

LAW OF GEORGIA

ON DEPOSITS INSURANCE SYSTEM

Chapter I - General Provisions

Article 1 - Scope and purpose of the Law

1. This Law sets out the legal grounds for the deposits insurance system in Georgia, the legal form, the management and power of the Deposits Insurance Agency, and the legal grounds for the administration of the deposits insurance fund.
2. The fulfilment of the requirements established by this Law is mandatory for a commercial bank as determined by this Law.
3. The aim of this Law is to compensate the insured deposits of natural persons in a commercial bank during the occurrence of the insured event as provided for by this Law, to increase public trust in commercial banks, to encourage savings and to promote the sustainability of the financial system of the country.

Article 2 - Definitions of terms

1. For the purposes of this Law, the terms used herein shall have the following meanings:
 - a) deposits insurance system - relations between depositors, commercial banks, the Deposits Insurance Agency, the National Bank of Georgia and the Government of Georgia regulated by this Law;
 - b) depositor - a natural person who has a deposit in a commercial bank;
 - c) deposit – an amount of money available in the account of a depositor (including a term deposit and a demand deposit), which must be paid by a commercial bank in accordance with the terms of the agreement signed between the depositor and the commercial bank. The amount of money received in exchange for electronic money is not a deposit;
 - d) uninsured deposit - a deposit which, according to this Law, is not protected by insurance and will not be compensated if the insured event occurs;
 - e) insured deposit - a deposit of a natural person, which shall be compensated by the Deposits Insurance Agency if the insured event occurs, within the limit established by this Law;
 - f) deposits insurance fund ('the Fund') - the amounts of money defined in Article 11(1) of this Law, which are used to compensate insured deposits to depositors if the insured event occurs and for the purposes provided for in Article 11(3) of this Law;
 - g) insured event - the start of liquidation, insolvency or bankruptcy proceedings against a commercial bank in accordance with the Law of Georgia on Commercial Bank Activities;
 - h) limit - the maximum amount of money to be compensated to the depositor for an insured deposit. This amount shall be defined in accordance with Article 16(1) and Article 24(5) of this Law;
 - i) a commercial bank - a commercial bank determined by the Law of Georgia on Commercial Bank Activities;
 - j) Supervisory Board ('the Board') - the Supervisory Board established within the Legal Entity under Public Law called the Deposits Insurance Agency in accordance with this Law.
2. Other terms used in this Law shall have the relevant definitions provided for by the legislation of Georgia.

Chapter II - Deposits Insurance Agency

Article 3 - Deposits Insurance Agency

1. An independent Legal Entity under Public Law called the Deposits Insurance Agency ('the Agency') shall be established for the purposes of this Law.
2. The Agency shall not delegate insurance risks in whole or in part to another insurer.
3. The Agency shall be independent in its daily performance and activities. Other bodies shall have no right to interfere in its activities except for the cases provided for by this Law.
4. The Agency shall have its own amounts of money, a single account of the Treasury Service of the Ministry of Finance of Georgia in the National Bank of Georgia, a seal with the image of the state coat of arms of Georgia and its name. The Agency shall keep accounting records and provide financial reporting in accordance with the legislation of Georgia and International Financial Reporting Standards.



5. The Agency shall operate in accordance with the Constitution of Georgia, International Agreements, this Law, the statute of the Agency and other legislative acts.
6. An active or former employee or a person legally acting on behalf of the Agency shall not be liable for any action or omission in respect of any person, if this action or omission was committed while exercising his/her rights and obligations in accordance with the legislation of Georgia.
7. The structure and powers of the Agency shall be determined by the statute of the Agency. The statute of the Agency shall be approved by the Government of Georgia.
8. The staff list and the relevant annual budget of the Agency shall be approved in accordance with the procedures established by this Law.
9. While approving the staff list of the Agency, international best practice shall be considered.
10. The Agency may, on its own behalf, acquire rights and duties, and enter into transactions, and appear in court as a plaintiff and/or defendant.
11. When the Agency performs the functions related to the insurance of deposits, the tax privileges related to its activities shall be determined by the Tax Code of Georgia in accordance with this Law. The operations and activities performed by the Agency shall be exempt from taxes and state fees in accordance with the legislation of Georgia.
12. The Agency may demand compensation from a relevant person through a court, if there is a reasonable doubt that the general financial liability of the Agency has been increased because of the unlawful actions of the management of a commercial bank, or an auditor or an employee.
13. In order to provide information, the Agency shall send an annual report of its activities to the Government of Georgia, the Parliament of Georgia and the National Bank of Georgia.

Article 4 - Rights and obligations of the Agency

1. In order to fulfil the functions related to deposits insurance, the Agency shall:
- a) receive the first contributions;
 - b) determine and receive regular premiums;
 - c) receive special insurance premiums in the cases provided for by this Law;
 - d) manage the fund;
 - e) receive detailed information in a timely manner, within its competence, from a commercial bank in accordance with the instructions;
 - f) exchange information about commercial banks with the National Bank of Georgia on timely and regular basis, based on a relevant agreement, for the purposes of this Law;
 - g) receive logistic support from the National Bank of Georgia based on a relevant agreement;
 - h) receive accurate information on deposits from an authorised person under the legislation of Georgia in the course of the process of the bankruptcy, insolvency or liquidation of a commercial bank;
 - i) request commercial banks to provide information on the insurance of deposits for active and potential clients in accordance with the instructions;
 - j) request information on insured deposits from commercial banks in a form provided for by the instructions;
 - k) inspect information received from commercial banks on insured deposits existing in commercial banks; the Agency may inspect this information onsite, remotely and/or through a person assigned by the National Bank of Georgia and/or through the external auditors of commercial banks;
 - l) receive grants, and technical and other assistance;
 - m) participate in working groups established in order to ensure financial stability;
 - n) exercise other powers provided for by this Law.
2. In order to exercise the powers provided for by this Law, the Agency shall:
- a) ensure that the contributions provided for by this Law are accumulated in the Fund;
 - b) determine the necessity for special insurance premiums and in relevant cases raise them;
 - c) issue compensation, if the insured event occurs, in accordance with the procedure established by the legislation of Georgia;
 - d) carry out internal control and risk management;
 - e) develop a crisis management policy, and procedures and systems that ensure an effective response to the risks arising during an occurrence of the insured event;
 - f) develop an information management policy and procedures to promptly issue compensation payments and stage a simulation of the insured event at least once in a year.



Article 5 - The management of the Agency

1. The Agency shall be managed by the Head of the Agency.
2. The Board shall be established in order to manage the Agency. Its composition and procedures for activity shall be defined by this Law.

Article 6 - The Head of the Agency

1. The Head of the Agency shall be appointed and may be dismissed by a decision of the Board in accordance with the procedure established by the legislation of Georgia.
2. A candidate for the position of the Head of the Agency shall be elected through a competition, in accordance with paragraph 1 of this article. The procedure for conducting the competition shall be determined by the statute of the Agency.
3. The Head of the Agency shall be appointed for a period of five years. After the expiration of this term, his/her reappointment shall not be restricted.
4. The Head of the Agency shall:
 - a) be a legally competent citizen of Georgia;
 - b) have higher education in the field of economics, law or similar sciences and have at least five years of experience in the field of financial, banking, insurance or economic law;
 - c) have no previous record of conviction;
 - d) not have history of being dismissed from a job on the grounds of improper performance of his/her duties;
 - e) be independent, unbiased, honest and conscientious.
5. The Head of the Agency may be dismissed:
 - a) on the basis of his/her application;
 - b) by a decision of the Board (by consensus);
 - c) in the case of the termination of his/her citizenship of Georgia;
 - d) upon the entry into force of a judgement of conviction passed by a court against him/her in a criminal trial;
 - e) upon a violation of the Code of Ethics of the Agency, by a decision of the Board;
 - f) if he/she is declared by a court as missing or dead or recognised as a beneficiary of support, unless otherwise determined under a court decision;
 - g) if he/she occupies a position or carries out activities incompatible with his/her position;
 - h) in the case of death.
6. The Head of the Agency shall:
 - a) supervise the Agency and organize its activities and functioning;
 - b) act on behalf of the Agency in relationships with third parties;
 - c) appoint and dismiss the employees of the Agency, provide incentives for them and take disciplinary measures against them;
 - d) determine specific activities to raise additional funds in the case of a depletion and/or deficit of money in the Fund, in agreement with the Board;
 - e) organize the process of compensation of the deposits insured by the Agency;
 - f) prepare and submit quarterly and annual reports of the activities of the Agency to the Board;
 - g) submit annual financial reports of the Agency to the Board;
 - h) determine the amount of mandatory contributions of commercial banks in agreement with the Board;
 - i) issue administrative acts;
 - j) prepare and approve the drafts of the following legal acts (the instructions), in agreement with the Board:
 - j.a) the staff list of the Agency and the budget of the respective year;
 - j.b) the investment policy and annual investment plan of the Agency;



- j.c) the strategic and annual plans of the Agency;
- j.d) the procedure for the calculation of the base and the procedures for the payment of regular premiums;
- j.e) the methodology for the calculation of risk-based regular insurance premiums;
- j.f) the amount of risk-based regular insurance premiums and the amount of the special purpose fund;
- j.g) the procedure for the calculation of special insurance premiums, and their frequency and procedures;
- j.h) the amount of special insurance premiums;
- j.i) instructions for commercial banks to provide information on the insurance of deposits for active and potential clients;
- j.j) instructions for requesting information on insured deposits from commercial banks;
- j.k) instructions for issuing compensation during an occurrence of the insured event and selecting a commercial bank for this purpose;
- j.l) instructions for the electronic publishing of information on insurance of deposits;
- j.m) the Code of Ethics of the Agency;
- j.n) other instructions provided for by this Law;
- k) perform other activities provided for by this Law and the statute of the Agency.

Article 7 - Composition of the Board

1. The Board shall be composed of 5 members. The members of the Board are: The Minister of Finance of Georgia, the Minister of Economy and Sustainable Development of Georgia, the President of the National Bank of Georgia and two independent members.
2. An independent member of the Board must be an unbiased and honest person with higher financial, economic or legal education. An independent member can not be a person who is or was holding a position of an administrator of a commercial bank in the six months prior to his/her appointment to the Board, and/or has other conflicts of interest;
3. Independent members of the Board shall be elected through a secret ballot by a simple majority of votes. The voting process shall be organized by the National Bank of Georgia.
4. All commercial banks have the right to nominate a candidate for the position of an independent member of the Board. The National Bank of Georgia shall inform commercial banks about the time and procedures of the voting no later than 10 days before the relevant date.
5. In order to elect the independent members of the Board, the voting process shall be held individually for each candidate. Only authorised representatives of commercial banks may participate in the election process of an independent member of the Board. Each commercial bank shall have one vote. The voting shall be held if two thirds of commercial banks participate in it.
6. The candidate who receives the most votes shall be considered the winner and shall become an independent member of the Board.
7. If a winner for the independent member of the Board is not established in the first ballot, a second round shall be held between the candidates with the most votes.
8. The term of office of an independent member of the Board shall be five years. After the expiration of this term, his/her reappointment shall not be restricted.
9. The term of office of other members of the board shall be determined in accordance with the term of their respective positions.
10. The Minister of Finance of Georgia, the Minister of Economy and Sustainable Development of Georgia and the President of the National Bank of Georgia shall chair the board with the principle of rotation for a one-year term in the respective order.
11. An independent member of the Board may not be the chairperson of the Board.
12. The salary of the independent members of the Board shall be determined by the annual budget of the respective year approved in accordance with Article 3(8) of this Law.

Article 8 - Rights and obligations of the Board

The Board shall:

- a) appoint and may dismiss the Head of the Agency in accordance with this Law and the statute of the Agency, by a relevant decision and in accordance with the procedure provided for by the legislation of Georgia;
- b) review and approve the drafts of the following legal acts (instructions) drafted by the Head of the Agency:
 - b.a) the staff list of the Agency and the budget of the respective year;



- b.b) the investment policy and annual investment plan of the Agency;
- b.c) the strategic and annual plans of the Agency;
- b.d) the procedure for the calculation of the base and the procedures for the payment of regular premiums;
- b.e) the methodology for the calculation of risk-based regular insurance premiums;
- b.f) the amount of risk-based regular insurance premiums and the amount of the special purpose fund;
- b.g) the procedure for the calculation of special insurance premiums, and their frequency and procedures;
- b.h) the amount of special insurance premiums;
- b.i) instructions for commercial banks to provide information on insurance of deposits for active and potential clients;
- b.j) instructions for requesting information on insured deposits from commercial banks;
- b.k) instructions for issuing compensation during an occurrence of the insured event and selecting a commercial bank for this purpose;
- b.l) instructions for the electronic publishing of information on the insurance of deposits;
- b.m) the Code of Ethics of the Agency;
- b.n) other instructions provided for by this Law;
- c) review and approve proposals presented by the Head of the Agency in order to determine specific activities to raise additional funds in the case of a depletion and/or deficit of money in the fund;
- d) review and approve the quarterly and annual reports of the activities of the Agency presented by the Head of the Agency;
- e) approve the annual financial reports of the Agency;
- f) approve the reports about the activities of the Agency prepared by the Head of the Agency;
- g) select an external auditor;
- h) exercise other rights provided for by this Law and the statute of the Agency and fulfil other obligations.

Article 9 - Meetings of the Board

1. The Board shall meet as often as it requires but at least once a quarter.
2. If required, a meeting of the Board shall be called by the chairperson of the Board and upon the written request of at least two members of the Board.
3. The chairperson of the Board shall lead the meeting, and in the case of his/her absence, the meeting of the Board shall be led by a member of the Board determined in advance by the chairperson.
4. A meeting of the Board shall be organized by the Agency.
5. As a rule, each member of the Board shall be notified of the place and agenda of the meeting and receive appropriate materials at least two days before the respective date.
6. Each member of the Board shall have the right to one vote. A meeting of the Board shall be quorate if it is attended by more than half of its members.
7. Decisions shall be made by a simple majority of attending members. In the case of an equal division of votes, the vote of the chairperson of the meeting shall be decisive.
8. A Board meeting may be attended by invited persons.
9. A meeting of the Board may be held by means of electronic communications.
10. The work done by the Board and decisions made at a meeting of the Board shall be documented in the minutes of the meeting. It shall be signed by the chairperson of the meeting.

Article 10 - Conflict of interests

1. An independent member of the Board, the Head of the Agency and employees of the Agency are not allowed to be employed at commercial banks or legal entities related to them, nor are they allowed to be the direct or indirect owners of the shares of a commercial bank or be members of a supervisory board or directorate of a commercial bank. As determined by the Organic Law of Georgia on the National Bank of Georgia, the family members of the members of the Board, of the Head of the Agency and of the employees of the Agency, are not allowed to be the direct or indirect owners of shares in a commercial bank or be members of a supervisory board or directorate of a commercial bank.



2. The members of the Board, the Head of the Agency and the employees of the Agency are not allowed to receive material benefits by using their official positions or obtain privileges from commercial banks or other persons related to them or on behalf of those persons to whom they are closely related or have working or financial relationships.

Chapter III - The Fund

Article 11 - Sources of funding, purpose and target amount of the fund

1. The Fund consists of the following sources:

- a) first contributions;
- b) regular premiums;
- c) special insurance premiums;
- d) income received from investment activities performed by the Agency;
- e) funds received from the assets of commercial banks subject to the procedures of the insured event;
- f) other revenues authorised by the legislation of Georgia.

2. A commercial bank is obliged to pay the insurance premiums provided for by this Law.

3. The resources of the Fund shall be used only for the purposes of this Law. The costs related to the functioning of the Agency, the costs foreseen in the respective annual budget of the Agency, and the expenses of loan services shall be covered from the Fund.

4. The amounts accumulated in the Fund shall achieve the target amount of the fund, which is 6% of the total volume of insured deposits.

Article 12 - The first contribution

1. A commercial bank is obliged to make the first contribution to the Fund as a lump sum monetary payment in the amount of 100 000 GEL.

2. A new commercial bank is obliged to make the first contribution to the Fund within the period of 30 days after receiving a licence for banking activity.

Article 13 - Regular premiums

1. A commercial bank is obliged to pay regular premiums each month in accordance with this Law and the instructions.

2. The amount of monthly regular premiums shall not exceed:

- a) 0.067% of the compensable volume of the deposits insured in the national currency at the respective commercial bank;
- b) 0.1% of the compensable volume of the deposits insured in a foreign currency at the respective commercial bank.

3. Regular premiums shall be paid no later than the 15th day of the following month.

4. A commercial bank shall pay the regular premiums in the national currency according to the official exchange rate determined by the National Bank of Georgia on the day of the payment, according to the instructions.

5. Based on the analysis of the risks of commercial banks, the Agency shall annually, but no later than September 30, approve the individual amount of regular premiums for the following year for each commercial bank, but not more than the amount determined in paragraph 2 of this article. The methodology for the analysis of the risks of commercial banks shall be public for all commercial banks, while the assessment of commercial banks shall be confidential.

Article 14 - Special insurance premiums

1. If, during an occurrence of the insured event, there is not enough money to compensate the deposits in the fund, the Agency is authorised to impose an additional special insurance premium on a commercial bank as a one time payment, in accordance with this Law and the instructions. The special insurance premium shall not exceed 1% of the total volume of the deposits insured in the commercial bank during the calendar year.

2. If, despite the mobilization of the amounts of money provided for by paragraph 1 of this article, there is still not enough money to compensate the deposits in the fund, the Agency is authorised to raise sums, including those based on the state guarantee, from the following sources and in the following manner:



a) borrowing money from local and international financial institutions;

b) borrowing money from the National Bank of Georgia;

c) borrowing money from the Government of Georgia;

d) issuing securities;

e) finding other, alternative sources.

3. The Agency is obliged to repay any loan from the Fund.

4. The detailed information on imposing the special insurance premiums and the respective procedures shall be determined by the instructions.

Article 15 - Investing the Fund resources

1. The Agency shall invest Fund resources in accordance with the investment policy of the Agency and the annual investment plan provided for by this Law.

2. In order to maintain the security and liquidity of the Fund, the resources of the Fund may be invested only in the following low-risk assets:

a) securities issued by the Government of Georgia, the National Bank of Georgia, or international financial organizations, and denominated in Georgian lari;

b) deposits of the National Bank of Georgia;

c) securities and debt instruments with fixed income, issued by the European Central Bank, the Organisation for Economic Cooperation and Development, EU member states, and EU super national agencies.

3. The Agency shall invest the resources of the Fund according to the principles of diversification, security and liquidity, while ensuring an adequate management of risk and internal control.

4. In order to implement the investment of the Fund resources, the Agency shall have the right to transfer the Fund for management to the Treasury Service of the Ministry of Finance of Georgia, as well as to the National Bank of Georgia.

Chapter IV - Rules and Procedures for the Compensation of Insured Deposits

Article 16 - Amount of the limit

1. The Board shall regularly review the issue of the compliance of the amount of the limit with international standards and practice. If required, the Agency may make a decision to extend the limit.

2. A decision regarding the extension of the limit shall enter into force three months after it is made. If there is a need to ensure financial stability, it may enter into force earlier.

Article 17 - Calculating the amounts of insured deposits

1. A depositor has a right to receive his/her own insured deposit, despite the amount or currency existing in a commercial bank, during an occurrence of the insured event, within the limit established by this Law.

2. The insured deposit of the depositor shall be compensated in the national currency. If the depositor has a deposit in foreign currency, the compensable amount shall be calculated and compensated in the national currency according to the official exchange rate determined by the National Bank of Georgia on the day of the occurrence of the insured event, but the amount shall not exceed the limit.

3. The amount of insured deposits for the depositor shall be determined by adding up the credit balances of the all insurable deposits in a commercial bank, including the accrued interest at the moment of the occurrence of the insured event.

4. The deposits of a depositor in different commercial banks are separately insured for each commercial bank within the established limit.

5. In the case of the merger of commercial banks, if the insured event occurs within six months after the merger, the depositor is entitled to request compensation for his/her insured deposits separately from each commercial bank.

6. If the agreement signed between the depositor and the commercial bank provides for the mutual offset of obligations, the amount to be compensated to the depositor shall be calculated exempt from liabilities arising thereunder.

7. The depositor may retain the right to request compensation of the compensable amount from the Agency within three years after the occurrence of the insured event. After this term expires, in order to repay the depositor, the amount to be compensated to the depositor shall be transferred to the National Bank of Georgia in accordance with the procedure established by the legislation of Georgia.



Article 18 - Uninsured deposits

The following deposits are not a subject to insurance and shall not be compensated if the insured event occurs:

- a) deposits in the name of the administrators of the relevant commercial bank;
- b) deposits of shareholders who own 5 % or more of the capital of the relevant commercial bank;
- c) deposits, in the relevant commercial banks, that belong to persons envisaged in sub paragraphs a) and b) of this article, or family members as determined by the Organic Law of Georgia on the National Bank of Georgia or third persons acting on their behalf;
- d) the deposits of those depositors who have been personally conducting an external audit of the relevant commercial bank during the three years previous to the occurrence of the insured event;
- e) deposits in the accounts of nominal ownership and deposits whose owners can not be identified before the occurrence of the insured event in accordance with the procedures established by the legislation of Georgia;
- f) deposits upon which interim measures have been imposed within the scope of a criminal investigation in accordance with the legislation of Georgia, or deposits that can not be used on the basis of other grounds provided for by the legislation of Georgia.

Article 19 - Terms of and procedures for compensation

- 1. After the insured event occurs, the Agency is obliged to promptly notify the depositors about the occurrence of the insured event and the procedures for compensation; notification shall be made via electronic means of communication, through the official website of the Agency and in official publication.
- 2. The Agency shall organise the issuance of compensation in accordance with the instructions.
- 3. The liquidator of the relevant commercial bank shall provide full information on the insured depositors and their deposits to the Agency, within 5 calendar days after the insured event occurs.
- 4. The Agency shall, within 20 calendar days after the occurrence of the insured event, calculate and pay the amount to be compensated to the depositor.

Article 20 - Obligations arising after compensation

- 1. After the Agency pays compensation to the depositor, the demand of the depositor to the commercial bank where the insured event occurred shall decrease in the amount of the issued compensation.
- 2. The demand of the Agency to the commercial bank where the insured event occurred shall increase in the amount of the compensation paid to the depositor of the commercial bank plus the expenses covered by the Agency during the process of compensation.
- 3. While paying compensation to the depositors, the Agency shall be a first rank creditor of the commercial bank where the insured event occurred, after the National Bank of Georgia. The Agency is entitled to demand compensation of the amounts stipulated in paragraph 2 of this article.

Chapter V - Transparency

Article 21 - Providing information to depositors

- 1. The Agency shall publish the following electronically: information about the commercial banks participating in the deposits insurance system, information about the amounts of money accumulated in the fund, about quarterly and annual reports on the activities of the Agency, the statute of the Agency, the instructions, information about the placement of the Fund finances, the annual budget of the Agency, and the auditor's report.
- 2. In accordance with this Law and the instructions, a commercial bank is obliged to provide an active or potential depositor with the information established by the legislation of Georgia about insured and uninsured deposits, and also about the limit of the insured deposits.
- 3. In accordance with this Law and the instructions, a commercial bank is obliged to publish information about the insurance of deposits by means of electronic communication.
- 4. The employees of the Agency, and the entities provided for in the Article 15(4) of this Law and their employees, are not entitled to authorise someone to use confidential information, or to disclose, spread or use confidential information for personal use.
- 5. Confidential information existing in the Agency about a commercial bank or its clients may be disclosed only to the National Bank of Georgia in order to fulfil the functions provided for by the legislation of Georgia. This information may be disclosed to other parties only on the basis of a court decision.



Article 22 - Audit

1. In order to monitor the operations and activities performed by the Agency, in accordance with this Law and the statute of the Agency, an internal audit shall be carried out in the Agency, which shall examine the compliance of the accounting and financial information of the Agency with the legislation of Georgia, and the reliability of the respective financial procedures.
2. The reports of the Agency shall be audited annually by an external auditor selected by the Board.
3. An audit company is entitled to provide an audit service for the Agency only if the company has passed the monitoring of a respective quality management system, required in order to carry out an audit of the financial statements of entities which have a public interest as established by the Law of Georgia on Accounting, Reporting and Audit.
4. The report of an external audit is public and shall be published on the official website of the Agency.

Article 23 - Sanctions

1. Where the Agency detects a violation as determined by this article, it is entitled to apply the following sanctions, based on the nature of the violation:
 - a) send a written warning to a commercial bank;
 - b) impose a monetary sanction on a commercial bank.
2. A commercial bank may be subject to a monetary sanction if it:
 - a) fails to provide the depositors with information on the deposits insurance system in accordance with this Law and the instructions. The amount of the monetary sanction shall be GEL 1 000;
 - b) does not submit exact information about the deposits to the Agency in accordance with the form and frequency established by the instructions. The amount of the monetary sanction shall be GEL 10 000;
 - c) fails to pay the first contribution, regular premiums or special insurance premiums in the amount or within the terms determined by this Law and the instructions. The amount of the monetary sanction shall be 0.06% of the dues for each outstanding day.
3. The type of sanction to be imposed on a commercial bank shall be agreed with the National Bank of Georgia.
4. Monetary sanctions imposed in accordance with this article shall be transferred to the fund.
5. Paying a monetary sanction as determined by this Law shall not release a commercial bank from fulfilling the obligations provided for by this Law.
6. The procedure for imposing and charging monetary sanctions and the form of the protocol of administrative offence and the person entitled to draw it up shall be determined by the instructions.

Chapter VI - Transitional and Final Provisions

Article 24 - Transitional Provisions

1. The Board shall meet within 30 days after this Law enters into force. Before the election of the independent members, the Board shall be legally capable with the composition of three members.
2. Two independent members of the Board shall be elected within 60 days after this Law enters into force. For this purpose, the National Bank of Georgia shall ensure that the voting provided for by Article 7 of this Law is conducted. As a result of the first round of voting, the term of the independent member of the Board shall be five years. In accordance with the procedures provided for by Article 7 of this Law, the other candidates shall be put to a second round of voting. As a result of the second round of voting, the term of the independent member of the Board shall be two years.
3. Within 60 days after this Law enters into force, upon the submission of the Board, the statute of the Agency shall be approved by the Government of Georgia.
4. In accordance with the procedure provided for by this Law, the Board shall appoint the Head of the Agency within 60 days after this Law enters into force.
5. The amount of the limit determined in Article 2(1)(h) of this Law shall be GEL 5000. A new amount of the limit may be established by the Head of the Agency with the agreement of the Board, no later than 2020, and if there is a need to ensure financial stability, a new limit may be established earlier.
6. By 1 January 2018, the Agency shall approve the legal acts (instructions) provided for by this Law.
7. Commercial banks shall pay the first contributions provided for by Article 12 of this Law no later than 1 January 2018.
8. The accumulated amounts of money in the fund may be less than the target amount until 2022.



Article 25 - Entry into force

1. This Law, except for Article 11(1)(b)(f), Article 11(4), Article 12(2) Articles 13 and 15 and Chapters IV and V, shall enter into force upon promulgation.
2. Article 11(1)(b)(f), Article 11(4), Article 12(2) Articles 13(1)-(4), Article 14 and Article 15 and Chapters IV and V of this Law shall enter into force on 1 January 2018.
3. Article 13(5) of this Law shall enter into force on 1 January 2020.

President of Georgia

Giorgi Margvelashvili

Kutaisi,

17 May 2017

No 852-III

