what reasons are liens or similar claims imposed? (Choose all that apply.)**

Fees and expenses, Collateralization of overdrafts, Other (please answer 55b)

**55b. Please describe:**

To secure participants obligations towards National Bank of Georgia

**55c. Please indicate the limits of this lien as indicated below: (Choose one.)**

**55e. If a lien is placed on a participant's account which has been designated for its clients, will the depository select certain securities to be subject to the lien?**

Other (please answer 55n)

**55j. For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?**

Other (please answer 55m)

**55m. If other, please explain:**

Non applicable

**55n. If other, please explain:**

Non applicable

**56. Transfer of Legal Ownership**

**Does the depository have legal authority to transfer title to securities?**

**Yes (please answer 56a)**

**56a. When does title or entitlement to depository securities pass between participants? (Choose one.)**

When corresponding money or other consideration is transferred. (please answer 56c)

**56c. Where does title or entitlement to depository securities pass between participants? (Choose one.)**

On the depository books

**Datasheet Progress**

**Part 1 In Progress**

## The Association of Global Custodians - Questionnaire - Database

### Georgia - National Bank of Georgia - View Record

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#### Name

Georgia - National Bank of Georgia

#### HANDLING OF SECURITIES OUTSIDE THE DEPOSITORY ENVIRONMENT

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*The purpose of this section is to consider the process (and any risk inherent within such a process) that involves the safekeeping of client assets while they are being removed from a depository and being lodged into a depository.*

**57. How are eligible securities lodged (that is, placed) in the depository system? (Choose all that apply.)**

Other (please answer 57a)

**57a. Please describe:**

Immediately after the end of the primary auction.

**58. When are securities lodged into the depository reflected in a participant's depository account? (Choose all that apply.)**

Other (please answer 58a)

**58a. Please explain:**

Immediately after the end of the primary auction.

**59. How long does it usually take to lodge securities with the depository? (Choose one.)**

Other (please answer 59b)

**59b. If other, please explain:**

Immediately after the end of the primary auction.

**60. During the process of lodging securities into the depository, can the securities:**

**Be traded?**

Yes

**60a. During the process of lodging securities into the depository, can the securities:**

**Be settled?**

No (please answer 60d)

**60b. During the process of lodging securities into the depository, can the securities:**

**Have ownership transferred?**

No (please answer 60e)

**60d. If they cannot be settled, or if you answered other, please explain:**

Can be settled only after the securities are lodged in the CSD.

**60e. If ownership cannot be transferred, or if you answered other, please explain:**

Ownership can be transferred only after the securities are lodged in the CSD.

**61. Are securities immediately available for delivery upon transfer to the depository?**

Other (please answer 61d)

**61d. If other, please explain:**

Yes, only after the settlement for the initial placement is finalized.

**62. Please describe briefly the arrangements/procedures/facilities you maintain to ensure that eligible securities held at the depository are handled at least as efficiently as compared to securities held outside the depository, particularly in relation to income, corporate actions and proxy services.**

All securities are held at the central depository, however participants are allowed to maintain sub-registries. According to the rules on Treasury securities and CSD system, banks are required to immediately transfer income received from the issuer of securities and corporate actions to the clients' accounts as well as provide proxy and other services.

**63. What transfer process steps are involved when eligible securities are withdrawn from the depository for safekeeping? (Choose one.)**

Not applicable.

**64. How long does it usually take to remove securities from the depository? (Choose one.)**

Not applicable

**65. While the securities are being removed from the depository, can they:**

**65a. Be traded? (Choose one)**

Not applicable

**65c. Be settled?**

Not applicable

**65e. Have ownership transferred?**

Not applicable

## **STANDARD OF CARE**

*The purpose of this section is to understand the responsibility and liability that the depository has in providing services to its participants/members in the settlement and clearing of securities and/or cash, and to understand what type of protections exist for participants in the event of a participant failure/default.*

### **Depository Liability**

**66. Does the depository accept liability (independent of any insurance coverage) for the following:**

**66a. Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?**

Other (please answer 66d)

**66d. If other, please explain:**

NBG is the depository and the registrar, therefore all the information is stored in one system and there is no need for reconciliation. According to the CSD system rules, NBG is responsible for safe and sound operations of the CSD system preventing reconciliation errors, theft of securities, depository error and other CSD system-related issues under direct control of NBG. However, NBG is not directly financially liable for any problems caused by errors in the CSD system.

**66e. Theft of securities (either physical certificate or electronically from accounts at the depository) from the depository that result in direct damages or losses to participants?**

No

**66i. Failure of the depository's systems that result in direct damages or losses to participants because they cannot use either securities or funds?**

No

**66m. Any direct damages or losses to participants caused by the depository due to its errors, omissions or fraud?**

No

**66a. Any direct damages or losses to participants caused by the depository in its capacity as a central**

counterparty?

No

66u. Does the depository guaranty settlement?

Not applicable

66x. Any direct damages or losses to participants caused by the depository as a result of force majeure events, acts of God, or political events, etc.?

No

66+. In all cases where the depository assumes responsibility for direct or indirect or consequential losses, is the depository's liability limited by a standard of care determination?

Not applicable

67. Do the depository's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the depository in the form of?

67a. Indemnification

No

67d. Insurance

No

67g. Acknowledgement of liability for losses caused by depository's own actions.

No

67j. Other

No

68. Is the depository immune from legal action in its own jurisdiction?

No

#### **Security Control**

69. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts? (Choose all that apply.)

By direct electronic link

70. Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?

Yes (please answer 70a)

70a. How is access given to participants? (Choose all that apply.)

By direct electronic link (please answer 70b)

70b. Please select type of electronic link:

Internet

71. Regarding data security:

71a. Are passwords used by participants to access their accounts?

Yes

71c. Does each user have a unique user ID?

Yes

71e. Are passwords regularly changed?

Yes (please answer 71f)

**71f. How often?**

According to the internal securities policies of participants.

**71h. Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?**

Yes (please answer 71i)

**71i. How many?**

According to the internal securities policies of participants.

**72. Does the depository communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?**

Yes (please answer 72a)

**72a. Please explain:**

The depository has a secured linkage to Real-time Gross Settlement System (RTGS) of NBG.

**73. How does the depository communicate with other market entities?****73a. Stock Exchanges (Choose all that apply.)**

Not applicable

**73b. Payment Systems (Choose all that apply.)**

Paper/other

**73c. Clearing Houses (Choose all that apply.)**

Not applicable

**73d. Registrars (Choose all that apply.)**

Not applicable

**74. How is access to the physical building controlled? (Choose all that apply.)**

By guards, By electronic keys/personal ID card, By alarm system

**75. What are the vault security procedures for the safekeeping of physical paper? (Choose all that apply.)**

Not applicable; no vault is maintained

**Participant Default Protections Resulting from a Participant Failure****76. If a participant defaults, how is the loss covered? (Choose all that apply?)**

Not applicable

**77. During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?**

No

**78. Does the depository have a guaranty fund independent of stock exchange or other market guarantees?**

Not applicable (please proceed to 79)

**78d. How is the fund financed? (Choose one.)****78h. Who is covered by the fund? (Choose all that apply.)****78j. When is the guaranty fund used? (Choose all that apply.)****79. Does the depository have forms of oversight management for assessing and monitoring of the following?**



(Choose all that apply.)

Other forms of risk management used for assessing and monitoring participant exposures (please answer 79i)

**79i. Please explain briefly how these work:**

The participants of the depository system are only commercial banks, which are supervised by NBG.

**80. Does the stock exchange have default protections that extend to the depository, such as the following?**  
(Choose all that apply.)

Not applicable

## **BUSINESS RECOVERY PLAN**

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*This section is intended to identify key aspects of the depository's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP.*

**81. Do you have a formal business recovery plan?**

Yes (please answer 81a)

**81a. Does your Business Recovery Plan include: (Choose all that apply.)**

Back-up of all computer files, Off-site data storage, Back-up files stored and locked, Off-site operations facility

**81b. Please identify both the frequency and the last date of testing for the following third party:**

**Depository participants/members**

Quarterly, 9/30/2012

**81c. Please identify both the frequency and the last date of testing for the following third party:**

**Stock exchange**

N/A

**81d. Please identify both the frequency and the last date of testing for the following third party:**

**Central bank**

N/A

**81e. Please identify both the frequency and the last date of testing for the following third party:**

**Local brokers**

N/A

**81f. Please identify both the frequency and the last date of testing for the following third party:**

**Any other third party**

N/A

**82. How quickly can the main system be reactivated in the event of an outage? (Choose one.)**

Other (please answer 82a)

**82a. If other, please explain:**

Depending on the severity of the outage, it may take from couple of minutes to a few hours.

**83. If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing? (Choose one.)**

8 - 24 hours

**84. Will the depository publicly announce any system interruption?**

Other (please answer 84g)

84b. If so, please list webpage address:

84e. How will the depository disclose any system interruptions? (Choose all that apply.)

By e-mail, By telephone

84g. If other, please explain:

85. In the past three years, has it been necessary to activate the recovery plan in a live situation?

No

## PERFORMANCE, INSURANCE, AND LOSS

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*This section is intended to identify the level of insurance maintained by the depository, and the extent to which coverage would extend to financial loss incurred by participants and their clients, including but not limited to losses resulting from operating performance, security breaches, and employee negligence or misconduct.*

86. Has there been any material loss by the depository during the past three years?

No

87. Has the depository been subject to any litigation involving a participant during the past three years?

No

88. Has the depository realized revenues sufficient to cover expenses during the past three years? (Choose one.)

Yes for all three years

89. Does the depository maintain a reserve for operating losses?

Yes (please answer 89a)

89a. Please describe and indicate reserve amount:

NBG has capital and reserves. As a central bank, NBG will remain operational and perform its functions regardless of revenues it generates or losses it suffers.

90. Has the regulatory body with oversight responsibility for the depository issued public notice that the depository is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?

Not applicable

90b. In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the depository?

91. Does the depository have insurance to cover losses in the event of Default on settlement commitments by the depository or a participant?

No

92. Does the depository have Fidelity insurance (that is, insurance to cover loss of securities or money resulting, for example, from acts such as forgery, theft, fraud and/or employee dishonesty)?

No

93. Does the depository have insurance for Operational Errors?

No

94. Does the depository have Errors and Omissions insurance?

No

95. Does the depository have insurance for the Premises?

Yes (please answer 95a)

**95a. What is the amount of the coverage?**

**18 million GEL**

**95b. What is the amount of the deductible?**

**96. Does the depository have any other insurance?**

No

**97. Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 97a and 97b in corresponding order.**

**Local insurance company: IC Group**

**97a. Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)**

N/A

**97b. What is the term of the policy?**

N/A

**97c. Who does the insurance cover? (Choose all that apply.)**

Other (please answer 97d)

**97d. If other, please identify:**

**All material assets (building, computer systems, equipment, etc.)**

**98. If you feel that you would like to provide additional details on any of the given answers, feel free to provide any additional comments here (maximum of 5,000 characters) or prepare an additional document identifying the question(s) you are commenting on and upload the document under 98a:**

**98a. Upload document here:**

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**PUBLIC AVAILABILITY**

**99. The AGC encourages respondents/depositories to make their answers to this questionnaire publicly available. Will you be making your response publicly available? (For additional guidance, please review the help feature to this question.)**

**Yes (please answer 99a)**

**99a. If yes, how will you be making it publicly available: (Choose all that apply.)**

By individual request with depository (please answer 99c)

**99b. Please provide web site address of publicly available questionnaire:**

**99c. Please provide name of contact at depository who has been designated to receive such requests (then please answer 99d).**

George Laliashvili

**99d. How would they prefer to be contacted? (Choose all that apply.)**

Telephone (please answer 99e), Facsimile (please answer 99f), By mail/air courier (please answer 99g), By e-mail (please answer 99h)

**99e. Please provide telephone number:**

**+995 322 406 242**

**99f. Please provide facsimile number:**

**+995 322 406 577**

**99g. What is the preferred street address for mailing requests?**

3/5 Leonidze St. Tbilisi 0105, Georgia

**99h. What is the preferred e-mail address for such requests:**

**Giorgi.Laliashvili@nbg.ge**

**99j. Please be sure your contact details are updated. Your contact information is located in the first section of Part One within this questionnaire.**

**You have reached the end of the questionnaire. Please be sure to print your responses and review them prior to changing Datasheet Progress to "Completed" under Part Two. (To print, select the printer friendly link at the top of the questionnaire.) When you are prepared to submit your answers, please return to Part One and Part Two of the questionnaire and change Datasheet Progress to "Completed". The members of The Association of Global Custodians thank you for your time and for your helpful response.**

**Please provide any comments you have regarding the questionnaire.**

**Datasheet Progress**

**Completed**