

BGI Law Brief

December 2021 – February 2022

Major Changes to State Inspector's Institute

On December 30, 2021, the government of Georgia (GoG) adopted changes to the Law on State Inspector, using fast-track procedure. The changes shall become effective on March 1, 2022.

According to the changes, the State Inspector will cease existence in the current form and its rights and duties will be divided between two, newly formed state entities – the Special Investigation Service and the Personal Data Protection Service.

The main function of the Special Investigation Service will be investigating misconducts of public officials. The Personal Data Protection Service will oversee the legality of personal data processing.

These changes triggered the package of amendments to other normative acts, including the Law on Personal Data Protection, Organic Law on Prosecutor's Office, Law on Conflict of Interest and Corruption in Public Service, Criminal Procedure Code, Law on State Security Service, etc.

These legislative changes have been widely criticized among civil and political groups as well as international organizations. On January 28, the current State Inspector herself referred to the Constitutional Court challenging the constitutionality of these amendments. However, the Constitutional Court has not ruled on this matter so far.

Green Passports Are No Longer Mandatory

On February 1, 2022, the GoG resolved that Green Passports are no longer mandatory.

Green Passports were originally enacted on November 30, 2021, as a mandatory tool for accessing entertainment and food establishments, as well as fitness facilities. Green Status was given to the people who (i) were fully vaccinated, (ii) had tested negative for Covid-19 within prior 72 hours (or 24 hours in case of a rapid test), or (iii) had recovered from Covid-19.

Under the recent changes, although Green Passports have been revoked, businesses have an option of choosing to retain the mandatory nature of Green Passports or any comparable tool in order to access their services.

Changes for Issuing Hospital Certificate

On February 9, 2022, the Minister of Internally Displaced Persons from Occupied Territories, Labor, Health and Social Affairs (MoH) adopted a legal act (changes to the Order #281/n of September 25, 2007), according to which, positive Covid-19 tests, for patients who show mild symptoms or are asymptomatic, have the same legal effects as a hospital certificate. The respective certificate can be issued by a medical institution providing laboratory services or printed from the Georgia e-Health application.

Generally, hospital certificates are used for confirming temporary inability of employees to perform their employment duties.

Quarantine Periods have been Reduced

On February 10, 2022, the MoH enacted new regulations determining periods of isolation and quarantine related to Covid-19 infection. According to the Order, periods were determined as follows:

- People with mild symptoms or asymptomatic – 7 calendar days following positive test (5 calendar days for those working in institutions of strategic importance - medical and educational institutions, Ministries of Internal Affairs, Justice, Finance, etc.);
- People with medium or severe cases of infection – 10 calendar days following positive test

People who have been in contact with an infected patient are no longer subject to quarantine if they have received a booster shot, second shot of vaccine within the last 15-90 days or recovered

from the infection within the last 60 days. Otherwise, they must quarantine for 5 days.

Certificate for the Electricity Generated from Renewable Sources

On December 23, 2021, Georgian National Energy and Water Supply Regulatory Commission (hereinafter the “**Commission**”) approved Resolution No. 58, on the Rules of Issuing Certificates of Origin for Electricity Generated from Renewable Sources (taking effect on December 30, 2021).

The purpose of this Resolution is to provide information to consumers regarding the share or quantity of electricity received from the renewable sources in the mix of electricity supplied them.

The certificates will be issued via electronic registry created by the electricity transmission grid operator upon application of an account holder. The account holder is a renewable electricity producer registered in the said registry.

Corporate Governance Code for Issuers of Public Securities

On December 7, 2021, the National Bank of Georgia adopted the Order No. 172/04, setting out Code of Corporate Governance for Issuers of Public Securities (effective from January 1, 2022).

The Order establishes corporate governance principles and reporting requirements for issuers of public securities. The aim is to increase the degree of transparency of and investor confidence in the respective companies and their governing bodies. This should contribute to the sustainability of capital markets and the overall financial sector.

Code of Ethics for Financial Institutions

On February 17, 2022, the President of National Bank adopted Order 14/04 approving the Code of Ethics related to Recovery of Credit by Financial Institutions.

The purpose of the Code of Ethics is to establish best practices in the field of consumer lending, similar to the practices used by international

financial institutions during their lending processes, strengthen the credibility of financial institutions from the customers’ perspective and to safeguard the customers’ rights during repayment of credits.

The Code of Ethics also sets out the principles of relationship between financial institutions and their customers. In particular, the relationship between the financial organizations and their customers must be based on generally accepted principles and norms of reliability, transparency, mutual respect, accurate and truthful information and liability.

The Order enters into force on March 1, 2022.

Rules of Dissolution of State-Owned Legal Entities

On January 12, 2022, Order No. 1-1/6 of the Minister of Economy and Sustainable Development approved the new Rules on the Dissolution of Legal Entities with more than 50% State Shareholding.

The Order sets out legal grounds for the dissolution of such legal entities, including:

- a resolution of shareholders;
- a final and effective verdict on the dissolution of the legal entity;
- a court decision adopted on the basis of the shareholder’s application;
- other grounds determined under the charter of the legal entity.

The GoG adopted similar rules for dissolution of those legal entities where municipalities have more than 50% shareholding (the GoG Resolution No. 20 is in force from January 21, 2022).

New Network Rules for Natural Gas

On December 31, 2021, the Commission adopted Resolution No. 80 approving the Rules on Distribution Network of Natural Gas, which will take effect on July 1, 2022.

The Resolution governs the relationship between the natural gas distribution system, the natural gas distribution system operator, the supplier and a final consumer, as well as the relationship

between the distribution system operator and the transmission system operator.

The rules set out the terms and conditions of service related to the distribution activity by the system operator, the terms of connection to the distribution network and capacity enhancement, the relationship between the supplier and the system operators, including the terms of access to the distribution network. The rules also set out operational requirements for distribution network security, distribution network operation procedures in normal and emergency modes, fault conditions, force majeure and other delays.

Rules and Conditions for Facilitating Registration of Privatized Real Property

On January 26, 2022, the GoG adopted Resolution No. 29 on Approval of Rules and Conditions for Facilitating Registration of Privatized Real Property.

The purpose of this rule is to facilitate the registration of the privatized real property - determine the rules and conditions for granting consent to the registration of the property right of the interested person, in cases where the area of the privatized building (or part of the building) exceeds the area specified in the title deed. Also, in cases where the area of development of the land occupied by the buildings exceeds the area specified in the document certifying the right of ownership by more than 10 percent.

The registration of such property rights must be approved by the National Agency for State Property.

Draft Law on Management of Water Resources

Plans to establish a new permit system on usage of water systems is underway. In particular, the draft Law on Management of Water Resources was introduced by the Ministry of Environmental Protection and Agriculture.

The purpose of this bill is to create a legal basis for the management of water resources in the country, which will ensure the implementation of a unified state policy in the field of the use and protection of water resources, safe environment for human health and life and protection and

sustainable use of water resources in accordance with integrated management principles.

The scope of regulation of this bill includes surface and groundwater and their protection zones.

At this stage, it is unclear when or whether this bill will be approved by the Parliament.

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