

LAW OF GEORGIA

ON FACILITATING THE PREVENTION OF MONEY LAUNDERING AND THE FINANCING OF TERRORISM

Chapter 1 – General Provisions

Article 1 – Purpose and scope of the Law

1. The purpose of this Law is to create an effective legal mechanism to facilitate the prevention, the detection and suppression of money laundering and the financing of terrorism, as well as the financing of the proliferation of weapons of mass destruction.
2. The fulfilment of the requirements of this Law shall be mandatory for an accountable person, a supervisory body and other administrative bodies determined by the legislation of Georgia, and bodies carrying out investigation and criminal prosecution, and managers and employees of a unit.

Article 2 – Definition of terms

1. For the purposes of this Law, the terms used herein have the following meanings:

- a) accountable person – a person as defined by Article 3(1) of this Law;
- b) account – the unique means of accounting the financial resources, securities or electronic money of a client with a brokerage company, or a payment service provider in a commercial bank;
- c) non – registered organisational entity – a union provided for by the legislation of Georgia or other jurisdiction (a partnership of flat – owners, a non – registered union, a partnership, etc.), which has an internal organisational structure and acts in its own right in relations with a third party and, at the same time, is not registered as a legal person;
- d) beneficial owner – a natural person as determined by Article 13 of this Law;
- e) UN Sanctions Committee – a respective sanctions committee established on the basis of the resolutions of the United Nations Security Council;
- f) resolution of the United Nations Security Council – a respective resolution of the United Nations Security Council adopted on the basis of Chapter VII of the Charter of the United Nations, which aims at preventing, detecting and suppressing the financing of terrorism or the proliferation of weapons of mass destruction;
- g) transaction – a transaction as defined by Article 50 of the Civil Code of Georgia;
- h) related transactions – transactions made in a reasonable period of time and/or single transactions determined on the basis of other criteria, and which are related to the same client. In the cases determined by this Law, related transactions shall be detected for the purposes of preventing a client from avoiding measures provided for by this Law by splitting up the transaction amount.
- i) reasonable belief – information or a set of circumstances serving as the basis for an objective observer to make a conclusion that a person might have committed an offence;
- j) single transaction – a transaction (except for a transaction prepared, made or completed within a business relationship) taking into account the provision of a service determined by the legislation of Georgia by an accountable person in favour of a client;
- k) verification – obtaining information (documents) which enables an accountable person to verify the accuracy of the obtained identification data of a person, and in the case of a beneficial owner, also to ensure that he/she is aware of the identity of the beneficial owner;



- l) supervisory body – an institution determined by Article 4 of this Law, which verifies the fulfilment of obligations provided for by this Law by an accountable person;
- m) identification – obtaining identification data on a person in order to trace down and distinguish this person from another person;
- n) home jurisdiction – a state or territory where a person is registered and/or performs activities;
- o) client – a person who enters into a business relationship or a single transaction with an accountable person to receive its service;
- p) competent authority – a unit, a supervisory body or other state agency responsible for the prevention, detection, suppression and investigation of money laundering and/or the financing of terrorism, and/or responsible for carrying out criminal prosecutions, and while implementing measures defined by Chapter X of this Law, also a state agency or other authorised state agency responsible for the prevention, detection, suppression and investigation of the financing of terrorism in other jurisdictions, and/or responsible for the implementation of criminal prosecutions.
- q) confidential information – information (a document(s)) containing a professional secret, a commercial secret, and/or personal data;
- r) person – a natural person, a legal person, or a non – registered organisational entity;
- s) politically active person – a natural person as determined by Article 21(1) of this Law;
- t) international organisation – an interstate or intergovernmental organisation;
- u) suspicious transaction – a transaction subject to a reasonable belief that it was prepared, made or completed on the basis of illegally acquired property or income gained from such property, and/or for the purpose of money laundering, or that is related to the financing of terrorism;
- v) correspondent relationship – a business relationship as determined by Article 22(1) of this Law;
- w) Service – the Legal Entity under Public Law called the Financial Monitoring Service of Georgia;
- x) list of sanctioned persons – a list of natural and legal persons subject to sanctions provided for by resolutions of the UN Security Council;
- y) business relationship – a continuous commercial and professional relationship between an accountable person and a client, involving the provision by the accountable person of a service defined by the legislation of Georgia in favour of the client;
- z) life insurance – a life insurance contract/policy of an investment nature (including an accumulation option and the return of premium life insurances);
- z1) financing of terrorism – a crime provided for by Article 331¹ of the Criminal Code of Georgia;
- z2) extraordinary transaction – a transaction or a set of transactions as defined by Article 20(1) of this Law;
- z3) trust or legal structure similar to a trust – a legal relationship as defined by Article 2 of the Hague Convention on the Law Applicable to Trusts and on their Recognition of 1 July 1985, or a legal relationship structurally/functionally similar thereto;
- z4) Financial Intelligence Service – a state agency responsible for receiving and analysing confidential information related to a possible fact of money laundering and/or the financing of terrorism, and also responsible for transferring the said information to other competent authorities, if necessary;
- z5) financial institution – a person as determined by Article 3(1)(a) of this Law;
- z6) fictitious bank – a commercial bank or other financial institution not physically present in the jurisdiction where it is registered or licensed;
- z7) transfer of monetary funds – an operation as determined by Article 17(1) of this Law;



z⁸) money laundering – a crime as provided for in Article 194 of the Criminal Code of Georgia;

z⁹) compliance control system – a set of internal control policies, rules, systems and mechanisms as defined by Article 29 of this Law;

z¹⁰) management – a natural person who has complete information on the risks of money laundering related to the activity of an accountable person and the financing of terrorism, and who is authorised by virtue of his/her position to make decisions related to the management of these risks;

z¹¹) group – a head enterprise (head organisation), its subsidiary enterprise (subsidiary organisation) and/or its branch, which is obliged to follow the recommendations of the Financial Action Task Force (FATF) on the implementation of preventive and other measures.

2. Other terms used in this Law shall have the same meanings as in the legislation of Georgia.

Article 3 – Accountable persons

1. For the purposes of this Law, accountable persons are:

a) financial institutions:

a.a) a non – bank deposit institution – a credit union;

a.b) the founder of a non – state pension scheme;

a.c) an insurance broker; reinsurance broker;

a.d) a currency exchange office;

a.e) a commercial bank;

a.f) a microfinancial organisation;

a.g) a brokerage company;

a.h) a payment service provider;

a.i) an insurance undertaking;

a.j) a leasing company;

a.k) a loan issuing entity;

a.l) a securities registrar;

b) persons performing non – financial activities:

b.a) a lawyer, a law firm;

b.b) a lottery organiser, an organiser of gambling or prize – winning games;

b.c) a notary public;

b.d) a certified accountant, a legal person who provides accounting services and on whose behalf a certified accountant acts;

b.e) an auditor, an audit firm;



b.f) a person trading in precious stones or metals;

c) public institutions:

c.a) the Legal Entity under Public Law called the National Agency of Public Registry operating under the governance of the Ministry of Justice of Georgia ('National Agency of Public Registry');

c.b) the Legal Entity under Public Law called the Revenue Service operating under the governance of the Ministry of Finance of Georgia ('Revenue Service').

2. The requirements of this Law shall apply to a person referred to in paragraph 1(b.a) or (b.c) of this article only when it provides services to a client related to the following activities:

a) purchasing, selling, or giving as a present, real estate;

b) managing funds, securities or other property;

c) managing a bank account, a savings account, or a securities account;

d) organising instalments for the purposes of establishing a legal person and carrying out or managing its activities;

e) establishing, performing the activities of, or managing a legal person, a non – registered organisational entity or a trust, or a legal structure similar to a trust;

f) purchasing and selling the stocks or shares of an entrepreneurial legal entity.

3. The requirements of this Law shall not apply to a person referred to in paragraph 1(b.d) or (b.e) of this article when giving a legal advice to a client or when representing a client in administrative proceedings, before an investigative authority, in court or arbitration, and/or preparing such representation.

4. The requirements of this Law shall not apply to a natural person referred to in paragraph 1(b.a), (b.d) or (b.e) of this article, who independently provides professional services.

5. If a natural person as referred to in paragraph 1(b.a), (b.d) or (b.e) of this article is a partner or acts on behalf of a legal person determined by the same paragraph, the requirements of this Law shall apply to the relevant legal person.

6. Only the requirements provided for by Article 11(6), Article 25(4) and Article 26(1) and (3) shall apply to the National Agency of Public Registry.

7. Only the requirements provided for by Article 10(9), Article 11(7), Article 25(5) and Article 26(1) and (4) shall apply to the Revenue Service.

Article 4 – Supervisory bodies

For the purposes of this Law, supervisory bodies are:

a) a sub – agency in the system of the Ministry of Finance of Georgia called the Service for Accounting, Reporting and Auditing Supervision – for persons determined by Article 3(1)(b.d) and (b.e) of this Law;

b) Georgian Bar Association – for a person determined by Article 3(1)(b.a) of this Law;

c) National Bank of Georgia – for persons determined by Article 3(1)(a.a), (a.d), (a.e), (a.f), (a.g), (a.h), (a.k) and (a.l) of this Law;

d) Ministry of Justice of Georgia – for persons determined by Article 3(1)(b.c) and (c.a) of this Law;

e) Ministry of Finance of Georgia – for persons determined by Article 3(1)(a.j), (b.b), (b.f) and (c.b) of this Law;

f) the Legal Entity under Public Law called the Insurance State Supervision Service of Georgia – for persons determined by Article 3(1)(a.b), (a.c) and (a.i) of this Law.



Chapter II – Evaluation and Management of Risks Related to Money Laundering and the Financing of Terrorism

Article 5 – National report and action plan for the evaluation of risks of money laundering and the financing of terrorism

1. The Government of Georgia shall approve a national report for the evaluation of the risks of money laundering and the financing of terrorism and an action plan ('the national report on the evaluation of risks and the action plan'), on the recommendation of a standing interagency commission ('interagency commission').
2. The main goals of the national report on the evaluation of risks and the action plan shall be:
 - a) the detection, analysis and evaluation of risks of money laundering and the financing of terrorism at the national level and according to relevant sectors of the economy;
 - b) the implementation of necessary legislative, institutional and other measures to ensure the management of risks of money laundering and the financing of terrorism at the national level and according to relevant sectors of the economy;
 - c) the facilitation of the prioritisation of state resources intended for facilitating the prevention of money laundering and the financing of terrorism.
3. The national report on the evaluation of risks and the action plan shall be updated if necessary, but not less than twice a year.
4. The national report on the evaluation of risks and the action plan shall be public and shall be published in accordance with the procedure established by the legislation of Georgia, except for parts which contain confidential information or a state secret or which, if published, may impede an investigation or criminal prosecution being carried out in Georgia, or violate the state interests of Georgia, or the interests of public security protection, or other public interests.

Article 6 – Interagency commission and working group

1. For the purposes of developing, implementing, monitoring and updating the national report on the evaluation of risks and the action plan, an interagency commission shall be set up by a legal act of the Government of Georgia.
2. Issues related to the management, structure, powers, composition and rules of operation shall be defined by the statute of the interagency commission, which shall be approved by the Government of Georgia.
3. A working group shall be set up within the interagency commission whose main functions are:
 - a) to develop an appropriate methodology for the detection, analysis, evaluation and management of the risks of money laundering and the financing of terrorism at the national level and according to relevant sectors of the economy ('risk assessment methodology');
 - b) to develop a national report on the evaluation of risks and an action plan (prepare a draft) with the participation of competent authorities and accountable persons, and to submit them to the interagency commission for consideration;
 - c) to submit draft changes and amendments to be introduced into the national report on the evaluation of risks and the action plan to the interagency commission for consideration, for the purpose of the updating thereof;
 - d) to monitor the implementation of the action plan and give appropriate recommendations to competent authorities;
 - e) to facilitate the coordinated activities of competent authorities in managing the risks of money laundering and the financing of terrorism;
 - f) to deliver information in a timely manner on the risks of money laundering and the financing of terrorism to an accountable person.



4. The working group shall submit a report on performed activities and the state of implementation of the action plan to the interagency commission annually.

Article 7 – Recording and delivering information

1. Within the scope of its authority, a competent authority shall record and submit the following information upon the request of a working group within a reasonable time limit:

a) the number of reports submitted to the Service and selected for further analysis, as well as the number of the results of the analysis of the Service sent to a competent authority in accordance with Article 34(1) of this Law;

b) the number of requests for the submission of information sent by the Service to the Financial Intelligence Service of another jurisdiction, and the number of requests for the submission of information provided and received from that Financial Intelligence Service, or the number of requests for the suspension of a transaction;

c) the number of investigations initiated in cases of money laundering and the financing of terrorism and the number of criminal prosecutions, judgements of conviction, and judgements of acquittal of a court, which have entered into force;

d) a list of seized, removed and dispossessed property related to cases of money laundering and the financing of terrorism, and/or the value of such property;

e) the number of sent, received and satisfied petitions for legal assistance regarding cases of money laundering and the financing of terrorism;

f) the number and type of inspections conducted by a supervisory body on the basis of this Law and relevant subordinate normative acts, detected violations, and implemented supervisory measures.

2. The working group shall be entitled to request and receive from a competent authority additional statistical data or other information provided for by the risk evaluation methodology.

Article 8 – Evaluation and management of risks related to money laundering and the financing of terrorism by accountable persons

1. An accountable person shall introduce an effective system for the evaluation and management of the risks of money laundering and the financing of terrorism, taking into account the nature and volume of its activity.

2. An accountable person shall be obliged to evaluate the risks of money laundering and the financing of terrorism with appropriate periodicity, and in the case of a head enterprise (head organisation), also the risks of money laundering and the financing of terrorism at a group level on the basis of a client and a beneficial owner, the essence of their activities or location of jurisdiction, a product, a service or the means of their provision, or a transaction or other risk factors.

3. Before the introduction of new technology, a new product or service or the means of their provision, or before the introduction of an essential change in a business practice, an accountable person shall be obliged to evaluate the risks of money laundering and the financing of terrorism related to such a change.

4. In the cases provided for by Article 11(1) to 11(4) of this Law, an accountable person shall be obliged to evaluate the risks of money laundering and the financing of terrorism related to a client, and to determine a risk level for the client before the latter enters into a single transaction or business relationship, as well as in the course of a business relationship with appropriate periodicity, and when essential circumstances related to the client change.

5. An accountable person shall be obliged to carry out effective measures in order to manage the risks of money laundering and the financing of terrorism detected in accordance with this article.

6. When evaluating the risks provided for by this article and implementing measures to manage them, an accountable person should take into consideration the information included in the national report on the evaluation of risks and the action plan, as well as the instructions and recommendations of the Service and/or a supervisory body.



7. If requested by a supervisory body, an accountable person shall duly substantiate that the risks have been evaluated in accordance with this article and effective measures for the management thereof have been carried out.

Article 9 – Low risk service/product

1. Under a subordinate legislative act of the head of the Service, an accountable person may be released from the obligation to fulfil certain requirements of this Law, when providing a service involving a low risk of money laundering and the financing of terrorism.

2. The exception provided for by paragraph 1 of this article shall be duly substantiated, and shall be based upon an exhaustive list of circumstances, and shall apply to a specific group of accountable persons or their activities.

3. In accordance with paragraphs 1 and 2 of this article, a financial institution may be released from the obligation to fulfil certain requirements of this Law when providing a payment service, through an electronic money instrument, which meets all of the following conditions:

a) the instrument is used to transfer monetary funds only to pay the price of goods or services;

b) the instrument may not store electronic money exceeding 500 GEL, or if in foreign currency, exceeding the equivalent of 500 GEL, at any moment in time;

c) the total amount of monetary funds permitted to be transferred via the instrument does not exceed 500 GEL, if the instrument is applicable only in Georgia, or the instrument may be used for a one – time only placement/crediting of electronic money;

d) anonymous electronic money may not be credited to the instrument;

e) the issuer of the instrument provides the monitoring of a business relationship to detect a suspicious transaction.

4. The amount limit determined by paragraph 3(b) of this article may be increased up to 1 500 GEL if the electronic money instrument can be used only in Georgia.

5. The exception provided for by paragraph 3 of this article shall not apply to an electronic money instrument which enables the withdrawal or return of monetary funds in cash, in total exceeding 150 GEL, or if in foreign currency, the equivalent of 150 GEL.

Chapter III – Preventive Measures

Article 10 – Preventive measures

1. An accountable person shall be obliged to implement the following preventive measures in the cases provided for by Article 11(1) to 11(4) of this Law:

a) identify and verify a client based on a reliable and independent source;

b) identify a beneficial owner and take reasonable measures for the verification thereof based on a reliable source;

c) establish the goal and the intended nature of a business relationship;

d) monitor a business relationship.

2. When implementing the preventive measures determined by paragraph 1(a) of this article, an accountable person shall identify a person acting on behalf of a client and shall verify same based on a reliable source, and shall also obtain a duly certified document certifying the power of the representation of the client.

3. When implementing the preventive measures determined by paragraph 1(b) of this article with regard to a non – registered



organisational entity or a trust or a legal structure similar to a trust, an accountable person shall study the structure of the ownership and the structure of the control (management) of a client.

4. When implementing preventive measures determined by paragraph 1(c) of this article, an accountable person shall determine the essence of the activity of a client and obtain information on the nature, volume and frequency of expected transactions.

5. When implementing preventive measures determined by paragraph 1(d) of this article, an accountable person shall examine a transaction prepared, made and/or completed within a business relationship, to determine how it complies with the information known to him/her about a client, the commercial or professional activity of a client, and the risk level of a client, and if necessary, with the origin of property and monetary funds of a client, and shall also ensure that the identification data and other information (document(s)) obtained through the implementation of preventive measures in accordance with paragraph 1 of this article are updated with appropriate periodicity.

6. It shall be prohibited to establish or continue a business relationship, or to enter into or complete a single transaction, if an accountable person is unable to implement the preventive measures determined by paragraph 1 of this article in the cases provided for in Article 11(1) to (4) of this Law. In such case, an accountable person shall consider whether there are grounds for the submission of reports provided for by Article 25(1) of this Law.

7. It shall be prohibited to establish or continue a business relationship, or to enter into or complete a single transaction, if there is a reasonable doubt that a client or other person participating in a transaction is one of the persons determined by Article 41(5)(a) to (c) of this Law. In such case, an accountable person shall be obliged to submit to the Service a report as referred to in Article 25(1) of this Law.

8. A financial institution shall not be considered to perform an action prohibited by paragraph 7 of this article when it performs the operation of crediting to an account of a relevant person when this account is seized in accordance with Article 41 of this Law if the financial institution performs said operation on the basis of an agreement concluded or an obligation imposed before the person in question was included in the list of sanctioned persons on the basis of a Resolution of the UN Security Council on the Prevention, Detection and Suppression of Financing of the Proliferation of Weapons of Mass Destruction.

9. In the cases provided for by Article 11(7) of this Law, the Revenue Service shall be obliged to identify a person(s) transferring and/or sending/receiving cash or securities.

Article 11 – Grounds for the implementation of preventive measures

1. An accountable person shall be obliged (except for persons determined by Article 3(1)(b.b) and (b.f) of this Law) to implement preventive measures provided for in Article 10 of this Law when the following grounds exist:

a) the establishment of a business relationship;

b) the entrance into a single transaction if the total amount of the transaction or related transactions exceeds 15 000 GEL, or if in foreign currency, the equivalent of 15 000 GEL;

c) a one – time transfer of monetary funds if the total amount of the transaction or related transactions exceeds 3 000 GEL, or if in foreign currency, the equivalent of 3 000 GEL;

d) the accuracy of identification data obtained through the implementation of preventive measures referred to in Article 10(1) of this Law or their compliance with the requirements of this Law are in doubt.

2. A person trading in precious stones or metals shall be obliged to implement the preventive measures referred to in Article 10(1) of this Law if the total amount of a transaction or related transactions completed in cash exceeds 30 000 GEL, or if in foreign currency, the equivalent of 30 000 GEL.

3. A lottery organiser, or an organiser of gambling or prize – winning games, shall be obliged to implement the preventive measures referred to in Article 10(1) of this Law when the following grounds exist:

a) the receipt of monetary funds, or the payment of profit or monetary funds, if the total amount/value of a transaction or related transactions exceeds 5 000 GEL, or if in foreign currency, the equivalent of 5 000 GEL;

b) the arrangement of lotteries, gambling or prize – winning games in a systemic electronic form, or the establishment of a



business relationship, including the registration of a client as a player.

4. If there is any suspicion of money laundering or the financing of terrorism, an accountable person shall be obliged to implement the preventive measures referred to in Article 10(1) of this Law, irrespective of the amount limit or any other stipulation provided for by paragraphs 1 to 3 of this article.

5. A subordinate legislative act of the head of the Service may impose an obligation on an accountable person, irrespective of the amount limit provided for by paragraphs 1 to 3 of this article, to identify a client and/or a person acting on behalf of a client and to verify him/her based on a reliable and independent source.

6. The National Agency of Public Registry shall be obliged to implement the preventive measures referred to in Article 10(1)(a) of this Law, on the basis of a sale and purchase transaction or a transaction of a gift, when the right of ownership of real estate is registered.

7. The Revenue Service shall be obliged to implement the preventive measures referred to in Article 10(9) of this Law when cash and securities are imported in or exported from Georgia if the amount of cash and the value of securities exceed 30 000 GEL, or if in foreign currency, the equivalent of 30 000 GEL.

Article 12 – Procedure for the implementation of preventive measures

1. An accountable person shall be obliged to implement the preventive measures referred to in Article 10(1) of this Law in accordance with a client's risk level before a single transaction is made and a business relationship is established, as well as in the course of a business relationship with appropriate periodicity and when essential circumstances related to the client are changed.

2. When the risks of money laundering and the financing of terrorism are low, for the purpose of identifying a client and/or a beneficial owner, the implementation of the preventive measures referred to in Article 10(1)(a) and (b) of this Law may be completed after the establishment of a business relationship if this is necessary to prevent a delay in providing a service to a client. In this case, appropriate preventive measures shall be implemented as soon as is practically possible.

3. Opening or holding an anonymous or fictitious account shall be prohibited. A financial institution shall be entitled to open an account in accordance with the procedure established by a supervisory body, to verify a client and/or a beneficial owner, before the preventive measures referred to in Article 10(1)(a) and (b) of this Law are implemented, if the performance of operations on behalf or on the instructions of a client are prohibited on the account until the implementation of preventive measures is completed.

4. An accountable person shall be entitled to implement the preventive measures referred to in Article 10(1)(a) to (c) in electronic form, in order to enter into a business relationship or a single transaction without having direct contact with a client and/or a person acting on behalf of a client, in accordance with the procedure established by a supervisory body and operational/technical procedures agreed with this body, ensuring the effective management of the risks of money laundering and the financing of terrorism.

5. A subordinate legislative act of the head of the Service shall define the identification data necessary to be obtained by an accountable person in order to identify a client and/or a person acting on behalf of a client, as well as documents necessary to check the accuracy of the data.

Article 13 – Beneficial owner

1. For the purposes of this Law, a beneficial owner shall be a natural person who is the last possessor or the last controller of a client and/or on whose behalf a transaction is prepared, made or completed.

2. For the purposes of this Law, a beneficial owner of a legal person shall be one who possesses, directly or indirectly, 25% or more than 25% of the holdings or voting shares of said legal person, or otherwise provides ultimate control over said legal person.

3. The direct possession of holdings or voting shares provided for by paragraph 2 of this article shall be considered the possession of 25% or more than 25% of holdings or voting shares by an entrepreneurial legal entity, and indirect possession shall be considered the possession of 25% or more than 25% of holdings or voting shares of an entrepreneurial legal entity by a legal person who is controlled by a natural person(s), or by several legal persons who are controlled by the same natural person(s).



4. If, after having implemented all possible measures, an accountable person is sure that a beneficial owner as referred to in paragraphs 2 and 3 of this article does not exist, the preventive measures determined by Article 10(1)(b) of this Law shall be applicable to a person(s) with managerial authority over a client.

5. In the case of a trust or a legal structure similar to a trust, the preventive measures determined by Article 10(1)(b) of this Law shall be applicable to the following persons or persons of an equivalent status:

a) a mandatary;

b) a mandator;

c) a guardian (if any);

d) a beneficiary;

e) any other natural person who exercises effective ultimate control over a trust or a legal structure similar to a trust (if any).

6. If a beneficiary as provided for by paragraph 5 of this article is not determined in advance, an accountable person shall obtain sufficient information on the circle of persons who benefit from the creation or the activity of a trust or a legal structure similar to a trust, in order to ensure that it is possible to implement the preventive measures referred to in Article 10(1)(b) in relation to a beneficiary before the beneficiary is paid benefits or he/she exercises rights granted to him/her.

Article 14 – Beneficiary of life insurance

1. An insurance undertaking, or an insurance broker/reinsurance broker, shall be obliged to implement the following measures in relation to a beneficiary of life insurance, in addition to the preventive measures referred to in Article 10(1) of this Law:

a) identify a beneficiary defined in advance;

b) obtain sufficient information on an alleged circle of beneficiaries if a beneficiary is not defined in advance, in order to ensure that it is possible to identify the beneficiary before the payment of insurance compensation.

2. If a financial institution learns about the whole or partial concession of a life insurance agreement/policy in favour of a third party, the third party shall be identified as soon as practically possible.

3. An insurance undertaking, or an insurance broker/reinsurance broker, shall verify a beneficiary of life insurance before the payment of insurance compensation.

4. An insurance undertaking, or an insurance broker/reinsurance broker, shall consider a beneficiary of life insurance as a risk factor, and when a high risk of money laundering or the financing of terrorism is detected before the payment of insurance compensation, shall implement intensified preventive measures in accordance with Article 18 of this Law, including the preventive measures referred to in Article 10(1)(b) of this Law in relation to a beneficial owner of life insurance.

Article 15 – Participant of non – state pension scheme

1. The founder of a non – state pension scheme shall be obliged to identify and verify the participant of a non – state pension scheme based on a reliable and independent source, in addition to the preventive measures referred to in Article 10(1) of this Law, before a business relationship is established.

2. When the risks of money laundering and the financing of terrorism are low, the verification of the participant of a non – state pension scheme may be completed after the establishment of a business relationship if this is necessary to prevent the delay in providing services to a client. In this case, the verification of the participant of a non – state pension scheme shall be completed as soon as practically possible.

3. The founder of a non – state pension scheme shall consider the participant of a non – state pension scheme as a risk factor, and when a high risk of money laundering or the financing of terrorism is detected before the payment of insurance compensation,



shall implement intensified preventive measures in accordance with Article 18 of this Law, including the preventive measures referred to in Article 10(1)(b) of this Law, in relation to a beneficial owner of life insurance.

Article 16 – Third party/mediator

1. When implementing the preventive measures referred to in Article 10(1)(a) to (c) of this Law, an accountable person shall be entitled to rely on a third party/mediator who carries out preventive measures in accordance with the recommendations of Financial Action Task Force (FATF), stores information (document(s)), and is subject to regulation/supervision. However, the accountable person shall be ultimately responsible for the implementation of preventive measures in accordance with the requirements of this Law by a third party/mediator.
2. When selecting a third party/mediator in accordance with paragraph 1 of this article, an accountable person shall be obliged to take into account information on the risks of money laundering and the financing of terrorism in the home jurisdiction of the third party/mediator. An accountable person shall be prohibited from relying on a third party/mediator who is located in a high risk jurisdiction.
3. The prohibition referred to in paragraph 2 of this article shall not apply to a subsidiary enterprise (subsidiary organisation) or a branch of an accountable person which is located in a high risk jurisdiction if a control system ensures the effective management of the risks of money laundering and the financing of terrorism at a group level.
4. An accountable person shall immediately receive identification data and other information (document(s)) obtained through the implementation of the preventive measures provided for in Article 10(1)(a) to (c) from a third party/mediator. Moreover, an accountable person shall ensure that upon its request a third party/mediator immediately delivers copies containing identification data and other documents.
5. The requirements provided for by paragraphs 1 to 4 of this article shall not apply to an agent or an outsourcing service provider acting on behalf of an accountable person whose obligations are defined by a written agreement concluded with the accountable person. The accountable person shall be ultimately responsible for satisfying the requirements of this Law by the said agent or outsourcing service provider.
6. An accountable person who performs a function of a third party/mediator shall be authorised to transfer the information referred to in paragraph 4 of this article, including confidential information, and copies of documents, in agreement with a client, to another person who is implementing preventive measures in accordance with the recommendations of Financial Action Task Force (FATF), and stores information (document(s)), and is subject to regulatory supervision.
7. In the cases provided for by this Law, an accountable person, an agent acting on behalf of an accountable person, or an outsourcing service provider, shall be entitled to use the electronic data bases of the LEPL called the Public Service Development Agency, functioning under the governance of the Ministry of Justice of Georgia, without the consent of a data subject, in order to identify and verify a person acting on its behalf, and/or to update identification data.

Article 17 – Transfer of financial resources

1. For the purposes of this Law, the transfer of monetary funds shall be an operation performed by the instructions and/or with the consent of a payer in order to ensure the availability of monetary funds for a payee through electronic means, including without opening accounts in the name of a payer and a payee. When transferring monetary funds, a payer and a payee may be the same person, or both of them may be provided with a payment service by one financial institution.
2. The financial institution of a payer shall be obliged to ensure that the transfer of monetary funds is accompanied by identification data of the payer and the payee as determined by a supervisory body.
3. The financial institution of a payee and a mediator financial institution shall consider whether there are grounds for submitting reports as provided for by Article 25 of this Law if the transfer of monetary funds does not include the full identification data of a payer or a payee.

Chapter IV – Intensified Preventive Measures and Simplified Preventive Measures



Article 18 – Intensified preventive measures

1. An accountable person shall be obliged to carry out the following measures in relation to a client assigned to a high risk level, in addition to the preventive measures referred to in Article 10(1) of this Law, according to the detected risks:

- a) obtain additional information on the property and activity of a client and/or a beneficial owner;
- b) increase the frequency of updating the identification data of a client and/or a beneficial owner;
- c) obtain additional information on the intended nature of a business relationship, including the goals and grounds of prepared, made or completed transactions;
- d) receive a permit from the management to establish or continue a business relationship;
- e) take reasonable measures to determine the origin of the property and financial resources of a client;
- f) carry out the intensified monitoring of a business relationship, including increasing the number and/or the frequency of risk management measures, and detecting a set of transactions that needs further consideration.

2. If necessary, an accountable person shall be obliged to implement further effective measures in relation to a client assigned to a high risk level in order to manage detected risks, in addition to the intensified preventive measures referred to in paragraph 1 of this article.

Article 19 – High risk jurisdiction

1. For the purposes of this Law, a high risk jurisdiction shall be a country or territory where the system of the prevention of money laundering or the financing of terrorism has significant deficiencies. On the recommendation of the Service, the National Bank of Georgia shall approve a list of high risk jurisdictions and make changes thereto, if necessary.

2. In the cases provided for by Article 11(1) to (4), an accountable person shall implement intensified preventive measures in accordance with Article 18 of this Law if:

- a) a client is a legal person registered in a high risk jurisdiction, or a branch of said legal person registered in Georgia;
- b) a client is a natural person whose place of registration and/or factual place of residence is in a high risk jurisdiction;
- c) a transaction is made or completed through financial institutions located in a high risk jurisdiction.

3. The implementation of intensified preventive measures in accordance with paragraph 2(b) of this article shall not be mandatory if a client is a citizen of Georgia or a foreign person having a residence permit in Georgia.

4. The implementation of intensified preventive measures in the case provided for by paragraph 2(b) of this article shall not be mandatory if a financial institution located in a high risk jurisdiction is a subsidiary enterprise (subsidiary organisation) or a branch of a financial institution registered in Georgia and a compliance control system ensures the management of the risks of money laundering and the financing of terrorism at a group level.

Article 20 – Extraordinary transaction

1. For the purposes of this Law, an extraordinary transaction shall be a complex, extraordinarily large transaction or an extraordinary set of transactions without a clear economic (commercial) or legal purpose.

2. An accountable person shall be obliged to examine an extraordinary transaction, its purpose and grounds and, if necessary, carry out the intensified monitoring of a business relationship in order to detect a suspicious transaction in accordance with Article 18(1)(f) of this Law.

3. If requested by a supervisory body, an accountable person shall prove that it examined an extraordinary transaction in



accordance with paragraph 2 of this article and took reasonable measures to detect a suspicious transaction.

Article 21 – Politically active person

1. For the purposes of this Law, a politically active person shall be a natural person performing important public or political functions (except for low and medium rank officials), including:

- a) a head of a state, a head of government, a member of government (minister), deputy minister, a head of a state institution;
- b) a member of a legislative body (parliament);
- c) a head of geopolitical association, or a member of the management body thereof;
- d) a member of a Supreme Court, a Constitutional Court, or other court of the highest instance whose decisions are appealed in exceptional cases;
- e) a general auditor, a deputy general auditor, a member of a Court of Auditors;
- f) a member of a national (central) bank;
- g) an ambassador, or a head of a diplomatic representation;
- h) a chief officer of defence (military) forces;
- i) a head of an enterprise operating with the participatory interest of a state, or a member of the management body thereof;
- j) a head of an international organisation, a deputy head of international organisation, or a member of the management body thereof.

2. In the cases provided for by Article 11(1) to (4), an accountable person shall be obliged to determine whether a client or a beneficial owner is a politically active person, on the basis of an appropriate system for managing the risks of money laundering and the financing of terrorism.

3. If a client or a beneficial owner is a politically active person, an accountable person shall be obliged to carry out the following measures in relation to him/her:

- a) receive a permit from the management to establish or continue a business relationship;
- b) take reasonable measures to determine the origin of the property and monetary funds of a politically active person;
- c) carry out intensified monitoring of a business relationship in accordance with Article 18(1)(f) of this Law.

4. After a client or a beneficial owner stops performing important public or political functions, an accountable person shall carry out effective measures to manage continuous risks related to a politically active person.

5. Moreover, an accountable person shall implement the measures provided for by this article in relation to the following persons:

- a) the family members of a politically active person: spouse, sister, brother, parent, son (stepson)/daughter (stepdaughter) and his/her spouse(s);
- b) a natural person who is a legal person together with a politically active person, a beneficial owner of a non – registered organisational entity or a trust or a legal structure similar to a trust, or who has any other kind of close business relationship with a politically active person;
- c) a natural person who is a beneficial owner of a legal person established in favour of an actual (informally) politically active person, or likewise a non – registered organisational entity or a trust or a legal structure similar to a trust.

6. A person defined by Article 3(1)(a.b), (a.c) or (a.i) of this Law shall be obliged to take reasonable measures in order to determine whether a beneficiary of life insurance or a participant of a non – state pension scheme, and in the cases provided for by Article



14(4) and Article 15(3) of this Law, also whether a beneficial owner, is a politically active person. If a high risk of money laundering or the financing of terrorism is detected, an accountable person shall carry out the following measures in addition to the preventive measures defined by Article 10(1) of this Law:

- a) inform the management about the detected risks before the payment of insurance compensation or pension savings;
- b) carry out intensified monitoring of a whole business relationship;
- c) consider whether there are grounds for submitting reports as provided for by Article 25(1) of this Law.

Article 22 – Correspondence relationship

1. For the purposes of this Law, a correspondence relationship is the provision of bank services by one commercial bank (the correspondent) to another bank (the respondent) by opening a correspondence account and performing related bank operations, as well as similar business relationships among financial institutions related to the transfer of monetary funds or trading in securities.

2. A financial institution shall be obliged to implement the following measures in addition to the measures defined by Article 10(1)(a) to (c) of this Law before the establishment of an international correspondence relationship:

a) based on publicly available sources, examine the reputation of a respondent and the quality of supervision exercised thereon, including whether an investigation on a possible fact of money laundering or the financing of terrorism against a respondent has been or is being carried out, or whether a supervisory measure has been or is being implemented in regards to a respondent because of a violation of legislation relating to the prevention of money laundering and the financing of terrorism;

b) evaluate the effectiveness of the compliance control system of a respondent;

c) receive a permit from the management to establish a correspondence relationship;

d) clearly define the obligations of both a respondent financial institution and a correspondent financial institution.

3. In the course of an international correspondence relationship, a financial institution shall take reasonable measures to detect a suspicious transaction and implement the measures defined by paragraph 2(a) and (b) of this article, with appropriate periodicity, according to the risk level of a respondent.

4. A financial institution shall be prohibited from establishing or continuing a correspondence relationship if a respondent is a fictitious bank or permits a fictitious bank to use its account.

5. A financial institution shall be prohibited from establishing or continuing a correspondence relationship if a respondent permits that a correspondence account is directly accessible to a client in order to perform operations in his/her own name (a payable – through account).

6. A financial institution shall be authorised to deliver information (document(s)) (including confidential information) necessary to implement the measures referred to in paragraphs 2 and 3 of this article before the establishment of a correspondence relationship.

Article 23 – Reinsurance activity

1. When accepting an insurance risk, wholly or partially, a reinsurance undertaking/reinsurance broker shall implement the following measures against an insurer registered in another jurisdiction, in addition to the preventive measures defined by Article 10(1)(a) to (c), before a business relationship is established:

a) based on publicly available sources, examine the reputation of an insurer and the quality of supervision exercised thereon, including whether an investigation on a possible fact of money laundering or the financing of terrorism against an insurer has been or is being carried out, or whether a supervisory measure has been or is being implemented in regards to an insurer in because of a violation of legislation relating to the prevention of money laundering and the financing of terrorism;

b) evaluate the effectiveness of the compliance control system of an insurer;



- c) receive a permit from the management to establish a business relationship;
- d) clearly define the obligations of both an insurer and a reinsurance undertaking/ reinsurance broker.

2. In the course of a business relationship, a reinsurance undertaking/reinsurance broker shall take reasonable measures to detect a suspicious transaction and implement the measures defined by paragraph 2(a) and (b) of this article, with appropriate periodicity, according to the risk level of an insurer.

Article 24 – Simplified preventive measures

1. An accountable person shall be authorised to implement simplified preventive measures against a client assigned to a low risk level according to identified risks, including:

- a) verifying a client and/or a beneficial owner in accordance with the procedure established by Article 12(2) of this Law after a business relationship is established;
- b) decreasing the frequency of updating the identification data of a client and/or a beneficial owner;
- c) decreasing the frequency and volume of the examination of transactions within reasonable amount limits during the monitoring of a business relationship;
- d) defining the goal and intended nature of a business relationship based on the type of business relationship or transactions.

2. When implementing simplified preventive measures, an accountable person shall obtain sufficient information to determine the reasonableness of assigning a client to a low risk level.

3. An accountable person shall not implement simplified preventive measures when money laundering or the financing of terrorism is suspected.

Chapter V – Submission of Information to the Service

Article 25 – Obligation to submit information to the Service

1. An accountable person shall be obliged to submit to the Service a report on a suspicious transaction or the attempt to prepare, make, or complete such a transaction.

2. Under a subordinate legislative act of the head of Service, in addition to a transaction provided for by paragraph 1 of this article, types of transactions may be defined in relation to which an accountable person shall submit a report to the Service. Such types of transactions shall be defined on the basis of information disseminated by international organisations and information at the disposal of the Service, which indicate the probability of money laundering or the financing of terrorism.

3. A subordinate legislative act of the head of Service may impose an obligation on an accountable person to submit a report to the Service in the cases provided for by Article 19(2)(a) to (c).

4. In the cases defined by a subordinate legislative act of the head of Service, the National Agency of Public Registry shall be obliged to submit to the Service a report on the registration of a right to immovable property.

5. The Revenue Service shall be obliged to submit to the Service a report on the movement of more than 30 000 GEL, or if in foreign currency, the equivalent of 30 000 GEL, in cash or securities at the border of Georgia. Moreover, a report on a movement of cash or securities at the customs border of Georgia, performed covertly or by circumventing customs control, or by submitting incorrect declarations, shall be submitted to the Service.

6. Upon the request of the Service, an accountable person shall be obliged to submit to it any information (document(s)) on a



transaction or a person(s) participating in a transaction, obtained in accordance with the requirements of this Law, as well as other information (document(s)) (including confidential information) which the Service needs to perform its functions as defined by this Law.

7. A lawyer shall submit to the Service a report or other information (document(s)) provided for by this article if this does not contravene the obligation to maintain professional secrecy as defined by the Law of Georgia on Lawyers.

Article 26 – Procedure and time limits for submitting information

1. A report and other information (documents) provided for by Article 25 of this Law shall be submitted to the Service in an electronic or written form, in accordance with the procedure defined by a subordinate legislative act of the head of Service.

2. A report provided for by Article 25 of this Law shall be submitted to the Service on the day that a reasonable doubt is raised.

3. Reports provided for by Article 25(2) to (4) of this Law shall be submitted to the Service within the time limits established by a subordinate legislative act of the head of Service.

4. A report provided for by Article 25(5) of this Law shall be submitted to the Service not later than within five working days after the cash or securities movement at the customs border of Georgia.

5. The information (document(s)) provided for by Article 25(6) of this Law shall be submitted to the Service not later than within two working days after the request.

6. A lawyer shall be entitled to submit a report or other information (document(s)) provided for by Article 25 of this Law to the supervisory body instead of the Service within the established time limits. In this case, the supervisory body shall submit to the Service the said report or other information (document(s)) in an unchanged form not later than the next working day.

Chapter VI – Retention of Information and Maintenance of Confidentiality

Article 27 – Procedure and time limits for retaining information

1. An accountable person shall be obliged to retain obtained information (document(s)) and the results of analysis conducted in accordance with the requirements of this Law, as well as documentation related to the account and business correspondence of a client, for a period of five years after terminating a business relationship or entering into a single transaction.

2. An accountable person shall be obliged to retain information (document(s)) for a period of five years after a transaction is prepared, made or completed, in accordance with the procedure established by a subordinate legislative act of the head of Service, in order to make available comprehensive information on the transaction.

3. An accountable person shall be obliged to retain a report or other information (document(s)) submitted in accordance with Article 25 of this Law and a written instruction and written protocols as defined by Article 36 of this Law, for a period of five years.

4. The time limits prescribed by paragraphs 1 to 3 of this article may be extended for not more than five years, on the basis of a request from the Service or from a supervisory body.

5. The information (document(s)) provided for by this article shall be stored in such a form that it is possible to submit it to a competent authority within the appropriate time limit, and to use it as evidence during a criminal prosecution.

6. An accountable person shall be obliged to create an appropriate electronic system for recording and processing data, in order to retain information (document(s)) in accordance with this article, in order to detect related transactions, an extraordinary transaction, or a suspicious transaction.



Article 28 – Obligation to maintain the confidentiality of information

1. An accountable person, its managers and employees are prohibited from informing a client or other person that measures will be or are being carried out in accordance with Article 20 of this Law in order to examine an extraordinary transaction and/or detect a suspicious transaction, or that a report or other information (document(s)) will be or has/have been submitted on the basis of Article 25 of this Law, or that measures as defined by Article 36 of this Law will be or are being carried out.

2. The following shall not be considered an action prohibited by paragraph 1 of this article:

a) the submission of information (document(s)) by an accountable person to a competent authority in accordance with the procedure established by the legislation of Georgia;

b) the dissemination of information among the members of one group if an appropriate control system is introduced at a group level in accordance with Article 30 of this Law;

c) the dissemination of information among persons defined in Article 3(1)(b.a), (b.c), (b.d) and (b.e) of this Law, or among these persons and analogous persons registered or acting in another jurisdiction, who carry out professional activities in the name of one legal person, or legal persons acting under the management of or within a unified compliance control system;

d) the dissemination of information among persons defined in Article 3(1)(a), (b.a), (b.c), (b.d) and (b.e) of this Law, or among these persons and analogous persons registered or acting in another jurisdiction, who belong to the same professional category in regard to the same clients and transactions;

e) the attempt of a person defined in Article 3(1)(b.a), (b.c), (b.d) and (b.e) of this Law to persuade a client to prevent him/her from performing an illegal action.

3. In the cases provided for by paragraph 2(b) and (d) of this article, an accountable person shall be authorised to disseminate information on the implementation of measures defined by paragraph 1 of this article if all the following conditions are met:

a) the purpose of the dissemination of the information is to examine an extraordinary transaction, to detect a suspicious transaction, and/or to evaluate and manage the risks of money laundering and the financing of terrorism;

b) an accountable person took reasonable measures to ensure the maintenance of confidentiality of information and its use for the purpose defined by sub – paragraph (a) of this paragraph;

c) the legislation of another jurisdiction provides for requirements equivalent to or more stringent than those provided for by this Law and relevant normative acts.

4. In the cases provided for by paragraph 2(b) and (d) of this article, the dissemination of information on requesting information (document(s)) by the Service in accordance with Article 35(1)(a) of this Law or on the implementation of measures defined by Article 36 of this Law may be limited by the instruction of the Service.

5. An accountable person, and managers and employees thereof, shall not be held responsible for a violation of the obligation of the maintenance of confidentiality as defined by a normative act or an agreement when they submit reports or other information (document(s)) provided for by Article 25 of this Law to the Service in good faith.

6. Except for the cases provided for by the legislation of Georgia, an accountable person, and managers and employees thereof, shall be prohibited from disclosing the identity of an employee who carries out measures for the purposes of examining extraordinary transactions and/or detecting a suspicious transaction in accordance with Article 20 of this Law, or who submitted a report or other information (document(s)) on the basis of Article 25 of this Law, or who carries out measures as defined by Article 36 of this Law, on the instruction of the Service. An accountable person shall ensure that such employee is protected from threats, discriminatory treatment, or other unlawful behaviour.

Chapter VII – Control of Compliance

Article 29 – Compliance control system



1. An accountable person shall be obliged to introduce a policy of internal control, procedures, systems and mechanisms which are proportional to the nature, volume and related risks of money laundering and the financing of terrorism, in order to ensure compliance with the requirements of this Law ('compliance control system').

2. For the purposes of introducing a compliance control system, an accountable person shall develop internal instructions. Internal instructions shall be approved by the management body of an accountable person or a person with managerial authority. In line with other issues, internal instructions shall define:

a) the rights and duties of a person responsible for the functioning of a compliance control system or the manager of a structural unit and employees;

b) procedures for selecting employees in order to recruit persons with high qualifications and good reputation;

c) a programme for the continuous training of employees to provide them with information on the requirements of this Law, relevant subordinate legislative acts and internal instructions;

d) the function of an independent auditor to check the effectiveness of a compliance control system.

3. An accountable person shall be obliged to provide persons defined by paragraph 2(a) of this article with the effective opportunity to obtain information (document(s)) in a timely manner which is/are necessary to perform their functions and to make an independent decision on the submission of a report as provided for by Article 25 of this Law.

4. An accountable person responsible for the functioning of a compliance control system or the manager of a structural unit shall be accountable to a person defined by paragraph 5 of this article.

5. An accountable person shall assign to a member of its management body or a person with managerial authority responsibility for the effectiveness of a compliance control system.

6. An individual entrepreneur or a natural person who independently performs professional activities may be released from the obligation to fulfil certain requirements provided for by paragraphs 2 to 5 of this article, by a decision of a supervisory body, taking into account the nature and volume of his/her activities and the related risks of money laundering and the financing of terrorism.

Article 30 – Control of compliance at a group level

1. An accountable person who is a head enterprise (head organisation) registered in Georgia shall be obliged to introduce a compliance control system at a group level which in addition to the requirements provided for in Article 29 of this Law shall define the following:

a) procedures for the dissemination of information (document(s)) among group members for the purposes of carrying out preventive measures and/or evaluating and managing the risks of money laundering and the financing of terrorism;

b) procedures for the delivery of information (document(s)) obtained about clients, beneficial owners and their transactions, to a person responsible for the functioning of a compliance control system at a group level, or a structural unit and group members, and for the delivery of the results of performed analysis for the purposes of examining an extraordinary transaction, detecting a suspicious transaction, and/or evaluating and managing the risks of money laundering and the financing of terrorism;

c) mechanisms ensuring the maintenance of the confidentiality of information (document(s)) and their application for the purposes defined by paragraph 1(a) and (b) of this article.

2. A subsidiary enterprise (subsidiary organisation) of an accountable person, acting or registered in another jurisdiction, or a branch, shall fulfil the requirements of this Law and relevant subordinate legislative acts if the legislation on the suppression of money laundering and the financing of terrorism in effect in its home jurisdiction provides for less stringent requirements.

3. In the case provided for by paragraph 2 of this article, an accountable person shall be obliged to ensure the delivery of appropriate information in a timely manner and to take additional measures to manage the risks of money laundering and the financing of terrorism if the jurisdiction where the subsidiary enterprise (subsidiary organisation) is located restricts the fulfilment of the requirements of this Law and relevant subordinate legislative acts.

4. If the additional measures taken by an accountable person in accordance with paragraph 3 of this article are not sufficient for



the management of the risks of money laundering and the financing of terrorism, a supervisory body shall be obliged to implement appropriate supervisory measures. If necessary, it shall be authorised to request the restriction or termination of the activity of a subsidiary enterprise (subsidiary organisation) of an accountable person.

Chapter VIII – The Service

Article 31 – Status of the Service

1. The Service is a legal entity under public law established on the basis of this Law, which exercises powers granted by this Law and other legal acts, in order to facilitate the suppression of money laundering and the financing of terrorism.
2. In its activities, the Service shall be independent and guided by the legislation of Georgia. Any exertion of influence on the Service or other unlawful involvement in its activity shall be prohibited. The Service shall not be tasked to obtain unauthorised information or perform other unauthorised actions.
3. The Service shall be accountable to the Government of Georgia and shall submit a report on performed activities annually. The requirements of Article 11 of the Law of Georgia on Legal Entities under Public Law shall not apply to the Service.
4. The Service shall have its own seal with the state coat of arms of Georgia and the name of the Service; moreover, it shall maintain a stand – alone balance sheet, and shall have an account with the State Treasury. In the cases provided for by the legislation of Georgia, the Service may open an account in a commercial bank.
5. Issues related to the management, structure, powers and the rules of operation of the Service shall be defined by the statute of the Service, which shall be approved by the Government of Georgia.

Article 32 – Management of the Service

1. The Service shall be headed by the head of the Service who shall be authorised to issue subordinate legislative acts (orders) and individual legal acts in accordance with the procedures established by the legislation of Georgia.
2. The head of Service shall be appointed to and may be dismissed from post by the Prime Minister of Georgia.
3. The grounds for the early dismissal of the head of Service are:
 - a) the termination of the citizenship of Georgia;
 - b) committing serious professional misconduct;
 - c) the failure to fulfil official duties during four consecutive months;
 - d) the entrance into force of a judgement of conviction by a court;
 - e) recognition as missing, as a beneficiary, or the declaration as dead by a court, if not otherwise defined by a court decision;
 - f) the appointment to a post incompatible with the status of the head of the Service or the performance of incompatible activities;
 - i) personal application;
 - h) death.
4. The head of Service shall have deputies. A deputy shall be appointed to and may be dismissed from post by the head of Service.



Article 33 – Financing the Service

1. The sources of the financing of the Service shall be funds allocated from the State Budget of Georgia and other revenues permitted by the legislation of Georgia.
2. The reduction of funds allocated by the State Budget of Georgia for current expenses, compared to the amount of the budgetary funds of the previous year, shall be permitted only with the prior consent of the head of Service.
3. The amount of labour remuneration of a public officer shall comply with the labour remuneration level in the banking system of Georgia.
4. A staff list and a payroll fund of the Service shall be approved by the Prime Minister of Georgia, on the recommendation of the head of the Service.

Article 34 – Main functions of the Service

1. The Service shall analyse reports and other information (document(s)) received from accountable persons and other sources and if a reasonable belief arises in regard to money laundering, the financing of terrorism or other crimes, it shall send the outcomes of its analysis to the Prosecutor's Office of Georgia, the State Security Service of Georgia, the Revenue Service, and/or the Ministry of Internal affairs of Georgia.
2. The Service shall inform an accountable person about the compliance of reports submitted by the latter with the requirements of this Law and subordinate legislative acts of the head of Service, and also about the outcomes of analysis performed by the Service on the basis of reports.
3. The Service shall examine the ways of money laundering and the financing of terrorism in Georgia and abroad and shall develop guidelines for notable signs when detecting a suspicious transaction.
4. The Service shall issue guidelines and develop methodological recommendations on issues related to the fulfilment of the requirements of this Law and subordinate legislative acts of the head of Service by an accountable person.
5. The Service shall participate in the preparation and discussion of documents defining legal acts and policy in the field of the suppression of money laundering and the financing of terrorism in Georgia.
6. Within the scope of its authority, the Service shall represent Georgia in international organisations and forums, and shall cooperate with the financial intelligence services of other jurisdictions, in accordance with the procedures established by this Law.

Article 35 – Rights and duties of the Service

1. The Service shall be authorised to perform the functions defined by this Law, including:
 - a) requesting and receiving from an accountable person information (document(s)) provided for by Article 25(6) of this Law;
 - b) requesting and receiving confidential information from an administrative body. Moreover, the Service shall have access to a database containing such information, as needed, if this is technically feasible.
2. The Service shall be obliged to maintain the confidentiality of information (document(s)) obtained in accordance with the requirements of this Law. Such information (document(s)) shall not be transferred to other persons without the ruling of a judge, except for the cases provided for by this Law.
3. Managers and employees of the Service shall be obliged to maintain the confidentiality of information (document(s)) provided for by paragraph 2 of this article while exercising official powers and after the termination thereof, except for the cases defined by this Law.
4. The Service, its managers and employees, shall be prohibited from informing any person that the Service has received a report or other information (document) on the basis of Articles 25 and 37 of this Law, or that the measures provided for by Article 34(1) and Articles 36 and 37 of this Law are being implemented in order to facilitate the suppression of money laundering or the



financing of terrorism, except for the cases provided for by this Law.

Article 36 – Instruction on the suspension of a transaction

1. The head of Service shall be authorised to give an instruction on suspension to an accountable person, within not more than 72 hours, in relation to the preparation, making or completion of a respective transaction, as well as other transactions related to this transaction, and/or on a person participating in this transaction, if reasonable grounds exist to believe that the offence of money laundering and/or the financing of terrorism has been committed, irrespective of the quantity of the transaction amount. Any information (document(s)) at the disposal of the Service shall be immediately transferred to the Prosecutor's Office of Georgia, the Ministry of Internal Affairs of Georgia, and/or the Security Service of Georgia.
2. In the case of urgent necessity, the head of Service or a person authorised by him/her may give an instruction as provided for by paragraph 1 of this article, orally or through electronic communication means, to an accountable person. A written protocol shall be drawn up on the fact of this instruction, in accordance with the procedure established by a subordinate legislative act of the head of Service.
3. An instruction provided for by paragraph 2 of this article shall be documented on the written instruction of the head of Service. This written instruction shall be sent to the accountable person, within the following 24 hours. If the accountable person does not receive a written instruction within the said period, the accountable person shall be entitled to restore the preparation, making or completion of the respective transaction.
4. The accountable person shall confirm the receipt of an instruction as provided for by paragraphs 1 to 3 of this article in accordance with the procedure established by a subordinate legislative act of the head of Service, and shall implement measures necessary to carry out the said instruction.
5. The countdown of the 72 – hour period determined by paragraph 1 of this article shall start from the moment the accountable person receives the instruction. When determining the said period, holidays and bank holidays shall not be taken into account. An instruction may be cancelled early if a reasonable belief about money laundering, the financing of terrorism or other offence is not confirmed, or if it is in the interests of the investigation, upon the written request of the Prosecutor's Office of Georgia, the Ministry of Internal Affairs of Georgia, or the Security Service of Georgia.
6. A decision on the early cancellation of an instruction in accordance with paragraph 5 of this article shall be made by the head of Service or a person authorised by him/her. An accountable person shall be informed about this decision in a timely manner, orally or through electronic communication means. A written protocol shall be drawn up on the fact of such notification, in accordance with the procedure established by a subordinate legislative act of the head of Service.
7. The Service shall be authorised to give an instruction as provided for by paragraphs 1 and 3 of this article to an accountable person on the basis of a request from the financial intelligence service of another jurisdiction, or to send an analogous request to the financial intelligence service of another jurisdiction.
8. The Service shall satisfy the request from the financial intelligence service of another jurisdiction as provided for in paragraph 7 of this article if it is assured that the reasonable belief of the financial intelligence service of another jurisdiction about money laundering, the financing of terrorism or another offence, is substantiated.

Article 37 – International Cooperation

1. The Service shall be entitled to send a request for the delivery of confidential information to the financial intelligence service of another jurisdiction, and to respond to an analogous request, and to deliver such information to the financial intelligence service of another jurisdiction on its own initiative, in order to prevent, detect and suppress money laundering, the financing of terrorism or other crimes.
2. The Service shall deliver, in a timely manner, to the financial intelligence service of another jurisdiction the information at its disposal or any other confidential information that the Service has a right to obtain by virtue of Article 35(1) of this Law, if the request for the delivery of the information is substantiated and indicates the circumstances it is based on, and explains how such information will be used. When delivering confidential information to the financial intelligence service of another jurisdiction, the Service shall use protected means of communication.



3. The Service shall not satisfy the request of the financial intelligence service of another jurisdiction for the delivery of confidential information if the satisfaction of this request may impede an investigation or a criminal prosecution being conducted in Georgia, or may violate the legitimate interests of a person or state, or public security protection interests, or other public interests. The refusal of the Service to deliver the confidential information shall be substantiated, and the financial intelligence service of another jurisdiction shall be given an explanation in a timely manner.
4. The Service shall ensure that any information received from the financial intelligence service of another jurisdiction is maintained in accordance with the procedure established by Article 35(2) to (4) of this Law, and is used only for the analysis referred to in Article 34(1) of this Law, or for other purposes indicated in the relevant request. The information shall not be transferred to a third party without the prior consent of the financial intelligence service of another jurisdiction.
5. The Service shall take reasonable measures to ensure that the financial intelligence service of another jurisdiction maintains the confidentiality of the information delivered to it and uses such information only for the purposes permitted by the Service.
6. Upon the request of the financial intelligence service of another jurisdiction, the Service shall inform the financial intelligence service, as far as possible, about the use of the received information or the outcomes of any analysis performed on the basis of the said information.
7. The Service shall be authorised to independently enter into an agreement with the financial intelligence service of another jurisdiction, which shall regulate the issues of information exchange and other issues of mutual cooperation for the purposes of preventing, detecting and suppressing money laundering, the financing of terrorism or other crimes.

Chapter IX – Supervision and Interagency Cooperation

Article 38 – Functions of a supervisory body

1. A supervisory body shall be obliged to ensure the fulfilment of the requirements of a relevant subordinate legislative act by an accountable person by means of a remote inspection and/or on – site inspection.
2. The type and frequency of inspection provided for by paragraph 1 of this article shall be specified on the basis of the nature, volume and related risks of money laundering and the financing of terrorism ('risk level') of an accountable person.
3. A supervisory body shall be entitled to request and receive from an accountable person necessary information (document(s)) (including confidential information) in order to carry out an inspection as provided for by paragraph 1 of this article or to determine a risk level.
4. A supervisory body shall determine a risk level with appropriate periodicity, and when changes are being introduced in the ownership or control (management) structure or the activity of an accountable person. When determining a risk level, a supervisory body shall take into account information referred to in the national report on risk assessment and the action plan.
5. A supervisory body shall issue guidelines and develop methodological recommendations on the issues of the fulfilment of the requirements of this Law and relevant subordinate legislative acts by an accountable person.
6. A supervisory body shall be obliged to define and implement appropriate supervisory measures against an accountable person when the requirements of this Law or a relevant subordinate normative act are violated.

Article 39 – Cooperation and the exchange of information

1. In order to facilitate the suppression of money laundering and the financing of terrorism, competent authorities shall cooperate with each other, within the scope of their authority, by exchanging information and sharing experience.
2. A supervisory body shall be obliged to inform the Service in a timely manner about a violation of the requirements of this Law, or a relevant subordinate legislative act, detected during an inspection of an accountable person. The Service shall be immediately informed about an alleged fact of money laundering or the financing of terrorism detected by a supervisory body.



3. A supervisory body shall cooperate and exchange appropriate information with the relevant supervisory bodies of jurisdictions where a head or subsidiary enterprise (organisation) or a branch of an accountable person is located, in order to provide and/or facilitate the effective supervision of a group.
4. The Service shall be obliged to inform a supervisory body in a timely manner about an alleged fact of a violation of the requirements of this Law or a relevant subordinate legislative act by an accountable person.
5. The Prosecutor's Office of Georgia, the Security Service of Georgia, the Revenue Service, and the Ministry of Internal Affairs of Georgia, shall be obliged to notify the Service, within a reasonable time, upon the request of the latter, about the results of analysis received from the Service in accordance with the requirements of this Law, and about the use and consequences of other information (document(s)) received from the Service.
6. The Service shall be entitled to submit confidential information (document(s)) at its disposal to the Prosecutor's Office of Georgia, the Security Service of Georgia, or the Ministry of Internal Affairs of Georgia, on the basis of a substantiated application from the Prosecutor's Office of Georgia, the Security Service of Georgia, the Head of Security Service of Georgia, or the Minister of Internal Affairs of Georgia, or duly authorised deputies thereof, which is necessary to achieve the goals of an investigation being carried out on the basis of Articles 194, 194¹ or 331¹ or Chapter XXXIII of the Criminal Code of Georgia.
7. A competent authority may obtain a document with evidentiary effect from the Service in accordance with the procedure established by the Criminal Procedure Code of Georgia.

Chapter X – Fulfilment of Resolutions of UN Security Council

Article 40 – Government commission and working group

1. A government commission working on the resolutions of the UN Security Council ('the government commission') shall be the main contact body for the UN Sanctions Committee and other entities when implementing measures provided for by this chapter to prevent, detect and suppress the financing of terrorism and the financing of the proliferation of weapons of mass destruction.
2. Issues related to the management, structure, powers, composition and rules of operation of the government commission shall be defined by the statute of the government commission, which shall be approved by the Government of Georgia.
3. The government commission shall cooperate and exchange information with the competent authorities of Georgia and of other jurisdictions and international organisations, within the scope of its authority.
4. A working group ensuring the retrieval, processing and dissemination of appropriate information necessary for the government commission to perform its functions shall function within the government commission.

Article 41 – Enforcement of the sanctions of the UN Security Council

1. The government commission shall file a petition to a court in accordance with the procedures established by the legislation of Georgia on the seizure of the property of a person who is included in the list of sanctioned persons by a decision of the UN Sanctions Committee.
2. The government commission shall be obliged to review immediately the application of the competent authority of Georgia or other jurisdiction, without informing the person concerned, on the implementation of measures against this person as provided for by Resolution No1373 (2001) of the UN Security Council.
3. If reasonable grounds arise to believe that a relevant person satisfies the appropriate conditions as defined by Resolution No1373 (2001) of the UN Security Council, the government commission shall file a petition to a court on the seizure of the property of this person, in accordance with the procedure established by the legislation of Georgia, and on the basis of an application as provided for by paragraph 2 of this article.
4. In the cases referred to in paragraphs 1 and 3 of this article, the government commission shall be obliged to implement the measures necessary to file a petition to a court on the seizure of the property of a relevant person, without informing this person.



5. The property referred to in this chapter shall include all things or material benefits and income received therefrom, which are, directly or indirectly, independently or together with other persons, possessed or controlled by:

- a) a person included in the list of sanctioned persons or a person defined by paragraph 3 of this article;
- b) a person acting on behalf or on the instructions of a person as defined by sub – paragraph (a) of this paragraph;
- c) a person who is, directly or indirectly, possessed or controlled by a person as defined by sub – paragraph (a) of this paragraph.

6. The government commission shall be entitled to apply to an administrative body in respect of the implementation of measures provided for by the resolution of the UN Security Council against a person defined by paragraph 5(a), (b) or (c) of this article, including restricting free movement in the territory of Georgia, or suppressing the acquisition of armaments, or other military production, and/or the spare parts thereof. It shall be mandatory to fulfil the application of the government commission.

7. The government commission shall be obliged to ensure the delivery of information to an interested party about mechanisms valid in the United Nations Organisation which shall, in accordance with the procedure established by the resolution of the UN Security Council, discuss the applications related to the removal of a restriction on free movement in the territory of Georgia imposed in accordance with paragraph 6 of this article.

Article 42 – Full or partial removal of a seizure order relating to property

1. With an appropriate periodicity, but not less than once a year, the government commission shall be obliged to examine, on the basis of the substantiated request of an interested party, whether there are still sufficient grounds for suspicion as provided for by Article 41(3) of this Law.

2. The government commission shall be obliged to file a petition to a court on the removal of a seizure order relating to the property of a relevant person, when this person is removed from the list of sanctioned persons by a decision of the UN Sanctions Committee, or when it is determined that the grounds for suspicion as provided for by Article 41(3) of this Law no longer exist.

3. In the cases referred to in paragraph 2 of this article, the government commission shall be obliged to implement measures necessary to file a petition to a court on the removal of a seizure order relating to the property of a relevant person.

4. The government commission shall be authorised to file a petition to a court in accordance with the procedure established by a resolution of the UN Security Council on the removal of seizure order relating to a part of the property of a person which is essential for ensuring minimal living conditions, including for covering expenses for food, rent, mortgage loan, medications or other medical care, national taxes or utility services, legal aid or the maintenance of the seized property, on the basis of a substantiated request of an interested party. The government commission shall file the said petition to a court if it informs in advance the UN Sanctions Committee about the intention to remove a seizure order relating to a part of the property of a relevant person, and does not receive an objection within three working days.

5. The government commission shall be entitled to file a petition to a court on the removal of a seizure order relating to a part of the property of a relevant person in accordance with the procedure established by a resolution of the UN Security Council, which is necessary to cover special or unforeseen expenses, on the basis of a substantiated request of an interested party. The government commission shall file the said petition to a court when it obtains consent from the UN Sanctions Committee, after notifying same about the intention to remove a seizure order relating to a part of the property of a relevant person.

6. The government commission shall be entitled to file a petition to a court in accordance with the procedure established by a Resolution of the UN Security Council on the Prevention, Detection and Suppression of the Financing of Proliferation of Weapons of Mass Destruction, on the removal of a seizure order relating to a part of the property of a relevant person which is necessary to fulfil obligations rising from an agreement concluded before the person was included in the list of sanctioned persons, on the basis of a substantiated request of an interested party.

Article 43 – Application to the UN Sanctions Committee

1. The government commission shall be entitled to file an application to the UN Sanctions Committee on making a decision about including a relevant person in the list of sanctioned persons if there is a reasonable suspicion that the person satisfies the



conditions defined by a resolution of the UN Security Council.

2. The application provided for by paragraph 1 of this article shall be submitted in accordance with the procedure established by the resolution of the UN Security Council, in a standard application form. The application shall be substantiated and shall contain sufficient information for the identification of the person in question.

3. The government commission shall be obliged to examine whether there are sufficient grounds for the suspicion provided for by paragraph 1 of this article, on the basis of a substantiated request of an interested party, with appropriate periodicity, but not less than once a year.

4. The government commission shall be obliged to file an application to the UN Sanctions Committee on the removal of a relevant person from the list of sanctioned persons if it is established that the grounds for suspicion as provided for by paragraph 1 of this article no longer exist.

5. In the case provided for by paragraph 4 of this article, the government commission shall be obliged to implement necessary measures to file an application immediately to the UN Sanctions Committee on the removal of a relevant person from the list of sanctioned persons.

6. The government commission shall be obliged to ensure the delivery of information to an interested party about mechanisms effective in the United Nations Organisation which shall, in accordance with the procedure established by the resolution of the UN Security Council, discuss applications related to the removal of a person from the list of sanctioned persons.

Chapter XI – Transitional and Final Provisions

Article 44 – Transitional provisions

1. In an appropriate time period, but not later than 1 January 2020, an accountable person shall ensure that the requirements provided for by Chapters III and IV of this Law are disseminated among clients with whom a business relationship was established before this Law entered into force.

2. When determining an appropriate time period as provided for by paragraph 1 of this article, an accountable person shall take into account the risk level and the importance (materiality) of a client, as well as times in the past when measures were implemented against the client, and the compliance of identification data obtained by those measures and other information (document(s)) with this Law.

Article 45 – Invalidated normative acts

1. The Law of Georgia on Facilitating the Prevention of Illicit Income Legalisation of 6 June 2003 (Legislative Herald of Georgia, No 17, 16.6.2003, Art.113) shall be repealed upon the entry into force of this Law.

2. Respective subordinate normative acts adopted/issued on the basis of the Law of Georgia on Facilitating the Prevention of Illicit Income Legalisation of 6 June 2003 (Legislative Herald of Georgia, No 17, 16.6.2003, Art.113) shall remain in force until the relevant subordinate normative acts provided for by this Law are adopted/issued.

Article 46 – Entry into force of this Law

This Law shall enter into force upon its promulgation.

President of Georgia

Salome Zourabichvili



Tbilisi

30 October 2019

No 5226 – Ib

