

The Governor of the National Bank of Georgia

Order No. 52/04

March 6, 2026

Tbilisi

Approval of The Rule for the Initial Coin Offering of a Stablecoin by a Virtual Asset Service Provider

Pursuant to Article 15, paragraph 1, subparagraph (g) and to Article 52⁵, paragraphs 1 and 2, of the Organic Law of Georgia “On the National Bank of Georgia”, as well as the Law of Georgia “On Facilitating the Prevention of Money Laundering and Terrorism Financing”, I hereby order:

Article 1

Approve the Rule for the Initial Coin Offering of a Stablecoin by a Virtual Asset Service Provider, together with the attached Appendices.

Article 2

This Order shall enter into force upon publication.

The Governor of the National Bank of Georgia

Natela Turnava

The Rule for the Initial Coin Offering of a Stablecoin by a Virtual Asset Service Provider

Article 1. General Provisions

1. The Rule for the Initial Coin Offering of a Stablecoin by a Virtual Asset Service Provider (hereinafter – the “Rule”) establishes the rules and requirements related to the initial coin offering of a stablecoin by a Virtual Asset Service Provider, including its issuance and subsequent service provision, as well as the rights, obligations, and responsibilities of the parties involved in the provision of this service.
2. The purpose of this Rule is to establish a secure and transparent regulatory framework for the initial coin offering of stablecoin in Georgia.
3. The requirements of the Rule apply to Virtual Asset Service Providers registered by the National Bank of Georgia (hereinafter – the “National Bank”) who wish to provide a stablecoin initial coin offering service.
4. The provision of a stablecoin initial coin offering on the territory of Georgia is prohibited without obtaining prior written consent from the National Bank.
5. A person who is not registered as a Virtual Asset Service Provider by the National Bank and wishes to conduct a stablecoin initial coin offering and provide related services is required to be registered as a Virtual Asset Service Provider with the National Bank, in accordance with the requirements established by the “Rule for the Registration, Cancellation of Registration, and Regulation of Virtual Asset Service Providers with the National Bank of Georgia”, approved by Order No. 94/04 of the Governor of the National Bank of Georgia on 13 June 2023 (hereinafter – the “Registration Rule”).
6. For the purposes of the Rule, a stablecoin is a virtual asset that aims to maintain a stable value, as defined in Article 2, paragraph 1, subparagraph (a) of the Rule.

Article 2. Definitions of Terms

1. For the purposes of this document, the following terms shall have the meaning set out below:
 - a. **Stablecoin** – a convertible virtual asset that is expressed or denominated in units whose value is pegged to the Georgian lari (GEL), any other fiat foreign currency (US dollar, euro, or other), or to another asset. Its value can be maintained by liquid assets and/or other assets agreed with the National Bank, through which price stability and supply control are maintained. A stablecoin does not include the digital representation of cash, securities and other financial instruments.

- b. **Lari stablecoin** – a stablecoin whose value is backed by the Georgian lari (GEL) as the main asset used to maintain its value.
- c. **Foreign currency stablecoin** – a stablecoin whose value is backed by a single fiat foreign currency (e.g., US dollar, euro) as the main asset used to maintain its value.
- d. **Stablecoin backed by another asset** – a stablecoin whose value is backed by another asset serving as the underlying asset for maintaining its value.
- e. **Stablecoin Issuer (hereinafter – the “Issuer”)** – a Virtual Asset Service Provider that issues a stablecoin and is responsible for managing the stablecoin scheme, maintaining adequate reserve assets, and redeeming the stablecoin at nominal value upon request of the stablecoin holders.
- f. **Initial coin offering** – the issuance of a stablecoin and its offering to the public for the purposes of purchase, sale and/or exchange.
- g. **Liquid asset** – fiat currency and/or domestic and foreign government securities.
- h. **Stablecoin reserve asset** – a liquid asset and/or another asset agreed with the National Bank that serves as collateral backing the stablecoin in circulation, the total value of which shall be not less than 100% of the value of the stablecoin in circulation at any time.
- i. **Redemption** – the exchange of a stablecoin, upon the request of its holder, for the corresponding asset as predetermined by the Issuer.
- j. **Client of the Issuer** – any natural or legal person who is identified/verified by the Issuer and is registered as a client in accordance with the terms and conditions defined by the Issuer.
- k. **Non-client of the Issuer** – any natural or legal person who is not a client of the Issuer.
- l. **Segregation of stablecoin reserves** – legal and operational separation of reserve assets from the Issuer's own assets.
- m. **Nominal value** – the fixed or otherwise determined value of a stablecoin, which is determined by a corresponding asset or a basket of assets (including fiat currency, securities, or other assets), and implies the right of the stablecoin holder to receive the corresponding value upon redemption.
- n. **Whitepaper** – a document that provides detailed, transparent and publicly available information about the stablecoin, covering its technical, financial, legal, and

operational aspects, and is intended to enable interested parties and investors to make an informed decision.

- o. Fiat currency** – an official currency issued by a state that has legal tender status within the territory of that country for the discharge of obligations, payment of taxes, and execution of other financial transactions.
 - p. Regulatory capital** – a type of capital established by the Issuer for the purpose of conducting its activities, absorbing expected or unexpected financial losses, and protecting against various types of risk.
 - q. Subordinated debt** – debt that has a lower repayment priority compared to other borrowed funds - the parties agree that, in the event of the Issuer’s severe financial distress, insolvency, or liquidation, the claims of the creditor of the subordinated debt shall be satisfied only after the claims of all other non-shareholder/non-partner creditors have been fully satisfied.
 - r. Convertible debt** – debt that, upon the occurrence of the contractual maturity or upon the request of the National Bank, is unconditionally convertible into the Issuer’s capital.
 - s. Other comprehensive income** – as defined by the International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board (IASB).
2. Other terms used in this Rule have the meaning defined in the Organic Law of Georgia “On the National Bank of Georgia”, the Registration Rule and other normative acts of Georgia.

Article 3. Corporate Governance

1. The Issuer is obliged to maintain a clearly defined organizational structure that ensures the allocation of responsibilities, effective processes for risk identification, management, monitoring and reporting, and adequate internal control mechanisms, including proper accounting and administrative procedures.
2. The governance structure of the Issuer must be consistent with the nature, scale and complexity of its activities.
3. If the total value of the Issuer’s reserve assets exceeds GEL 15,000,000 (fifteen million)—with the value of reserves held in foreign currency calculated in GEL at the equivalent value based on the official exchange rate applicable at the end of the reporting period—the Issuer shall comply with the requirements set forth in paragraphs 4–14 of this Article.

4. The supreme governing body of the Issuer shall be the General Meeting of the Partners/Shareholders (hereinafter – the “General Meeting”), which operates in accordance with the legislation of Georgia and the Issuer’s charter.
5. The Issuer is obliged to provide the National Bank with written information regarding any amendment to its charter immediately, but no later than ten (10) business days after such amendment. The Issuer is also obliged to provide the National Bank with information about the holding of the General Meeting (indicating the place, date, time, agenda, and other relevant details), together with the minutes of the meeting as soon as they become available, but no later than ten (10) business days after the General Meeting has been held.
6. The Supervisory Board shall be responsible for the corporate governance of the Issuer. The General Meeting elects a member of the Supervisory Board for a term of no more than three (3) years and his/her re-election is unlimited. The number of Supervisory Board members shall comply with the requirements established by legislation, including the minimum number determined by the Law of Georgia “On Entrepreneurs”, as well as the scale and complexity of the Issuer’s activities. At the same time, the competencies and skills of the members of the Supervisory Board shall ensure the proper conduct of the Issuer’s activities and risk management.
7. A member of the Supervisory Board shall not perform executive functions.
8. Members of the Supervisory Board, among other functions, shall be responsible individually as well as collectively for the following:
 - a. Determining the Issuer’s mission, vision and the main directions of its long-term strategy, and monitoring their implementation.
 - b. Ensuring that the Issuer’s organization is managed in accordance with the principles of fairness, competence, professionalism and ethics, including facilitating the professional development of employees for this purpose.
 - c. Determining the Issuer’s organizational structure, including roles and responsibilities, in a manner that ensures the proper exercise of authority by the Supervisory Board and the administrator(s), as well as an effective decision-making process. The joint and individual roles and responsibilities of the directors shall be defined by the Supervisory Board in an official document.
 - d. Monitoring the activities of the director/directorate and assessing the decisions taken by them. Based on the results of such assessment, appropriate measures shall be planned, which may include, inter alia, the professional development of the director or members of the directorate.
 - e. Approving the budget and supervising its implementation.

- f. Establishing an Audit Committee in accordance with the Law of Georgia “On Entrepreneurs”, regularly supervising its activities, and reviewing the reports prepared by it at least once per quarter.
 - g. Annually engaging an external auditor and submitting the financial report prepared by the auditor to the General Meeting for approval.
 - h. Approving policies and procedures related to the organization’s activities and risk management in accordance with applicable legislation and supervisory requirements, and overseeing their implementation.
- 9. A Chairperson shall be elected from among the members of the Supervisory Board and shall be responsible for the effective functioning of the Supervisory Board, including fostering trust and collegial relations among its members, coordinating relations between the director/directorate and the Supervisory Board, and ensuring accountability and effective cooperation.
- 10. The Issuer shall submit the minutes of the Supervisory Board meetings to the National Bank no later than ten (10) business days after the meeting has been held. The minutes shall, at a minimum, reflect the positions and arguments expressed by the members of the Supervisory Board during the decision-making process.
- 11. The Supervisory Board, its member shall not be authorized to delegate its powers to another person without the consent of the General Meeting, except in cases defined by legislation and in the case of delegation of the Supervisory Board’s powers to committee(s) established at the level of the Supervisory Board, which shall be notified to the National Bank.
- 12. Taking into account the size, complexity and specific interests of the Issuer, the Issuer may have a director/directorate approved by the Supervisory Board. The management and representation of the Issuer shall be carried out by the director/directorate.
- 13. The structure of the directorate shall include a general director/chief executive officer appointed by the Supervisory Board. The directorate may also include directors responsible for various areas, including finance, operations, risk management and other functions.
- 14. The director/directorate is responsible for the following:
 - a. The day-to-day activities of the Issuer and shall be accountable to the Supervisory Board. The director/directorate shall provide the Supervisory Board with the information necessary for the performance of its functions, at least in the format and frequency determined by the Supervisory Board and its committee(s).
 - b. The implementation of the Issuer’s strategy and policies, its operations, the quality of its assets, and the planning of its future activities.

- c. Establishing sound internal control systems for risk management and the mitigation of their negative impact.
 - d. Ensuring the qualifications of employees, allocation of their roles and responsibilities, and accountability and transparency within the company.
15. In the event of non-compliance or improper compliance with the requirements of this Article, the National Bank is authorized to require the Issuer to make changes to its corporate governance system. The National Bank is also authorized to establish additional individual corporate governance requirements, taking into account the Issuer's risk profile, scale of activities, ownership structure, or other relevant characteristics.

Article 4. Capital Adequacy of the Issuer

1. The capital of the Issuer serves as a means for conducting its activities and ensuring its stable growth, reliability and sustainability, and constitutes the primary source for covering its financial losses and damages.
2. The objectives of the Issuer's capital are to:
 - a. ensure the reliability of investors' funds and minimize possible negative consequences arising from risks associated with the Issuer's activities, so that processes resulting from the Issuer's financial losses, damages or insolvency do not spread to other Virtual Asset Service Providers or sector participants, do not acquire a systemic character, and the likelihood of a systemic crisis is minimized;
 - b. ensure the neutralization of expected and unexpected financial losses and damages;
 - c. ensure the Issuer's financial strength, solvency, reliability and sustainability.
3. Capital adequacy is a key component in assessing the Issuer's financial strength, solvency, reliability and sustainability. Capital adequacy shall be consistent with the nature and objectives of the Issuer's capital.

Article 5. Regulatory Capital

1. The Issuer is required to have minimum regulatory capital of not less than GEL 500,000 (five hundred thousand).

2. Regulatory capital consists of the sum of Tier 1 and Tier 2 capital elements, of which at least 75% must be Tier 1 capital elements. Tier 2 capital elements must be less than or equal to one-third of Tier 1 capital elements.
3. The Tier 1 capital elements are:
 - a. capital instruments in accordance with paragraph 5 of this Article;
 - b. additional funds related to the issuance of the capital instruments referred to in subparagraph (a) of this paragraph;
 - c. retained earnings;
 - d. convertible debt;
 - e. other reserves;
 - f. accumulated other comprehensive income.
4. The elements provided for in subparagraphs (c), (e), and (f) of paragraph 3 of this Article may be recognized as Tier 1 capital elements if they can be used to unconditionally cover losses as soon as they occur, allowing the Issuer to continue its operations without interruption.
5. In order to be included in Tier 1 capital, capital instruments shall meet all of the following conditions:
 - a. the instrument is issued directly by the Issuer with the approval of the General Meeting of shareholders/partners or another governing body authorized in accordance with the Issuer's charter;
 - b. the instrument is directly issued and fully paid, and its purchase is not financed, directly or indirectly, by the Issuer;
 - c. the instrument is classified as equity in accordance with the International Financial Reporting Standards (IFRS) as approved by the International Accounting Standards Board (IASB);
 - d. the instrument is clearly and separately disclosed in the Issuer's balance sheet;
 - e. the instrument is perpetual, and the reduction or repayment of its principal amount is not permitted, except in the case of the Issuer's liquidation or where voluntary redemption or another form of voluntary capital reduction is carried out in accordance with the legislation of Georgia;

- f. the Issuer's actions at the time of issuance shall not create an expectation that the issued instruments will be redeemed, repaid or cancelled, and neither statutory nor contractual conditions shall give rise to such an expectation;
 - g. distributions shall be made only after the payment of all statutory, contractual and preferential obligations related to other capital instruments. There shall be no preferential distribution obligation, including with respect to capital elements classified as the highest quality capital, and no circumstances requiring mandatory distributions. Failure to make a distribution shall not constitute a default or improper performance of an obligation;
 - h. distributions shall be made from distributable elements (including retained earnings). The amount of the distribution shall not depend on the amount paid at issuance or on any contractual cap, except where the Issuer is unable to pay the distributable amount because it exceeds the level of the elements to be distributed;
 - i. the instrument constitutes capital that absorbs losses primarily and proportionally. Among the highest-quality capital elements, each instrument shall absorb current losses proportionally and simultaneously on a going-concern basis;
 - j. in the event of the Issuer's insolvency or liquidation, the instrument shall rank last after all other claims;
 - k. the instrument confers a claim on residual assets remaining after the payment of priority liabilities during liquidation, in proportion to its share in the issued capital;
 - l. the instrument shall not be secured, nor be subject to any guarantee provided by the Issuer or a related party that would enhance the priority of the claim under the instrument;
 - m. the instrument shall not be subject to any arrangement, agreement or other form of understanding that would grant the claim under the instrument priority in the event of insolvency or liquidation.
6. Any amendment to the terms of the convertible debt agreement included in Tier 1 capital shall be subject to prior approval by the National Bank. The Issuer is prohibited from raising convertible debt from a natural person (including an individual entrepreneur), except where such person is a partner/shareholder/beneficial owner of the Issuer.
7. In order to be included in Tier 2 capital, capital instruments shall meet all of the following criteria:
- a. the instrument is issued and fully paid, or constitutes subordinated debt received by the Issuer;

- b. the Issuer, or any related person over which the Issuer exercises control or significant influence, shall not have purchased the relevant Tier 2 capital instrument, nor shall the Issuer have received subordinated debt from such person. Furthermore, the Issuer shall not directly and/or indirectly finance the purchase of a Tier 2 capital instrument or the receipt of subordinated debt;
 - c. the instrument shall not be collateralized, and is not subject to any guarantee provided by the Issuer of the Tier 2 capital instrument, the subordinated-debt recipient, or a related party. Furthermore, it is not subject to any legal or economic conditions that would grant the claim priority over the Issuer's unsecured creditors;
 - d. the original maturity shall be at least five (5) years;
 - e. interest rates should not increase, and the instrument contains no other incentives for early repayment;
 - f. subordinated debt may be called or repaid early only after at least five (5) years, and only by the Issuer:
 - f.a. the Issuer must obtain the prior consent of the National Bank before exercising a call right or making early repayment of the subordinated debt;
 - f.b. the Issuer shall not create any expectation that the call right will be exercised or that early repayment will occur;
 - f.c. the Issuer shall not exercise the call right or repay the subordinated debt early unless the redeemed Tier 2 capital instrument or subordinated debt is replaced with capital or subordinated debt of the same or higher quality under conditions consistent with the Issuer's earnings capacity, or the Issuer demonstrates that, after the exercise of the call option or early repayment, the Issuer's capital will remain sufficiently above the regulatory capital requirements;
 - g. the investor shall not have the right to accelerate future payments (interest or principal), except in cases of bankruptcy or liquidation;
 - h. the payment of dividends on Tier 2 capital instruments or interest on subordinated debt shall not depend on the Issuer's credit standing in a manner that would result in changes to the dividend/interest rate based on the Issuer's credit status or rating;
 - i. the instrument shall be subordinated to the claims of the Issuer's customers and unsecured creditors.
8. Any amendment to the terms of an instrument and/or subordinated debt included in Tier 2 capital shall be subject to prior approval by the National Bank.

9. The Issuer shall be prohibited from raising subordinated debt from a natural person (including an individual entrepreneur), except where such person is a partner, shareholder, or beneficial owner of the Issuer.
10. During the five-year period remaining until maturity, subordinated debt must be recognized in regulatory capital at its amortized value on a straight-line basis.
11. Where an instrument is divided into tranches, each tranche shall individually satisfy the conditions set forth in this Article.
12. Prior to including any newly issued capital instrument, convertible debt, or subordinated debt in the calculation of regulatory capital, the Issuer shall obtain approval from the National Bank.
13. The National Bank shall review the issue based on the documents and information submitted by the Issuer, which shall clearly demonstrate the instrument's compliance with the criteria specified in this Article.

Article 6. Regulatory Capital Requirement

1. If the Issuer belongs to a group that includes another financial institution and/or a Virtual Asset Service Provider, multiple use of the same capital elements shall not be permitted when calculating regulatory capital, where such elements are also used in the capital calculation of another financial institution and/or Virtual Asset Service Provider within the group.
2. In the event of a breach of the regulatory capital requirement, the Issuer shall immediately notify the National Bank of the breach and submit a capital recovery plan within five (5) working days. In specific cases, upon the Issuer's request and taking into account the scale and complexity of its activities, the National Bank may extend this deadline at its discretion.
3. The capital recovery plan shall include:
 - a. an assessment and forecast of financial indicators;
 - b. plans and timelines for raising capital necessary to fully meet the regulatory capital requirements;
 - c. additional information/documentation that the National Bank may consider necessary to assess the capital recovery plan.
4. The National Bank shall assess the capital recovery plan submitted by the Issuer and shall deem it acceptable if, in its opinion, the implementation of the plan ensures that capital

will be maintained or will grow in a manner that enable the Issuer to comply with the regulatory capital requirements within a reasonable timeframe determined by the National Bank. Where the plan is deemed acceptable, the National Bank shall grant its approval and notify the Issuer accordingly.

5. If the Issuer fails to submit a capital recovery plan, or if, based on the National Bank's assessment, the submitted plan does not meet the requirements set out in paragraph 4 of this Article, the National Bank shall be authorized to:
 - a. require the Issuer to restore its capital to a specified level within a specified period, which may exceed the relevant requirements established by this Rule;
 - b. apply sanctions under the legislation, including monetary fines.
6. Where the Issuer breaches the regulatory capital requirements, it shall be prohibited from distributing capital, making payments on capital instruments, incurring obligations to pay variable remuneration (bonuses), and carrying out other transactions specified by the National Bank that result in an outflow of funds from the Issuer during the period of non-compliance with the supervisory capital requirements.
7. Prior to the distribution of regulatory capital elements, the Issuer shall assess the impact of such distribution on its capital adequacy ratio and ensure that the distribution does not result in a breach of the regulatory capital requirements.

Article 7. Method of Calculating Regulatory Capital

1. If the total value of the Issuer's reserve assets is greater than or equal to GEL 1,000,000 (one million), its regulatory capital shall be equal to the minimum regulatory capital requirement specified in paragraph 1 of Article 5 of this Rule, plus no less than 2% of the average daily value of the Issuer's reserve assets over the preceding six (6) months, but not exceeding GEL 50,000,000 (fifty million).
2. The volume of reserves placed/recorded in foreign currency shall be calculated in GEL equivalent at the official exchange rate at the end of the reporting period.
3. For the purposes of calculating the minimum regulatory capital and regulatory capital, the following shall be deducted from the elements of regulatory capital:
 - a. asset revaluation reserves;
 - b. the residual value of intangible assets.

Article 8. Requirements for Reserve Assets

1. The Issuer shall ensure compliance with the reserve asset requirements established under this Article.
2. The Issuer must, at all times, hold and maintain reserve assets in an amount that represents at least full (100%) collateralization/backing of the nominal value of the issued stablecoins.
3. The Issuer must comply with the reserve requirement specified in this Article along with any increase in the volume of issued stablecoins
4. The Issuer's reserve assets shall be denominated only in the currency to which the issued stablecoin is pegged.
5. The Issuer's reserve assets shall comply with the requirements specified in Appendix No. 1 of this Rule.
6. With the consent of the National Bank, the Issuer is authorized to use other assets as reserves, in addition to the assets specified in Appendix No. 1 of this Rule.
7. Where the total value of reserve assets exceeds GEL 1,000,000,000 (one billion)— for reserves held or recorded in foreign currency, the value shall be calculated in GEL equivalent based on the official exchange rate at the end of the reporting period—the Issuer is authorized, upon obtaining the consent of the National Bank, to place reserve assets in a different share ratio from that specified in Appendix No. 1 of this Rule.
8. The Issuer shall manage reserve assets efficiently and prudently, at least in the following manner:
 - a. using an appropriately authorized and licensed person for the storage of specific types of reserve assets. Where reserve assets are held in Georgia, such person shall be a commercial bank or microbank licensed by the National Bank;
 - b. reserve assets must be segregated from the Issuer's own assets through effective internal control mechanisms, so that, in the event of insolvency, the reserve assets are clearly identifiable and protected from creditor claims, where the Issuer has creditors other than stablecoin holders;
 - c. reserve assets shall be maintained solely for the benefit of stablecoin holders, to the extent necessary to satisfy outstanding obligations. The Issuer shall implement mechanisms to ensure the effective isolation of reserve assets from insolvency proceedings;
 - d. implementing appropriate policies/procedures to ensure fulfilment of redemption requests, enabling the Issuer to access reserve assets at any time. Reserve assets shall

not be encumbered by any mortgage and shall not be subject to any collateral, set-off, debt claim, or recourse by creditors, the reserve-asset custodian, or any other third party;

- e. assessing the composition of reserve assets on a daily basis to ensure compliance with the requirements set out in this Rule.
9. The Issuer shall obtain approval from the National Bank regarding the financial institution where it intends to place its reserve assets.
10. The Issuer shall take all reasonable measures to prevent and, in any case, identify, manage, and publicly disclose conflicts of interest related to the creation and management of reserve assets.
11. Any income generated from reserve assets shall be managed and used by the Issuer in a manner that does not reduce the required volume and/or structure of reserves, and does not restrict the right of stablecoin holders to redeem their stablecoins at nominal value at any time.
12. The Issuer shall be prohibited from entering into any agreement that directly or indirectly implies the sharing of any portion of income generated from reserve assets with stablecoin holders or any third party. In addition, the Issuer shall not offer, promote, or publicly disclose any profit-sharing, dividend, remuneration, or similar scheme that would enable stablecoin holders or other persons to benefit from income generated from reserve assets, including through affiliated entities or any indirect method.
13. The Issuer shall publish on its website the latest information regarding its reserve assets, including at least:
 - a. the composition and total volume of reserve assets;
 - b. the average maturity of each reserve-asset category;
 - c. the total volume of stablecoins issued by the Issuer.

Article 9. Redemption Rights and Deadlines

1. The Issuer is obliged to ensure, in a timely and uninterrupted manner, the fulfillment of the right of the stablecoin holder (whether the Issuer's client or non-client) to redeem the stablecoin at any time.
2. For the purposes of this Article, a stablecoin holder (whether the Issuer's client or non-client) shall be entitled to exchange the stablecoin for the corresponding asset.

3. As an obliged entity under the Law of Georgia “On Facilitating the Prevention of Money Laundering and Terrorism Financing”, the Issuer shall ensure the redemption of stablecoins for non-client persons only after enhanced due-diligence measures have been carried out and provided that the stablecoin holder complies with the requirements established under the legislation on the prevention of money laundering and terrorism financing, including the requirements set out in the “Rule on Implementation of Sanctions Regimes by Obligated Entities under the Supervision of the National Bank of Georgia”, approved by Order No. 208/04 of the Governor of the National Bank on 4 August 2023, and agrees to the applicable service terms and conditions.
4. The detailed conditions and procedures for the redemption of stablecoins at their nominal value—including the redemption period, applicable fees, and any minimum purchase and redemption volume (where applicable)—shall be disclosed in advance and made publicly available.
5. Upon request of a client holding a stablecoin, the Issuer shall ensure the exchange of the stablecoin at its nominal value no later than three (3) business days from receipt of the request, in compliance with the conditions set out in paragraphs 3 and 4 of this Article. Where the aggregate redemption request of a single client exceeds GEL 300,000 (three hundred thousand) or its equivalent in foreign currency, the Issuer shall be entitled to ensure redemption no later than five (5) business days from receipt of the request.
6. Where the Issuer is unable to manage the reserve assets due to circumstances beyond its control, including force majeure, redemption shall be executed within three (3) business days from the date on which such circumstances are resolved.
7. In the case of exchange of stablecoins into fiat currency, the redemption shall be deemed completed upon the execution of the fund-transfer operation, in accordance with paragraph 1 of Article 27 of the Law of Georgia “On Payment Systems and Payment Services”.
8. In the case of exchange into other assets, redemption shall be deemed completed at the moment when the Issuer transfers ownership of the relevant asset to the stablecoin holder, unless otherwise provided by legislation.
9. For the purposes of paragraph 5 of this Article, a redemption request shall be deemed received at the moment when the stablecoin holder issues an instruction to exchange the stablecoin for the corresponding asset.
10. The deadlines provided for in paragraph 5 of this Article shall also apply to non – clients of the Issuer. In such cases, the calculation of these deadlines shall begin after the requirements set out in paragraphs 3 and 4 of this Article have been fulfilled. At the same time, the requirements of paragraph 9 of this Article shall also apply.

11. The Issuer is authorized to set reasonable and proportionate fees for stablecoin redemption, as well as minimum purchase and redemption volumes. The redemption fee and any minimum purchase or redemption volumes shall be clearly and publicly disclosed to customers in advance.

Article 10. Accounting

1. The Issuer shall maintain reliable, complete, continuous and regular accounting records that reflect its economic condition and all financial operations, including stablecoin issuance and reserve assets management.
2. Accounting shall be carried out in accordance with the International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board (IASB).
3. The Issuer shall:
 - a. perform accounting entries in real time;
 - b. comply with operational risk-management requirements when performing accounting operations, including the four-eyes principle;
 - c. close the operational day no later than the second business day, and make any changes through chronological records (logging) with appropriate explanations, ensuring that, where necessary, the content of the transaction, the time of execution, and the person responsible can be identified;
 - d. perform accounting transactions only on the basis of appropriate material or electronic documents (including contracts, protocols, decisions, orders, and other relevant documents);
 - e. record fixed assets and intangible assets within the accounting system and periodically conduct their inventory, revaluation, and depreciation.
4. The Issuer shall ensure the retention of accounting and financial records for not less than ten (10) years and shall submit them to the National Bank upon request.

Article 11. Inspection and Audit

1. The Issuer shall ensure the regular quarterly verification of reserve assets by an independent, qualified external auditor. The results of the verification shall include information on the composition and market value of the reserve assets, as well as

information on the nominal value of the issued stablecoins and the total volume of reserve assets.

2. The audit report referred to in paragraph 1 of this Article shall be published quarterly by the Issuer on its website. Any material discrepancy or deficiency identified in the report shall be immediately notified to the National Bank and remedied by the Issuer.
3. The Issuer shall submit regulatory reports to the National Bank in accordance with the forms and procedures established by the National Bank.
4. The report referred to in this Article shall reflect the status of the reserve assets as of the last business day of the reporting period.
5. The Issuer is obliged to annually engage an independent, qualified external auditor to conduct an audit and to submit to the National Bank the annual audited financial statements for the previous year no later than 15 July of the year following the end of each calendar year.
6. The reserve asset reports and annual financial statements shall be prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board (IASB) and audited in accordance with the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants.
7. Together with the whitepaper, the Issuer shall submit to the National Bank a recent independent, qualified audit report confirming compliance with the criteria set out in Articles 15 and 16 of this Rule, as well as other related documents requested by the National Bank. If the submitted documentation and/or penetration-testing report identifies critical or high-risk vulnerabilities, the National Bank shall not grant consent and shall also be authorized to suspend or revoke consent previously granted for the stablecoin initial coin offering in accordance with this Rule.
8. The National Bank may, based on a risk-based approach, require the Issuer to submit the audit opinion referred to in paragraph 7 of this Article.
9. Where the total value of reserve assets exceeds GEL 15,000,000 (fifteen million)—in the case of reserve assets denominated or recorded in foreign currency, the value is calculated in GEL equivalent based on the official exchange rate applicable at the end of the reporting period— the Issuer shall ensure that the audit assessments referred to in paragraphs 1 and 5 of this Article are conducted by one or more of the audit firms specified in Appendix No. 2 of this Rule.

Article 12. Requirements Related to a Stablecoin Initial Coin Offering

1. A person is authorized to carry out a stablecoin initial coin offering only if such person is registered by the National Bank as a Virtual Asset Service Provider, in accordance with the Registration Rule for Virtual Asset Service Providers.
2. The Issuer shall act fairly and in good faith, shall not mislead customers, shall serve their interests, and shall maintain market integrity. The Issuer shall use clear and transparent wording in all communications and public statements, treat all holders of the stablecoin fairly, and comply with the ethical standards of market practice.
3. The Issuer shall possess adequate skills, capabilities and resources to ensure the proper, effective and efficient execution of the stablecoin initial coin offering.
4. The Issuer shall ensure that all communications and statements are clear, concise and effective, and contain all information necessary for stablecoin holders and potential holders to make an informed decision.
5. The Issuer shall comply with the legislation of Georgia, including requirements relating to customer protection and all other applicable regulatory obligations relevant to its activities.
6. The Issuer must demonstrate environmental responsibility, including taking measures to mitigate any negative environmental impact resulting from the issuance of the stablecoin.
7. The stablecoin initial coin offering shall be permitted only if the reserve assets meet the criteria established by legislation and fully cover the nominal value of the issued stablecoins (100% backing).

Article 13. Whitepaper

1. Prior to conducting an initial coin offering, the Issuer shall prepare a whitepaper and submit it to the National Bank to obtain consent in accordance with the procedures established under the Registration Rule. The whitepaper shall be accompanied by the Operational Risk Assessment Form completed in accordance with Appendix No. 3 of this Rule.
2. The whitepaper shall include, at a minimum:
 - a. Information about the Issuer:
 - a.a. name, trade name (if any), legal form, identification number, head office address (contact address), contact telephone number(s), email address(es), website address(es);

- a.b. the Issuer's registration number as a Virtual Asset Service Provider issued by the National Bank, as well as the number and date of the registration document;
 - a.c. information on significant shareholders;
 - a.d. the identity of the administrator(s), their official email addresses, and their functions;
 - a.e. financial indicators for the last three (3) years. If the Issuer has been providing virtual asset services for less than three years, it is authorized to submit financial indicators covering the period since its registration as a Virtual Asset Service Provider;
 - a.f. a detailed description of the governance structure;
 - a.g. information on virtual asset services provided by the Issuer in addition to the stablecoin initial coin offering, including the initial coin offerings of other types of virtual assets (if any);
 - a.h. detailed information (including name, address, website, contact information, etc.) about all persons involved in the stablecoin initial coin offering, including trading platforms, intermediaries, external auditors, legal advisors/consultants, and any other relevant parties;
 - a.i. detailed information on all distributed ledger technology (DLT) platforms on which the stablecoin initial coin offering will take place, including information about the Issuer's relationship with each such entity;
 - a.j. the website address where the whitepaper will be made publicly available;
 - a.k. any other relevant information about the Issuer.
- b. Information about the stablecoin:
- b.a. the name of the stablecoin, its designating symbol/abbreviation, code, or other identifying information;
 - b.b. a description of the characteristics of the stablecoin, including the currency to which its value is pegged;
 - b.c. a description of the target market of the stablecoin, including any restrictions relating to types of holders;

- b.d. information on the technical requirements necessary to hold or store the stablecoin, including compatible wallets;
 - b.e. the volume of stablecoins, the issuance schedule and availability, as well as information on minimum purchase and redemption amounts (if applicable);
 - b.f. information about the rights and obligations associated with the stablecoin, including redemption conditions.
- c. Security measures: A statement that the stablecoin is backed by reserve assets of at least 100%; information confirming that the reserve assets are segregated from the Issuer's own assets; and information regarding any changes in the composition of the reserve assets.
- d. Disclosed risks: A clear description of key risks, including market risk, liquidity risk, operational risk, cybersecurity risk, technological risk, and regulatory risk, together with appropriate warning statements and access to the risk-disclosure document.
- e. Compliance and risk management: A description of the types of risk associated with the stablecoin and the mechanisms for their management, including the reserve management and liquidity control system, the conflict-of-interest policy, and the requirements established under the Law of Georgia "On Facilitating the Prevention of Money Laundering and Terrorism Financing", including the requirements established under "The Rule on Implementation of Sanctions Regimes by Obligated Entities subject to the Supervision of the National Bank of Georgia", approved by Order No. 208/04 of the Governor of the National Bank on 4 August 2023, as well as cybersecurity measures, transaction monitoring practices, and other risk-management arrangements.
- f. Technological architecture: A description of the protocol and platforms, lifecycle flows, the use of hot (software) and cold wallets, coding mechanisms, and data-security measures.
- g. Dispute resolution: A description of complaint-submission and complaint-handling procedures, as well as any dispute-resolution mechanisms or legal remedies established by the Issuer.
- h. Warning statements and disclaimers, which include the following:
 - h.a. A statement that the consent provided on the whitepaper by the National Bank confirms only that the information submitted by the Issuer complies with Georgian legislation and the rules established by the National Bank, but does not confirm the accuracy of the disclosed information nor constitute a recommendation

by the National Bank. The following statement shall appear clearly on the front page of the whitepaper:

“The consent provided on this whitepaper by the National Bank of Georgia relates solely to its format and shall not be interpreted as confirmation of the accuracy of its content.”

h.b. A statement that the Issuer is registered with the National Bank as a Virtual Asset Service Provider; however, such registration does not constitute confirmation of the quality of the stablecoin or the solvency of the Issuer.

h.c. A statement that customers are required to review the full text of the whitepaper before making a decision.

h.d. A statement that the issuance relates only to the stablecoin described in the whitepaper and does not constitute an offering of other stablecoins, securities, or other financial instruments.

i. Any other matters (if applicable).

3. The information contained in the whitepaper shall be presented in an impartial, clear, and understandable manner. The document shall not mislead customers.
4. The whitepaper shall be published on the Issuer’s website in Georgian, using an easily readable font. Publication in Georgian does not restrict the Issuer from publishing the whitepaper in other languages. In the event that is any inconsistency or ambiguity between the Georgian version and versions published in other languages, the Georgian version shall prevail.
5. The Issuer shall ensure the accuracy and completeness of the whitepaper at all times, including making any necessary amendments or publishing an updated document whenever changes occur.
6. Whenever the whitepaper is updated, the Issuer shall clearly indicate the date of the update and ensure that all previous versions remain easily accessible in the same format and location where they were originally published. Records of all versions of the whitepaper shall be retained for at least eight (8) years from the date the stablecoin is withdrawn from circulation.

Article 14. Advertising and Related Requirements

1. The Issuer is authorized to publish any information related to the stablecoin initial coin offering, in written and/or oral form, including through various types of information

channels, for advertising purposes. Advertising shall comply with the requirements of the Law of Georgia “On Advertising”.

2. The content of any advertisement shall correspond to the information contained in the whitepaper.
3. Advertising shall not be made public prior to the publication of the whitepaper.
4. The National Bank shall be authorized to request the submission of any document or statement used for advertising purposes in order to determine its compliance with the requirements established by this Rule and the legal acts of the National Bank.
5. The National Bank is authorized to establish additional requirements regarding advertising related to the stablecoin initial coin offering.

Article 15. Risk Management Framework

1. The Issuer shall establish adequate risk management policies and procedures to effectively identify, assess, monitor, report, control, and mitigate risks associated with the stablecoin initial coin offering and its subsequent services.
2. The Issuer shall ensure the effectiveness and completeness of the risk management framework at all times, and shall update it whenever necessary.
3. The Issuer shall ensure that records of all versions of the risk management framework are retained for at least eight (8) years from the date the stablecoin is withdrawn from circulation.
4. The risk management framework shall be proportionate to the scale and complexity of the Issuer’s activities and shall comply with the requirements set out in this Article, as well as any additional standards established by the National Bank (where applicable).
5. The Issuer shall develop, approve, and implement a risk management framework which shall, at a minimum, include operational risk management policies and procedures and provide for the following:
 - a. the responsibilities, independence, and duties of the structural unit or person responsible for operational risk management;
 - b. instruments for the identification, recording, analysis, assessment, and mitigation of operational risks;
 - c. preventive and detective internal control and monitoring procedures and mechanisms;

- d. a fraud risk management policy and procedure;
 - e. mechanisms for defining, monitoring, and responding to key risk indicators;
 - f. business continuity management plans—including operational resilience and business continuity plans, response mechanisms, and related documentation—covering the identification and management of critical functions, critical internal and external stakeholders, business impact analysis, critical scenarios, and acceptable disruption thresholds and limits;
 - g. accuracy risk management, ensuring the proper functioning of information systems used for data registration, processing, and management in order to ensure data accuracy, integrity, and timeliness;
 - h. documentation of manual processes and assessment of their impact on operational risk;
 - i. procedures for notifying the National Bank of significant operational risks;
 - j. risk management and monitoring of outsourced processes;
 - k. a plan for periodic activities aimed at raising awareness and qualifications in operational risk management;
 - l. procedures for the regular review and updating of operational risk policies and procedures.
6. In managing operational processes, the Issuer shall, at a minimum, ensure the following:
- a. the availability of equipment, software, and other technical means necessary for operational processes, and their reliable and continuous functioning;
 - b. subsequent verification and system confirmation of registered data during information registration processes;
 - c. the security of software-user credentials, including the confidentiality and proper use of authentication data (username, password, and any authentication secret code). Authentication credentials shall be uniquely assigned, securely stored and transmitted, and protected against unauthorized disclosure or misuse;
 - d. where outsourcing services are used, the conclusion of a contract with the software provider;

- e. for the purposes of ensuring business continuity, the designation of substitutes for persons responsible for critical functions and ensuring their availability when necessary;
 - f. that software users (relevant employees) possess the necessary knowledge and have access to operational manuals describing their rights and responsibilities in detail;
 - g. the generation and systematic storage of software backup copies;
 - h. the protection of data against unauthorized access;
 - i. the protection of software against unauthorized modifications, including falsification or errors caused by negligence;
 - j. the authenticity and integrity of information contained in backup copies.
7. The Issuer's operational software shall meet at least the following requirements:
- a. real-time recording of information and maintenance of a registry of such records;
 - b. recording and storage of incidents, including a description of their content;
 - c. consolidation of information across different modules and centralized storage of data in systems or databases for the period established under applicable legislation;
 - d. the capability to generate data for different time periods, as well as at any time, according to all parameters of the accounts, both by branch and on a consolidated basis;
 - e. the ability to generate reports required by the National Bank within a short timeframe.
8. The Issuer's business continuity plan shall include a disaster recovery plan for information technology infrastructure. The plan shall describe business continuity measures, including the clear identification of critical operations and effective contingency and backup arrangements. Regular testing of the business continuity plan—at least once a year—is recommended to assess its adequacy and effectiveness.

Article 16. Cybersecurity

1. The Issuer shall maintain an effective information security control framework that ensures the confidentiality, availability and integrity of all systems supporting services related to the stablecoin initial coin offering and its subsequent servicing.

2. The Issuer must have a comprehensive cybersecurity policy in place, which shall include at least the following:
 - a. formalized processes and effective control mechanisms, formalized processes ensuring cybersecurity to protect information during storage (data-at-rest), transmission (data-in-transit), processing (data-in-use) and destruction stages;
 - b. cybersecurity risk management policies and procedures approved by management;
 - c. an up-to-date register of cybersecurity risks, including the control mechanisms in place, approved by management;
 - d. mandatory cybersecurity-awareness training and simulations conducted for employees at least once a year;
 - e. effective control mechanisms for network and systems security, which include management of security configurations and intrusion detection and prevention mechanisms;
 - f. effective control mechanisms to protect the confidentiality, integrity and availability of information—including personal data and transaction information of users—such as data encryption measures;
 - g. an effective management framework for the systems development life cycle;
 - h. records reflecting the monitoring of access to systems and information (logs).
3. The Issuer is obliged to:
 - a. conduct penetration testing of all systems connected to the network at least once a year, and additionally whenever significant changes occur;
 - b. conduct network vulnerability scanning at least twice per year;
 - c. maintain response plans for system disruptions and cyberattacks, as well as a cybersecurity incident management policy and procedure, which shall include the immediate sharing of information with the National Bank regarding confirmed cybersecurity incidents.

Article 17. Customer Rights Protection

1. The Issuer is obliged to:
 - a. act in good faith, fairly and professionally, in the best interests of the customer;

- b. prior to the commencement of services, disclose to the customer the risks associated with transactions carried out using a stablecoin;
 - c. upon the customer's request, provide information that is subject to public disclosure in accordance with the procedures established by this Rule and other legal acts;
 - d. keep records of customer complaints in accordance with the rules established by the legal acts of the National Bank.
2. The Issuer shall maintain a website on which it shall publish the fees for the services provided, interim and annual financial statements, and any other information required by the legal acts of the National Bank.
3. The information provided by the Issuer to customers (including for advertising purposes) must be accurate, clear and must not mislead the customer.
4. The Issuer is obliged to make the following information available to the customer:
 - a. a description of the main characteristics of the services to be provided;
 - b. a list of the requisites that the customer must submit for the proper execution of the customer's instructions;
 - c. the maximum time required to provide the service within the territory of Georgia;
 - d. all types of fees payable by the customer to the Issuer and the principles for calculating such fees, except for fixed fees;
 - e. the time period established by the Issuer for accepting instructions, the point in time after which the Issuer ceases to accept instructions from customers (if such time is established by the Issuer), and the point in time after which an instruction shall be deemed to have been received on the next business day;
 - f. information on security measures and incorrectly executed transactions;
 - g. the rights and obligations of the customer and the Issuer in the process of receiving and providing services, as well as the obligation of both parties in the event of detection of suspicious or fraudulent transactions;
 - h. information on security measures and unauthorized or incorrectly executed transactions;
 - i. any other matters determined by the Issuer (if any).

5. If a third party participates in the execution of the customer's instruction, the Issuer shall also provide the customer with information regarding any possible deduction of fees by such party.

Article 18. Compliance with the Legislation on Facilitating the Prevention of Money Laundering and Terrorism Financing

The Issuer is obliged to comply with the requirements established by the Law of Georgia "On Facilitating the Prevention of Money Laundering and Terrorism Financing", as well as legal acts issued by the Financial Monitoring Service of Georgia and the National Bank in terms of preventing money laundering and the financing of terrorism, including the following:

- a. complying with the requirements specified in the Registration Rule, including those set out in Article 8;
- b. implementing such technical and/or operational mechanisms and policies/procedures that ensure the suspension of services by the Issuer and the implementation of other enforcement measures in the event of a violation of the requirements established under the Law of Georgia "On Facilitating the Prevention of Money Laundering and Terrorism Financing", including the requirements set out in "The Rule on Implementation of Sanctions Regimes by Obligated Entities under the Supervision of the National Bank of Georgia", approved by Order No. 208/04 of the Governor of the National Bank on 4 August 2023.

Article 19. Sanctions

1. In the event of a violation of the requirements set forth in this Rule, the National Bank shall be authorized to impose sanctions prescribed by legislation (including monetary fines) on the Issuer and/or its administrators.
2. The National Bank shall be authorized to suspend or revoke the approval granted in accordance with this Rule for the initial coin offering of a stablecoin, including in cases where the Issuer:
 - a. has violated the requirements established by this Rule with respect to reserve and/or capital requirements;
 - b. has conducted the initial coin offering in violation of this Rule;
 - c. has submitted false and/or incomplete information to the National Bank;

- d. has breached other requirements established by the legislation.
3. The National Bank is authorized to require the Issuer to either fully suspend or restrict its operations, or to impose restrictions only with respect to specific asset(s) and/or person(s).

Article 20. Transitional Provisions

1. The requirements set forth in this Rule shall apply to the stablecoin initial coin offering (including issuance) carried out after the entry into force of this Rule.
2. A Virtual Asset Service Provider that, prior to the entry into force of this Rule, was conducting an stablecoin initial coin offering shall be obliged to provide the National Bank with the information/documentation required under this Rule, including the audit report provided for in paragraph 7 of Article 11, within six (6) months from the entry into force of this Rule. Until the National Bank makes a relevant decision, the Virtual Asset Service Provider shall be entitled to continue the initial coin offering (including issuance) of a stablecoin in compliance with the requirements of the applicable legislation.
3. If a person specified in paragraph 2 of this Article intends to discontinue the initial coin offering (including issuance) of a stablecoin, it shall notify the National Bank of this decision within one (1) month from the entry into force of this Rule. In such a case, the National Bank shall be entitled to require the person comply with the requirements of this Rule prior to discontinuing the initial coin offering (including issuance) of a stablecoin.