

ANNEX XXVIII

COMPANY LAW, ACCOUNTING AND AUDITING AND CORPORATE GOVERNANCE

Georgia undertakes to gradually approximate its legislation to the following EU legislation and international instruments within the stipulated timeframes.

For the purposes of this Annex the term Public Limited Liability Company (PLLC) designates in Georgia any company where liability of shareholders is limited by their shares, and offer its shares to the public and/or the shares are publicly tradable (listed) in a stock exchange. The different designations for such companies under Georgian law, corresponding to those of the list of national designations included in Directive 77/91/EEC, will be agreed upon by the Association Council, and will replace the aforementioned definition of a PLLC. A proposal to the Association Council shall be made for such a decision no later than one year after the entry into force of this Agreement. This approach applies to all Directives referring to PLLC under this Annex.

Company law

Directive 2009/101/EC of the European Parliament and of the Council of 16 September 2009 on coordination of safeguards which, for the protection of the interests of members and third parties, are required by Member States of companies within the meaning of the second paragraph of Article 48 of the Treaty, with a view to making such safeguards equivalent

Timetable: that Directive's provisions shall be implemented within five years of the entry into force of this Agreement. The proposal on the types of companies that will be exempt from Article 2(f) of that Directive, shall be proposed to the Association Council no later than one year after the entry into force of this Agreement.

Second Council Directive 77/91/EEC of 13 December 1976 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent, as amended by Directives 92/101/EEC, 2006/68/EC and 2009/109/EC

Timeline: the provisions of Directive 77/91/EEC shall be implemented within three years of entry into force of this Agreement.
Minimum capital requirement shall be clarified and a final decision will be submitted to the Association Council no later than three years from the entry into force.

Third Council Directive 78/855/EEC of 9 October 1978 based on Article 54(3)(g) of the Treaty concerning mergers of public limited liability companies, as amended by Directives 2007/63/EC and 2009/109/EC

Timetable: the provisions of Directive 78/855/EEC shall be implemented within five years of the entry into force of this Agreement.

Sixth Council Directive 82/891/EEC of 17 December 1982 based on Article 54(3)(g) of the Treaty, concerning the division of public limited liability companies, as amended by Directives 2007/63/EC and 2009/109/EC

Timetable: the provisions of Directive 82/891/EEC shall be implemented within five years of the entry into force of this Agreement.

Eleventh Council Directive 89/666/EEC of 21 December 1989 concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State

Timetable: that Directive's provisions shall be implemented within five years of the entry into force of this Agreement.

Directive 2009/102/EC of the European Parliament and of the Council of 16 September 2009 in the area of company law on single-member private limited liability companies

Timetable: that Directive's provisions shall be implemented for single-member private limited companies with turnover above 1 million EUR within two years of the entry into force of this Agreement.

Scheduled application of that Directive to other single-member private limited companies will be clarified and a final decision will be submitted to the Association Council within one year from the entry into force of this Agreement.

Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids

Timetable: that Directive's provisions shall be implemented within six years of the entry into force of this Agreement.

Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies

Timetable: that Directive's provisions shall be implemented within three years of the entry into force of this Agreement.

Accounting and auditing

Fourth Council Directive 78/660/EEC of 25 July 1978 based on Article 54(3)(g) of the Treaty on the annual accounts of certain types of companies

Timetable: that Directive's provisions shall be implemented for public limited companies within three years of entry into force of this Agreement.

Scheduled application of this directive to other types of companies will be clarified and a final decision will be submitted to the Association Council within one year from the entry into force of the Agreement.

Seventh Council Directive 83/349/EEC of 13 June 1983 based on the Article 54(3)(g) of the Treaty on consolidated accounts

Timetable: that Directive's provisions shall be implemented for public limited companies within three years of entry into force of this Agreement.

Scheduled application of this directive to other types of companies will be clarified and a final decision will be submitted to the Association Council within one year from the entry into force of the Agreement.

Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards

Timetable: that Regulation's provisions shall be implemented for public limited companies within three years of entry into force of this Agreement.

Scheduled application of that Regulation to other types of companies will be clarified and a final decision will be submitted to the Association Council within one year from the entry into force of the Agreement.

Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts

Timetable: that Directive's provisions shall be implemented for public limited companies within three years of entry into force of this Agreement.

Scheduled application of this directive to other types of companies will be clarified and a final decision will be submitted to the Association Council within one year from the entry into force of the Agreement.

Commission Recommendation of 6 May 2008 on external quality assurance for statutory auditors and audit firms auditing public interest entities (2008/362/EC)

Timetable: not applicable

Commission Recommendation of 5 June 2008 concerning the limitation of the civil liability of statutory auditors and audit firms (2008/473/EC)

Timetable: not applicable

Corporate governance

OECD principles on corporate governance

Timetable: not applicable

Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC)

Timetable: not applicable

Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (2005/162/EC)

Timetable: not applicable

Commission Recommendation of 30 April 2009 on remuneration in the financial services sector (2009/384/EC)

Timetable: not applicable

Commission Recommendation of 30 April 2009 complementing Recommendations No 2004/913/EC and No 2005/162/EC as regards the regime for the remuneration of directors of listed companies (2009/385/EC)

Timetable: not applicable