

THE ORGANIC LAW OF GEORGIA ON THE NATIONAL BANK

, AS AMENDED - OCTOBER 23, 2001

CHAPTER I. GENERAL PROVISIONS

Article 1. The National Bank of Georgia

1. The National Bank of Georgia (hereinafter “the National Bank”) is the central bank of Georgia, the bank of all banks, and the banker and fiscal agent of the Georgian Government. The National Bank, in its activities, shall be directed by the Constitution of Georgia, by this Law, by other applicable legislation of Georgia and by the rules and customs of international banking practice. The National Bank is entitled to independently enter into agreements, to acquire, to hold and to manage movable and immovable property, to be a plaintiff and defendant and to independently exercise its monetary and supervisory functions,
2. The property of the National Bank is the state property of Georgia.
3. The Highest Representative Body (Parliament) of Georgia has established the National Bank.
4. The National Bank shall have its Head Office in Tbilisi.

Article 2. Objectives and Basic Tasks of the National Bank

1. The objective of the National Bank shall be to maintain the purchasing power of the national currency, to maintain price stability and to ensure the liquidity, solvency and proper functioning of a stable, market-based financial system.
2. Pursuant to the general directions of financial and monetary policy as formulated by the Parliament and aimed at the maintenance of price stability, the tasks of the National Bank shall be:
 - a) to formulate, adopt and execute monetary policy;
 - b) to supervise the activities of commercial banks, non-bank depositary institutions and currency exchange offices through licensing, regulation and inspection and to manage and liquidate commercial banks and non-bank depositary institutions directly or after placing them under Temporary Administration;
 - c) to own, hold and manage the state foreign exchange reserves;
 - d) to act as banker, adviser to, and fiscal agent of Georgia;
 - e) to promote the efficient operation of the payments system;
 - f) to promote the safe and sound development of the financial system;

g) to set accounting and reporting norms and procedures consistent with international standards for commercial banks and non-bank depositary institutions.

Article 3. Independence of the National Bank

1. Within the limits of authority established by this law, the National Bank shall be independent in its operations. No legislative or executive body shall have the right to interfere in its activities, except in cases specified by this law.
2. The National Bank is economically independent and shall cover all expenses with its own revenue. The National Bank shall not be responsible for the liabilities of the Government of Georgia. Likewise, the Government shall not be responsible for the liabilities of the National Bank, except in cases when the National Bank and the Government have committed themselves to guarantee such liabilities.
3. The National Bank, its assets properties and income, as well as its activities and operations shall be exempt from all taxes and fees (including state duties).

Article 4. International Cooperation

1. The National Bank shall represent Georgia in all international meetings, councils and organizations concerning monetary policy, licensing and supervision of commercial banks and non-bank depositary institutions as well as all other matters that are within its fields of competence.
2. The National Bank may provide banking services for the benefit of foreign governments, foreign central banks and foreign monetary authorities and for international organizations in which it or the Government is a member.
3. The National Bank may participate in international organizations that pursue financial and economic stability through international monetary cooperation.
4. As agent of the State, the National Bank may undertake responsibilities and perform transactions in connection with Georgia's participation in international organizations.

CHAPTER II. ORGANIZATION AND ADMINISTRATION OF THE NATIONAL BANK

Article 5. Organization of the National Bank

1. The National Bank shall operate as an integral centralized system.
2. The National Bank shall set rules for the establishment, functioning and termination of its subordinated bodies.

Article 6. Management of the National Bank

1. The supreme body of the National Bank is its Council which shall be composed of nine members.
2. The Council of the National Bank formulates the financial and monetary policy of Georgia and supervises its execution pursuant to the provisions of Article 2 of this law.
3. Members of the Council shall be citizens of Georgia and persons of recognized integrity and professional experience in monetary and banking matters.
4. The President of the National Bank shall be the Chairman of the Council. The Council shall be composed, in addition to the Chairman, of three Vice-Presidents and five other members.
5. Members of the Council are elected for seven-year terms by the Parliament by a simple majority vote of its members upon the nomination of the President.
6. Pursuant to Article 64 of the Constitution. members of the Council may be removed only by a resolution of the Parliament of Georgia.
7. Council members shall be eligible for reappointment. In the event of the premature termination of a member's term a new member shall be elected to replace him or her.
8. With respect to executive members of the Council, the President of Georgia shall appoint and dismiss the President of the National Bank, upon the nomination of the Council, and shall do the same with respect to Vice-Presidents or any of them upon the nomination of the President of the National Bank.
9. The President of the National Bank shall be dismissed if he or she:
 - a) pursuant to Article 64 of the Constitution of Georgia is removed from the Council by a resolution of the Parliament (Impeachment);
 - b) becomes ineligible to serve on the Council pursuant to Article 10 of this law;
 - c) has engaged in serious misconduct in office, substantially damaging the National Bank,
 - d) is unable to perform official functions because of poor health or because a court has deemed him or her incapable thereof
 - e) has become insolvent or has been declared bankrupt and has not been discharged;

The same reasons as those above may be used to relieve Vice-Presidents of the National Bank from their posts.

Article 7. Functions of the Council of the National Bank

1. The Council shall set policies and oversee the National Bank's activities.
2. In carrying out its functions, the Council shall periodically assess the country's monetary and exchange rate policies and its economic condition. To that end, the management of the National Bank shall report, not less than once every quarter, to the

Council on the operations of the National Bank, on the conduct of its monetary and exchange rate policies, on the soundness of the banking system including the stability of the national currency, and on the states of financial, capital and foreign exchange markets.

Article 8. Powers of the Council of the National Bank

The Council shall have the following powers:

- a) to determine the monetary and exchange rate policies of the country, including the limitations on the National Bank with respect to its operations on open markets, interest rates for its discounts and loans, and amounts of required reserves that commercial banks and non-bank depositary institutions are required to maintain within it;
- b) to establish procedures for determining the exchange rate of the national currency against other currencies;
- c) to approve the National Bank budget;
- d) to propose changes in the National Bank's authorized capital;
- e) to establish special reserves;
- f) to consider, approve and submit to Parliament annual reports and financial statements on its operations and condition.

Article 9. Additional Compensation of Council Members

The members of the Council of the National Bank shall receive additional compensation as determined by the Parliament.

Article 10. Ineligibility to Serve on the Council

No person shall serve on the Council while he or she is President of Georgia. or while a member of Parliament or Government

Article 11. Eliminated

Article 12. Resignation of Council Members

Any Council member may resign from office on giving not less than two months' notice in writing to the Chairman of Parliament.

Article 13. Vacancies on the Council

Any vacancy on the Council shall be filled by the appointment of a new Council member to serve the remaining period of the term of the member being replaced.

Article 14. Meetings of the Council

1. The President, or, in his absence, a Vice-President acting as President, shall chair the meetings of the Council.
 2. The Council shall meet as often as the business of the National Bank may require but not less frequently than three times in each calendar quarter.
 3. Normally, the President or a Vice-President, acting as President, shall convene meetings of the Council. Council meetings may also be convened at the written request of any three Council members or, in the event of an emergency, any two Council members.
 4. Council meetings shall be convened by communicating the time, venue and agenda of each meeting to all Council members at least five business days prior to the date set for that meeting, except that, in the event of an emergency, Council meetings may be so convened upon shorter notice.
 5. Each Council member shall have one vote. A quorum at any meeting of the Council shall consist of the presence of more than one half of the members of the Council, one of which shall be the President or, in his or her absence, a Vice-President, acting as President.
- Subject to the quorum requirement of this Section, no act or proceeding of the Council shall be invalidated merely by reason of the existence of a vacancy or vacancies on the Council.
6. Except as otherwise provided by this law, decisions of the Council shall be adopted by a simple majority. Only Council members present in person shall have the right to vote.
- In the event of a tie, the President or, in his absence, a Vice-President acting as President shall have the casting vote.
7. All acts done by a person acting in good faith as President, Vice-President or other member of the Council shall be valid notwithstanding that some defect in his or her appointment is afterwards discovered, for example, the failure to meet some criteria of eligibility or qualification.

Article 15. Proceedings of Council Meetings and Council Decisions

1. The proceedings of the meetings of the Council shall be confidential. The Council may decide to make the outcome of all or part of its deliberations public.
2. There shall be minutes of each Council meeting signed by the person chairing the meeting, and by the Council Secretary.
3. The Council Secretary shall be appointed by the President from among the senior staff of the National Bank but shall not be a Council member.
4. Resolutions of the Council shall be signed by the Chairman of the Council or by a person acting in that capacity.

Article 16. Disclosure by Council Members

1. Upon joining the Council and annually thereafter until the expiration of their respective terms, Council members shall periodically disclose to the Council in full any significant commercial interests which they or members of their household may have. Such disclosures shall comply with directives adopted by the Council. Moreover, the Council members or members of their households have no right to be founders or shareholders of any bank or non-bank depositary institution.
2. Whenever any matter related to any interest of a Council member comes up for Council discussion, the Council member concerned shall disclose his or her interest at the beginning of the discussion and shall not participate in discussions or in any decision on such matter; nor shall the presence of such Council member be counted for the purpose of constituting a meeting quorum.

Article 17. Subsequent Service

1. After their departure from the National Bank former Presidents and Vice-Presidents shall retain their salaries and privileges during a period of the next two years and shall be forbidden for that period to serve any bank or non-bank depositary institution of Georgia.
2. The President and Vice-Presidents shall not have the right to retain their salaries and privileges provided under Section 1 above if they retire on their own will or are dismissed on the grounds defined under Article 6 (9) (“a”, “b”, “c” and “e”).

Article 18. Powers of the Management of the National Bank

The President shall serve as the Chief Executive Officer of the National Bank in charge of its day-to-day business. If the President is absent, a Vice-President, appointed by him or her shall act as Chief Executive Officer.

Article 19. Internal Audit Department of the National Bank

1. The Head of the Internal Audit Department of the National Bank shall be appointed for a term of seven years by a simple majority of the Council from among candidates who are citizens of Georgia and to whom no ground for removal specified in Article 10 of this law shall apply. He or she shall be eligible for reappointment. The Council shall determine his or her salary and other emoluments.
2. The Head of the Internal Audit Department may resign from office on giving not less than three months’ notice to the President of National Bank. Moreover, he or she may be removed from office by a decision of the Council.
3. The duties of the Internal Audit Department are as follows:
 - a) to monitor compliance and administration of the laws and regulations that apply to the National Bank; to ensure the implementation of the National Bank’s policies and to perform periodic audits of the operations of the National Bank and the activities of its departments and divisions.

- b) to submit to the Council reports on work completed and to prepare recommendations on accounts and records as well as on budgetary and accounting procedures and controls of the National Bank;
- c) to audit the National Bank's periodic financial statements and their related documents and to certify that they are in compliance with established norms.

Article 20. Staff of the National Bank and Conflicts of Interests

1. The President of the National Bank shall appoint and dismiss its employees and support staff.
2. The President of the National Bank shall determine the amount of compensation payable to its employees and support staff as well as the amounts of all other kinds of money compensation in accordance with its own internal rules. The amount of money compensation of the employees and support staff of the National Bank shall be commensurate with the level of compensation in the private banking system. The amount of compensation of non-permanent staff shall be determined by agreement.
3. The Council shall adopt internal decrees governing its own structural units.
4. During their employment by or work with the National Bank, neither its President, nor any of its Vice-Presidents, employees or support staff shall be granted any loan or credit accommodation from any bank other than the National Bank.
5. During their employment by or work with the National Bank, the President, all Vice-Presidents, all employees and all support staff shall devote the whole of their professional services only to the National Bank and none of them shall occupy any other position or employment, whether remunerated or not unless it is related to scientific, teaching or creative activities in non-executive capacities.
6. No member of the Council of the National Bank or any of its employees or support staff shall be a shareholder, founder or member either directly or indirectly of any bank or non-bank depositary institution, or be a member of the Supervisory Council or Management Board of any bank or non-bank depositary institution. In cases where a close relative of a Council member or of an employee or of a support staff person of the National Bank is a shareholder having 5% or more of the voting shares of a bank or non-bank-depositary institution, or is a member of the Supervisory Council or Management Board of any bank or non-bank depositary institution, they must disclose this fact in writing to their immediate supervisors or to the Council of the National Bank as the case may be. They also shall not have the right to participate in decision-making processes on issues related to such bank or non-bank depositary institution. No employee of the National Bank shall supervise any entity, in which a close relative is a shareholder, founder or member or who serves on such entity's Supervisory Council or Management Board.
7. No Council member or employee of the National Bank shall accept any material benefit or concession for himself or on behalf of any other person with whom he has close blood, official or financial relations or from any person who is under the

supervision and regulation of the National Bank by using his or her position or influence.

8. Every year, an employee of the National Bank shall fill out a declaration that shows her or his financial position and lists all of his or her assets and those of her or his family members. The foregoing does not exempt employees of the National Bank from the obligation to file corresponding tax returns under applicable legislation.

9. Salaries, increments and other payables to be paid by the National Bank shall not depend on its net income.

Article 21. Confidentiality

1. No person who serves as an officer, employee, support staff, auditor, agent or correspondent of or who has served as a member of the Council of the National Bank shall permit access to confidential information, or disclose or publicize such information or use it for personal gain.

2. Such persons may disclose nonpublic material information only to the Chamber of Control of Georgia.

3. Information on the operations and accounts of any persons may be disclosed only pursuant to a proper court decision.

CHAPTER III. FINANCIAL PROVISIONS

Article 22. Capital of the National Bank

1. Subscribed capital of the National Bank shall be equal to GEL 15,000,000 (fifteen million) and no portion of it shall be transferable or subject to encumbrance.

2. The authorized capital of the National Bank shall be maintained by deducting 25 percent from its net income after transfers to its revaluation reserves, provided that such deduction will be terminated as soon as its paid-up capital equals the amount of its authorized capital.

Article 23. Coverage of Deficits of the National Bank

1. Whenever on the balance sheet of the National Bank the value of its assets falls below the amount of its liabilities, unimpaired capital and Reserve Fund, the Ministry of Finance shall deliver to the National Bank government debt securities in bearer form, issued by it on terms and conditions similar to those of other government securities and bearing interest at market rates in such amounts as shall be necessary to remedy the said deficit.

2. The Ministry of Finance shall issue the government debt securities abovementioned within three months after the end of the National Bank's fiscal year. These securities shall be reflected in the state budget.

Article 24. Calculation of Net Profits and Losses of The National Bank

The net profit or loss of the National Bank for each financial year shall be calculated as the sum of its net operational profit and unrealised net gains or losses resulting from revaluation. Net operational profit or loss is received after deducting from revenues of the year in question all operating expenditures and after making transfers to the appropriate reserve fund to be used as follows:

- a) for covering bad and doubtful debts, full depreciation of fixed assets, and ensuring the staff's social security and insurance;
- b) subject to the approval of the Council for covering possible losses from assets and contingent liabilities.

Article 25. Distribution of Net Profit of the National Bank

1. All unrealized net profit received as the result of revaluation shall be transferred to revaluation reserves.
2. After making allocations to authorized capital, the National Bank shall establish a Reserve Fund to which shall be allocated, at the end of each fiscal year, an amount not more than the equivalent of 50 per cent of the remaining net profit for that year until the amount in the Reserve Fund equals the amount of the paid-in capital. By authorization of the Council the amount to be transferred to the Reserve Fund for any one year may exceed 50 per cent. The total amount in the Reserve Fund may be increased beyond the paid-up capital of the National Bank. The Reserve Fund may only be used to offset losses of the National Bank.
3. The National Bank may establish special Reserve Funds for specific purposes, into which funds may be transferred only in the cases where such transferred amount is available after making the allocation required under Sections 2 and 4 of this Article.
4. The remaining amount of net profit shall be used by the National Bank to redeem any securities issued by the Ministry of Finance pursuant to Article 23 of this law and held by the National Bank prior to any transfer to the Reserve Fund and any other special Reserve Funds.

Article 26. Transfer of Net Income

The net profits for each fiscal year remaining after the transfers and redemption made pursuant to Article 25 above shall be paid to the Ministry of Finance within four months after the end of such fiscal year.

Article 27. Restrictions on Allocations of Net Income

No transfer, redemption or payment pursuant to Articles 25 or 26 of this Law shall be made if, as a result thereof, in the National Bank's opinion, the assets of the National Bank would be less than the sum of its liabilities and paid-up capital.

CHAPTER IV. MONETARY FUNCTIONS AND OPERATIONS OF THE NATIONAL BANK

Article 28. Monetary Policy

1. The National Bank shall be solely responsible for the formulation, adoption and execution of the monetary policy of Georgia, except for the case provided in Section 2 below.
2. If, after consultation with the National Bank, the Parliament or the President of Georgia is of the opinion that the monetary policies being pursued by the National Bank are not adequate for the achievement of the general objective of price stability set forth in Article 2 of this law, the Parliament or the President of Georgia may submit to the National Bank a recommendation for a change in monetary policy and after consultation with the National Bank it shall be determined whether a change in monetary policy should be adopted by the National Bank. If the Parliament decides that a change in monetary policy should be adopted by the National Bank, the National Bank shall thereupon give effect to such change in monetary policy while the decision of the Parliament remains in effect. The decision of the Parliament shall specify such proposed change in monetary policy, along with the essential policy reasons supporting it as well as the period during which such change shall be effective unless withdrawn or amended by the Parliament.
3. In the event that the National Bank refuses to obey the Parliament's decision, the question of re-election of the Council of the National Bank ahead of schedule will automatically arise.

Article 29. Open Market Operations

In the conduct of its monetary policy, the National Bank is authorised to operate in the open market by purchasing and selling, outright (spot and forward) or under repurchase agreements, debt securities issued by the Ministry of Finance and securities issued by the National Bank; no other securities shall be used for this purpose.

Article 30. Minimum Required Reserves

1. In the conduct of its monetary and exchange rate policies, the National Bank shall determine, based on the decision of the Council, the minimum required reserves for all commercial banks and non-bank depositary institutions which reserves shall be determined as percentages of deposits and shall be obligatorily maintained with the National Bank.
2. The rules for the determination and calculation of minimum required reserves should be established by the National Bank based on the country's economic condition.
3. The National Bank may set interest rates from time on amounts of minimum reserves. No interest shall be charged on free reserves held in the National Bank.

Article 31. Failure to Maintain Required Reserves

The National Bank may impose on and collect from any bank or institution that fails to maintain required reserves at the minimum levels prescribed pursuant to Article 30 above, a

fine on the shortfall in such commercial bank's or institution's required reserves, until the shortfall is corrected or it may use sanctions pursuant to Article 59 of this law. The National Bank shall determine the amount of the penalty.

Article 32. Discount Operations

1. The National Bank may discount only the following instruments and only when a bank which is an account holder of the National Bank presents them:
 - a) bills of exchange and promissory notes, denominated in the national currency and payable within Georgia, bearing the signature of at least three solvent parties of which at least one shall be a bank, and maturing within three months from the date of their acquisition by the National Bank, provided, however, that in exceptional circumstances the National Bank may discount such instruments if they bear the signature of only two solvent parties including one bank and if they mature within more than three months but not more than six months from the date of their acquisition by the National Bank;
 - b) debt securities issued or guaranteed by the Ministry of Finance or the National Bank, payable within Georgia, denominated in the national currency and forming part of a public issue intended for public sale and maturing within three months from the date of their acquisition by the National Bank.
2. The discount operations of the National Bank shall be subject to such other terms and conditions, including the discount rate, as the National Bank may establish by regulation.
3. The National Bank may, without stating a reason, refuse to discount any of the aforementioned instruments.

Article 33. Credits to Other Banks and Non-Bank Depositary Institutions

1. The National Bank may, on such terms and conditions as it may determine, grant to any bank or non-bank depositary institution that maintains an account on its books, loans with maturities not exceeding three months, secured by any of the following assets:
 - a) international reserve instruments as specified in Section 1 of Article 50 of this law;
 - b) other debt securities issued or guaranteed by, and payable within Georgia, denominated in the national currency, forming part of a public issue, and intended for public sale;
 - c) warehouse receipts and documents of title issued in respect of raw materials or other goods duly insured against risk of loss or damage;
 - d) deposits with the National Bank or with a depositary acceptable to the National Bank of any assets which the National Bank is permitted to buy, sell or deal in under this law, including without limitation gold and other precious metals.

2. The National Bank shall grant loans to banks only through their Head Offices.

Article 34. Rates for Discounts and Loans

The rates for discounts and loans of the National Bank shall be established by regulations of the National Bank.

Article 35. Credit and Interest Rate Controls

1. In the conduct of its monetary and exchange rate policies, the National Bank is authorized within the limits determined by law and by means of resolutions of its Council, to prescribe temporary conditions and restrictions which shall regulate the following:
 - a) extension by banks and non-bank depositary institutions of any type of credits, guarantees and warranties and the issues related to their amounts;
 - b) interest rates and other charges payable on credits, guaranties or warranties on deposits including individual deposits received by banks and non-bank depositary institutions.
2. Establishment of the conditions and restrictions determined under Section 1 above may be allowed only in the event that and to the extent that the general objectives of monetary and exchange rate policy cannot be achieved by other means.
3. Any resolutions adopted by the National Bank's Council pursuant to Section 1 above shall specify that all applicable conditions and restrictions shall apply only to transactions conducted after the date of publication of such Resolution.

CHAPTER V. MONETARY UNIT, BANK NOTES AND COINS

Article 36. Monetary Unit

1. The monetary unit of Georgia shall be the "Lan", divided into one hundred "Tetri".
2. The "Lan" shall be the only legal tender on the territory of Georgia.
3. The National Bank shall determine and regulate the exchange rate for the Lan against other foreign currencies. If the National Bank does not declare any foreign exchange value for the Lan, the exchange rates for Lam against other currencies shall be determined in the foreign exchange market on the basis of free demand and supply.
4. Lan (cash in circulation, demand and time deposits, and current bank accounts) is backed by gold reserves, currency loans of foreign countries and other assets of the National Bank.

Article 37. Authority to Issue National Bank Notes and Memorial Coins

1. The National Bank shall have the exclusive right to issue bank notes and coins as legal tender within the territory of Georgia, as well as to mint memorial coins for circulation or other purposes.
2. The National Bank shall set rules and regulations governing activities related to the importation and exportation of bank notes and their transportation within the country.
3. The emission of bank notes and coins for the purpose of covering the state budget deficit is prohibited.
4. Rules for the minting and sale of memorial coins shall be established by the Council of the National Bank.

Article 38. Legal Tender as Acceptable Payment

Bank notes and coins issued as legal tender by the National Bank and not withdrawn from circulation shall be accepted, at their face values, in payment of all public and private debts in Georgia.

Article 39. Features of Bank Notes and Memorial Coins

The National Bank shall determine by regulation the face values, measures, weights, designs, materials and other features of memorial coins and bank notes and coins which are considered as legal tender.

Article 40. Currency Production and Safekeeping

The National Bank shall arrange for the printing of bank notes and the minting of coins, for the security and safekeeping of non-issued bank notes and coins, and for the custody and destruction, as necessary, of plates, dies, and retired bank notes and coins.

Article 41. Authenticity Criteria and Currency Exchanges

The Council of the National Bank shall establish criteria for determining the authenticity of bank notes and coins, as well as for accepting and exchanging them within Georgia.

Article 42. Unfit Bank Notes

The Council of the National Bank shall determine the rules for replacing, destroying or further use of bank notes withdrawn from circulation.

Article 43. Currency Inventory and Issue Plan

The National Bank shall directly administer the currency reserve inventory and shall plan new issues in order to ensure a regular supply of bank notes and coins so as to meet the currency requirements of the economy.

Article 44. Accounting Treatment of Currency Issued

The aggregate amount of circulating bank notes shall be recorded in the accounts of the National Bank as liabilities. Such liabilities shall not include bank notes and coins in the currency reserve inventory and memorial coins issued solely for numismatic purposes.

Article 45. Currency Recalls

1. The National Bank shall have the right to call in and withdraw from circulation any bank notes or coins that are circulating within the territory of Georgia and to issue in exchange therefore other bank notes or coins in equivalent amounts. The rules for calling and withdrawing from circulation bank notes and coins, and the rules for their circulation and exchange shall be determined by resolution of the Council of the National Bank.
2. At the end of an exchange period set by the Council, bank notes and coins called in for exchange shall cease to be legal tender.

Article 46. Counterfeiting of Currency

1. Whoever:
 - a) falsely makes, forges, counterfeits or alters any banknote or coin that is legal tender, whether in Georgia or abroad, or any check, security or payment card, denominated in any currency;
 - b) possesses, transports or issues any such banknote, coin, check, security or payment card with the knowledge that it was falsely made, forged, counterfeited or altered;
 - c) manufactures, possesses or transports any plate, stone, paper, die or other object or substance when he or she knows that it was destined to be used in falsely making, forging, counterfeiting or altering any such banknote, coin, check, security or payment card;shall be subject to prosecution in accordance with the Criminal Code.
2. Any reproduction of bank notes, coins, checks, securities or payment cards, whether denominated in Georgian legal tender or in another currency, shall require the prior written authorization of the National Bank.
3. The National Bank shall be the principle expert in cases requiring the establishment of the authenticity of banknotes and coins in national currency as well as an expert in cases requiring the establishment of the authenticity of foreign currency and other instruments on the territory of Georgia.

CHAPTER VI. EXCHANGE RATE POLICIES, INTERNATIONAL RESERVES, VALUATION RESERVE ACCOUNTS AND EXCHANGE CONTROLS

Article 47. Exchange Rate Policies

1. The National Bank shall carry out exchange rate policies as developed by its Council.
2. The National Bank shall be in charge of the administration of any law relating to exchange control. All statements, accounts and other information required by the provisions of any such law shall be presented to the National Bank.

Article 48. Responsibilities of the National Bank with Respect to Foreign Exchange

The National Bank shall be responsible for:

- a) issuing rules and regulations governing foreign exchange market operations;
- b) establishing rules, regulations, instructions, and accounting forms for foreign exchange operations
- c) setting limits on foreign exchange positions for banks and non-bank depositary institutions that are engaged in foreign exchange operations;
- d) owning, holding and managing foreign exchange reserves.

Article 49. Clearing and Payments Agreements

The National Bank may either for its own account or for the account and by order of the Government, enter into clearing and payments agreements or any other contracts for the same purpose with public and private central clearing institutions domiciled abroad.

Article 50. Foreign Exchange Reserves

1. The National Bank shall own, hold and manage the official foreign exchange reserves which shall consist of all or any of the following assets, excluding any such assets that are illiquid, encumbered, or otherwise unavailable for use within a short period of time by the National Bank:
 - a) gold;
 - b) foreign exchange in the form of notes, coins or bank balances held abroad in foreign currencies.
 - c) any other internationally recognized reserve asset, including the entitlement to make reserve tranche purchases from the International Monetary Fund and the holding by the Government of special drawing rights of the International Monetary Fund;
 - d) bills of exchange and promissory notes, denominated and payable in foreign currencies;
 - c) debt securities issued or guaranteed by, and forward purchase or repurchase agreements concluded with or guaranteed by, foreign States or Central Banks or international financial organizations, denominated and payable in foreign currencies.

2. The National Bank shall use its best endeavors to maintain its foreign exchange reserve fund at a level which, in its opinion, shall be adequate for the execution of the country's monetary and exchange rate policies and for the prompt settlement of its international transactions.

3. If foreign exchange reserves have declined or, in the opinion of the National Bank, are in danger of declining to such an extent as to jeopardize the execution of the country's monetary or exchange rate policies or the prompt settlement of the country's international transactions, the National Bank shall submit to the Parliament a report on the international reserve position and the causes which have led or may lead to such decline, together with such recommendations as it considers necessary to remedy the situation.

4. Until such time as, in its opinion, the situation has been rectified, the National Bank shall make such further reports and recommendations to the Parliament as the National Bank shall deem advisable.

Article 51. Formation and Allocation of Unrealized Foreign Exchange Net Gains and Losses

1. In order to arrive at the National Bank's unrealized foreign exchange net gains and losses, its unrealized gains and losses arising during a financial year from changes in the valuation recorded on its balance sheet, of assets or liabilities denominated in gold, special drawing rights, or foreign exchange shall be offset by corresponding amounts in the balance sheet revaluation accounts.

2. Net unrealized gains resulting from unrealized gains and losses in foreign exchange shall be transferred to the revaluation reserve in order to redeem future net unrealized losses if the above-mentioned net unrealized gains will not be sufficient to cover net unrealized losses in the current fiscal year, then the remaining net unrealized loss shall be allocated to retained earnings or uncovered losses.

CHAPTER VII. RELATIONS OF THE NATIONAL BANK WITH THE GOVERNMENT

Article 52. National Bank, Adviser and Fiscal Agent

1. The National Bank shall act as banker and adviser to, and as fiscal agent of the Government, provided, however, that no transaction carried out by the National Bank may serve to extend financial assistance to or for the benefit of the Government or any of its agencies, except as authorized by Article 57 of this law.

2. It shall be the duty of the National Bank to render advice to the President or Minister of Finance, on all significant matters that relate to activities of the National Bank or that otherwise are within its fields of competence.

3. Each year, the National Bank shall consult the Minister of Finance on the occasion of the preparation of the state budget and shall submit to him a written report on all economic and financial matters pertinent thereto.

Article 53. Consultations and Reporting on Public Sector Borrowing

The Minister of Finance shall consult with the National Bank at least once each year on its plans for domestic and external public sector borrowings during its next following fiscal year, including all amounts to be committed and disbursed under such borrowings and their anticipated terms and conditions. All borrowing transactions by governmental agencies shall be reported to the National Bank in such detail as the National Bank shall specify by regulation with the approval of the Minister of Finance.

Article 54. Depositary Function

1. The National Bank shall accept deposits from such governmental agencies as the Minister of Finance shall determine. In its capacity as such depositary, the National Bank shall receive and disburse monies shall maintain accounts thereof and shall provide other financial services related thereto. The National Bank shall pay out amounts deposited up to the limits of actual funds in accounts against orders to pay from such accounts. The National Bank may agree to pay interest on such deposits.
2. The National Bank may authorize other financial institutions to receive such deposits in compliance with such conditions as it may prescribe.

Article 55. Fiscal Agent Function

The National Bank may act as fiscal agent for the account of the Government and its agencies, in the following matters:

- a) the marketing of debt securities issued by any of them, or as transfer agent for them, or acting in such other administrative capacities as may be necessary.
- b) the paying of principal of, and interest and other charges on such debt securities;
- c) the executing of payment transactions concerning accounts of such securities;
- d) such other matters as shall be consistent with the objectives and fundamental tasks of the National Bank.

Article 56. Information to be Provided to the National Bank

All ministries, agencies, enterprises, institutions, and organizations of Georgia shall submit to the National Bank all the statistical reports, accounting data, and other materials necessary for it to perform the functions assigned to it.

Article 57. National Bank Loans

1. Except as specifically authorized under this law, the National Bank shall not grant any financial assistance to governmental agencies. In such cases the prior approval of its Council shall be required.

2. Subject to the overall limits specified by this Article, the National Bank may make loans to the Ministry of Finance with maturities not exceeding six months.
3. Notwithstanding the foregoing, the National Bank may make special loans with longer maturities to the Ministry of Finance in connection with subscriptions and similar payments resulting from, or incidental to, the membership of the Ministry of Finance in international organizations.
4. All National Bank loans shall be disbursed, denominated and made payable in legal tender only. All such loans shall bear interest at market rates, and shall be collateralized by debt securities in bearer form that also bear interest at market rates. All such collateral shall have maturities corresponding to the maturities of the loans that they secure, and shall be issued and delivered to the National Bank by the Ministry of Finance. For each such loan there shall be a written loan agreement executed between the Ministry of Finance and the National Bank. The loan agreement shall clearly state the principal amount of the loan, its maturity, and the applicable rates of interest and other charges.
5. At no time shall the aggregate principal amount disbursed on all outstanding National Bank loans to the Ministry of Finance exceed five percent of the annual average of the Government's revenues for the preceding three fiscal years. For the purposes of this Article "revenues" shall not include borrowings, grants and other forms of financial assistance.
6. Notwithstanding the foregoing, the National Bank may, in exceptional circumstances, grant by regulation a temporary waiver of the limit specified in Section 5 above but only if such waiver would not be inconsistent with the monetary policy objectives of the National Bank and only if such waiver would not cause the aggregate principal amount disbursed and outstanding on all such outstanding loans to exceed eight percent of the annual average of the Government's revenues for the preceding three fiscal years.
7. If, in the opinion of the National Bank, the limit provided in Section 5 above is in danger of being exceeded, the National Bank shall submit to the Parliament a report on all disbursed and outstanding loans to the Ministry of Finance, and the causes that may lead to such possible excess, together with such recommendations as it may deem appropriate to remedy the situation. If the limit provided in Section 5 is exceeded in accordance with Section 6 above, the National Bank shall make such further reports and recommendations as it may deem appropriate in order to remedy the situation and avoid its recurrence in the following fiscal year.
8. Notwithstanding the limits and conditions set forth in Sections 2 and 7 above, the National Bank may, within the time periods provided under the joint program of the International Monetary Fund and in implementation thereof, issue a five year term loan to the Government budget which will carry an interest rate of fifteen percent.

Article 58. Purchases of Government Securities by the National Bank

Purchases by the National Bank for its own account of debt securities issued by the Ministry of Finance shall be treated as loans to the Ministry of Finance and shall therefore be subject to the overall limits specified by Article 57 above, except in cases where (and to the extent that) such purchases are consistent with the monetary policy objectives of the National Bank or are required as investments in the management by the National Bank of the assets of its staff retirement fund and then only if such purchases are made in the secondary market.

CHAPTER VIII. RELATIONS OF THE NATIONAL BANK WITH BANKS

Article 59. Supervision

1. The National Bank shall have the autonomous right to regulate and supervise all activities of banks, non-bank depositary institutions and currency exchange offices. This includes the issuance and revocation of licenses, full examination and regulation, the imposition of restrictions and sanctions, as well as temporary administration and liquidation of banks and non-bank depositary institutions pursuant to applicable law.
2. The National Bank is empowered to require and obtain any type of financial reporting from persons who exercise control over banks or non-bank depositary institutions. The National Bank shall be empowered to investigate the sources of capital banks and non-bank depositary institutions and to investigate persons who control them and the circumstances surrounding such control.
3. In case of failure to provide the information as required in Section 2 above or in case of any violation revealed thereby, the National Bank shall be empowered to require divestiture or reduction of control. In case of failure to comply with this requirement, the National Bank may impose sanctions and corrective actions against the relevant bank or non-bank depositary institution pursuant to such procedures and in such amounts as are provided by its regulations.
4. While carrying out its supervisory functions, the National Bank shall be authorized:
 - a) to issue relevant resolutions, decrees, regulations, orders, rules, guidelines and instructions and to take such corrective actions and impose such sanctions as it shall deem necessary in order to promote the stability of the financial system.
 - b) to supervise and inspect any bank, non-bank depositary institution and currency exchange office and their subsidiaries other than persons licensed by the National Securities Commission, to examine their accounts, funds, ledgers, documents and other materials and to access all information it deems necessary. In case of the revelation of evidence of criminal activity, such materials shall be delivered to other appropriate authorities.
 - c) To increase the required reserves of banks and non-bank depositary institutions, to terminate their active operations, to prohibit their declarations or payments of dividends or other distributions, to prohibit increases in the remuneration or the payment of bonuses and similar compensation to their administrators, to require

the injection of additional capital and to increase required reserves on possible losses from assets and contingent liabilities.

d) To suspend the signing authority of any administrator or accountant of a bank or non-bank depositary institution, to impose money penalties on him or her, to require him or her to be removed from his or her position, to impose civil money penalties on banks, non-bank depositary institutions and currency exchange offices and to revoke their licenses. The amount of any penalties imposed by the National Bank and the procedures for the implementation thereof, as well as the procedures and terms for issuing, suspending and revoking licenses shall be determined by rules and regulations of the National Bank.

5. A Liquidator or Temporary Administrator of a bank or non-bank depositary institution shall be appointed only by the National Bank and shall report to the National Bank only. The Liquidator or Temporary Administrator shall assume the full authority of all organs (including shareholders' meetings) of the bank or non-bank depositary institution.

6. For the purpose of ensuring the stability of the banking system and the safety of deposits, the National Bank shall be authorized:

a) to establish and manage bridge banks, which carry out their activities in accordance with the "Law of Georgia on Activities of Commercial Banks".

b) through a Temporary Administrator or Liquidator, to facilitate the merger of an insolvent bank with another bank and or to transfer all or part of its assets and liabilities under terms and conditions set by the National Bank.

7. The National Bank shall periodically set for banks and non-bank depositary institutions required amounts of minimum paid-in issued and other kinds of capital, as well as procedures, forms and terms for raising it. These rights of the National Bank shall also apply to banks and non-bank depositary institutions which are going concerns or are already in operation.

8. The National Bank shall have the right to require from the National Securities Commission the ability to inspect subsidiaries of any bank or non-bank depositary institution licensed by the Commission in order to avoid any risk to the banks or non-bank depositary institutions that may arise from inappropriate activities of their subsidiaries. The National Bank shall be authorized to require the inclusion of its representatives as part of the Commission's inspection team that examines any such subsidiary.

9. No person shall have the right to receive deposits without a license of the National Bank or to use their proceeds for the purpose of extending credit. The National Bank may request reports, examinations of funds, accounting ledgers, documents, and other materials from any person, as well as to inspect any persons, who to its knowledge are taking deposits and other repayable funds without a license of the National Bank, other than the persons licensed by the National Securities Commission.

10. Banks and non-bank depositary institutions may be declared insolvent and failed only on the basis of a decision made by the National Bank pursuant to rules defined by it.

Article 60. Cooperation with Foreign Banking Supervisors

1. The National Bank shall closely cooperate with any foreign banking supervisory authority with respect to the supervision of banks and non-bank depositary institutions that operate in both of their respective jurisdictions.

2. As part of such cooperation, the National Bank may exchange with such foreign banking supervisory authorities information concerning any bank or non-bank depositary institution that operates in both of their respective jurisdictions, provided that any such supervisory authority undertakes to respect the confidentiality of the information so received.

Article 61. Accounts of Commercial Banks and Non-Bank Depositary Institutions on the National Bank's Books.

The National Bank shall be authorized to maintain accounts on its books for, and to accept deposits from banks and non-bank depositary institutions on such terms and conditions as it shall prescribe by regulation.

Article 62. Lender of Last Resort

The National Bank may, on such terms and conditions as it may determine, act as lender of last resort for banks which maintain accounts on its books, by granting to them or for their benefit, for periods not exceeding three months, loans other than those authorized by Article 33 of this Law as well as contingent commitments. Each such loan or contingent commitment shall be secured by assets specified in said Article 33 unless the National Bank decides that an unsecured loan or contingent commitment would be justified by exceptional circumstances. Provided, however, that no such loan or contingent commitment shall be made by the National Bank unless, in the opinion of the National Bank, such loan or contingent commitment is necessary to maintain liquidity requirements of a borrowing bank and is in the public interest. The term of such loan or contingent commitment may be extended by the National Bank on the basis of a program acceptable to the National Bank that specifies the measures to be taken by the bank concerned to satisfy the National Bank's liquidity requirements.

Article 63. Clearing and Settlement Facilities

The National Bank may assist banks in organizing facilities for the clearing and settlement of inter-bank payments, and may establish such procedures and issue such regulations relating thereto as it shall deem appropriate.

**CHAPTER IX. ACCOUNTS, FINANCIAL STATEMENTS, AUDITS AND REPORTS
OF THE NATIONAL BANK**

Article 64. Fiscal Year of the National Bank

The fiscal year of the National Bank shall begin on the first day of January and end on the last day of December.

Article 65. Accounting Practices

The National Bank shall maintain at all times accounts and records and other documents adequate to reflect its operations and financial condition, in accordance with International Accounting Standards taking into consideration the specific requirements and needs of a central bank.

Article 66. Financial Statements of the National Bank

The National Bank shall prepare financial statements for each of its fiscal years. These shall include a balance sheet, a profit and loss statement, and related statements and shall provide comparative figures for the previous fiscal year.

Article 67. Audits of National Bank Reporting

Audits of National Bank reporting shall be carried out by independent auditors appointed by the Parliament. The selection of independent auditors shall be made by the Tender Committee of Parliament whose members shall be approved by Parliament upon nomination by the Budget-Finance Committee.

Article 68. Transmittal and Publication of National Bank Statements and Reports

1. The National Bank shall, within three months after the close of each of its fiscal years, submit to Parliament the following documents:
 - a) a copy of its financial statements certified by its auditors;
 - b) a report on its operations and activities during that year;
 - c) a report on the state of the economy.
2. The National Bank shall prepare and submit to Parliament after the last working day of every month within the shortest period possible but no later than within 10 working days thereafter a report reflecting that month's balance sheet position.
3. Upon their submission to Parliament, the National Bank shall publish the financial statement and report referred to in Sections 1 and 2 above. The National Bank shall publish such other reports and studies on financial and economic issues as it shall deem appropriate.

Article 69. Determination of the General Directions of Monetary and Exchange Rate Policies and Reporting

1. Three months before the beginning of each fiscal year the National Bank shall submit to the Parliament a draft of its proposed general directions of monetary and exchange rate policies. The Parliament shall then determine by its decree the general directions of these policies for the following fiscal year. If Parliament does not

determine the general directions of monetary and exchange rate policies before the beginning of the following fiscal year, the National Bank shall operate in accordance with its draft proposals.

2. The general directions of monetary and exchange rate policies shall address levels of inflation, amounts of foreign exchange reserves, the maximum amount of loans anticipated to be extended by the National Bank to the Government, the mechanisms of monetary regulations to ensure these parameters, exchange rates and foreign currency regimes and proposed actions for improvements in the regulatory framework and the monetary system.

3. Annually, within three months after the close of its fiscal year, the National Bank shall submit to Parliament a statement on the implementation of monetary and exchange rate policies. Parliament shall approve this submitted statement.

4. In cases where the statement of the National Bank is not approved, Parliament shall adopt a decree addressing needed improvements to the National Bank's activities, which shall include recommendations to the National Bank for correcting the shortcomings found.

CHAPTER X. MISCELLANEOUS PROVISIONS

Article 70. Preferential and Unconditional Right of the National Bank

1. The National Bank shall have the unconditional right to satisfy each of its claims at their maturities from cash balances, or financial assets in the debtor's accounts and from fixed assets that the debtor owns at the time that any such claim becomes due and payable. This provision shall not apply to funds held with the National Bank as required reserves.

2. The National Bank may exercise a preferential right by setting off against cash balances on its books and by selling other assets at auction to reimburse itself for the debt out of the proceeds thereof after first deducting the costs associated with the sale. The rules for conducting auctions shall be set by the National Bank. If any such auction is declared failed, the National Bank is empowered to satisfy a claim by directly obtaining title to the property. The relevant authorities shall be obligated to provide the National Bank with all relevant documentation proving its title to such property.

3. If a decision of the Council of the National Bank so authorizes, these powers shall not be applied towards any entities under liquidation or temporary administration.

Article 71. Activities Prohibited to the National Bank

1. Except, as otherwise authorized by this Law, the National Bank shall not:

- a) grant any financial assistance, whether in the form of a direct loan or grant or a contingent commitment, or by purchasing a loan, loan participation or another

instrument of indebtedness, or through the assumption of a debt or a contingent liability, or in any other form;

b) engage in commercial activities, purchase the shares of corporation or company, including the shares of any financial institution, or otherwise have an ownership interest in any financial, commercial, agricultural, industrial, or other enterprise;

c) acquire by purchase, lease, or otherwise any partial or general rights in or to immovable property, except as it shall consider necessary or expedient for the provision of premises for the conduct of its business and operations or for the performance of its functions under the provisions of this law.

2. This Article shall not apply to the cases specified under Article 70.

Article 72. Special Powers of the National Bank

The National Bank may:

a) make loans to, or have an ownership share or otherwise participate in, any organization that is engaged in activities that are required for the proper discharge of the National Bank's own functions or responsibilities;

b) invest its financial resources in liquid debt securities issued by creditworthy issuers;

c) acquire, in the course of satisfaction of debts due to it, any property or interests in any property provided that all such interests or rights so acquired shall be disposed of at the earliest suitable opportunity;

d) establish staff social security and insurance funds or similar arrangements for the benefit or protection of its employees.

e) determine the list of the employees of the system of the National Bank who, according to the rule defined under law, have the right to carry firearms.

f) establish and manage bridge banks.

Article 73. National Bank Regulations

1. In carrying out its tasks, the National Bank shall enjoy autonomous regulatory powers. All of its regulations shall be published in the official Gazette and in any other official publication of the National Bank as determined under applicable law and shall take effect on the date of publication in official Gazette or on the date specified in the regulation. The National Bank shall maintain a public register of all of its regulations, guidelines and instructions.

2. Formats and standards set for electronic settlement accounts and informational security, approved by the National Bank according to its internal rules, shall be individually provided to banks and non-bank depositary institutions and shall come into force as of the date set by the National Bank.

3. The National Bank shall send draft regulations to the Ministry of Justice for legal expertise unless there is a need for a particular regulation to immediately take effect. The need for such a regulation to immediately take effect shall be set forth in the decree accompanying the relevant regulation. Regulations adopted by the National Bank shall be immediately (and no later than the following business day) submitted to the Ministry of Justice to receive their registration codes. Regulations which are to take immediate effect shall be issued as of the date set in their registration codes.

Article 74. Standards of Administration

1. The National Bank shall use the powers granted to it under this Law equitably and uniformly and in accordance with sound administrative practices. It shall refrain from using any such power to serve any purposes for which the power was not granted or which exceeds measures required to achieve such purposes.

2. The decisions of the National Bank taken pursuant to this Law shall be impartial and shall be motivated only by objective and rational considerations. These decisions shall be implemented in compliance with legal standards and shall serve clear objectives.

3. In the event that there is litigation brought to oppose any administrative acts of the National Bank the burden of proof lies with the plaintiff pursuant to Article 17(2) of the Administrative Procedures Code.

4. In the event that there is litigation brought to oppose any administrative acts of the National Bank the bringing of such litigation shall not suspend the immediate effects of such administrative act until the final decision is made, unless otherwise decided by the National Bank.

5. No employee of the National Bank shall be personally liable to any party for any action done or not done as long as such action was done or refrained from in good faith by such person and in the ordinary course of his or her duties in accordance with applicable law.

6. The President, a Vice-President or an employee of the National Bank authorized by the President or Vice- President, or in emergency cases, another person shall represent the National Bank in courts, or before Ministries, agencies, other entities or persons.

Article 75. Definitions

Wherever used in this Law, the following terms shall have the following meanings:

- a) "Bank" - a juridical person licensed by the National Bank that attracts deposits and conducts on its own behalf banking activities or a part thereof as determined under applicable law;
- b) "Bank account holder" - any bank that holds an account on the books of the National Bank;

- c) "Loan" or "loan commitment" a security or other debt instrument, or an instrument or agreement that certifies the right or obligation to receive or grant a loan in a certain amount with or without interest.
- d) "Reserve liabilities" - liabilities in the form of commitments, according to which reserves shall be set up pursuant to regulation of the National Bank.
- e) "State agency" - any administrative or territorial subdivision or agency of the Government.
- f) "Deposit" - any cash and other means of payment placed with a bank or non-bank depositary institution by persons;
- g) "Deposit of an individual" - deposits by persons both juridical and natural with a bank or non-bank depositary institution having the right of repayment and on which interest is accrued as a rule.
- h) "Deposit sum" - amounts of money placed with a bank or non-bank depositary institution;
- i) "Discount" - payment for an instrument through interest being deducted from it at the outset.
- j) "Emission" - issuance of money by the National Bank for circulation;
- k) "Credit" - any liability related to a secured or unsecured borrowing of money with the undertaking to repay it at its maturity on specified terms and conditions.
- l) "Clearing" or "clearing agreement" - system of payments through written orders which is based upon mutual settlement of claims and obligations and is applied to both domestic and international payment transactions;
- m) "Spot operations"- foreign currency operations in cash or for immediate settlement;
- n) "Tranche" - a portion of an international loan granted for the improvement of markets or for syndication on credit markets of different countries;
- o) "Transfer operation"- transfer of money from one financial institution to another, or the transfer of securities from one owner to another both within and outside the country;
- p) "Transfer agent" - a bank or other person which conducts operations for the transfer of money or securities;
- q) "Forward operations" - termless transactions of banks and companies usually on an exchange, and usually made by telephone or telex;
- r) "Fiscal agent" - an entity that supports the implementation of a government's fiscal policies by implementing its taxation collection systems and its government securities circulation and by representing it along with central banks of other countries in relation to international financial organizations;

- s) “Denomination” - the facilitating of the application of legal tender through the establishment of monetary subunits having set values for the purpose of simplifying and improving the accounting and settlement of cash circulation in the country by means of replacing old banknotes and coins by new ones.
- t) “Person” - a physical or juridical person, as well as a any other legally constituted organizational unit.
- u) “Non-bank depositary institution” — legal entity other than a commercial bank, which receives deposits and through their application and at its own risk to carry out certain financial activities under applicable law other than an entity licensed by the National Securities Commission;
- v) “Subsidiary” - a juridical person in which a parent person owns fifty or more percent of voting shares or otherwise controls.
- w) “Bridge bank” - a bank established in temporary and emergency cases by the National Bank for the purpose of fostering the stability of the banking system and the safety of deposits;
- x) “Control”- the capability by a person of exercising, directly or indirectly, alone or in concert with others, by using voting shares, or through any other means, a strong influence over the policies or strategies of a bank or non-bank depositary institution;
- y) “Controlling person” - a person exercising control;
- z) “Memorial coins” - anniversary, memorial and other specially minted coins, which may be made of precious or other kind of metal;
 - aa) “Family member” - a person’s spouse, minor child. step-son/step-daughter, as well as any other person permanently residing with the person:
 - bb) “Close relative” - a person’s family member, parents/grandparents and children/grandchildren, stepchild, sister and brother, as well as stepchildren of a parent and a child”;
 - cc) “Headquarters” - the main office of a juridical person established and registered in accordance with the law “On Entrepreneurs”;
 - dd) “Autonomous right to regulate” - the right of the National Bank to prepare and issue a regulation or engage in any legal act without any interference from other persons or bodies”;
 - ee) “Public register” - the National Bank’s public registry where legal acts of the National Bank are recorded and systematized.

President of Georgia
Eduard Shevardnadze
Tbilisi

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