

BGI Law Brief

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National Bank of Georgia Adopt New Regulations in Financial Sector

On March 12, 2020, the National Bank of Georgia (NBG) issued Order N42/04 on the Approval of the Regulation for Management of Interest Rate Risk in the Banking Books (IRRBB).

Under the new regulations, the banks shall specifically introduce procedures for effective IRRBB identification, measurement, monitoring and control activities. Furthermore, if measurements are based on assumptions, such assumptions should be thoroughly tested and correspond with the bank's business strategies.

Measurement of IRRBB should be based on outcomes of both economic value and earnings-based measures, arising from a range of interest rate shock and stress scenarios. For regular supervisory reporting purposes, the banks must calculate IRRBB through usage of the change in the economic value of capital and the net interest income methods.

The Order 42/04 will enter into force on September 1, 2020.

In addition, on February 5, 2020, NBG adopted Order N16/04 on the Approval of the Rule for Determining, Imposing and Executing Monetary Penalty for Microfinance Organizations and Their Administrators, replacing the previous Order N25/04 of February 7, 2012.

The new regulation grants NBG authority to impose various sanctions on microfinance organizations and/or its

administrators for breach of their supervisory regulations.

The order N16/04 entered into force on February 6, 2020.

Sensitive Web Content Subject to Regulation

Following the adoption of the Code on the Rights of the Child, on February 28, 2020, the Georgian National Commission of Communications (GNCC) adopted regulations with respect to sensitive content on the internet.

The regulations apply to all internet service providers and provide, *inter alia*, for mandatory registration of users to allow their access to the content and the requirement that sensitive content be flagged with applicable sensitive content warnings. Breach of these requirements may lead to administrative liability.

The regulations will come into effect on June 1, 2020.

New Labor Safety Requirements Adopted by Government

On February 14, 2020, the Ministry of Internally Displaced Persons, Labor, Health and Social Affairs approved the Order N01-20N (the "Order"), classifying certain activities as high-risk activities for pregnant, post-partum and nursing women.

The list of risky activities includes work activities which pose high risk to the employees during pregnancy or after childbirth, such as working with chemical and biological agents, physically and mentally intense work activities, *etc.*

Under the Order, employers will be required to modify the working environment or the terms of employment in order to mitigate risks posed to such employees.

The Order is effective as of February 17, 2020 and applies to all employers.

In addition, on February 10, 2020, the Government approved the Decree N99 which introduced the procedures for inspection of a working environment. Inspection measures include full or partial inspection, as well as repeated inspection of a working environment. Inspection proceedings may focus on compliance with safety requirements, identification of causes of work accidents, investigation of cases of human trafficking, implementation of preventive measures, etc. The Decree is effective as of February 13, 2020.

Parliament Amends the Product Safety Code to Improve Accessibility for Disabled Persons

On February 5, 2020, the Parliament adopted amendments to the Product Safety Code aimed at protection of rights of disabled persons. Particularly, as of June 14, 2020, failure to take into consideration the requirements of technical regulations on planning and access for disabled persons will be punishable by a fine in the amount of GEL 30 000.

The Code of Administrative Offences has also been amended to the effect that a failure to create necessary conditions for access to transportation for individuals with disabilities will result in fines in various amounts, up to a maximum amount of GEL 5 000. Fines may be imposed on operators of airports, ports and terminals, as well as providers of automobile and railway transportation services.

The amendments will enter into force on June 14, 2020.

Government Adopts Various Technical Regulations

On February 6, 2020, the Government adopted: (i) Technical Regulations on Appliances and Safety Systems to be Used in Potentially Explosive Environments; (ii) Technical Regulations on Machines and Appliances; (iii) Technical Regulations on Appliances Operating on Gas; and (iv) Technical Regulations on Individual Safety Tools. These regulations will come into full effect on January 1, 2021.

In addition, on March 13, 2020, the Government adopted Rules on Animal Feed Hygiene. The Rules will come into effect gradually, starting from June 1, 2023 and becoming fully effective as of January 1, 2025.

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