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President of the National Bank of Georgia adopted the order №142/04 on the Approval of the Rule on the Activities of Foreign Exchange Market Participants

On 21 July 2020, order №142/04 of the president of the National Bank of Georgia on the Approval of the Rule on the Activities of Foreign Exchange Market Participants was published on the website of the Legislative Herald of Georgia.

The rule establishes basic principles and standards for the activities on foreign exchange markets;

The aim of the rule is to promote a sustainable, competitive, transparent, fair and liquid foreign exchange market in Georgia and to introduce internationally recognized principles and standards in the foreign exchange market.

Compliance with the rule is mandatory for licensed commercial banks, licensed brokerage companies and registered microfinance organizations participating in the foreign exchange market of Georgia, which operate in accordance with the "Rule on Electronic Currency Trading using the Bloomberg Trading System" approved by the President of the National Bank of Georgia.

This rule applies to foreign exchange transactions concluded between the foreign exchange market participant and the client, except for transactions at the exchange rate offered in advance by the market participant, which are executed immediately and without further negotiation of the transaction price between the market participant and the client;

Rules establishes standards for transparency and information disclosure, as well as procedure for communicating information with the client;

Rule obliges the market participants to implement the procedure for monitoring and management of risks and sets out standards risk management system must comply with;

Rule establishes standards for the execution of foreign exchange transactions and lists activities which are restricted and prohibited on the foreign exchange market;

Pursuant to the order, National Bank of Georgia shall consider the issue of compliance of the foreign exchange market participant with the requirements established by this Rule. Possible sanctions for such violation are warning and temporary suspension of the access to the organized market.

Order becomes effective on October 1, 2020.

Source and date of publication: Legislative Herald of Georgia, 21.07.2020.

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