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FINANCIAL MONITORING SERVICE OF GEORGIA

DECREE №3

Tbilisi January 18, 2012

On Approving the Regulation on Receiving, Systemizing and Processing the Information by the Insurance Organizations and Founders of Non-State Pension Scheme and Forwarding to the Financial Monitoring Service of Georgia

Pursuant to paragraph 4 (c) of Article 10 of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization" I Decree:

1. Approve the attached Regulation "On Receiving, Systemizing and Processing the Information by the Insurance Organizations and Founders of Non-State Pension Scheme and Forwarding to the Financial Monitoring Service of Georgia".

2. Insurance Organizations and Founders of Non-State Pension Scheme shall:

a) Ensure bringing the approved internal regulations on conducting financial monitoring into compliance with requirements of the Regulation "on Receiving, Systemizing and Processing the Information by the Insurance Organizations and Founders of Non-State Pension Scheme and Forwarding to the Financial Monitoring Service of Georgia" approved under this Decree prior to March 1, 2012.

b) Prior to December 31, 2012 ensure extension of requirements of Article 6 of the Regulation approved under this Decree on those clients and their beneficial owners with whom the business relationship already exists for January 1, 2012.

3. Insurance Organizations and Founders of Non-State Pension Scheme, which commence their operation from the effective date of this Decree shall submit within twenty days from the receipt of the License from the National Bank of Georgia the Form of Registration to the Financial Monitoring Service of Georgia in compliance with the procedure established under the Regulation on "Receiving, Systemizing and Processing the Information by Insurance Organizations and Founders of Non-State Pension Scheme and Forwarding to the Financial Monitoring Service of Georgia".

4. Regulation "on Receiving, Systemizing and Processing the Information by Insurance Organizations and Founders of Non-State Pension Scheme and Forwarding to the Financial Monitoring Service of Georgia" approved under the Decree #100 of the Head of the Financial Monitoring Service of Georgia of August 3, 2004 shall become null and void from the effective date of this Decree.

5. This Decree shall become effective upon promulgation.

M. Roinishvili

REGULATION

On Receiving, Systemizing and Processing the Information by the Insurance Organizations and Founders of Non-State Pension Scheme and Forwarding to the Financial Monitoring Service of Georgia

Article 1. General Provisions

1. This Regulation has been developed on the basis of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" and other relevant normative acts.

2 This Regulation shall apply to Insurance Organizations and Founders of Non-State Pension Scheme licensed according to Georgian Legislation.

3. This Regulation shall regulate general principles and rules of financial monitoring conducted for the purpose of preventing illicit income legalization and terrorism financing by the Insurance Organizations and Founders of Non-State Pension Scheme, specifically, terms and procedures for the identification of clients of Insurance Organizations and Founders of Non-State Pension Scheme and other relevant persons, and rules for receiving, systemizing, processing, retaining and submitting the relevant information to the Financial Monitoring Service, as well as the procedure for carrying out the instruction of the Financial Monitoring Service on the suspension of implementation of the transaction.

Article 2. Definition of Terms

For purposes of this Regulation, the following terms shall have the following meanings:

a) Illicit income – illicit or / and unjustified property possessed or owned by a person;

b) Property – property as considered under the Civil Code of Georgia: all property (movable as well as immovable) and immaterial property, which can be owned, used and disposed of by physical and legal persons;

c) Legalization of illicit income – legalization of illicit income (acquisition, use, transfer or other action), as well as concealing or disguising its true origin, proprietor or owner, or/and property rights or attempt to commit such an action;

d) Monitoring – identification of persons by the Insurance Organizations and/or Founders of Non-State Pension Scheme in compliance with the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization"; recording, systemizing and processing the information on transactions and persons involved therein and forwarding to the Financial Monitoring Service of Georgia pursuant to the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", this Regulation and procedure prescribed by the other normative acts adopted on the basis of the Law;

e) Suspicious transaction - a transaction (regardless its amount and operation type) supported with reasonable grounds to suspect that it had been concluded or implemented for the purpose of legalizing illicit income or/and the property (including funds) on the basis of which the transaction had been concluded or implemented is the proceeds of criminal activity or/and the transaction had been concluded or implemented for the purpose of terrorism financing (person participating in the transaction or the transaction amount causes suspicion, or other reasons exist

for considering transaction as suspicious), or any person involved in the transaction is on the list of terrorists or persons supporting terrorism, or / and is likely to be connected with them, or / and funds involved in the transaction may be related with or used for terrorism, terrorist act or by terrorists or terrorist organization or persons financing terrorism, or any involved person's legal or real address or place of residence is located in a non-cooperative zone or the transaction amount is transferred to or from such zone.

f) Unusual transaction - complex, unusually large transaction (operation) and/or unusual patterns of a transaction (operation) that does not have visible economic (commercial) content or lacks lawful purpose, and/or is inconsistent with the ordinary business activity of a person involved therein;

g) Person – any resident or non-resident natural person and legal entity as well as organizational formation considered under legislation, which does not represent a legal entity (non-registered union, partnership, partnership of apartment owners).

h) Client - any person who addresses to the Insurance Organizations or Founders of Non-State Pension Scheme for the service defined by the Georgian legislation as the principal activity of the latter or / and uses such service.

i) Insurance organization – insurer defined under the Law of Georgia "on Insurance";

j) Identification of a person– obtaining such information on the person, which, when necessary, allows tracing such person and distinguishing from the other persons.

k) Person involved in a transaction – insurer, insurant, insured, beneficiary, insurance agent and insurance broker and insurance organization, as determined under the Law of Georgia "on Insurance", with whom the insurance agreement is concluded. Also, founder of the non-state pension scheme, subscriber of pension scheme, participant of the pension scheme or heir thereof as determined under the Law of Georgia "on Non-State Pension Insurance and Security" as well as representatives and agents of all persons listed in this subparagraph.

l) Beneficial owner –natural person(s) representing an ultimate owner(s) or controlling person(s) of a person or / and a person on whose behalf the transaction (operation) is being conducted; beneficial owner of a business legal entity (as well as of an organizational formation (arrangement) not representing a legal entity, provided for in the Georgian legislation) shall be the direct or indirect ultimate owner, holder or / and controlling natural person(s) of 25% or more of such entity's share or voting stock, or natural person(s) otherwise exercising control over the governance of the business legal entity;

m) Control – exercising strong influence directly or indirectly, alone or in concert with others, through use of voting shares or otherwise;

n) Controlling person – person exercising control;

o) Founder of non-state pension scheme – legal entity as defined under the Law of Georgia "on Non-State Pension Insurance and Security", who establishes pension scheme and provides natural persons with non-state pensions according to the procedure set by the pension scheme.

p) Amount of the operation (transaction) – amount of transaction for certain type of insurance, except life insurance, shall be the amount of insurance premium defined under insurance agreement concluded for the certain insurance period or / and amount of damages repaid by the

insurance organization; the amount of transaction concluded (implemented operation) in the field of accumulated life insurance and non-state pension security shall be the sum of insurance premium/pension contribution or / and amount/pension payable. Operation (transaction) amount also shall be any settlement undertaken on the basis of reinsurance agreement or related to insurance activities.

q) Employee in charge of monitoring – employee of the Insurance Organizations and Founders of Non-State Pension Scheme, who on the basis of the relevant document is charged with duties and responsibilities related to the monitoring process. If the special structural unit is established at the Insurance Organizations and Founders of Non-State Pension Scheme for performing monitoring activities, head of such unit shall be the employee responsible for conducting monitoring.

r) Insurance contribution (premium) - amount paid to the insurance organization by the insurant, as well as by intermediation of a broker or agent, on the basis of insurance agreement.

s) Pension contribution – contribution defined under the pension scheme for the purpose of providing natural persons with non-state pension, paid by subscribers;

t) Implemented operation or concluded transaction (hereinafter referred to as operation (transaction) or transaction (operation)) by Insurance Organizations and Founders of Non-State Pension Scheme – receipt of insurance premium and/or pension contribution by Insurance Organizations and Founders of Non-State Pension Scheme, also payment of damages upon insurance case and/or payment pension/amount (accumulated life insurance and non-state pension security), as well as any operation and transaction related to reinsurance and insurance activities;

u) Franchise – non-payable minimum, which is not repaid by insurance organization in case of inflicted damages.

v) Insurance amount – maximum amount to be paid in insurance case.

w) Non-cooperative or watch zone – a country or a part of the territory thereof defined by the National Bank of Georgia on the basis of proposition of the Financial Monitoring Service of Georgia. The country or territory thereof shall be identified as such on the basis of the information provided by competent international organization, or if the grounded supposition exists that in such zone weak mechanisms for controlling illicit income legalization are effective.

x) Suspicious zone - a country or a part of the territory thereof, identified as having weak mechanisms for controlling illicit income legalization, based on information available to the monitoring entity.

y) Suspicious financial institution – financial institution, determined as such by the National Bank of Georgia, which does not meet standards of preventing illicit income legalization.

z) User Manual – Instruction for using of web-portal set on the official website of the FMS (www.fms.gov.ge)

aa) Politically Exposed Person (PEP) - a foreign citizen, who has been entrusted with prominent state (public) functions in a respective country or / and carry out significant public and political activities. The PEPs are as follows: the head of the state, the head of the government and members of the government, their deputies, senior official of government institution, a member

of the parliament, a member of the supreme court, a member of the constitutional court, a senior military official, a member of the central (national) bank's council, an ambassador, a senior executive of state owned corporation, important political party (union) official and member of executive body of the political party (union), other prominent politician, his / her family members as well as persons having close business relations with him / her; a person shall be considered as a politically exposed during a year following his / her resignation from the foregoing positions.

bb) Family member – a spouse of a politically exposed person (PEP), his / her parents, siblings, children (including step – children) and their spouses.

cc) Person having close business relationship with the Politically Exposed Person (PEP) – natural person who owns or / and controls a share or voting stock of that legal entity, in which a share or voting stock is owned or / and controlled by the Politically Exposed Person (PEP); also, a person having other type of close business relationship with the Politically Exposed Person (PEP).

dd) Implementation of the transaction (operation) – Implementation of the transaction (including the registration of property) by the monitoring entity except for the monitoring entities listed in subparagraphs "f", "j" and "m" of Article 3 of the Law of Georgia on Facilitating the Prevention of Illicit Income Legalization.

Article 3. Transactions (Operations) Subject to Monitoring

1. For purposes of this Regulation, subject to monitoring shall be an implemented or concluded operation (transaction) by the person, and/or the series of transactions (operations) aimed at partition of concluded or implemented transactions (operations), if one or both of the following provisions exist:

a) Transaction (operation) is suspicious according to subparagraph "e", Article 2 of this Regulation, regardless its amount;

b) The amount of the transaction (operation) or the series of transactions (operations) exceeds GEL 30,000, or its equivalent in other currency and by its content it is the following transaction (operation):

   b.a.) Returnable life insurance;

   b.b) Annuity and pension insurance;

   b.c) Personal insurance with condition of premium return;

   b.d) Transaction implemented by the person (including a branch of such a legal entity registered in Georgia) located and registered in watch or suspicious zone or / and through use of bank account active in *such zone;

   b.e) Insurance contract terminated during the first three months by initiative of the insurant;

   b.f) Operation (transaction) implemented with participation of suspicious financial institution;

b.g) Transaction implemented in cash.

2. Subject to monitoring shall be funds defined under subparagraph (a), paragraph 1 of this Article, whether obtained legally or illegally, which may be related to or used for terrorism, terrorist act or by terrorists or terrorist organization or persons financing terrorism. List of terrorists and persons supporting terrorism shall be published in the Legislative Herald of Georgia.

3. Subject to monitoring shall also be an attempt to conclude suspicious operation (transaction) or other fact (circumstance), which, according to the written instruction of the Financial Monitoring Service, may be related to legalization of illicit income or terrorism financing.

4. Insurance Organization and Founder of Non-state Pension Scheme shall pay special attention to unusual transactions and transactions provided under subparagraph "b.d", paragraph 1 of this Article, which do not have the visible economic (commercial) content or lack lawful purpose, ascertain the purpose and grounds of such transactions to the reasonable extent possible, and document obtained results in writing. In case of detecting the high risk of money laundering and terrorism financing, the Insurance organization and founder of non-state pension scheme is required to undertake enhanced procedures of identification and verification provided under Article 6^1 of this Regulation which are commensurate with the risk identified. In such cases, the monitoring of business relationship must be enhanced in order to ascertain whether a transaction is unusual or suspicious.

5. For purposes of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization", Insurance organization and founder of non-state pension scheme shall themselves set principles for defining a transaction of a person having business relations with them as unusual, according to requirements of this Regulation and guidelines of the Financial Monitoring Service of Georgia.

6. Pursuant to paragraph 5, Article 5 of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", the Financial Monitoring Service of Georgia shall have the authority to define the list of specific transactions (operations), (or their characteristics, such as type of the business activity of persons involved in operation (transaction), geographic area of their location (place of registration), nature of operation (transaction) etc.), on which the Financial Monitoring Service of Georgia shall be informed in compliance with the rule on submission of reports as it is defined under this Regulation.

Article 4. Obligations of Insurance Organizations and Founders of Non-State Pension Scheme with Respect to Implementation of Internal Control

1. For preventing cases of illicit income legalization and terrorism financing, Insurance Organization and Founder of Non-State Pension Scheme shall exercise internal control in accordance with Article 8 of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization".

2. Implementation of internal control shall include the following:

a) In cases defined under subparagraphs (a) – (c), paragraph 1, Article 6 of this Regulation identification of all persons having business relationship with the Insurance Organization and Founder of Non - State Pension Scheme (clients), their representatives and agents, beneficial owner, other persons involved in operation (transaction), as well as the third person if operation (transaction) is concluded in favor of the third person;

b) Implementation of measures provided for in this Regulation against Politically Exposed Persons (PEPs);

c) Defining terms and procedures for exercising permanent monitoring of business relationships with the client in compliance with the procedure set under the present Regulation;

d) Analyzing the information obtained through identification process and revealing operations (transactions) subject to monitoring;

e) Documenting, systemizing and filing the information;

f) Submission of the information on operations (transactions) subject to monitoring to the Financial Monitoring Service of Georgia in the reporting form;

f^1) Terms and procedure for carrying out the instruction of the Financial Monitoring Service on the suspension of implementation of the transaction;

g) Implementation of training programs for employees with respect to avoiding and revealing cases of illicit income legalization and terrorism financing.

3. For the purpose of defining internal control rules and procedures, the Insurance Organizations and Founders of Non-State Pension Scheme shall develop and approve internal regulation on the basis of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" and this Regulation. Internal regulation shall set terms for: identification of persons willing to establish business relationship (clients), their beneficial owners as well as other relevant persons; systemizing, analyzing and filing the information obtained through the identification process; revealing operations (transactions) subject to monitoring and submission of reporting forms to the Financial Monitoring Service of Georgia.

4. Internal regulation developed and approved by the Insurance Organization and Founder of Non-State Pension Scheme, for conducting monitoring shall define:

a) Procedures for identification of persons willing to establish business relationship with Insurance Organizations and Founders of Non - State Pension Scheme (clients), their beneficial owners, other persons involved in the operation (transaction), their representatives and agents, as well as the third person if the operation (transaction) is concluded in favor of the third person (including the enhanced and simplified identification/verification procedures);

b) Procedures for identification of Politically Exposed Persons (PEPs) and exercising measures against them as it is established under the legislation;

c) Procedure for transferring information obtained through the identification process and other information existing at Insurance Organization and Founder of Non-State Pension Scheme to an employee (special structural unit) in charge of monitoring;

d) Procedures for recording, systemizing and filing information related to the monitoring, as well as employees authorized to have access to such information;

e) Procedure for submission of reporting forms and other materials to the Financial Monitoring Service of Georgia;

e[1]) Terms and procedure for carrying out the instruction of the Financial Monitoring Service on the suspension of implementation of the transaction;

f) Functions, authority and responsibility of the employee in charge of monitoring (in case of the special structural unit – functions, authority and responsibility of the head and each employee);

g) Functions, authority and responsibility of other employees (structural units) of Insurance Organization and Founder of Non-State Pension Scheme, including administrators responsible for monitoring, as well as the head of Insurance Organization and Founder of Non-State Pension Scheme who is directly charged with supervision of the monitoring process;

g[1]) Rights and responsibilities of the employee/employees authorized to confirm the receipt and to carry out the instruction of the Financial Monitoring Service on the suspension of implementation of the transaction;

h) Administrators, responsible employees and/or employees of Insurance Organization and Founder of Non-State Pension Scheme, who shall be granted the authority to keep confidential information related to the monitoring process;

i) Procedure for certification of copies of documents presented by clients and employee (employees) having certification authority pursuant to paragraph 2, Article 9 of this Regulation.

5. Internal regulation for conducting monitoring developed and approved by the Insurance Organization and Founder of Non-State Pension Scheme shall address the following issues:

a) Decision on considering the operation (transaction) as suspicious, unusual and / or aimed at partition of the operation (transaction) and forwarding the reporting form to the Financial Monitoring Service of Georgia shall be made by the person(s) designated under the internal regulation. Such decision shall be made in each particular case on the basis of the information obtained through identification as well as servicing clients and other relevant persons by the corresponding departments, and information (including the information existing in different branches of the organization) existing in the organization (after establishing overall network, information stored therein shall be used as well). In addition, guidelines and other information sent by the Financial Monitoring Service of Georgia to the Insurance Organization and Founder of Non-State Pension Scheme shall be considered. For the purpose of revealing suspicious operations (transactions) and / or series of operations (transactions) aimed at partition of the operations (transactions) the Insurance Organization and Founder of Non-State Pension Scheme shall be obligated to develop electronic data base (system).

b) Revising (renewing if needed) identification details of permanent clients of the Insurance Organization and Founder of Non-State Pension Scheme as needed, with a frequency defined under the internal regulation;

c) Monitoring process shall be conducted in a way that the clients of Insurance Organization and Founder of Non-State Pension Scheme, persons involved in operations (transactions) and other relevant persons shall not be aware that their activities are considered as suspicious;

d) Insurance Organizations and Founders of Non-State Pension Scheme shall be obligated to ensure confidentiality of information obtained through monitoring process (including information received through identification of clients, beneficial owners and other relevant persons, materials on examination and analysis of the information), as well as information on

completion of reporting forms related to operations (transactions) subject to monitoring and submission to the Financial Monitoring Service of Georgia.

e) One of the major principles of financial monitoring shall be participation of all employees of the Insurance Organization and Founder of Non-State Pension Scheme (within their competence) in facilitating disclosure of illicit income legalization and terrorism financing.

6. Staff recruitment policy (including investigation of qualification and reputation of employees) of Insurance Organizations and Founders of Non-State Pension Scheme and rules and procedures established by the internal regulation shall facilitate preventing participation of employees of Insurance Organization and Founder of Non-State Pension Scheme in the processes of illicit income legalization and terrorism financing.

Article 5. Functions and Obligations of the Employee in Charge of Monitoring

1. For the purpose of conducting monitoring process, the Insurance Organization and Founder of Non-State Pension Scheme under the respectively legalized document shall designate an employee (or special structural unit) in charge of monitoring. Position of the employee in charge of monitoring (head of structural unit) in the organizational structure of the Insurance Organization and Founder of Non-State Pension Scheme shall correspond to the senior hierarchy (management) level.

2. Functions, authority and responsibility of the employee (or special structural unit) in charge of monitoring shall be defined under the internal regulation of the Insurance Organization and Founder of Non-State Pension Scheme, also if it is provided by the Charter of Insurance Organization and Founder of Non-State Pension Scheme – under the relevant service instruction (in case of special structural unit – instructions).

3. Employee (special structural unit) in charge of monitoring shall follow the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", this Regulation, internal regulation of the Insurance Organization and Founder of Non-State Pension Scheme, guidelines of Financial Monitoring Service of Georgia as well as the relevant normative acts issued by the National Bank of Georgia.

4. Employee (special structural unit) in charge of monitoring shall perform the following functions:

a) Organize the monitoring process and ensure performance of tasks defined under the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", this Regulation and internal regulation of the Insurance Organization and Founder of Non-State Pension Scheme;

b) Analyze information (including identification details, information on operations (transactions)) received from employees (structural units)) defined under the internal regulation of the Insurance Organization and Founder of Non - State Pension Scheme; make decision on considering operation (transaction) as suspicious; ensure completion and submission of reporting forms on operations (transactions) subject to monitoring to the Financial Monitoring Service of Georgia; systemize and file information (documents) related to the monitoring process (internal regulation may define that the final decision on considering the operation (transaction) as suspicious should be made by the other responsible administrator of the insurance organization or founder of the non - state pension scheme);

c) Consult and organize special training programs for employees of the Insurance Organization and Founder of Non-State Pension Scheme with respect to issues of preventing illicit income legalization and terrorism financing; Such trainings shall be of regular type in order to ensure timely acquaintance of employees with changes introduced to the Georgian legislation, internal regulation of the Insurance Organization and Founder of Non-State Pension Scheme, as well as with new techniques, methods and trends of money laundering and terrorism financing.

d) With the frequency defined under the internal regulation, prepare and submit written report on the monitoring process as well as elaboration and submission of preposition on internal regulation of Insurance Organization and Founder of Non-State Pension Scheme, if necessary to the management of Insurance Organization and Founder of Non-State Pension Scheme.

5. Employee (special structural unit) in charge of monitoring shall be granted authority to obtain any information from other employees of Insurance Organization and Founder of Non-State Pension Scheme necessary for fulfillment of his/her functions and shall be obligated to ensure observance of confidentiality of the received information, as well as any information related to his/her activities.

6. In performing functions related to monitoring, the employee (or special structural unit) in charge of monitoring shall be subordinated and reporting only to the administrator of the Insurance Organization and Founder of Non-State Pension Scheme, defined under the internal regulation.

7. If employee (or special structural unit) in charge of monitoring reveals that any of employees of the Insurance Organization and Founder of Non-State Pension Scheme does not observe rules set by the internal regulation and within his/her competence does not participate in the monitoring process, he/she shall immediately inform the administrator of Insurance Organization and Founder of Non-State Pension Scheme who supervises monitoring issues according to the internal regulation.

8. In case of absence of the employee (head of the special structural unit) in charge of monitoring his/her functions shall be transferred to another employee of the Insurance Organization and Founder of Non-State Pension Scheme, which shall be documented in the respective legalized resolution of the Insurance Organization and Founder of Non-State Pension Scheme.

Article 6. Obligations of Insurance Organization and Founder of Non-State Pension Scheme with respect to Identification and Registration of Identification Details (Documents)

1. Pursuant to Article 6 of the Law of Georgia “On Facilitating the Prevention of Illicit Income Legalization” Insurance Organization and Founder of Non-State Pension Scheme shall identify the client (its representative and proxy, as well as the third person if the transaction is being concluded in favor of the third person) and take reasonable measures to verify client identity by means of reliable and independent source of information (documents) when:

a) Amount of transaction (operation) exceeds GEL 3 000 (or its equivalent in other currency);

b) Doubts arise regarding the veracity and/or adequacy of previously obtained client identification data.

c) This transaction is suspicious according to subparagraph (e), Article 2 of this Regulation

2. Insurance Organization and Founder of Non-State Pension Scheme shall identify the beneficial owner of the client, as well as to undertake reasonable measures to verify his/her identity by means of reliable, independent source and be satisfied that it knows who the beneficial owner of the client is. Identification procedures similar to those used for natural persons shall be applied against beneficial owner.

3. In the course of the identification and/or verification of a client (its beneficial owner), the Insurance Organization and Founder of Non-State Pension Scheme may rely on a third party/intermediary that carries out the identification and verification of a person in accordance with the FATF recommendations, keeps documents (their copies) as provided under Article 9 of this Regulation, and is subject to the supervision and regulation as defined under the FATF recommendations. The Insurance Organization and Founder of Non-State Pension Scheme shall be required to immediately obtain from a third party/intermediary the information related to the identification and verification of a client (its beneficial owner), as well as the purpose and intended nature of business relationship. Furthermore, the Insurance Organization and Founder of Non-State Pension Scheme shall be required to undertake necessary measures to ensure that it can access the identification data of a client (its beneficial owner) and other relevant documents related to the identification and verification of a client (its beneficial owner) held by a third party/intermediary immediately upon request. In such cases, the ultimate responsibility for identification and verification of a client in accordance with the procedure provided for by this Regulation shall remain with the Insurance Organization and Founder of Non-State Pension Scheme. The Insurance Organization and Founder of Non-State Pension Scheme shall take into account the information available about the risk of illicit income legalization and terrorism financing in the host country of a third party/intermediary, when selecting a third party/intermediary.

4. Identification process shall be conducted in compliance with the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", this Regulation, normative acts issued by the National Bank of Georgia, the relevant internal regulation of the Insurance Organization and Founder of Non-State Pension Scheme and guidelines and recommendations of the Financial Monitoring Service of Georgia.

5. For purposes of this Regulation, Insurance Organization and Founder of Non-State Pension Scheme shall define themselves procedures required for identification of a person. In addition, they shall be entitled to request any other information or / and documents related with transaction (operation) and persons involved therein.

6. For the purpose of identifying the client (representative and proxy, as well as the third person, if the transaction is being concluded in favor of the third person) and its beneficial owner in conformity with the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization" and the present Regulation, the Insurance Organization and Founder of Non-State Pension shall be entitled to use the electronic databases of identification documents provided by State Services Development Agency – legal entity of public law at the Ministry of Justice of Georgia according to the procedure set by the Georgian legislation.

7. The identification and verification of each client as well as its beneficial owner and obtaining of other information as it is defined by this Article, shall take place before carrying out of a transaction or establishing of another type of a business relationship, as well as prior further continuation of the business relationship if legalization of illicit income or terrorism financing is suspected or if doubts exist about the veracity or adequacy of previously-obtained client identification data, except for cases provided under paragraph 3, Article 6^1 of this Regulation

8. Insurance Organization and Founder of Non-State Pension Scheme shall not be authorized to provide the client with services (conclude agreement, issue insurance policy (certificate) etc.) without preliminary identification of this person in cases provided for in paragraph 1, Article 1 of this Regulation.

9. Insurance Organization and Founder of Non-State Pension Scheme prior to commencement of business relations with the client shall ascertain nature and purpose of relations the client intends to establish, and perform ongoing scrutiny of relations between existing clients and the Insurance Organization and Founder of Non-State Pension Scheme.

9^1. Insurance Organization and Founder of Non-State Pension shall be required to obtain information about the nature of business activity, ownership and control structure of a legal entity (including an organizational formation (arrangement) not registered as a legal entity) when undertaking identification and verification procedure.

9^2. Insurance Organization and Founder of Non-State Pension shall be required to undertake appropriate measures for obtaining the information about the purpose and intended nature of business relationship with the client.

10. Despite the assumed suspicious nature and the amount of the operation (transaction), the Insurance Organization and Founder of Non - State Pension Scheme shall not suspend implementation of the transaction (operation) (providing services to the person having the business relationship with the Insurance Organization and Founder of Non - State Pension Scheme (client)), except for the following cases:

a) Client willing to establish business relationship with the Insurance Organization and Founder of Non - State Pension Scheme can not be identified;

b) Any party of the operation (transaction) is on the list of terrorists or persons supporting terrorism;

c) Upon receipt of refusal of the management on establishing business relations with the person in the event provided for in subparagraph (a), paragraph (2), Article 7 of this Regulation;

d) Upon receipt of the instruction of the Financial Monitoring Service on the suspension of implementation of the transaction as prescribed under Article 10^1 of this Regulation.

11. In cases indicated in subparagraphs (a) – (c), Paragraph 10 of this Article, the Insurance Organization and Founder of Non - State Pension Scheme shall be obligated not to serve the client (establish business relationship with the person) and shall immediately submit the respective reporting form, available materials and any other relevant information on operation (transaction) and persons participating therein to the Financial Monitoring Service of Georgia.

12. Through the standard identification process the following data shall be ascertained:

a) in case of natural person:

a.a) First name, last name;

a.b) Citizenship;

a.c) Date of birth;

a.d) Place of residence;

a.e) Number of ID (Passport) and citizen's personal number by ID (Passport);

a.f) If the natural person is registered as an individual entrepreneur – the relevant registration date, number, registering authority, identification code of tax payer;

b) In case of legal entity:

b.a) Full name;

b.b) Business activity;

b.c) Legal address (in case of the branch or representation the legal address of the head office also);

b.d) Registering authority, Date and number of registration;

b.e) Identification number of tax payer;

b.f) Identification details of persons authorized for management and representation (in conformance with subparagraph (a) of this paragraph);

b.g) Identification details of the person who represents legal entity in specific operation (transaction) subject to monitoring;

c) In case of organizational formation considered under the legislation, which does not represent a legal entity:

c.a) Full name;

c.b) Legal address;

c.c) Legal act or other document, based on which this formation has been established (or has been functioning);

c.d) Identification number of tax payer;

c.e) Identification details of persons authorized for management and representation (in compliance with subparagraph (a) of this paragraph);

c.f) Identification details of the person who represents such organizational formation in specific operation (transaction) subject to monitoring;

13. Documents necessary for identification process shall be:

a) if the natural person is a Georgian citizen – a citizen identity card, or a citizen passport, or any other official document, which contains the relevant information and is equalized to them under the Georgian legislation; if the natural person is registered as sole trader – document confirming registration;

b) if the natural person is a foreign citizen – passport issued by the corresponding authority of the relevant State or other official document equalized with such passport under the Georgian legislation, containing relevant data;.

c) in case of resident legal entity (or organizational formation which does not represent a legal entity) – relevant act on establishment of the entity as determined by the Georgian legislation, or extract from the Registry of Entrepreneurs (or other relevant registry) and document proving authority for representation of the entity;

d) in case of non-resident legal entity – documents issued by respective bodies of the foreign state on establishing and registering the entity and document proving for representation of the entity.

14. Identification documents other than Citizen Identity Card, Passport and other official document equalized with them under the Georgian legislation, shall be used only in cases when the natural person can not have ID or Passport.

15. Insurance Organization and Founder of Non-State Pension Scheme shall record country, issuing authority, and date of issuance and validity period of the document presented for the purpose of person's identification.

16. For documenting, systemizing and better examining identification details of the permanent clients (persons that periodically apply to Insurance Organization and Founder of Non-State Pension Scheme for insurance services) of Insurance Organization and Founder of Non-State Pension Scheme, the Insurance Organization and Founder of Non-State Pension Scheme shall use procedure of form (questionnaire) filling. In parallel with this process, the Insurance Organization and Founder of Non-State Pension Scheme shall ensure setting up of the relevant data base.

17. Procedure of form (questionnaire) filling shall also be allowed for identification of persons, that apply to the Insurance Organization and Founder of Non-State Pension Scheme for implementing single (irregularly) operation, or represent operation (transaction) participants (e.g. if operation (transaction) is implemented in favor of the third person).

18. If identification documents (information) stored in or presented to the Insurance Organization and Founder of Non-State Pension Scheme allow, in addition to the information listed in subparagraphs (a) – (c), the following details shall be documented:

a) In case of natural person:

a.a) Patronymic;

a.b) Place of birth;

a.c) Temporary (real) place of residence (in Georgia as well as abroad), if different from registered place of residence;

a.d) Main business activity and position held;

a.e) Bank account (accounts) details;

a.f) Tel / fax, e-mail.

b) In case of legal entity (as well as organizational formation, which does not represent a legal entity):

b.a) Date of appointing persons authorized for management and representation;

b.b) Bank account (accounts) details.

19. Detailed procedures for performance of activities related to identification and questioning of clients and renewal of existing identification data, as well as the relevant functions of employees of Insurance Organization and Founder of Non-State Pension Scheme shall be defined under the internal regulation of the Insurance Organization and Founder of Non-State Pension Scheme.

20. Insurance Organization and Founder of Non-State Pension Scheme shall exercise permanent monitoring of business relationships with their clients that includes:

(a) Maintaining current information and records relating to the client and its beneficial owner;

(b) Updating periodically existing identification data and ensuring their conformity with current norms;

(c) Scrutiny of transactions in order to establish that the conducted transaction is consistent with their knowledge of the client, client's business or personal activity or risk profile and where necessary the source of property (including funds).

21. Insurance Organization and Founder of Non-State Pension Scheme shall be required to have the appropriate risk management system for the identification and verification of clients that may pose high risk of illicit income legalization and/or terrorism financing, and shall apply the enhanced identification and verification, and the enhanced monitoring procedure with respect to such clients as provided under Article 6^1 of this Regulation. The identification and verification procedure shall be carried out through the risk-based approach having regard to the type of the clients (the beneficial owners), their location (place of registration), geographic area or field of operation, as well as the nature and intensity of the business relationship, the type or size of transactions (operations) or products/services or other factors. An Insurance Organization and Founder of Non-State Pension Scheme shall be required to define the appropriate criteria (risk-factors) through its internal regulations and assign the clients to the category of the high risk of illicit income legalization and/or terrorism financing.

21^1. Insurance Organization and Founder of Non-State Pension Scheme shall be authorized to use the simplified identification and verification procedure as provided under Article 6^1 of this Regulation that is commensurate with the low risk of illicit income legalization and/or terrorism financing identified through the appropriate risk assessment by an Insurance Organization and Founder of Non-State Pension Scheme. The use of the simplified procedure shall be prohibited when there is a suspicion of illicit income legalization and/or terrorism financing or in cases of the high risk of illicit income legalization and/or terrorism financing as provided under paragraph 21 of this Article. An Insurance Organization and Founder of Non-State Pension Scheme shall be authorized to use the simplified procedure once the appropriate criteria (risk-factors) are defined through its internal regulations and the clients are assigned to the category of the low risk of illicit income legalization and/or terrorism financing.

22. Insurance Organization and Founder of Non-State Pension should pay special attention to any threats that may arise from new technologies, products and service that might favor anonymity during the service and take all measures, to prevent their use in legalization of illicit income and terrorism financing. Insurance Organization and Founder of Non-State Pension should have in place such identification and verification policy and procedures that reduces the risks associated with non face to face service as it is considered under the Georgian legislation. Policy and procedures defined under this paragraph shall be used when establishing business relationship and when conducting permanent monitoring.

Article 6^1. The enhanced and simplified identification and verification procedure

1. Insurance Organization and Founder of Non-State Pension (authorized employee) shall be required, in addition to implementing the requirements provided under Article 6 of this Regulation, to apply the enhanced identification and verification procedure with respect to the client that may pose the high risk of illicit income legalization and terrorism financing, in particular to:

a) Verify the existing and/or obtain additional information about the client and the beneficial owner (income, assets and activity) and to ensure, where appropriate, the immediate access to such information;

b) Update the identification data of the client (the beneficial owner) more frequently and verify the authenticity of the documents submitted by the client;

c) Verify the existing and/or obtain additional information about the purpose and intended nature of the business relationship;

d) Take reasonable measures to obtain the information about the source of funds or wealth of the client (the beneficial owner);

e) Verify the existing and/or obtain additional information about the reasons and grounds for performed (intended) transactions (operations);

f) Obtain the approval of senior management to enter into and/or continue the business relationship;

g) Conduct the enhanced monitoring of the business relationship, which includes increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination.

2. Insurance Organization and Founder of Non-State Pension is authorized, in addition to implementing the requirements provided under the first paragraph of this Article, to carry out other measures and/or obtain additional information to ensure that the risk identified is effectively managed, including, by determining the expected type and size of future transactions (operations).

3**.** Insurance Organization and Founder of Non-State Pension is authorized, in cases provided under paragraph 21^1, Article 6 of this Regulation, to use the simplified identification and verification procedure that is commensurate with the low risk of illicit income legalization and terrorism financing, including to:

a) Verify the identity of the client and the beneficial owner after the establishment of the business relationship;

b) Reduce the frequency of updates of the identification data of the client and the beneficial owner;

c) Reduce the frequency of implementing the requirements provided under subparagraph "c", Paragraph 20, Article 6 of this Regulation, based on the reasonable monetary threshold;

d) Establish the purpose and intended nature of the business relationship based on the information provided by the client about the transactions (operations) undertaken and/or the business relationship established.

4. Insurance Organization and Founder of Non-State Pension shall not be exempted from the obligation of obtaining the data provided under paragraph 12, Article 6, and verifying the identity of the client and the beneficial owner when applying the simplified identification and verification procedure in cases provided under paragraph 21^1, Article 6 of this Regulation. Insurance Organization and Founder of Non-State Pension shall be required, when applying the simplified identification and verification procedure, to obtain sufficient information for determining the reasonableness of assigning the client to the category of the low-risk of illicit income legalization and terrorism financing.

5. Insurance Organization and Founder of Non-State Pension shall define the enhanced and simplified identification and verification procedure through its internal regulations on the basis of the requirements provided under this Article.

Article 7. Obligations of Insurance Organization and Founder of Non - State Pension Scheme with respect to Politically Exposed Persons (PEPs)

1. Insurance Organization and Founder of Non - State Pension Scheme shall identify whether the client or his / her beneficial owner belongs to the category of Politically Exposed Persons (PEP).

2. If a client of the Insurance Organization and Founder of Non - State Pension Scheme or / and his / her beneficial owner represents a Politically Exposed Person (PEP), in addition to the steps stipulated under the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization" and this Regulation, the Insurance Organization and Founder of Non - State Pension Scheme (its authorized officer) shall take the following actions:

a) Obtain permission from the management of the Insurance Organization and Founder of Non - State Pension Scheme to establish business relationship with such person;

b) Take reasonable measures to ascertain the origin of funds, property of such person;

c) Perform enhanced monitoring over its business relations with such person.

3. If the client (his / her beneficial owner) becomes Politically Exposed Person (PEP) after establishing business relations with the Insurance Organization and Founder of Non - State Pension Scheme, the latter shall undertake measures provided for in paragraph 2 of this Article against such person upon availability of the aforementioned information.

4. Insurance Organization and Founder of Non - State Pension Scheme shall have respective procedures based on which it ensures obtaining respective information from its client, as well as from public sources or respective electronic databases for the purpose of ascertaining and verifying Politically Exposed Persons (PEPs).

Article 8. Obligations of Insurance Organization and Founder of Non-State Pension Scheme to Record Information (Documents) on Operations (Transactions) Subject to Monitoring

1. Pursuant to paragraph 6, Article 6 of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization", the Insurance Organization and Founder of Non-State Pension Scheme shall be obligated to record information (documents) on operation (transaction) subject to monitoring.

2. In the process of recording information (documents) on operation (transaction), the Insurance Organization and Founder of Non-State Pension Scheme shall document the following information:

a) Content of operation (transaction) (type of insurance, period, area of activities etc.);

b) Date of concluding operation (transaction), amount of insurance, amounts of insurance premium and pension contribution, amount of repaid damages (if it has been repaid) and pension amount;

c) Identification details of a person involved in operation (transaction);

d) Identification details of the person on whose behalf the insurance intermediary implements operation (transaction);

e) Identification details of the person who is acting on behalf of the person involved in the operation (transaction) as well as content, issuer, date of issuance and period of validity of power of attorney or procuration, person certifying power of attorney or procuration (e.g. notary), date and place of certification;

f) If operation (transaction) is implemented in favor of the third person (insured, beneficiary) – identification details of the relevant person;

g) If insurance transaction is implemented through insurance intermediary - identification details of the respective natural person or legal entity;

h) Purpose and background (if information exists) for operation (transaction) implementation. Requirement of the law, entrepreneurial agreement concluded by the client, commercial transaction, and etc. may be considered as the basis for operation (transaction) implementation.

3. If the Insurance organization and Founder of non-state pension Scheme has the information on transaction (or on other basis), which represents the basis for implementation of the insurance transaction (operation), the Insurance Organization and Founder of Non-State Pension Scheme shall document the following information:

a) Type of transaction (e.g. acquisition, usufruct, rent, lease etc.);

b) Subject of transaction (specific item, property or incorporeal right, which represents a subject of transaction, or service, work that shall be performed according to the transaction);

c) Form of transaction (e.g. written agreement, verbal transaction);

d) Purpose of transaction (e.g. receive profit, charity, payment of debt etc.);

e) Identification details of persons (including their representatives and agents) involved in a transaction according to paragraph 12, Article 6 of this Regulation;

f) Date and place of concluding transaction as well as validity period, amount and currency in which transaction shall be implemented;

g) In case transaction is subject to registration (certification) – name of the registering authority, registration date, place and number (e.g. in the event of notarization of transaction).

4. For the purpose of documenting, systemizing and filing the information indicated in paragraphs 12 and 18 of Article 6 of this Regulation and paragraphs 2 and 3 of this Article, the Insurance Organization and Founder of Non-State Pension Scheme shall develop the relevant system.

Article 9. Obligations of Insurance Organization and Founder of Non-State Pension Scheme to Keep Information (documents) on Operation (transaction)

1. Insurance Organization and Founder of Non - State Pension Scheme shall be required to keep the information (documents) about a client (its beneficial owner) as provided under Articles 6 and 6^1 of this Regulation (including information submitted in accordance with the procedure defined in paragraph 6, Article 6 of this Regulation) as well as business correspondence and written notes as provided under paragraph 4, Article 3 of this Regulation in electronic or material form for at least 6 years from the moment of terminating business relationship with a client unless the respective supervisory or other competent authority requests retention of such information (documents) for a longer period and/or a longer period for keeping such information (documents) is provided for by the Georgian legislation. In addition, information recorded electronically (respective databases and etc.) as well as documentary information (documents) shall be retained for the aforementioned period.

1^1. Insurance Organization and Founder of Non - State Pension Scheme shall be required to keep the information (documents) on a transaction (operation) for at least 6 years from the moment of concluding or implementing a transaction, except for the information (documents) provided for by the first Paragraph of this Article, unless the respective supervisory or other competent authority requests the retention of such information for a longer period and/or a longer period for keeping such information (documents) is provided for by the Georgian legislation.

2. Information (documents) on operations (transactions), including those presented for the identification of a person, shall be kept in their original form, and where impracticable, a copy of such information (documents) confirmed by a notary or authorized person of the Insurance Organization or the Founder of Non -State Pension Scheme shall be maintained. For the purpose of complying with this requirement the Insurance Organization and Founder of Non - State Pension Scheme shall designate the employee (employees) authorized under the internal regulation or the relevant legal act to certify copies. The copy shall be certified in a way that it is

clear who and when certified the copy. Information submitted according to the procedure provided for in paragraph 6, Article 6 of the present Regulation for identification of the person and information verified by the Insurance Organization and Founder of Non - State Pension Scheme do not require notarization (certification).

3. In addition to the information indicated in paragraph 1 of this Article, subject to retention for the period of six years (if a requirement of retaining for a longer period is not set by the respective supervisory authority) shall be electronic reporting forms submitted to the Financial Monitoring Service of Georgia pursuant to Article 9 of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization" and Article 10 of this Regulation (in case determined by the Regulation – also the documentary forms). When retaining reporting forms electronically the Insurance Organization and Founder of Non - State Pension Scheme shall observe security measures. Responsibility for retaining the reporting forms in an electronic format shall be determined by the internal regulation. Also, hard copies of reports retained in the Insurance Organization and Founder of Non - State Pension Scheme shall be certified with the signature of an employee, who is authorized under the internal regulation of the Insurance Organization and Founder of Non - State Pension Scheme, and if it is provided for by the internal regulation of the Insurance Organization and Founder of Non - State Pension Scheme, with the seal of Insurance Organization and Founder of Non - State Pension Scheme.

4. The information (documents) retained at the Insurance Organization and Founder of Non-State Pension Scheme shall fully reflect the implemented operation and/or transaction and persons involved therein. In addition, information (document) shall be systemized, recorded and maintained in a way, that when needed (for timely submission to the supervisory authorities, or to be used as evidence in criminal proceedings or criminal persecution) it can be found and retrieved in a shortest period of time.

5. Documents (information) shall be stored in a way that could be accessed only by persons authorized under the internal regulation and the effective legislation.

Article 10. Obligations of Insurance Organization and Founder of Non-State Pension Scheme to Present Reporting Forms on Transactions (Operations) Subject to Monitoring

1. If the Insurance Organization and Founder of Non-State Pension Scheme has suspicion regarding authenticity of identification data or identification of the client is not possible to be carried or the transaction (operation) considered under Article 3 of this Regulation is present, the Insurance Organization and Founder of Non-State Pension Scheme shall be obligated to send a notice to the Financial Monitoring Service of Georgia about this fact according to procedure set under this Article.

2. Submission of the notice to the Financial Monitoring Service of Georgia shall imply completing and forwarding by the Insurance Organization and Founder of Non-State Pension Scheme of the respective reporting form on transaction as well as confirmation of its submission by the Service according to the procedure set by the present Regulation. Notices submitted to the Financial Monitoring Service of Georgia shall be compiled through the web portal of the Financial Monitoring Service of Georgia. Insurance Organization and Founder of Non-State Pension Scheme shall complete and submit the report to the FMS according to the User Manual published on the website of the FMS. Confirmation of receipt of information by the FMS means to assign electronically, through the web portal status "confirmed" to the report.

3. Reporting forms shall be submitted to the FMS in an electronic form pursuant to the procedure defined under paragraph 6 of this Article. Hard copies of reporting forms shall be

submitted to the Financial Monitoring Service of Georgia according to the procedure defined under the present Regulation only if reporting forms are technically impossible to be sent in an electronic format.

4. The following time periods shall be set for submission of reporting forms to the Financial Monitoring Service of Georgia:

a) If the amount of transaction (operation) or series of transactions (operations) aimed at partition exceeds GEL 30,000 or its equivalent in other currency, the report shall be submitted no later than five working days from the moment of implementing operation or concluding transaction (or from the moment of receiving information on such operations (transactions);

b) If the operation (transaction) or identification data is considered as suspicious - the report shall be submitted on the day of origination of supposition;

c) If any person involved in a operation (transaction) is on the list of terrorists or persons supporting terrorism, or / and is likely to be connected with them or / and funds involved therein may be related to or used for terrorism, terrorist act or by terrorists or terrorist organization or persons financing terrorism, the report shall be submitted on the day the information is received. In addition, in the latter case all relevant materials and documents available to the Insurance Organization and Founder of Non-State Pension Scheme, along with the reporting form, shall be forwarded to the Financial Monitoring Service of Georgia.

5. In exceptional case provided for in paragraph 3 of this Article, hard copy of the reporting form (and attached materials if necessary) shall be submitted to the Financial Monitoring Service of Georgia in a sealed envelope by the authorized employee of the Insurance Organization and Founder of Non-State Pension Scheme. If it is impracticable, documents shall be sent through post as registered mail. Name and address of the sender Insurance Organization and Founder of Non-State Pension Scheme shall be written on the envelope, as well as the addressee – Financial Monitoring Service of Georgia. Delivery address: 2 Sanapiro Str., Tbilisi 0105, Georgia. The envelope shall be marked as confidential

6. Reporting Forms as well as other confidential information on operations (transactions) subject to monitoring shall be submitted to the FMS in electronic form through the relevant web shell and/ or web server of the web portal set the official web site of the FMS of Georgia (www.fms.gov.ge)

7. Decision on completion of the reporting form and submission to the Financial Monitoring Service shall be made by the employee of the Insurance Organization and Founder of Non-State Pension Scheme who, according to the internal regulation of the Insurance Organization and Founder of Non-State Pension Scheme, is in charge of monitoring. Reporting forms shall be completed only by those employees of the Insurance Organization and Founder of Non-State Pension Scheme, who are authorized under the internal regulation of the Insurance Organization and Founder of Non-State Pension Scheme or the relevant resolution adopted on the basis of the internal regulation.

8. The reporting form completed electronically shall be retained within the Insurance Organization and Founder of Non - State Pension Scheme and be subject to retention for the period not less than 6 years. In cases provided for in paragraph 3 of this Article, hard copy of the form it is to be printed in two copies and each be certified with the signature of the employee designated under the internal regulation of the Insurance Organization and Founder of Non - State Pension Scheme and if provided in the internal regulation, by the seal of the Insurance

Organization and Founder of Non - State Pension Scheme. One copy of the report is to be sent to the Financial Monitoring Service, while the other copy is to be retained at the Insurance Organization and Founder of Non - State Pension Scheme and be retained in conformity with the procedure and period defined under the Article 9 of this Regulation.

9. Reporting form shall be filled completely. Insurance Organization and Founder of Non - State Pension Scheme shall maintain register of reporting forms submitted to the FMS in compliance with the procedure established under the Internal Regulation.

10. In the event of revealing suspicious operation (transaction) and submitting related reporting form to the Financial Monitoring Service of Georgia, the Insurance Organization and Founder of Non-State Pension Scheme shall be obligated to indicate grounds of supposition and to focus special attention on other operations (transactions), implemented by persons involved in this particular operation (transaction).

11. Pursuant to subparagraph "a", paragraph 4, Article 10 of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", the Financial Monitoring Service of Georgia shall be authorized to request additional information from the Insurance Organization and Founder of Non-State Pension Scheme and available documents (including confidential) in relation to any operation (transaction) and persons involved therein, including those operations (transactions) on which reporting forms have not been presented to the Financial Monitoring Service of Georgia. The Insurance Organization and Founder of Non-State Pension Scheme shall be obligated to submit requested information to the Financial Monitoring Service within two working days from the moment of receiving the request.

12. If the Insurance Organization and Founder of Non-State Pension Scheme reveal (becomes available) any additional information, with respect to the operation (transaction) or parties thereto, after the report is sent, it shall immediately forward this information to the Financial Monitoring Service of Georgia. Also, the additional information shall contain number and submission date of the reporting form, to which the information should be added. Additional information on transaction subject to monitoring shall be presented according to the procedure as it is defined under the User Manual.

13. The Insurance Organization and Founder of Non-State Pension Scheme are obliged to strictly observe confidentiality of form completion, submission to the Financial Monitoring Service of Georgia, and any related information. In case of suspicion regarding the operation, transaction or parties thereto, and in the event of completion of the reporting form and submission to the FMS, persons involved in the operation (transaction), their representatives and any other persons shall not be informed. The employee of the Insurance Organization and Founder of Non-State Pension Scheme, who reveals suspicious operation (transaction) or completes the reporting form, shall disclose this information only to those employees that are authorized to keep such information according to the internal regulation of the Insurance Organization and Founder of Non-State Pension Scheme.

Article 10^1. The instruction of the Financial Monitoring Service on the suspension of implementation of the transaction (operation)

1. The Head of the Financial Monitoring Service shall be authorized, if the transaction is believed to be suspicious and irrespective of the amount of funds, to issue the written instruction to the Insurance Organization and Founder of Non-State Pension Scheme on the suspension of implementation of the transaction (operation) or any other related transaction (operation) for no

more than 72 hours (non-working days and public holidays shall not be considered in the time limit). The case materials shall be immediately disseminated to the respective authorities of the Chief Prosecutor's Service, the Ministry of Internal Affairs and/or the State Security Service of Georgia.

2. The Head of the Financial Monitoring Service or the person designated therein shall be authorized, in case of urgency, to verbally (directly or through electronic means) or in writing through electronic means issue the instruction referred to in paragraph 1 of this Article that shall be confirmed by the written instruction of the Head of the Financial Monitoring Service and handed over to the Insurance Organization and Founder of Non-State Pension Scheme in the next 24 hours (non-working days and public holidays shall not be considered in the time limit). If within this time limit the written instruction is not handed over to the Insurance Organization and Founder of Non-State Pension Scheme the instruction of the Financial Monitoring Service shall not be observed. The protocol shall be drawn up as provided for by subparagraph 3 of this Article when the instruction referred to in this paragraph is issued.

3. The protocol shall be drawn up separately by the Financial Monitoring Service of Georgia on the one hand and the authorized employee of the Insurance Organization and Founder of Non-State Pension Scheme on the other hand immediately upon the issuance of the instruction of the Financial Monitoring Service on the suspension of implementation of the transaction as prescribed under subparagraph 2 of this Article. The protocol shall include:

a) First name, last name and the position of the issuer of the instruction (authorized employee of the Financial Monitoring Service) and the recipient (authorized employee of the Insurance Organization and Founder of Non-State Pension Scheme);

b) Exact time of issuance/receipt of the instruction (specifying the hour and minute);

c) The form of issuance/receipt of the instruction (verbal, including through means of electronic communication, or written, including through electronic mail or other means of electronic communication);

d) The substance of the instruction, including the data enabling the identification of the transaction (transactions) and/or the person carrying out the transaction (transactions);

e) The period of the suspension of implementation of the transaction;

f) The confirmation of the receipt of the instruction by the Insurance Organization and Founder of Non-State Pension Scheme's authorized employee;

g) The exact time and date of drawing up the protocol;

h) The signature of authorized employees of the Financial Monitoring Service and the Insurance Organization and Founder of Non-State Pension Scheme.

4. The Insurance Organization and Founder of Non-State Pension Scheme shall be required to immediately confirm the receipt of the instruction referred to in paragraphs 1 and 2 of this Article to the Financial Monitoring Service through the same means used to communicate the instruction, and to undertake all necessary measures for its implementation. The confirmation of the receipt of the instruction on the suspension of implementation of the transaction under paragraph 2 of this Article shall be included in the protocol referred to in paragraph 3 of this Article.

5. The time limit referred to in paragraph 1 of this Article shall start to run from the moment of receipt by the Insurance Organization and Founder of Non-State Pension Scheme of the written instruction issued by the Head of the Financial Monitoring Service, or the instruction issued by the Head of the Financial Monitoring Service or the designated person as provided by paragraph 2 of this Article.

6. The instruction referred to in paragraphs 1 and 2 of this Article can be revoked before the expiry of the time limit provided for in paragraph 1 of this Article if the suspicious nature of the transaction could not be ascertained or if this is required for the interests of investigation based on the written request of the respective authorities of the Chief Prosecutor's Service, the Ministry of Internal Affairs or the State Security Service of Georgia. The Financial Monitoring Service shall immediately notify the Insurance Organization and Founder of Non-State Pension Scheme about the revocation of the instruction through the procedure referred to in paragraph 2 of this Article, which shall be confirmed by the written instruction of the Head of the Financial Monitoring Service and handed over to the Insurance Organization and Founder of Non-State Pension Scheme in the next 24 hours. The Insurance Organization and Founder of Non-State Pension Scheme shall be required to immediately confirm the receipt of the notice on the revocation of the instruction referred to in paragraphs 1 and 2 of this Article to the Financial Monitoring service through the same means used to communicate the notice.

7. The Insurance Organization and Founder of Non-State Pension Scheme shall be required to keep the written instructions of the Head of the Financial Monitoring Service (including written instructions issued through electronic means) referred to in paragraphs 1 and 2 of this Article for no less than 6 years unless the respective supervisory authority requests to keep the instructions for a longer period. The protocols referred to in paragraph 3 of this Article shall also be retained for 6 years.

8. The Insurance Organization and Founder of Non-State Pension Scheme shall be required to designate an employee (employees) based on formal decision who shall be authorized: to receive/accept the instruction on the suspension of implementation of the transaction issued by the Head of the Financial Monitoring Service or the person designated therein as provided for by paragraphs 1 and 2 of this Article and the instruction revocation notice; to confirm the receipt of the instruction on the suspension of implementation of the transaction and the instruction revocation notice to the Financial Monitoring Service; to draw up the protocol referred to in paragraph 3 of this Article and undertake all necessary measures for the implementation of the instruction on the suspension of implementation of the transaction.

9. The senior management and employees (both fixed and unspecified term employees) of the Insurance Organization and Founder of Non-State Pension Scheme shall not be authorized to notify the parties to a transaction or other persons about the implementation of measures provided for by this Article.

Article 11.Obligation of Insurance Organization and Founders of Non-State Pension Scheme to submit the Form of Registration to the Financial Monitoring Service of Georgia

1. For the purpose of systemization and analysis of the information received by the Financial Monitoring Service of Georgia, on operations (transactions) subject to monitoring and pursuant to the subparagraph "a", paragraph 5, Article 10 of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", the Financial Monitoring Service of Georgia shall establish an electronic database. For inputting the information to the database on each Insurance

Organization and Founder of Non-State Pension Scheme, Insurance Organization and Founder of Non-State Pension Scheme shall submit Form of Registration to the Financial Monitoring Service of Georgia" through the relevant web shell of the web portal set on the official website of the FMS of Georgia. The Form of Registration shall be considered as submitted only after sending the relevant electronic message by the FMS. Hard copies of reporting forms to the Financial Monitoring Service of Georgia shall be submitted only if reporting forms are technically impossible to be sent in an electronic format according to the procedure defined under this Regulation.

2. In case of change of any information (as well as replacement of the employee in charge of monitoring) in the Form of Registration submitted to the FMS, the Insurance Organization and Founder of Non-State Pension Scheme shall present not later than three working days from the moment the relevant change have taken place completed form with renewed information to the Financial Monitoring Service of Georgia according to the procedure defined under paragraph 1 of this Article.

Article 12. Responsibilities Related to Monitoring

1. National Bank of Georgia shall exercise supervision over compliance of the Insurance Organization and Founder of Non-State Pension Scheme with norms and requirements of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization" and this Regulation.

2. For violation of norms and requirements of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization" and this Regulation, the sanctions shall be used against the Insurance Organization and Founder of Non-State Pension Scheme in compliance with procedure and amount set by the National Bank of Georgia.