*Informal translation*
*With changes and amendments from July 28, 2015*

*Published: 27/01/2012 - www.matsne.gov.ge*
*Web-site, code of Registration* 190040000.19.012.016028

# FINANCIAL MONITORING SERVICE OF GEORGIA
# DECREE # 8

Tbilisi January 24, 2012

## On Approving the Regulation on Receiving, Systemizing and Processing the Information by Money Remittance Entity and Forwarding to the Financial Monitoring Service of Georgia

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

1. Approve Regulation "on Receiving, Systemizing and Processing the Information by Money Remittance Entity and Forwarding to the Financial Monitoring Service of Georgia".

2. Money Remittance Entities shall ensure adoption of internal regulations on financial monitoring into compliance with requirements of the Regulation "On Receiving, Systemizing and Processing the Information by Money Remittance Entities and Forwarding to the Financial Monitoring Service of Georgia" prior to April 1, 2012;

3. Money Remittance Entities which commence their operation from the effective date of this Decree shall submit to the Financial Monitoring Service of Georgia the Form of Registration of the Money Remittance Entity in conformity with the Regulation "on Receiving, Systemizing and Processing the Information by Money Remittance Entity and Forwarding to the Financial Monitoring Service of Georgia" within ten days from the registration at the National Bank of Georgia.

4. Money Remittance Entity within two months after submission of the Form of Registration to the Financial Monitoring Service of Georgia shall ensure putting in action of an electronic data base containing identification details of clients and other relevant persons and information on transactions (operations) subject to monitoring; ensure implementation of the relevant software for revealing operations (transactions) aimed at partition.

5. Decree # 1 of February 17, 2009 of the Head of the Financial Monitoring Service of Georgia "on Approving of the Regulation on Receiving, Systemizing and Processing the Information by Money Remittance Entities and Forwarding to the Financial Monitoring Service of Georgia" shall become null and void from the effective date of this Decree.
6. This decree shall become effective upon promulgation.

# REGULATION

## On Receiving, Systemizing and Processing the Information by Money Remittance Entity and Forwarding to the Financial Monitoring Service of Georgia

### Article 1. General Provisions

1. This Regulation shall regulate the principles and rules of carrying out financial monitoring for the purpose of facilitating the prevention of illicit income legalization and terrorism financing by Money Remittance Entities, specifically, the terms and procedure for identifying the Money Remittance Entities' clients and other relevant persons, and receiving, systemizing, processing and retaining the appropriate information, and submitting the information to the Financial Monitoring Service (hereinafter referred to as the Service), as well as the procedure for carrying out the instruction of the Service on the suspension of implementation of the transaction.

2. Requirements of this Regulation shall apply to Georgian resident and non-resident natural persons and legal entities, their representatives, representational offices and branches, agencies, institutions and organizations.

### Article 2. Definitions 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) 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;

c) Property – property as considered under the Civil Code of Georgia;

d) Money Remittance Entity – natural person or legal entity (other than commercial bank and microfinance organization) registered in conformity with procedure set by the National Bank of Georgia, providing money remittance services through use of various systems;

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 the visible economic (commercial) content or lacks lawful purpose, and/or is inconsistent with the ordinary business activity of a person involved therein;

g) Monitoring – identification by Money Remittance Entity of persons defined under the Law of Georgia on Facilitating the Prevention of Illicit Income Legalization; recording, systemizing and processing the information on transactions (operations) subject to monitoring as well as on persons involved therein and forwarding to the Service in compliance with the Law of Georgia on Facilitating the Prevention of Illicit Income Legalization, this Regulation and other normative acts adopted on the basis of the Law;

h) Person – any resident or non-resident natural person;

i) Client - any natural person, who applies to the Money Remittance Entity for services provided for in the legislation or/ and uses such service;

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

k) 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 Service. 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.

l) 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.

m) Competent international organizations - Council of Europe, Financial Action Task Force (FATF), and other organizations recognized as such by the International Community.

n) 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

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

p) Controlling person – Person exercising control;

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

r) 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 member of the government, their deputies, a 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.

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

t) 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);

u) 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 Subject to Monitoring

1. For purposes of this Regulation, subject to monitoring shall be a domestic and cross-border operation (transaction) executed by the person through funds (or value) transfer system or financial messaging network and / or series of operations (transactions) aimed at partition of the operation (transaction), if one or both of the following provisions exist:

a) The amount of the operation (transaction) or series of operations (transactions) exceeds GEL 30,000 or its equivalent in other currency;

b) This operation (transaction) is suspicious according to Subparagraph (e), Article 2 of this Regulation;

2. Any operation (transaction) regardless its amount, other than transactions listed in this Article, shall be subject to monitoring, 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. The list of terrorists and persons supporting terrorism shall be published by the Service in the Legislative Herald of Georgia.

3. *(Rescinded 05.02.2015 #6)*

4. Subject to monitoring also shall be an attempt to implement operation (transaction) provided in subparagraph (b), paragraph 1 of this Article or any other fact (circumstance), which, according to the written instructions of the Service, may be related to legalization of illicit income or terrorism financing.

5. Money Remittance Entity shall pay special attention to transfer or receive of funds to/from suspicious or watch zone and unusual transactions, 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 Money Remittance Entity is required to undertake enhanced procedures of identification and verification provided for by 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 (operation) is unusual or suspicious.

6. For the purpose of revealing suspicious and partitioned transactions (operations), the Money Remittance Entity shall establish electronic database (system).

## Article 4. Obligations of Money Remittance Entity with Respect to Implementation of Control

1. Procedures and terms of control over fulfillment of requirements of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization" and normative acts adopted on its basis (including the present regulation) shall be determined in conformity with the normative act adopted by the National Bank of Georgia on the basis of Paragraph 7, Article 8 of the above Law.

2. Main directions of control implementation shall include the following:

a) Identification of clients of Money Remittance Entity (its representatives and proxies, and if operation / transaction is implemented in favor of the third person – identification of such person shall be carried out);

b) Exercising measures defined under this Regulation against Politically Exposed Persons (PEPs);

c) Defining rules and procedures for conducting permanent monitoring on business relations with the client as it is defined under this Regulation;

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

e) Recording, systemization and filing such information in a documentary form;

f) Submission of the information on transactions subject to monitoring to the Service in the reporting form;

g) Terms and procedure for carrying out the instruction of the Financial Monitoring Service on the suspension of implementation of the transaction.

3. For the purpose of defining rules and procedures of internal control Money Remittance Entity shall be obligated to develop the internal regulation. By these regulation shall be established:

a) Procedures for identification of clients of Money Remittance Entity, their representatives and agents, beneficial owners, as well as the third person if operation (transaction) is concluded in favor of such person and other relevant persons as it is defined under the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization" (including the enhanced and simplified identification/verification procedures); Procedures for ascertaining of Politically Exposed Persons (PEPs);

b) Documenting, systemizing and filing the information related to monitoring;

c) Submission of reporting forms and other materials to the Financial Monitoring Service of Georgia;

d) Rules and procedures for conducting permanent monitoring on business relations with the client;

e) Functions, authority and responsibility of the employee in charge of monitoring;

f) Functions, authority and responsibility of other employees of Money Remittance Entity with respect to the process of conducting monitoring;

g) Procedure for certification of copies of documents presented by clients and employee having certification authority pursuant to paragraph 2, Article 9 of this Regulation;

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

i) 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.

## Article 5. Obligations of the Money Remittance Entity with respect to Monitoring

1. For the purpose of conducting monitoring process, the Money Remittance Entity shall:

a) Ensure fulfillment of requirements set forth by the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization", this Regulation and normative acts of the National Bank of Georgia and Service guidelines and create necessary conditions for it (money remittance entity shall be equipped with respective software and technical facilities, means for reliable filing of documents and information etc.)

b) Designate an employee in charge of monitoring on the basis of appropriately legalized resolution and assign with respective functions (including recording and systemizing respective information on operation / transaction, compiling reporting form and submission to the Service) (If Money Remittance Entity is a natural person, then such natural person can assume this function).

c) On the basis of the appropriately legalized resolution determine issues with respect to considering operation (transaction) as suspicious and / or partitioned and making decision on submitting reporting form to the Service, as well as issues of granting the authority to fill (in case of hard copies sign it) reporting forms.

d) Ensure conducting the monitoring process so that clients (their representatives) of the Money Remittance Entity are not aware of their activities being subject of monitoring (with respect to operations subject to monitoring).

e) Ensure relevant training programs for employees of the Money Remittance Entity with respect to issues of preventing illicit income legalization and terrorism financing.

## Article 6. Obligations of Money Remittance Entity with respect to Identification of Clients

1. Money Remittance Entity 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 their identity by means of reliable and independent source of information (documents) when:

a) Domestic and cross-border operations executed through Funds (or value) transfer system or financial messaging network (transfers and money remittance) if the amount of the transaction exceeds GEL 1500 (or its equivalent in other currency);

b) The operation (transaction) represents a suspicious transaction according to Subparagraph (e) of Article 2 of this Regulation;

2. Money Remittance Entity 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 Money Remittance Entity 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 for by Article 9 of this Regulation, and is subject to the supervision and regulation as defined under the FATF recommendations. The Money Remittance Entity 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 Money Remittance Entity 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 money remittance entity. The Money Remittance Entity 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. For the purpose of identifying the client (its representative or 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 Money Remittance Entity 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.

5. Identification and verification of each client and its beneficial owner and obtaining of other information as it is defined by this Article, shall take place before carrying out of a transaction (money remittance), 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.

6. Prior to commencement of business relations with the client, the Money Remittance Entity shall ascertain nature of relationship the client intends to establish, as well as purpose thereof and perform ongoing scrutiny of relations between existing clients and the Money Remittance Entity.

$6^1$. Money Remittance Entity shall be required to undertake the appropriate measures for obtaining the information about the purpose and intended nature of the business relationship.

7. For implementing of operations defined in subparagraph (a), paragraph 1 of this Article the Money Remittance Entity shall record person's identification details in a money transfer order (instant money remittance application form).

8. In the course of making domestic and cross-border money remittances the following information shall be recorded on the remitter:

a) Name;

b) Account number (if applicable) or person's unique number (if applicable);

c) Address (address may changed by the ID / Passport or date and Place of Birth, Identification Number of taxpayer).

9. Identification details noted in paragraph 8 of this Article shall be filled in an electronic document of the respective money remittance system, so that after implementing transfer / money remittance such information is forwarded to the money receiving institution.

10. If full recording of identification details listed in paragraph 8 of this Article in an electronic format is not feasible technically, the Money Remittance Entity, upon request of the additional identification details by money receiving institution, shall provide such information.

11. When executing domestic transfers, only recording of information determined in subparagraphs (a) and (b) of paragraph 8 of this Article shall be permitted. In such case payer - the Money Remittance Entity, upon receipt of request of the money receiving institution (or in other cases as determined by the legislation) shall provide such information within three working days.

12. Despite the assumed suspicious nature and the amount of funds involved in the operation/transaction, the Money Remittance Entity shall continue providing services except for cases listed in paragraph 13 of this Article and 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.

13. Money Remittance Entity shall refuse to serve the client in following cases:

a) Client of the Money Remittance Entity and / or its representative can not be identified;

b) Client (or its representative) of the Money Remittance Entity is included in the list of terrorists or persons supporting terrorism.

c) Upon management's refusal to establish business relations with the person in case specified in subparagraph (a), paragraph 2 Article 7 of this Regulation.

14. In cases stated in subparagraphs (a) - (c), paragraph 7 of this Article the Money Remittance Entity shall immediately submit to the Service the respective reporting form and all the available information (documents) in conformity with the procedure established under Article 10 of this Regulation.

15. Documents required for identification shall be:

a) if the natural person is 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;

b) if the natural person is foreign citizen – passport issued by the competent authority of the relevant State or other official document containing relevant data, equalized to the passport according to the Georgian legislation.

16. The following information shall be obtained through the identification process:

a) First name, last name;

b) Citizenship;

c) Date of birth;

d) Place of residence;

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

f) If the natural person is registered as a sole trader – the relevant registration date, number, registering authority, identification number of tax payer;

17. Money Remittance Entity shall record country and authority, which issued documents presented for identification, as well as date of issuance and validity period thereof.

18. If documents (information) stored in or presented to the Money Remittance Entity allow, client's bank account details shall also be recorded.

19. Money Remittance Entities 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 and personal activity or risk profile and where necessary the source of property (including funds).

20. Money Remittance Entity 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. A Money Remittance Entity 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.

$20^1$. A Money Remittance Entity 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 a Money Remittance Entity. 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 20 of this Article. A Money Remittance Entity 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.

21. Money Remittance Entity 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. Money Remittance Entity should have in place such identification and verification policy and procedures that reduces 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. A Money Remittance Entity (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/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. A Money Remittance Entity 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. A Money Remittance Entity is authorized, in cases provided under paragraph $20^{1}$ of Article 6, 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 19, 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. A Money Remittance Entity shall not be exempted from the obligation of obtaining the data provided under paragraph 16 of this Article, and verifying the identity of the client and

the beneficial owner when applying the simplified identification and verification procedure in cases provided under paragraph 20[1], Article 6 of this Regulation. A Money Remittance Entity 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. A Money Remittance Entity 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 Money Remittance Entities with respect to Politically Exposed Persons (PEPs)

1. Money Remittance Entity shall identify whether the client or his / her beneficial owner belongs to the category of Politically Exposed Persons (PEPs).

2. If the client 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", the Money Remittance Entity (its authorized officer) shall take the following actions:

a) Obtain permission from the management of the Money Remittance Entity 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 person (his / her beneficial owner) becomes Politically Exposed Person (PEP) after establishing business relations with the Money Remittance Entity, the latter shall undertake measures provided for in paragraph 2 of this Article against such person upon availability of the aforementioned information.

4. Money Remittance Entity 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 (PEP).

## Article 8. Obligations of Money Remittance Entity to Record Information (Documents) on Transactions /Operations

1. Pursuant to paragraph 6, Article 6 of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization", the Money Remittance Entity shall be obligated to record information (documents) on operation (transaction).

2. When recording information on operation, the Money Remittance Entity shall depict the following information:

a) Content of operation (transaction);

b) Date and place of implementing (concluding) of operation as well as amount and currency in which operation (transaction) is to be implemented;

c) Identification details of persons involved in operation (transaction), which includes documents provided for in paragraph 15, Article 6 of this Regulation;

d) Information (documents) required for identification of a person, based on whose order the operation (transaction) is concluded or implemented;

e) Information required for identification of the person who is implementing operation (transaction) based on order of the third party.

3. Identification details (documents) of clients (their representatives) of the Money Remittance Entity shall be recorded in an electronic or documentary form.

## Article 9. Obligations of Money Remittance Entity to Keep Information (Documents) on Transaction (Operation)

1. Money Remittance Entity 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 4, Article 6 of this Law) as well as business correspondence and written notes as provided under paragraph 5, 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.

$1^1$. Money Remittance Entity shall be required to keep the information (documents) on a transfer/money remittance (both international and local) for at least 6 years from the day of transfer/implementing of money remittance, except for the information (documents) provided under 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 operation (transaction), including information (documents) presented for 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 employee of the Money Remittance Entity shall be maintained. For the purpose of

complying with this requirement the Money Remittance Entity 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 4, Article 6 of the present Regulation for identification of the person and information verified by the Money Remittance Entity does not require a notarization (certification).

3. In addition subject to retention for the period of six years (unless a longer term is required by the respective supervisory authority) shall be reporting forms (hard as well as electronic copies) submitted to the Service pursuant to Article 10 of this Regulation and Article 9 of the Law of Georgia "On Facilitating the Prevention of Illicit Income Legalization". Also, hard copies of reports retained in the Money Remittance Entity shall be certified with the signature of an employee, authorized under the decision of the Money Remittance Entity to sign the reporting forms (if money remittance entity is a natural person he / she can undertake fulfillment of this function).

4. The information (documents) retained in the Money Remittance Entity shall fully reflect the implemented operation (transaction) and persons involved therein. In addition, information shall be recorded, systemized and filed in a way, that when needed (timely submission to the supervision authorities as well as necessity to use as evidence in criminal cases) it can be found and retrieved in a shortest period of time.

5. Money Remittance Entity shall ensure observance of confidentiality with respect to retained information and documents.

### Article 10. Obligations of Money Remittance Entity to Present Reporting Forms on Operations (Transactions) Subject to Monitoring

1. Pursuant to Article 9 of the Law of Georgia "on Facilitating the Prevention of Illicit Income Legalization", Money Remittance Entity shall be obligated to send a notice to the Financial Monitoring Service of Georgia on operations (transactions) subject to monitoring as well as if the Money Remittance Service has the suspicion regarding authenticity of identification data or identification of the client is not possible to be carried.

2. Submission of the notice to the Financial Monitoring Service of Georgia shall imply completing and forwarding by the Money Remittance Entity of the respective reporting form on (operation) 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 use of the web portal of the Financial Monitoring Service of Georgia. Money Remittance Entity 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 (completed and sent) to the FMS in an electronic form (online 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 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 operation (transaction) or series of operations (transactions) aimed at partition of the operation (transaction) 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 transaction (operation) 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 Money Remittance Entity, 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 shall be submitted to the Financial Monitoring Service of Georgia in a sealed envelope by the authorized courier of the Money Remittance Entity or by post as a registered mail. Name and address of the sender Money Remittance Entity 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 Money Remittance Entity operations (transactions) subject to monitoring shall be submitted to the FMS in electronic form through the use of the relevant web shell and/ or web service of the web portal set on the official website of the FMS of Georgia (www.fms.gov.ge)

7. Decision on completion of the reporting form (in case of hard copies their completion and signature) and submission to the Service shall be made by the responsible employee of the Money Remittance Entity, authorized to carry out such activity according to the resolution of Money Remittance Entity (if Money Remittance Entity is a natural person, he/she may perform these functions himself/herself).

8. The reporting forms sent to the FMS shall be retained according to the procedure and period as it is defined under Article 9 of this Regulation. When retaining reporting forms electronically the Money Remittance Entity shall observe security measures. In case of sending hard copies two hard copies of the report shall be printed. One copy of the printed

form shall be presented to the FMS of Georgia and the other shall be retained according to the procedure and period established under Article 9 of this Regulation.

9. Reporting form shall be filled completely. The Money Remittance Service shall maintain register of reporting forms submitted to the FMS as it is provided under the internal regulation.

10. In the event of revealing suspicious operation (transaction) and submitting related reporting form to the FMS, the Money Remittance Entity shall be obligated to indicate grounds of suspicion 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 Service shall be authorized to request additional information and available documents (including confidential information) from the Money Remittance Entity in relation to any transaction and persons involved therein, including those transactions on which reporting forms have not been presented to the Service. The Money Remittance Entity shall be obligated to submit requested information (documents) to the Service no later than two working days from the moment of receiving the request.

12. If the Money Remittance Entity reveals any additional information, with respect to the relevant operation or parties thereof, after the report is submitted, it shall forward this information to the Service immediately. 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 set under the User Manual.

13. The Money Remittance Entity shall strictly observe confidentiality of information related to form completion and submission to the Service. In case of suspicion regarding the transaction (operation) or parties thereof, and in the event of completion of the reporting form and submission to the Service, the Money Remittance Entity shall not inform persons involved in the relevant transaction, their representatives and proxies or any other persons.

**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 Money Remittance Entity 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 Money Remittance Entity 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 Money Remittance Entity 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 Money Remittance Entity 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 Money Remittance Entity);

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 Money Remittance Entity'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 Money Remittance Entity.

4. The Money Remittance Entity 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 Money Remittance Entity 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 Money Remittance Entity 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 Money Remittance Entity in the next 24 hours. The Money Remittance Entity 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 Money Remittance Entity 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 Money Remittance Entity 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 Money Remittance Entity 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 Money Remittance Entity to submit the Form of Registration to the FMS

1. For the purpose of systemization and analysis of the information received by the FMS on operations (transactions) subject to monitoring and pursuant to 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 Money Remittance Entity, Money Remittance Entity shall submit to the FMS the Form of Registration through the relevant web shell of the web portal set on the official web site of the FMS of Georgia (www.fms.gov.ge). The Form of Registration shall be considered as submitted only after sending the relevant electronic message by the FMS. Hard copies of Form of Registration to the Financial Monitoring Service of Georgia shall be submitted only if Forms of Registration are technically impossible to be sent in an electronic format.

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 Money Remittance Entity 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 set under paragraph 1 of this Article.

## Article 12. Responsibilities Related to Monitoring

1. The National Bank of Georgia shall supervise compliance of the Money Remittance Entity 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 Money Remittance Entity in compliance with procedure and at the amount set by the National Bank of Georgia.