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### **AMENDMENTS TO SKYPE NOTARIZATION RULES: FLEXIBILITY VS SECURITY**

The legislator decided to somewhat restrict the innovative and flexible notarization procedure whereby the Georgian notaries were able to certify signatures on certain documents on distance via Skype calls with the relevant signatories. Effective from 17 March 2017, notaries are required to verify the identity of the signatory-on-distance in the electronic system of the Public Service Development Agency, whereby, previously, this could have been done simply by providing a passport copy of the foreigner known to the respective notary in person. As only those holding Georgian passport or Georgian residence cards are reflected in the database, effectively, Skype notarization is no longer available for the foreigners with no local residency.

### **NBG ISSUES NEW REGULATIONS FOR THE PAYMENT SERVICE PROVIDERS**

Order of the National Bank of Georgia adopted on 28 February 2017 established new rules for registration of the Payment Service Providers. Important novelty provided by the Order is that the Payment Service Providers are required to establish an office in Georgia where the principal management of the company will be located. Further, at least one director of the Provider must be present on the territory of Georgia at least 14 days in a month. The latter implies that he/she will need to have Georgian residency. Providers are also required to keep all data on performed payment operations in the system kept at the head office and provide access to such data to the National Bank of Georgia.

### **LEGAL RATIONALE FOR THE SUPREME COURT DECISIONS REGARDING ADMISSIBILITY OF THE CLAIMS IS NOW REQUIRED**

According to the latest amendments to the Civil Procedure Code of Georgia, the Supreme Court is now required to issue reasoned decision if declaring the case inadmissible. Prior to the amendment, the Supreme Court would simply refer to the provision on basis of which the claims were held inadmissible, without providing respective argumentation. Another important novelty is that appeal to the Supreme Court of Georgia is per se admissible if the appealed decision contradicts to the established practice of the European Court of Human Rights. That said, we hope to see even more ECHR case law quoted in the decisions of lower court instances.

### **UPCOMING AMENDMENT TO THE LAW ON ENTREPRENEURS: WILL THE PREEMPTIVE RIGHT OF SHAREHOLDER BE ACKNOWLEDGED?**

The new bill presented by the Ministry of Economy on 20 March 2017 regarding amendments to the Law on Entrepreneurs aims to establish statutory preemptive right of shareholders in limited liability company. According to the bill, if a shareholder of a limited liability company decides to sell its shares, remaining shareholders will have preemptive right to purchase such shares. The bill further sets out the relevant procedure to be carried out for exercising such right. The right expires if not exercised by the shareholder within the term set by the selling shareholder, which must not be less than 10 days. Statutory preemptive right of purchase of shares in limited liability companies is a novelty in Georgian corporate law and does not extend to joint stock companies, other than with respect to newly issued shares. Notably, if the currently effective law allows for cancellation of such preemptive right of shareholders in JSC by 75% majority of votes at the general meeting, the bill removes any such right. Overall, the bill is tailored to protect the rights of minority shareholders, however it seems too rigid to be adopted by the Parliament in the current form.

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