



Georgia

Deloitte Legal

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## Georgian Legal News Refer to the Law

### Draft law on Holding of the Dematerialized Securities

On 29 June 2023, the Draft Law on Holding of the Dematerialized Securities has passed its first reading at the Parliament of Georgia.

The Draft Law regulates possession, ownership right, transfer and circulation of the dematerialized securities. The Draft Law also determines respective authorities of the National Bank of Georgia.

Aim of the Draft Law is to make the legal framework for the Dematerialized Securities in line with the existing international standards.

## New Law on Personal Data Protection

On 14 June 2023 Parliament of Georgia adopted the Law on Personal Data Protection.

The new Law significantly enhances the rights of data subjects and expands guarantees for their protection.

The new Law introduces the institute of Personal Data Protection Officer. In particular, commercial banks, microfinance organizations, credit bureaus, insurance organizations, electronic communication companies, airlines, airports, medical institutions, public institutions, as well as any person responsible / authorized for processing a large amount of data or implementing systematic and large-scale monitoring of data subjects' behaviour, are obliged to appoint or designate a Personal Data Protection Officer who will be equipped with crucial functions related to the personal data protection.

The new Law also requires the assessment of the impact of data processing. In particular, the person responsible for processing data is obliged to conduct a data protection impact assessment in advance, if there is a high probability of a threat to fundamental human rights and freedoms, considering new technologies, data categories, scope, purposes, and means of data processing.

Apart from the abovementioned, the new Law regulates:

- obligation for the person responsible for data processing to notify the Personal Data Protection Service of Georgia regarding any incidents;
- new rules of data processing for direct marketing purposes;
- changed regulations related to the data processing of deceased individuals and
- special rules for processing the personal data of minors.

The new law increases the administrative fines for violation of personal data protection legislation and determines the non-compliance with the legal requirement of the Personal Data Protection Service as a new punishable offence.

The Law enters into force from 1 March 2024. However, provisions related to the Data Protection Impact Assessment, Personal Data Protection Officer and respective administrative sanctions become effective from 1 June 2024.

The new Law aims to fulfill Georgia's international obligations and bring the existing legislation in the field of personal data protection closer to European standards.

## Law on Water Resource Management

On 30 June 2023, Parliament of Georgia adopted the Law on Water Resource Management on its third reading.

The Law implements new standards and systems for water resource management, based on which subordinate legal acts and entire legislative framework will be created.

The law aims to protect water resources, promote sustainable use, ensure people's access to clean water and create safe environment for people's life and health.

The law determines main principles for protection and use of the water resources and regulates:

- a) legal relations between state entities and individuals / legal entities, in the area of protection and use of the water resources;
- b) Competences of autonomous republics and municipalities regarding water resource management.

## Law on Voluntary Private Pension

On 23 June 2023, Parliament of Georgia adopted the Law on Voluntary Private Pension on its third reading.

The Law aims to fulfil the undertakings of Georgia under the Association Agreement and to align the legal framework on pensions to European standards.

The Law regulates the organization and implementation of voluntary private pension schemes, rules and conditions of participation in the schemes, protection guarantees for participants and rules for supervision of pension scheme organizers.

The Law applies to the activities of asset management companies, pension companies, specialized depositories, insurers and other entities, related to the organization and implementation of the voluntary private pension.

## Amendments to the Law on Funded Pension

On 28 June 2023 Amendments to the Law on Funded Pension has passed its first reading at the Parliament of Georgia.

According to the Amendments, the operational and investment directions of the Pension Agency will be separated and all participants in the pension scheme will have the opportunity to choose the investment portfolio of a certain risk where their pension savings will be invested or remain in the investment portfolio where they have been distributed.

According to the Law the participants will be automatically distributed in different portfolios based on the following principle:

- pension assets of the participant under the age of 40 will be distributed in a growing (high-risk) investment portfolio;
- pension assets of the participant between the age of 40 - 50 years will be distributed in a mixed (medium-risk) investment portfolio and
- the pension assets of a participant aged 50 or above will be distributed in a stable (less risky) investment portfolio.

During one month from 6 August 2023, all participants in the pension scheme will have an opportunity to choose the preferred investment portfolio. Citizens will be able to choose a portfolio online - through an from the personal pension page, through an electronic signature, as well as by visiting the Houses of Justice or the Pension Agency Office. Participants may also remain in the existing investment portfolios, where they have been allocated based on their age.

# Contacts

If you have any questions regarding the information provided in this newsletter, please contact one of the Tax & Legal professionals at our Deloitte office in Georgia:



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