

# World Universities Comparative Law Project

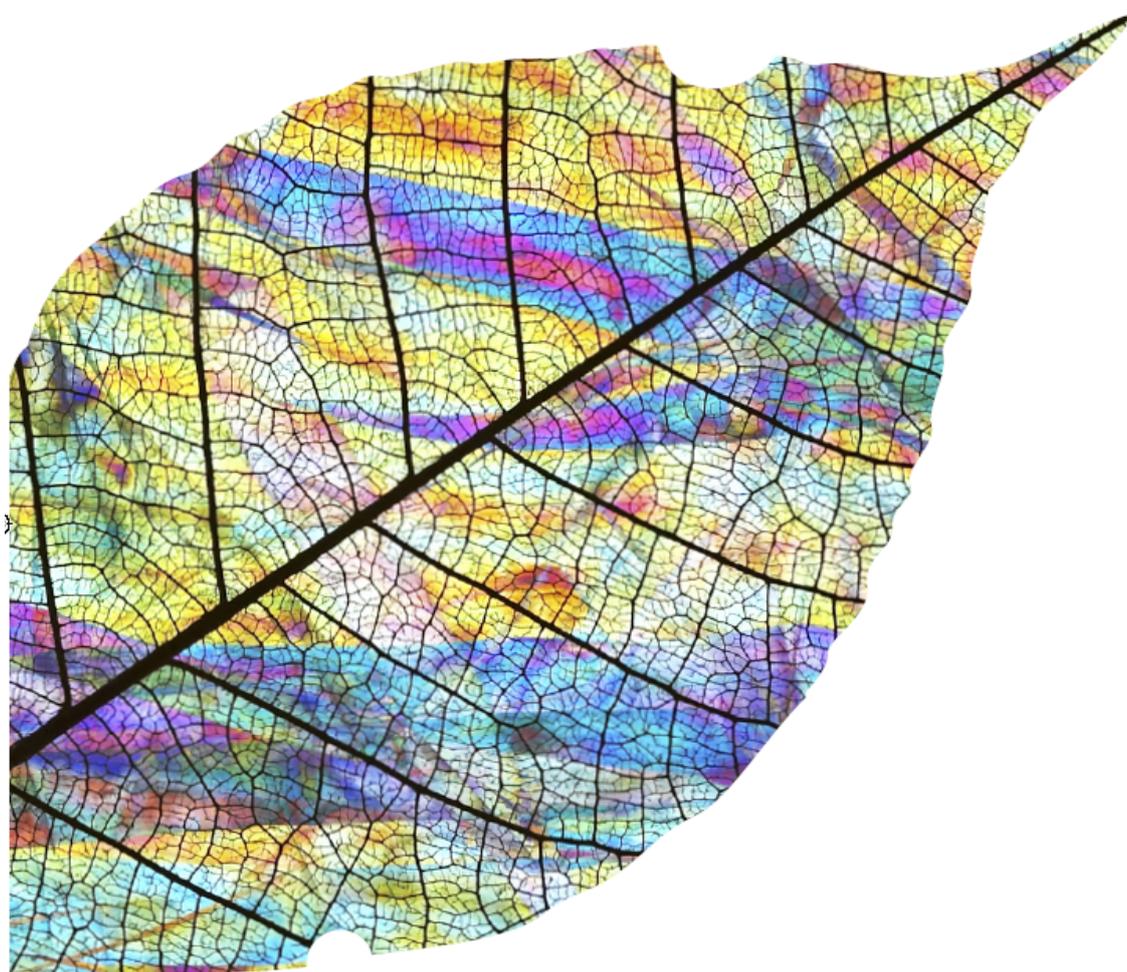
## Legal rating of Georgia

carried out by students at the Ivane Javakhishvili  
Tbilisi State University, Georgia

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A production of the Allen & Overy Global Law Intelligence Unit

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May, 2014

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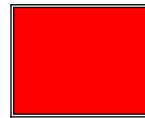
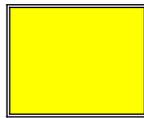
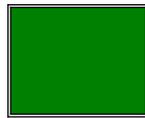
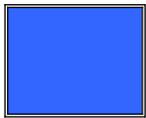
# **World Universities Comparative Law Project**

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**carried out by students at Ivane Javakhishili**

**Tbilisi State University**

**Georgia, 2014**



Produced by the Allen & Overy Global Law Intelligence Unit



## World Universities Comparative Law Project

The World Universities Comparative Law Project is a set of legal ratings of selected jurisdictions in the world carried out by students at leading universities in the relevant jurisdictions. This legal rating of Georgia was carried out by students at Ivane Javakhishvili Tbilisi State University.

The members of the Faculty of Law at Tbilisi State University who assisted the students was Natia Lapiashvili.

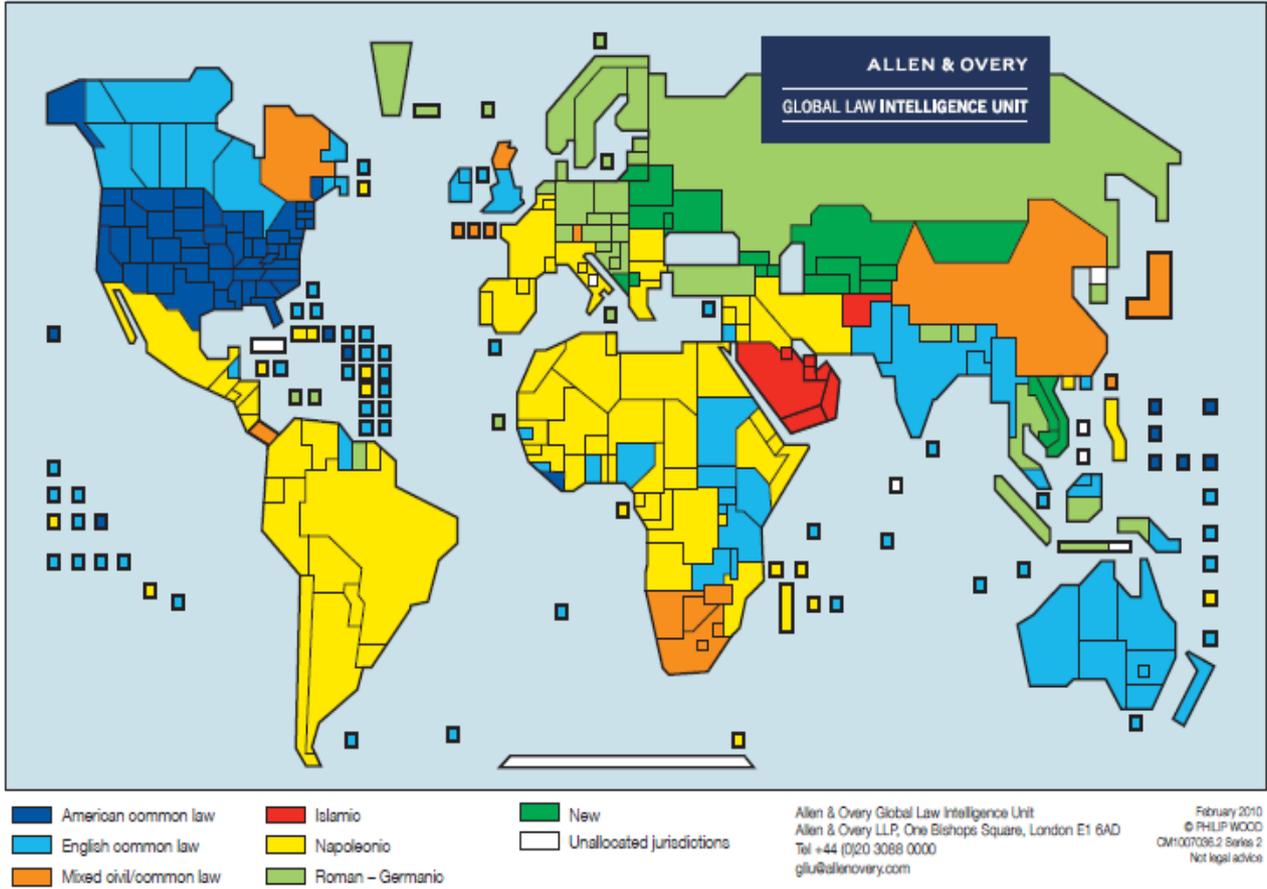
The members of the Practitioner Expert Panel with whom the students could discuss the questions in the survey were:

- Natia Lapiashvili
- Lasha Gogiberidze
- Unana Gogokhia
- Avto Namicheishvili
- Levan Bakhutashvili

The Allen & Overy Global Law Intelligence Unit produced this survey and is most grateful to the above for the work they did in bringing the survey to fruition.

All of those involved congratulate the students who carried out the work.

## Families of law



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## Foreword

Georgia, as a post-soviet country, has been through a tough financial period that provoked economic difficulties and hampered the processes of development of a sufficiently business approach. Gradually, the regulatory environment of the private sector has been changed due to the reduction of governmental intervention and the implementation of legal reforms passed during the late 1990s. Despite the damage, since 2000s amplification of the private law has made substantial economic gains and improvements. Consequently, it has become more conducive to operate with the focus on financial growth and the establishment of a friendly business environment that successfully promoted foreign direct investment inflows into the country. Impressive progress led to an enhancement of the index of a free economy. However, prevalent obstacles that still remain can be seen as consequences of poor traditions of business making in the country.

Private law plays an indispensable role in modern economies, especially disciplines such as: corporate law, banking and finance law, wholesale law, etc. Due to the lamentable economic history these major fields are underdeveloped and yet are deemed to be a matter of contemplation and study. Traditionally, Georgian law is a part of the Continental European family of law but the Entrepreneurial Law of Georgia has been through modifications and since the 14<sup>th</sup> March 2008 has adopted US-American provisions. The rejection of precise regulation of business entities (re-regulation which is more inherent to the Continental European law system), broadening the principle of choice, the exclusion of mandatory articles and the selection of default rules resulted in the obtaining of more material sources and attraction of investors. The rational tenets of the transformation were based on the concept of taking steps in order to ease the process of starting up a business and making the legal system more flexible as regards the economic climate. Liberalisation of regulatory policy regarding corporate legislation, which led to self-regulation, has become a cause of the augmentation of the legal and economic risks that have identified invalid regulations and problematic occurrences. Consequently, a plausible revision and reform of the Entrepreneurial Law is on the agenda. Changes are inconceivable without taking into consideration the past circumstances of negative impact. New amendments should be carried out in accordance with the views of civil society, business makers and stakeholders in order to support sustainable economic development. Accordingly, it is crucial to analyse and assess factors that may jeopardise future progress. In the provision of the scientific inquiry, research is an important segment of study that will accommodate business makers with supplementary information.

These findings were based on our delightful partnership with Allen & Overy Global Law Intelligence Unit and I would like to express my gratitude towards those people who have enabled Ivane Javakhishvili Tbilisi State University to be involved in the World Universities Comparative Law Project, as well as the students for their sheer dedication with respect the project and significant endeavour shown by them. Since the present research was concerned with both theoretical and practical legal issues, I believe it is a proven and valuable contribution to study carried out by collaboration of academia and business makers.

Respectfully,



Dr. Irakli Burduli

Professor and Dean, Faculty of Law  
Ivane Javakhishvili Tbilisi State University

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## Foreword by Students

We are pleased to present research with a focus on the private law of Georgia which aims to provide readers with supplementary information in the different fields of Georgian private law. The study was carried out in accordance with the recent scientific achievements and simultaneously issues were discussed in a practical spectrum. Inquiries of this kind happen to be a serious donation and input for Georgia, since some fields are underdeveloped and are in the process of formation in compliance with international standards and requirements.

Traditionally, Georgian law is a part of the Continental European family of law and consequently, some fields such as contract law, property law, family law, etc. are framed accordingly the civil law legal system, as well as legal reasoning of the courts and the manner of the application of legal provisions. Due to the fact that deregulation regarding business law has led to the emergence of problematic occurrences, legal reforms which give proper consideration to the demands of stakeholders and civil society are already on the agenda.

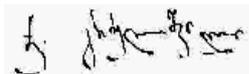
The research was performed by a mutual effort derived from our cooperation with faculty members and practicing lawyers, as well as through the assistance of the Allen & Overy Global Law Intelligence Unit. As the participating students we would like to thank these people for their support and help. The promotion of collaborative activities in the academic area appears to be an essential element for the advancement and improvement of the Georgian legal system.



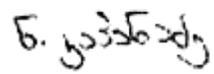
Ana Tokhadze



Gocha Okreshelidze



Jemal Grdzlishvili



Nata Kapanadze

*Students at Ivane Javakhishvili Tbilisi State University*

# Description of the legal rating method

## Introduction

This paper assesses aspects of the law in Georgia with a view to rating the law in the relevant areas. The survey is concerned primarily with wholesale financial and corporate law and transactions, not with retail law.

Legal risk has increased globally because of the enormous growth of law; because of its intensity; because many businesses are global but the law is national; because nearly all countries are now part of the world economy; and because the law is considered to play a very significant role in the fortunes of our societies. Liabilities can be very large and reputational losses severe.

The survey was carried out by students at Tbilisi State University. The survey was designed by the Allen & Overy Global Law Intelligence Unit.

The students were requested to express their views freely and in their own way. The views expressed are their views, not necessarily those of, the Tbilisi State University, the members of the Practitioner Expert Panel or the Global Law Intelligence Unit, the members of Allen & Overy.

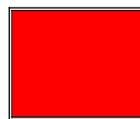
## Methodology

The survey uses colour-coding as follows:

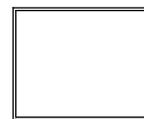
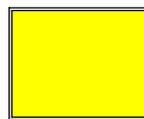
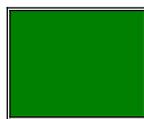
**True**



**False**



**Can't  
say**



**Blue** generally means that the law does not intervene and the parties are free, ie the law is liberal and open.

**Red** generally means that there is intense legal intervention, usually in the form of a prohibition.

**Green** and **yellow** are in-between.

The purpose of this colour-coding is to synthesise and distil information in a dramatic way, rather than a legal treatise. The colours correspond to a rating of 1, 2, 3 or 4, or A, B, C or D.

The cross in the relevant box signifies the view of the students carrying out this assessment of the position of Georgia. This is followed by a brief comment, e.g. pointing out qualifications or expanding the point. These comments were written by the students.

The colour-coding does not usually express a view about what is good or bad. Whether the law should intervene in a particular arena is a matter of opinion. The scale is from low legal intervention to intense legal intervention or control. This is not a policy or value judgment as to whether or not the law should or should not intervene. Jurisdictions often disagree on whether the law should intervene and how much. So one of the main purposes of this survey is to endeavour to identify some of the points of difference so as to promote fruitful debate.

## **Black letter law and how it is applied**

This survey measures two aspects of law. The first is black letter law, ie what the law says or the written law or law in the books.

The second measure is how the law is applied in practice, regardless of what it says. Thus, the law of Congo Kinshasa and Belgium has similar roots but its application is different.

Although there is a continuum, these two measures have to be kept separate. Otherwise we may end up with just a blur or noise or some bland platitude, eg that the law depends upon GDP per capita.

In fact, only the last two questions deal with legal infrastructure and how the law is applied. All of the others deal with the written law, without regard to enforcement or application.

## **Key indicators**

The survey uses key indicators to carry out the assessment. It is not feasible to measure all the laws or even a tiny fraction of them. The law of most jurisdictions is vast and fills whole libraries.

The key indicators are intended to be symptomatic or symbolic of the general approach of the jurisdiction. To qualify as useful, the indicator must usually be (1) important in economic terms, (2) representative or symbolic and (3) measurable. In addition, the indicators seek to measure topics where jurisdictions are in conflict. There is less need for measuring topics where everybody agrees.

An important question is whether this method is useful or not, and, if it is, whether the indicators are relevant.

## **Legal families of the world**

Most of the 320 jurisdictions in the world, spread just under 200 sovereign states, can be grouped into legal families. The three most important of these are: (1) the common law group, originally championed by England; (2) the Napoleonic group, originally championed by France; and (3) the Roman-Germanic group, originally championed by Germany, with major contributions from other countries.

The balance of jurisdictions is made up of mixed, Islamic, new and unallocated jurisdictions.

Many aspects of private law are determined primarily by the family group, but this is not true of regulatory or economic law.

## **Excluded topics**

This survey does not cover:

- transactions involving individuals
- personal law, such as family law or succession
- competition or antitrust law
- intellectual property
- auditing
- general taxation
- macroeconomic conditions, such as inflation, government debt, credit rating or savings rates
- human development, such as education, public health or life expectancy
- infrastructure, such as roads, ports, water supply, electricity supply
- personal security, such as crime rates, civil disorder or terrorism.

# Banking and finance

## Introduction

Banks and bondholders (typically also banks, but also insurance companies, pension funds and mutual funds) provide credit or capital. Their main risk is the insolvency of the debtor and therefore the key indicators intended to measure whether the law supports those habitual creditors or debtors, such as large corporations as borrowers, when it matters, ie on bankruptcy. This is when commercial law is at its most ruthless in deciding who survives and who drowns.

This debtor or creditor decision is implemented mainly through the bankruptcy ladder of priorities. A feature of common law systems is the presence of super-priority creditors who are paid before anyone else - creditors with a set-off or a security interest and beneficiaries under a trust. For example, if a bank has universal security over all the assets of a company, the bank is paid before all other creditors, including employees and trade creditors. This regime therefore protects significant creditors who such as banks.

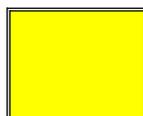
Jurisdictions based on the English common law model give super-priority to all three claimants. Traditional Napoleonic jurisdictions typically do not allow insolvency set-off, have narrower security interests and do not recognise the trust. Their bankruptcy ladder favours greater equality of creditors. Most traditional Roman-Germanic jurisdictions are in-between. They allow insolvency set-off and have quite wide security but most do not recognise the trust. There are wide exceptions to these generalisations.

## Insolvency set-off

**Generally** If set-off of mutual debts is allowed on insolvency, the creditor is paid. If it is not allowed, then effectively the creditor is not paid. Very large amounts are involved in markets for foreign exchange, securities, derivatives, commodities and the like, so that the question of whether exposures should be gross or net is a matter of policy as to who the law should protect.

**Q1** In Georgia, creditors can set off mutual debts on the insolvency of a debtor if they are incurred before notice of the insolvency.

True



False



Can't  
say



**Comment:** According to the Bankruptcy Law of 1996, the parties could set off mutual debts upon the insolvency of a debtor. The introduction of this law entitled parties to set off mutual debts during bankruptcy proceedings even if the circumstance of setting off arose prior to insolvency. Despite this being formally available beforehand, it was prohibited to set off mutual debts on the insolvency if this circumstance would have arisen after insolvency. The Insolvency Law of 2007 does not include provisions regarding the setting off of mutual debts, therefore more general rules (i.e. the Civil Code of Georgia, articles 442-447) govern these legal relations. These rules apply without any restrictions, i.e. the parties can set off mutual debts at any time during the insolvency, even if the circumstance of setting off arises after insolvency.

## Security interests

**Generally** Security interests give priority to the creditor with security - typically banks - who are the main providers of credit in most countries.

In traditional common law jurisdictions, a company can create universal security over all its present and future assets to secure all present and future debt owed to a bank. Once registered, the security is valid against all creditors, except that the floating collateral ranks after preferred creditors - typically wages and taxes. The security can be granted to a trustee for creditors. On a default there are no mandatory grace periods and the creditor can enforce out-of-court by appointing a receiver (a type of possessory manager) or by private sale. But in some common law jurisdictions there are freezes on enforcement in the event of a judicial rescue of the debtor. Also, in some of these jurisdictions there are stamp duties.

On the other hand, in many traditional Napoleonic jurisdictions, universal security is not possible, neither is security for all future debt. There is no trustee to hold the security. On enforcement, there are grace periods and no receiver. Sale is through the court and a public auction. Preferential creditors rank ahead. Some countries have a freeze on enforcement under a judicial rescue statute.

The main policy issue is therefore whether security should be encouraged or whether the law should intervene to impose greater equality.

The main tests are (1) scope of eligible assets, (2) debt secured, (3) trustee, (4) priority over preferred creditors, (5) private enforcement and receiver, (6) no rescue freezes and (7) low costs.

**Q2** In Georgia, the law offers a security interest which is highly protective of the secured creditor.

**True**



**False**



**Can't say**



**Comment:** The Civil Code of Georgia includes several articles relating to security interests, such as: mortgage for real properties (articles 286-310), mortgage for personal property/pledge (articles 254-285), Hansel/earnest (articles 421-423), default interest (articles 417-420), debtor's guarantee (articles 424-426) and bank guarantee (articles 879-890).

In contrast to other security interests, mortgages are highly protective of the secured creditor, because the creditor's claim will be met upon transfer of the property to the creditor, or by private sale. However the creditor's claim may not be satisfied completely from this enforcement as such claim may not be equal/relevant to value of the property. Despite this fact, however, the creditor is paid.

## Universal trusts

Under a trust, one person, called the trustee, holds title to the assets of another person, called the beneficiary, on terms that, if the trustee becomes insolvent, the assets go to the beneficiary and are not used to pay the trustee's private creditors. The assets are immune and therefore taken away from the debtor-trustee's bankrupt estate.

The main examples of trusts are custodianship of securities, pension funds, securities settlement systems and trustees of security for bondholders and syndicate banks. The amounts involved are enormous.

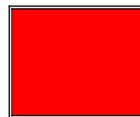
All jurisdictions have an effective trust of goods (called bailment or deposit). The common law group has a universal trust for all other assets (land and intangible property). Most members of the civil code group do not have a universal trust, subject to wide exceptions, especially for custodianship of securities. A few countries in this group have a universal trust by statute, e.g. France and China.

## Q3 Georgia has a universal trust for all assets.

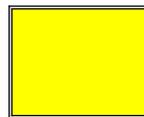
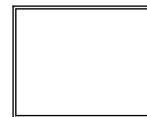
True



False



Can't  
say



**Comment:** The legal provisions for a property trust can be applied in various circumstances. According to the property trust, a trustee disposes of the owner's asset in its own name. The asset is determined by the contract.

### Other indicators

Other bankruptcy indicators not measured here include freezes on the termination of contracts, fraudulent preferences, the priority of rescue new money, the presence and intensity of corporate rescue proceedings and recognition of foreign insolvencies. Director liability for deepening the insolvency is dealt with below.

Other financial law topics not covered in this survey include the regulatory regime, especially capital, liquidity, authorisation of financial business, conduct of business, control of prospectuses, control of market abuse and frauds, such as insider dealing, and the insolvency regime for banks. Financial regulation is a very large field.

## Corporations

### Introduction

Financial law involves competition between debtors and creditors so that jurisdictions can be positioned on a straight line. Corporate law however involves three main competitors: (1) shareholders, (2) creditors and (3) managers - a triangle. If the key indicators show that a jurisdiction strongly favours one or other of the parties at the points of the triangle, whether creditors, shareholders or management, then one can begin to build up a picture of the choices which the jurisdiction habitually makes in resolving the conflicting interests of the parties.

For example, a very tough prohibition on financial assistance (which is protective of creditors against shareholders) tends also to support an attitude to other principles of the maintenance of capital or to support the proposition that mergers by fusion are difficult (because they can prejudice creditors). This would be true of the English regime in 1948. Similarly, a view which easily imposes personal liability on directors for deepening an insolvency might also show a legal approach which is not supportive of the veil of incorporation in other areas, eg shareholder liability and substantive consolidation on insolvency.

The two extreme corporate law models are the Delaware model and the traditional English model, exemplified by the English Companies Act 1948 (now superseded). Napoleonic and Roman-Germanic models are in-between to varying degrees.

The Delaware regime is highly protective of management in the key areas. The traditional English regime favours creditors on most of the key contests and, where creditor interests are not involved, it tends to favour shareholders as opposed to managers.

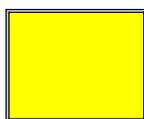
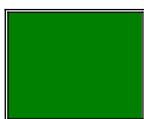
### Director liability for deepening an insolvency

**Generally** If the law imposes personal liability on directors for deepening an insolvency, eg carrying on business and incurring debts where there is no reasonable prospect of paying them, then the regime is hostile to the interests of management. The legal risks of management are increased.

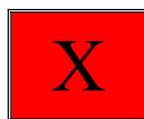
There are basically four regimes internationally: (1) directors are hardly ever liable for deepening the insolvency, eg Delaware and most US jurisdictions, plus some traditional English jurisdictions which only punish fraudulent trading; (2) directors are liable for serious negligence (England, Singapore, Australia, Ireland); (3) directors are liable for mere business misjudgements deepening the insolvency (France); and (4) directors are liable if they fail to file for an insolvency proceeding after the company becomes insolvent (France, Germany and others).

**Q4** In **Georgia** the law rarely imposes personal liability on directors for deepening the insolvency and there is no rule that the directors must file for insolvency when the company is insolvent.

True



False



Can't say



**Comment:** In our system directors' liability is a topical issue, as it is in other legal systems. Our regulations are very similar to Germany's, in that directors are personally liable for business misjudgement, misconduct and are obliged to commence insolvency proceedings in proper form. According to the Georgian Law on Entrepreneurs (section 9.9.) when an enterprise satisfies all the preconditions of being insolvent, within three weeks of such condition being met directors are liable to notify the insolvency body. A director's personal liability will be avoided if they were acting in a good faith and in compliance with the best interests of the company. Consequently, if a director is found to have deepened their company's insolvency, they can be personally liable. This issue is regulated by the Georgian Criminal Code, in addition to the Georgian Law on Entrepreneurs.

### Financial assistance to buy own shares

**Generally** Many jurisdictions prohibit a company from giving financial assistance to buy its own shares. The typical example would be where a bidder finances the acquisition of a target company by a loan and after the takeover arranges for the target to guarantee the loan and charge its assets to secure the guarantee. The commercial effect is similar to the repayment of the share capital of the target before its creditors are paid. Shareholders should be subordinated to creditors.

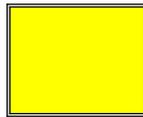
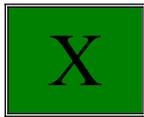
The prohibition therefore favours creditors against shareholders of the target.

The Delaware regime does not prohibit financial assistance. The traditional English regime has a wide prohibition (not England any more). Most Roman-Germanic regimes are against it, with Napoleonic regimes hesitant. The EU has a prohibition against financial assistance by public companies. Some countries allow financial assistance by private companies if solvency is established.

A contravening transaction is usually a criminal offence and void.

**Q5** Georgia permits a company to grant financial assistance for the purchase of its own shares.

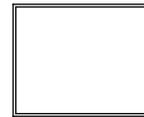
True



False



Can't  
say



**Comment:** Granting financial assistance for purchasing a company's shares is a process that is more widely known in foreign legal systems. Therefore, there is often a significant difference between Georgian and foreign regulations. Financial assistance is quite a complex issue in Germany and in Europe it is prescribed by the Second Company Law Directive (also known as the "capital directive"), which sets capital requirements for any public companies that operate within the European Union. Since Georgia is not within the EU, the same rules do not apply. The purchasing of a company's own shares is known in Georgian law and such shares are called "treasury shares", but there are some limitations that differ from EU regulations. More specifically, according to the Georgian Law on Entrepreneurs (53(1). 9. section), the amount of treasury shares owned by a company must not be more than 25% of the listed shares. Another provision that regulates purchasing own shares involves a company's relationship with its shareholders, and is similar to the concept of "sellout". An aggrieved shareholder, who is against the decision of the general meeting, may require payment, of a fair value, for the relevant shares.

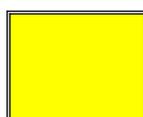
### Public takeover regime

**Generally** A public takeover regime which is free and open tends to favour managers who can guard against takeovers by poison pills and the like and who have relative freedom to acquire other companies. An example is the Delaware regime. A restrictive regime on the lines of the British system tends to favour shareholders.

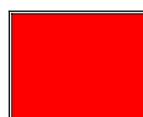
The chief features of a restrictive regime are: (1) the bidder must make a mandatory bid in cash when a threshold of shares in the target is reached, eg 30%; (2) the bidder must pay the same price to all shareholders (sharing the control premium); (3) no partial bids (getting control on the cheap); (4) proof of certain funds to implement the offer; (5) compulsory acquisition of dissenting minorities (squeeze-out); (6) fixed timetable; (7) no ability of the managers to frustrate a bid by poison pills without shareholder approval; and (8) control of the content of circulars, especially forecasts.

**Q6** Apart from exchange controls and restrictions on foreign direct investments, the public takeover regime in **Georgia** is open and has few restrictions.

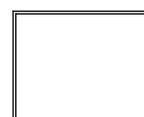
True



False



Can't  
say



**Comment:** In Georgia the stock market is less developed and this reflects on the takeover regime as well. However, some articles of the Georgian Law on Entrepreneurs are in compliance with Anglo-American regulations.

## Other indicators

Other important indicators are corporate governance (difficult to measure), free ability to merge companies by fusion, the one-share-one-vote rule, and, to a lesser extent, minority protections. Other indicators relate to quick and cheap incorporation, the *ultra vires* rule, maintenance of capital, no par value shares, shareholder liability, substantive consolidation on insolvency and disclosure. These are not measured here.

## Commercial contracts

### Introduction

Contract is at the heart of commercial life, and is everywhere. In fact, the main tenets of contract law across the main families of jurisdictions are consistent - it is in the fields of insolvency and property law where the main differences emerge. It is true that there are contract differences, for example, between writing requirements, open offers, the time of acceptance and specific performance, but often these differences are of lesser significance in practice in the business field.

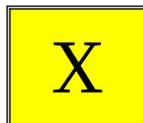
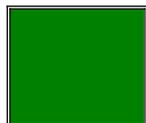
The key indicators the survey chooses all tend to symbolise whether the approach of the jurisdiction to contract is hard or soft. If the approach is hard, then the jurisdiction tends to support predictability in business contracts so that certainty and freedom of contract are valued more than mitigating the risk of occasionally abusive behaviour and unfair results, especially for weaker parties. A soft jurisdiction tends to give greater primacy to notions of good faith and the like.

### Exclusion of contract formation

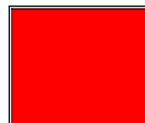
**Generally** Commercial parties often wish to be able to negotiate heads of terms commercially without being bound by a contract. In some jurisdictions, the courts are ready to infer that the parties are bound if the terms are sufficiently clear, even if they have said expressly that they do not intend to be bound.

**Q7** In Georgia, parties are not bound to heads of terms if they expressly state that the terms are "subject to contract" or some such clear phrase.

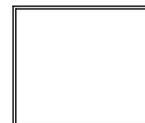
True



False



Can't say



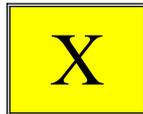
**Comment:** Under the Civil Code of Georgia, in order to bind parties to heads of terms they must clearly express their will to be bound under a contract. Theoretically, there is no way to make any such contract, without the expression of will. However there is pre-contractual relationship under the Civil Code of Georgia, which obliges parties to establish a contract in the future. Despite this, there are some cases, in practice, where the court decided that the parties were bound to heads of terms, even though they clearly stated that the terms had been "subject to contract". The court endorsed that they had agreed with all essential terms of the contract and so were bound.

## Termination clauses

**Generally** Many contracts, especially loan contracts, leases of goods and long-term sales contracts, contain events of default on the occurrence of which one party can terminate the contract. Jurisdictions which uphold freedom of contract and the literal interpretation of contract give effect to these clauses and do not rewrite the contract according to the court's notions of what is fair. Other jurisdictions prefer good faith. We ignore consumer contracts - where there may be consumer protections.

**Q8** In **Georgia**, a termination clause in a loan or sale of goods contract between sophisticated companies (not individuals) providing for the termination of the contract immediately on certain events is usually upheld, even if the event concerned is relatively trivial.

**True**



**False**



**Can't  
say**



**Comment:** In general, contracts are regulated under the Civil Code of Georgia and there is no difference in contracts between legal and natural persons.

In general, termination of a contract can arise in different cases. In the case of breach of an obligation by an obligor, the obligee may claim damages arising from the breach.

Termination of a contract can only arise because of an important reason, such as the breach of such contract. Under article 398.1 if the circumstances that constituted the grounds for execution of the contract have evidently changed after execution of the contract, and the parties, had they taken these changes into account, would not have executed the contract or would have executed it with different contents, then a party may claim to adapt the contract to the changed circumstances. Otherwise, taking into account individual circumstances, a party to the contract may not be required to strictly observe the unchanged contract.

In accordance with article 399, any party to the contract may on legitimate grounds repudiate a long-term relationship of obligation without observing the time period fixed for termination of the contract. The grounds are legitimate when, taking into account the specific situation, including force majeure and the mutual interests of the parties, the party [seeking to terminate] the contract cannot be required [expected] to continue the contractual relationship until lapse of the agreed period of time, or until expiration of the period of time fixed for termination of the contract. In practice, a long-term relationship is a relationship which lasts an average of ten years.

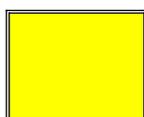
A contract cannot be terminated because on the grounds of a trivial reason. Otherwise the party who breached the contract must pay damages as compensation. It's also important to note that under article 339, traditions of trade can be used. When determining the rights and duties of the parties to a contract, regard is to be given to the traditions and usages of trade.

## Exclusion clauses

**Generally** Contracting parties often seek to exclude their liability for defective performance of the contract. So the issue is whether these exclusion clauses are generally upheld if they are clear and whether freedom of contract is allowed in this area.

**Q9** In **Georgia**, exclusions of liability in most commercial contracts between sophisticated companies, such as a sale of goods contract, are generally upheld if they are clear.

**True**



**False**



**Can't say**



**Comment:** The Civil Code covers exclusions of liability that apply to the entirety of civil law. There is an exclusion of liability if the parties agree on an exclusion or exclusion clause directly defined by law (article 410). Although, this article is restricted by other articles of the civil code, according to article 395.2, an exclusion of liability is prohibited if the parties agree to exclude liability for a deliberate action that caused the damage. In addition, article 348.1 states that the agreement is void if it excludes liability for the grossly negligent infringement of an obligation. Therefore, an agreement over the exclusion of liability is valid only for negligent actions and void for grossly negligent or deliberate actions.

## Other indicators

Other contract indicators not assessed here include writing formalities, open offers, mistake, frustration, damages, penalties, specific performance and whether notice of assignment of the contract to the debtor is mandatory if the assignment is to be valid on the insolvency of the assignor.

## Litigation

### Introduction

The first three key indicators of governing law, jurisdiction and arbitration tend to show whether the jurisdiction does or does not place a high value on international comity and freedom of contract as opposed to national primacy.

The indicator on class actions tends to show whether or not the jurisdiction's litigation system is orientated towards plaintiffs, especially mass plaintiffs in product liability cases. This indicator may also show the attitude of the jurisdiction to the protection of individual parties as against business parties, both in terms of the incidence of costs and enforcement.

### Governing law clauses

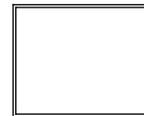
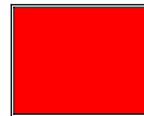
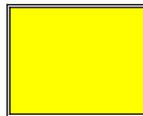
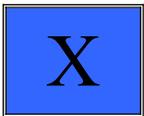
**Generally** Most countries apply a foreign governing law of a contract even if there is no connection between the contract and the jurisdiction. If the courts do not uphold the governing law, the effect is that the contract obligations may be different.

**Q10** The **Georgian** courts will apply an express choice of a foreign law in a loan or sale of goods contract between sophisticated companies, even though the contract has no connection with the foreign jurisdiction, but subject to Georgian public policy and mandatory statutes.

True

False

Can't  
say



**Comment:** According to the International Private Law (article 35), parties (despite citizenship status) can agree to apply a foreign governing law to a contract even if there is no connection between the contract and the jurisdiction. It follows, then, that the court can apply a selected foreign governing law to regulate the dispute. Furthermore, the parties can alter their selected foreign governing law after the agreement. However, if the parties do not select any foreign governing law and the contract has a connection with the foreign jurisdiction, the contract will be subjected to the most closely related law. The contract is most closely connected with the country where the debtor had place of residence at the moment of making the contract. However, if the parties are citizens of Georgia and they did not agree on a foreign law, and if the contract does not have any connection with the foreign jurisdiction, the courts have to apply national law to resolve the dispute.

### Foreign jurisdiction clauses

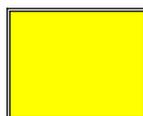
**Generally** Many contracts confer jurisdiction, sometimes exclusive, on the courts of a foreign jurisdiction, usually accompanied by a choice of foreign governing law.

**Q11** The **Georgian** courts will generally uphold a clear submission in a loan or sale of goods contract between sophisticated companies to the exclusive jurisdiction of the courts of a foreign country, even if there is no connection between that country and the contract.

True

False

Can't  
say



**Comment:** Georgian courts have international jurisdiction when the defendant has domicile or residence in Georgia (International Private Law, article 8). Note that the courts international jurisdiction is not dependent on citizenship of Georgia. It follows that aliens and legal entities, as well as stateless persons, have the same legal guarantees/remedies as citizens of Georgia and legal entities.

The International Private Law provides for international court jurisdiction in the following specific cases: a) if there are several defendants and one of them is resident or is domiciled in Georgia; b) if contractual

obligations are to be performed in Georgia; c) if the claim relates to unlawful or similar actions or damage and such act or harm has occurred in Georgia; d) if the dispute relates to company that is in Georgia; e) if the claim relates to an affiliation or aliment and the child’s residence is in Georgia; and f) if the subject of the claim is a right of inheritance, and division of such property and testator was domiciled or resident in Georgia before death (article 9).

The law provides instances which exclude cases of international jurisdiction (foreign court competence). The Georgian courts have specific international jurisdiction exclusively over claims, that relate to: a) real property that is in Georgia; b) the validity or termination of a legal entity decision when the legal entity is in Georgia; c) the register of legal entities by Georgian courts or by other authorities; d) the register of a licence, trademark or other rights, when the register is situated in Georgia; and e) enforcement measures, when they are executed in Georgia (article 10).

The parties can agree to international jurisdiction of the Georgian courts if they do not have jurisdiction under the law (article 8, 9, 10). In this case, such agreement must be made in writing. Furthermore, Georgian courts have jurisdiction if the defendant has not made any protest against the court jurisdiction.

The parties can agree to the jurisdiction of international foreign courts if one of the parties has residence or domicile in a foreign country. Furthermore, if the defendant has not made protest against the court's jurisdiction, the international foreign court is able to adjudicate a contract dispute. An agreement for the international courts jurisdiction is void if the claim is subject to articles 10-16 of the International Private Law.

### Arbitration recognition

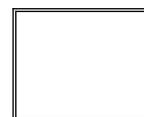
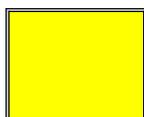
**Generally** Contracting parties, especially in trading and construction contracts, but less so in loan contracts, wish to submit disputes to arbitration, sometimes in a foreign country. The resulting award is often enforceable locally under the New York Arbitration Convention of 1958, to which most countries have adhered.

**Q12** In **Georgia**, the courts allow sophisticated contracting parties to submit contract disputes to a foreign arbitral tribunal to the exclusion of the Georgian courts.

**True**

**False**

**Can't say**



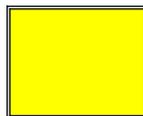
**Comment:** The courts allow sophisticated contracting parties to submit contract disputes to a foreign arbitral, and the resulting award will be enforced in Georgia after the parties' motion under the Arbitration Law (article 44) and the New-York Arbitration Convention of 1958, to which Georgia adhered in 1994. Only the Supreme Court has the right to submit disputes to arbitration. However, there are certain circumstances that exclude arbitration recognition as follows: a) when one of the parties is disabled; b) if the resulting award is void or invalid according to the foreign governing law of the country in which the award was made; c) if, according to Georgian law, the dispute cannot be the subject of arbitration proceeding; or d) if the award is against public policy, etc. (Arbitration Law, article 45).

## Class actions

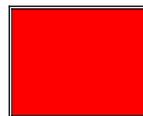
**Generally** In some countries, such as the United States, a plaintiff can be authorised by the court to sue on behalf of all claimants who are similarly situated. Claimants have to opt out or they are bound.

**Q13** In **Georgia**, class actions where the class is bound if they do not opt out are generally not allowed.

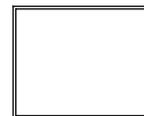
**True**



**False**



**Can't  
say**



**Comment:** Under the legislation of Georgia, there is no such thing as a class action. However, an action can be brought by two or more plaintiffs, or against two or more defendants, if:

- a) the subject of the suit is a common right
- b) the claim results from the same factual basis
- c) the claims are similar (homogenous), whether or not either the basis or object of the suit is similar.

## Other indicators

Other indicators not covered by this survey include contingent costs, loser pays the costs of the winner, prejudgment freezes or arrests, appeals, scope of disclosure (discovery of documents), efficacy of waivers of sovereign immunity and the enforceability of foreign judgments.

## Real property

### Ownership of land

**Generally** In most countries, nationals can own land absolutely and are not restricted simply to leases for a limited term or simple rights of occupancy. However, in some jurisdictions, absolute ownership of land is not available to nationals or local corporations. If this is so, then the jurisdiction would be coloured green if citizens can lease land for a very long term without material restrictions, such as 999 years, and can also mortgage or sell the land or give it away or bequeath it under their wills without official consent because the ownership is a close proximate of absolute ownership. If on the other hand citizens are entitled only to a lease of, say, 70 years or less, or to similar rights of occupancy, and if there are limitations on dealing with the land without official consent, such as mortgaging, selling or bequeathing it, then the jurisdiction would be red.

**Q14** In **Georgia** nationals and local corporations are entitled to own land absolutely.

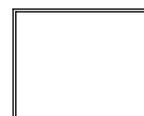
True



False



Can't say



**Comment:**

Nationals and local corporations are permitted to be owners of land on their own behalf. For nationals and local corporations ownership of land is treated in the same way by Georgian law.

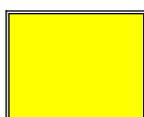
### Security of land title and land registers

**Generally** Many jurisdictions improve the security of title to land by a registration system which, although not necessarily state-guaranteed, has high reliability. An example is the Torrens system developed in Australia and used in many other countries, eg Canada and England.

Most countries in the civil code groups do not have a title register but instead require documents concerning land to be notarised and filed at the registry so that they can be searched. The United States does not generally have title registers for land although there may be mortgage registers. They rely on title registration companies which provide title insurance.

**Q15** Most land in **Georgia** is registered in a land register which records most major interests in land, eg ownership, mortgages and longer-term leases.

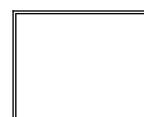
True



False



Can't say



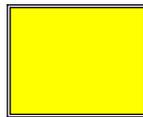
**Comment:** National law provides for a land register. Under the law, the registration of ownership of real property, mortgages and leases are mandatory in a public registry. The Civil Code of Georgia includes provisions that determine the registration of ownership and mortgages (article 183,289). Furthermore the Public Registry Law includes the same clauses regarding registration of ownership and mortgages (article 11). A registrable lease obligation is determined only by the Public Registry Law (article 11), which states that registration is mandatory only if the lease agreement is executed over real property.

## Land development restrictions

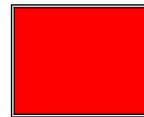
**Generally** Many countries restrict development and the change of use of land and require permits to be obtained for any development or change of use.

**Q16** In **Georgia**, apart from environmental controls (dealt with later), the control of commercial development and the change of use of land is very light and, where required, permits are quick and cheap to obtain.

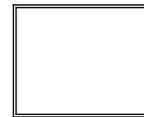
True



False



Can't  
say



**Comment:** Apart from environmental controls there are very few restrictions established by mandatory rules. This can be defined as a deregulation of law for the purpose of improving business operations.

## Other indicators

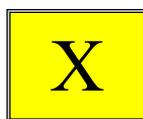
Other indicators not surveyed include transfer costs, stamp duties and lessee protections.

## Employment law

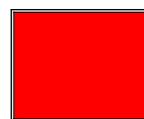
**Generally** The indicator here is whether it is easy or hard to hire and fire employees. The measures include high minimum wages, maximum hours, minimum holidays, maternity rights, equal pay for equal work (non-discrimination) and severance costs.

**Q17** In **Georgia**, there are few controls on hiring and firing employees or on the terms of employment.

True



False



Can't  
say



**Comment:** FIRING: Under Georgian legislation, it has become more complicated to fire an employee without any reasonable purpose (at will). The Labour Code of Georgia provides for all the cases when an employer can fire its employee. This is set out in article 37 of the Code.

1. The following shall serve as grounds for termination of a labour agreement:

- a) economic circumstances, technological, or organisational changes, making it necessary to reduce the workforce;
- b) expiration of the labour agreement;
- c) completion of the work provided for by the labour agreement;
- d) voluntary written application for resignation from a position/employment, by the employee;

- e) written agreement between the parties;
- f) incompatibility of the employee's qualifications or professional skills with the position held/work to be performed by the employee;
- g) gross violation by the employee of his/her obligations under an individual labour agreement or a collective agreement and/or rules and regulations;
- h) violation by the employee of his/her obligations under an individual labour agreement or a collective agreement and/or rules and regulations, if any of the disciplinary actions under such an individual labour agreement or a collective agreement and/or rules and regulations has already been administered in relation to the employee during the past one year;
- i) unless otherwise provided for by the labour agreement, a long-term disability, if the period of disability exceeds 40 calendar days in a row, or the total disability period within six months exceeds 60 calendar days, and, at the same time, the employee has used the leave set forth in Article 21 of this Law;
- j) entry into force of a court judgment or decision precluding the performance of work;
- k) the final decision of finding a strike illegal delivered by the court in accordance with Article 51(6) of this Law
- l) death of an employer as a natural person or of an employee;
- m) commencement of liquidation proceedings of an employer as a legal entity; and
- n) any other objective circumstance justifying termination of the labour agreement.

In addition to this, the violation of an obligation under the work rules and regulations set forth in paragraph 1 (g) and (h) of Article 37 may serve as the basis for termination of a labour agreement only if the work rules and regulations are an integral part of the labour agreement.

Labour relations shall in no event be terminated:

- a) for any reason other than those laid down in the first paragraph of Article 37;
- b) by grounds of discrimination as provided in Article 2 of the labour code;
- c) during the period set forth in Article 36(2)(g) of this Law from the notice of pregnancy given by a female employee to the employer except for the grounds under paragraph (1)(b-e, g, h, j, l) of Article 37;
- d) due to the employee being called to military service or military reserve service and/or during the employee's fulfillment of compulsory military reserve service or military reserve service except for the grounds under paragraph(1)(b-e, g, h, j, l) of Article 37; and
- e) during the period of being a jury in court except for the grounds under paragraph (1)(b-e, g, h, j, l) of Article 37.

**HIRING:** Generally, Georgia has poor levels of employment. So there are usually no difficulties in hiring people, however there are certain laws that must be adhered to, as outlined below.

The first, under article 2.2, prohibits any kind of discrimination: "Any and all discrimination in a labour and/or pre-contractual relations due to race, skin colour, language, ethnic or social belonging, nationality, origin, material status or title, place of residence, age, sex, sexual orientation, marital status, handicap, religious, social, political or other affiliation, including affiliation to trade unions, political or other opinions shall be prohibited."

Article 2.3: Any direct or indirect harassment of a person that aims at and/or results in creating an intimidating, hostile, humiliating, degrading, or abusive environment for that person or creating such conditions for any person that directly or indirectly causes their status to deteriorate as compared to other persons in similar conditions, shall constitute discrimination.

However the law does not require the hiring of all people, whether professional or not. Article 2.5 expands on this issue: “The necessity to differentiate between persons shall not constitute discrimination, provided that such necessity arises from the essence or specifics of the work performed or the conditions for its performance, serves a legal purpose, and is a proportionate and necessary means to achieve the purpose.”

Secondly, the legal capacity for a natural person to work begins at the age of 16 (article 4.1). The only exception being that the legal capacity to work for a minor under 16 begins with the consent of his/her legal representative or custody/guardianship authority, provided that the labour relation does not prejudice the minor’s interests, their moral, physical and mental development, and does not limit their right and opportunity to acquire mandatory primary and basic education. The consent of the legal representative or custody/guardianship authority shall remain in full force in connection with any further similar labour relations as well (article 4.2).” A labour agreement with a minor under 14 may be concluded solely in connection with any activity in sports, art, and cultural spheres, and for any advertising work (article 4.3). It shall be prohibited to make a labor agreement with a minor relating to any performance of work in the business of gambling, nightclubs, preparation, transportation, and sale of erotic and pornographic products and/or pharmaceutical and toxic substances (article 4.4). It shall be prohibited to make a labour agreement with a minor or a pregnant or nursing mother for the performance of hard, harmful, or hazardous work (article 4.5).

Another issue related to this subject is the form of a contract. A labour agreement shall be made in writing if labour relations continue for more than three months (article 6.1).

The duration of work time is generally a maximum of 40 hours per week. Article 14.1 states that the workweek of the employee, determined by the employer, shall not exceed 40 hours a week; whereas, in companies with specific operating conditions that require more than eight hours of a continuous mode of manufacture/work, the employee’s workweek shall not exceed 48 hours a week. The Government of Georgia shall compile a list of industries with the aforementioned specific operating conditions. Working time does not include breaks and rest time.

Overtime work should be paid. Article 17 states that:

1. The employee shall perform overtime work:
  - a) without compensation to prevent a natural disaster and/or eliminate the consequences; and
  - b) for adequate compensation to prevent an industrial accident and/or eliminate the consequences.
2. It is prohibited to require a pregnant woman, a woman who has recently given birth, a handicapped person or a minor to work overtime without their consent.
3. Overtime work shall be deemed the work performed by an employee under agreement between the parties in a period of time, the duration for which exceeds 40 hours a week for an adult, 36 hours a week for a minor between the ages of 16 and 18, and 24 hours a week for a minor between the ages of 14 and 16.
4. Overtime work shall be paid in an increased amount of the hourly rate of pay. Conditions for overtime work shall be determined by agreement of the parties.
5. The parties may agree to give an employee additional time off in lieu of overtime pay.

## Environmental restrictions

**Q18** In Georgia the rules governing the environment and liability for clean-up are very light and relaxed.

True



False



Can't say



**Comment:** The Environment law imposes regulations in order to establish the environmental impact of such standards, in order to ensure the ecological balance of the environment. For this purpose, the standards are as follows: a) environmental quality standards; b) the emission of harmful substances and micro-organisms, exceeding the maximum permissible levels of environmental pollution; c) standards for the use of chemicals; d) ecological requirements for production; and e) the environmental [load] standards. Liability for the violation of environmental law is determined by legislation (i.e. the Environment Law, article 57). Liability is relatively light and involves a small cash penalty. The Administrative Violation Law sets out the responsibility for violating the law. For instance, the penalty is approximately 400-600 GEL for polluting drinkable water. For exceeding the emission of harmful substances and micro-organisms, exceeding the maximum permissible levels of environmental pollution in atmospheric air, the liability is only 500-1000 GEL.

## Openness to foreign business

**Generally** These indicators measure the degree to which the country is open to foreign businesses. The indicators are quite generic and therefore subjective.

### Foreign direct investment

**Q19** In Georgia foreigners may freely own and control local companies outside protected industries, such as media, banks and defence.

True



False



Can't say



**Comment:** Georgia has a business friendly environment for foreigners and openness to foreign investments which it facilitates by simplifying licence applications and permitting requirements. Consequently, by establishing mandatory rules that protect the property rights of investors, foreigners are free to be owners or controllers.

## Exchange controls

**Q20** In Georgia, there are no exchange controls. Businesses may therefore have foreign bank deposit accounts in foreign currency, borrow in foreign currency and repatriate profits to foreign shareholders in foreign currency.

True



False



Can't  
say



**Comment:** There are no special prohibitions on borrowing or repatriating profits, but it is essential for banks to identify any client and monitor transactions that involve transferring profits of more than a certain amount in the national currency (more than 1500 GEL).

## Alien ownership of land

**Q21** In Georgia, foreign-controlled companies have the same rights as nationals or residents to own or lease land without a permit.

True



False



Can't  
say



**Comment:** It depends on where the company was established. Foreigners cannot freely be owners of agricultural land due to the requirements that are set by Georgian law.

## Application of the law

**Generally** These indicators deal with the application of the law, as opposed to what the law actually says. They are bound to be generic and subjective, a matter of impression.

**Q22** In **Georgia**, the higher courts usually treat big businesses as fairly as they treat individuals and do not favour local interests over foreigners.

True



False



Can't say



**Comment:** The higher (supreme) court treats big businesses fairly and there is no discrimination against sophisticated companies. In certain cases, they favour big businesses when it comes to creating new jobs. For example, one company who was attempting to build a hypermarket still required the use of land for car parking, which was owned by a local resident. Despite the resident objecting to the use of his land as parking, the higher court decided that he should sell his land to the company, as they ruled that there was a general interest in that 400 people would be employed in the hypermarket.

## Costs and delays of commercial litigation

**Q23** The costs and delays of commercial litigation in the higher courts in **Georgia** are not considered materially greater than in other comparable countries.

True



False



Can't say



**Comment:** The costs and delays of commercial litigation in the higher courts are no greater than in other developed countries. The case can be delayed in the court of first instance for a maximum of six months. The appeal and higher courts have the same period of litigation.

The costs are also relatively low. For example, in the court of first instance there is a maximum penalty for natural persons of 3000 GEL, and a maximum penalty for legal persons of 5000 GEL.

In the appeal court, for natural persons there is a maximum penalty of 5000 GEL, and for legal persons a maximum penalty of 7000 GEL.

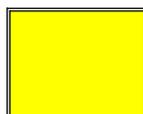
In the higher (supreme) court the maximum penalty for natural persons is 6'000 GEL, and for legal persons a maximum penalty of 8000 GEL.

## Overall ranking

This overall ranking is achieved by a survey of all the rankings as shown in this table:

	Question	Rating
1.	Insolvency set-off	
2.	Security interest	
3.	Universal trusts	
4.	Director liability for deepening insolvency	
5.	Financial assistance to buy own shares	
6.	Public takeover regime	
7.	Exclusion of contract formation	
8.	Termination clauses	
9.	Exclusion clauses	
10.	Governing law clauses	
11.	Foreign jurisdiction clauses	
12.	Arbitration recognition	
13.	Class action	
14.	Ownership of land	
15.	Security of land title and land registers	
16.	Land development restrictions	
17.	Employment law	
18.	Environmental restrictions	
19.	Foreign direct investment	
20.	Exchange controls	
21.	Alien ownership of land	
22.	Court treatment of foreign big business	
23.	Costs and delays of commercial litigation	

**True**



**False**



**Can't  
say**



## **Commentary and suggestions for change**

Since gaining independence, Georgian Private Law, primarily, is developed; however, due to the modern international requirements some transition and modifications should be undertaken in order to avoid blatant defects and misapplication of provisions. For that reason, it is crucial to provide more research by using legal comparative methods.

Deregulation of business law, the establishment of business friendly environment for foreigners and openness for foreign investments by simplifying legal requirements and subtracting mandatory rules have been scrutinised since such transformations provoked impediments. Consequently, there is a need for the coherent articulation of mandatory and default rules so that such transformation precludes any risk of hindering economic development and encourage business to make pace. The abovementioned can easily be achieved by the stimulation of case law, by implementation of only those articles, which are in accordance with the requirements of civil society and stakeholders in Georgia.

## Profiles

The survey was carried out by the following students:

### **Ana Tokhadze**

Ana Tokhadze LLB, Ivane Javakhishvili Tbilisi State University; is a master program student at Tbilisi State University, Faculty of Law. She is concerned with Corporate Law and Corporate Finance, Classic and Contemporary Economic Sociology; and has written working papers, articles with the focus on financial structure of corporations, liability issues of corporate insiders, risk management and other prominent fields from the perspective of comparative corporate law. She is an editor and scientific assistant at Prince David Institute for Law and works as a specialist at National Center for Alternative Dispute Resolution, law faculty of Ivane Javakhishvili Tbilisi State University. Ana can be reached at [ana.tokhadze@tsu.ge](mailto:ana.tokhadze@tsu.ge).

### **Gocha Okreshidze**

Gocha Okreshidze is a third year student at Tbilisi State University, Faculty of Law. He is concerned with Corporate Law, Civil Law and International Private Law. Gocha has taken part in various training programs, moot courts and conferences. He has experience of working at some Georgian NGO's and private business companies as an intern and office manager. Currently he is doing his externship at the Ministry of Justice of Georgia and also is an intern at Kordzakhia, Jghenti Law Firm. Gocha can be reached at [gocha\\_okreshidze@yahoo.com](mailto:gocha_okreshidze@yahoo.com).

### **Jemal Grdzlishvili**

Jemal Grdzlishvili is a student of Ivane Javakhishvili Tbilisi State University, Faculty of Law. He has always wanted to become a lawyer and participation in the project was an essential experience. He is interested in criminal law; simultaneously he is focused on private law issues. In his opinion, becoming a successful lawyer is quite hard but expending endeavour to achieve the target will make the hardest things simpler to do. He can be contacted at [jemali.grdzlishvili@gmail.com](mailto:jemali.grdzlishvili@gmail.com).

### **Nata Kapanadze**

Nata Kapanadze is a third year law student of Tbilisi State University, Faculty of Law. Her area of interest is domestic and international private law, especially the field of international arbitration. She works as a legal intern at Tbilisi City Court, where she is working with her judges. She was national researcher in the Legal Researcher Group on "Online Hate Speech" organized by Council of Europe, throughout 2013. Nata can be contacted at [Natakapanadze1@gmail.com](mailto:Natakapanadze1@gmail.com).

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## **Allen & Overy Global Law Intelligence Unit**

The Allen & Overy Global Law Intelligence Unit is part of the international firm of Allen & Overy and produces papers, surveys and other works on cross-border and international law within the field of its practice. Allen & Overy is one of the largest legal practices in the world with approximately 5,000 people, including some 512 partners, working in 40 offices worldwide. For further information, please contact Philip Wood, [philip.wood@allenoverly.com](mailto:philip.wood@allenoverly.com) or Melissa Hunt, [melissa.hunt@allenoverly.com](mailto:melissa.hunt@allenoverly.com).

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Philip Wood is one of the world's leading comparative lawyers and practitioners. He has written about 18 books on financial law. He was formerly a partner and head of the banking department of Allen & Overy. For many years he has been developing innovative and pioneering methodologies for assessing legal jurisdictions and has produced a book of maps of world financial law. His university textbook on the Law and Practice of International Finance has been translated into Chinese and a Japanese version is forthcoming.

Melissa Hunt is project director of the Intelligence Unit and is responsible for the management of the project. She carries out other work for the Intelligence Unit, including the preparation of tables covering rule of law and legal infrastructure risks in the jurisdictions of the world.

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