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## Amendment to the Resolution №317 of the Government of Georgia dated 5 June 2018 "on Requirements for Materials handling with Food"

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On 21 February 2020, Government of Georgia's resolution on Requirements for Materials Handling with Food was amended. According to the amendment, the business operator shall:

- Produce food-related materials and articles in accordance with the general and detailed rules of Good Manufacturing Practice (GMP).
- The dye on the side of the indirect contact with the food must be labelled in a way that the printed side does not move over the inner side of the product in excess of the amount of dye prescribed by the resolution.

*Source: Legislative Herald of Georgia, 25 February 2020*

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## Resolution № 47 of the Government of Georgia on Approval of the Technical Regulation on the Safety of Toys

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The Resolution of the Government of Georgia on the approval of the Technical Regulation on the Safety of Toys was published on 21 January 2020. The Technical Regulation (regulation) on Toy Safety included in the resolution will become effective from 1 January 2021. According to the resolution:

- After publishing the resolution, the Market Surveillance Agency has the authority to verify the conformity of the toys with the Technical Regulation and make appropriate recommendations for the conformity of the toys.
- The relevant entity shall cooperate with the Market Surveillance Agency, ensure that the Market Surveillance Agency has access to the places, where products are sold and if requested, shall provide relevant information to the Agency for determining the product conformity.
- The resolution includes (regulation) on "toy safety". The requirements of the regulation apply to the toys designed or intended for use by children under the age of 14, without regards if the product is designed or intended for only playing. The regulation provides the list of the

**Technical Regulation on Toy Safety**

products which shall not be subject to the rules of the regulation.

## Labels

- According to the regulation, toys, including chemicals, as per the instruction of the toy or its probable use shall not be harmful for the user or the third parties.
- The labels and accompanying instructions provided in accordance with the technical regulations should clearly indicate the dangers and potential harm of the toy, as well as the ways to avoid the mentioned danger and harm.

*Source: Legislative Herald of Georgia, 25 February 2020*

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## Draft law of Georgia on Amendments to the Law on Securities Market

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On 7 February 2020, the draft law of Georgia on Amendments to the Law on Securities Market was initiated. According to the draft law, following shall be amended:

## Changes in definitions

- According to the draft law, the prospectus approval procedure will be simplified. Namely, draft law includes the document of the terms of offer, which together with the approved Prospectus constitutes the final offer of the Prospectus. The document of the terms of offer specifies the final terms of the offer.
- The issuer's definition is also amended. According to the draft law, the issuer is a legal and non-legal entity that issues securities.
- The draft amends the requirements for publicity of significant acquisition of public securities. Significant purchases are determined by the thresholds set by EU legislation (5%, 10%, 15%, 20%, 25%, 30%, 50%, 75%).
- The draft law sets out the criteria for qualifying as insider trading and market manipulation. In particular, it is forbidden:

- To trade or attempt to trade using insider information;
- To give recommendation or assist the third parties in insider trading;
- unlawfully disclose the insider information;
- use or attempt of market manipulation.

## Market manipulation

- The following are considered as market manipulation:
  - agreement, placing an order, or other action that causes or may cause a false or misleading signal about the demand, supply or price of the securities;

- forcing or maintaining the price of the securities at an abnormal or artificial level / rate;
- agreement, placing a trade order, or any other action that may affect the price of the security if it is accompanied using fraudulent or false means / schemes;
- dissemination of information, which causes or may cause a false or misleading signal on the demand of securities, including the supply or price of securities in connection with, or which causes or may cause securities price abnormal or artificial incidence / indicator of the ability to bring or keep, if the information disseminator knew or should have known that the statement was false or misleading;
- Reporting false or misleading information and / or providing benchmark data when a person knew or should have known about the false/ misleading information.

#### Authorities of National Bank of Georgia

- The package of amendments also includes the draft amendments to the Organic Law on the National Bank of Georgia. According to the draft law, the National Bank is entitled to publish information on sanctions imposed by the National Bank for violating the rules on its official website.
- The National Bank of Georgia is authorized to request and receive written/verbal explanations from any person in case of a possible breach of the requirements of the securities or a possible threat to the interests of investors.
- In addition, the National Bank is authorized to impose sanctions, including monetary fines, on regulated security market participants and other entities.

*Source: Parliament of Georgia, 19 February 2020*

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## Draft law on Rehabilitation and Collective Satisfaction of Creditors

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On 6 February 2020, the draft Law "On Rehabilitation and Collective Satisfaction of Creditors" and other related drafts were submitted to the Parliament of Georgia. According to the draft law, a major part of the law shall become effective from 1 June 2020.

- Once fully enacted, the Georgian Law on Insolvency Proceedings will be void.

According to the draft law and the explanatory note, the following issues are changing:

- The draft law provides the transition to the electronic system of insolvency proceedings. The debtor and the creditor will be updated electronically to the case files of proceedings.

**Transition to the  
Electronic system**

- Electronic publishing of the information shall be considered as to be official publication and the information / documentation sent through the electronic system shall be deemed to have been transmitted to the relevant addressee from the moment of its placement in the system.

**Insolvency practitioner**

- Draft law introduces the new profession of insolvency practitioner. An insolvency practitioner is an individual or legal entity with the relevant qualification and experience, who must be independent and impartial. The Ministry of Justice of Georgia (hereinafter referred to as the Ministry of Justice) is authorized by the order to determine the categories of insolvency practitioners who will have access to various types of insolvency cases, given their complexity.

**Insolvency Mass**

- The title of the debtor's estate is amended and replaced by the "insolvency mass". The mass of the insolvency includes all the property owned by the debtor at the moment of admission of the application, as well as the property acquired / received / produced. Insolvency mass does not include property that will not be compelled to be enforced in accordance with the Law of Georgia on Enforcement Proceedings.

*Source: Legislative Herald of Georgia, 25 February 2020*



### Let's talk

For a deeper discussion of how this issue might affect your business, please contact us at PwC Georgia

### Sergi Kobakhidze

Partner, Tax & Law Practice

E-mail: [sergi.kobakhidze@pwc.com](mailto:sergi.kobakhidze@pwc.com)

Tel: + 995 32 250 80 50

### Vano Gogelia

Head of Legal Practice

E-mail: [vano.gogelia@pwc.com](mailto:vano.gogelia@pwc.com)

Tel: + 995 32 250 80 50

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