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EUROPEAN COMMISSION FOR DEMOCRACY THROUGH LAW
(VENICE COMMISSION)

GEORGIA

DECISION

ON THE APPOINTMENT

OF A SPECIAL MANAGER OF CAUCASUS ONLINE LTD*

* Translation provided by the authorities of Georgia

Decision

N 8-20-18/747
01/10/2020

747-8-20-1-4-202010011444

On the Appointment of a Special Manager of Caucasus Online Ltd.

I. Case Description

The Georgian National Communications Commission (hereinafter referred to as the "Commission") notes that by the Decision N₈-20-18/652 of the Commission of August 20, Caucasus Online Ltd was fined GEL 270,000 (two hundred and seventy thousand) for the violation of Article 19(2)(b) and Article 26 of the Law of Georgia on Electronic Communications, and for failure to comply with the Commissions' s Decisions N677/11 of 6 October 2016, N₈-19-18/605 of 17 October 2019, N₈-19-18/697 of 12 December 2019, N₈-20-18/87 of 6 February 2020, N₈-20-18/320 of 12 March 2020 and N₈-20-18/527. According to the same decision, Caucasus Online Ltd was instructed to eliminate the violation, in particular, to ensure the restoration, of the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and to submit to the Commission the documents certifying the above resoration, before September 20, 2020.

As found from the case memorandum of the Telecom Markets Regulation Department of the Commission (N 20-10-2011; 28.09.2020), Caucasus Online Ltd failed to submit to the Commission any documents confirming the elimination of the offence within the time frames (and has not submitted to date) prescribed by the Decision. The Commission notes that the Decision N₈-20-18/652 of the Commission of August 20, 2020 of the Commission was sent to and served on Caucasus Online Ltd on August 31, 2020.

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Based on the case memorandum of the Department of the Telecom Markets Regulation Department of the Office of the Commission (N20-10-2011; 28.09.2020), The Commission initiated simple administrative proceedings in order to review the issue dealing with the failure to execute/incompliance, by Caucasus Online Ltd, with statutory obligations and the Commission's decisions N677/11 of 6 October 2016, N8-19-18/605 of 17 October 2019, N8-19-18/697 of 12 December 2019, N8-20-18/87 of 6 February 2020, N8-20-18/320 of 12 March 2020, N8-20-18/527 of 25 June 2020 and N8-20-18/652 of 20 August 2020. The review of the issue was scheduled for October 1, 2020, about which the notification (N8-20-03/3121; 28.09.2020) was sent to Caucasus Online Ltd. and in the same notification, Caucasus Online Ltd was explained the right to provide the evidence and motions provided for by Articles 98 and 99 of the General Administrative Code of Georgia, and to familiarise oneself with the documents and other materials present in the administrative proceedings.

On October 1, 2020, the Commission received a written motion from Caucasus Online Ltd requesting to postpone the consideration of the issue of violation of statutory obligations and decisions of the Commission by Caucasus Online Ltd. According to Caucasus Online Ltd, the execution of the Commission's decisions, in particular, ensuring the restoration, of the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited. directly and indirectly owning 100% of the shares of Caucasus Online Ltd, the submittal of the documents certifying such restoration to the Commission depend on the will of shareholders of the third parties. According to Caucasus Online Ltd., one of the parties and the last beneficiary of this transaction is Nasib Hasanov, a citizen of Azerbaijan. According to Caucasus Online Ltd., due to the ongoing military confrontation between Azerbaijan and Armenia, communication with these states is currently hindered and it is not possible to request information in a proper manner; also, proper communication with the concerned party from Azerbaijani involved in the transaction is not possible. Based on the above, Caucasus Online Ltd requests the Commission to take this circumstance into consideration and provide Caucasus Online Ltd with an additional period in order to allow it to request relevant and complete information from the shareholders and clarify the position of the shareholders.

The remote meeting of the Commission held on October 1, 2020 was attended by the Director of Caucasus Online Ltd. R. Kopaladze, D. Kapanadze and E. Mebonia.

With respect to the written motion of Caucasus Online Ltd of October 1, 2020, the Commission notes that by the decisions by the Commission from 17 October 2019 to 20 September 2020, Caucasus Online Ltd was many times provided with a reasonable period to eliminate the offence; however, the authorised person failed to ensure such elimination within the prescribed period. According to the Decision N8-20-18/652 of the Commission of August 20, 2020, Caucasus Online Ltd was given the deadline until 20 September of the current year for the elimination of the offence. Therefore, Caucasus Online Ltd was obliged to take all necessary measures to execute the decisions of the Commission in compliance with this deadline. In addition, it had the opportunity to apply to the beneficial owners of the company before 20 September 2020. The Commission further notes that simple administrative proceedings have been initiated by Caucasus Online Ltd with a view to considering the issue of violation of statutory obligations and decisions of the Commission by Caucasus Online Ltd. The addressee of the Commission's decisions N677/11 of October 6 2016, N8-19-18/605 of October 17 2019, N8-19-18/697 of December 12 2019, N8-20-18/87 of February 6 2020, N8-20-18/320 of March 12 2020, N8-20-18/527 of June 25 2020 and N8-20-18/652 of August 20 2020 was Caucasus Online Ltd, which was instructed to eliminate the offense.

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In the given case, the administrative proceedings were initiated against Caucasus Online Ltd. Therefore, in accordance with Article 95 of the General Administrative Code of Georgia, the Commission provided the participation of the concerned party- Caucasus Online Ltd in the current administrative proceedings. In addition, the Commission further notes that Caucasus Online Ltd has not submitted any evidence, which would substantiate the delay in communication with the beneficiary owners participating in the transaction. In view of the above-said, the Commission considers that the motion of Caucasus Online Ltd shall be dismissed.

II. Exemined evidence

1. Case memorandum (N20-10-2011; 28.09.2020) of the Telecom Markets Regulation Department of the Office of the Commission;
2. Decision N₈-20-18/652 of the Commission of August 20 2020 on the Imposition of Administrative Liability on Caucasus Online Ltd and a document confirming that it was sent to and served on Caucasus Online Ltd.;
3. Decision N₈-19-18/605 of the Commission of October 17, 2019 on Imposing Administrative Liability on Caucasus Online Ltd;
4. Decision N₈-19-18/697 of the Commission of 12 December 2019 on Imposing Administrative Liability on Caucasus Online Ltd;
5. Decision N₈-20-18/87 of the Commission of 6 February 2020 on Imposing Administrative Liability on Caucasus Online Ltd;
6. Decision N₈-20-18/320 of the Commission of March 12, 2020 on Imposing Administrative Liability on Caucasus Online Ltd;
7. Decision N₈-20-18/527 of the Commission of June 25, 2020 on Imposing Administrative Liability on for Caucasus Online Ltd;
8. Notification of the Commission (N₈-20-03/3121; 28.09.2020) and the document confirming its submission to Caucasus Online Ltd;
9. The case memorandum N19-10-1665 of August 29 2019 of the Telecom Markets Regulation Department of the Office of the Commission with attached documents (service card of the Department of Licensing, Authorisation and Permits of the Commission N19-10-1651; 27.8.2019; a letter N₈-19-6/3523 of August 23 2019 of Caucasus Online Ltd.);
10. Extracts from the Register of Entrepreneurs and Non-Entrepreneurial (Non-Commercial) Legal Entities and the Departmental Register of the Commission with respect to Caucasus Online Ltd;
11. Letter of the Commission (N16 / 2567-18; 27.07.2018) and a document confirming its submission to Caucasus Online Ltd;
12. Letter of Caucasus Online Ltd (N₈-19-6/3834; 27.09.2019) to which is attached an apostilled copy of the certificate of Caucasus Online`s partner- Nelgado Limited on the date of the company;
13. Letter N₈-19-16/2399 of the Commission of August 5, 2019 and a document confirming its submission to Caucasus Online Ltd;
14. Letter of Caucasus Online Ltd (N₈-19-6/3892; 04.10.2019) to which is attached a notarised copy of the apostilled certificate of Caucasus Online`s partner, Nelgado Limited and a notarised translation into Georgian;
15. A letter of Caucasus Online Ltd (N₈-19-6/3982; 15.10.2019), to which is attached the apostilled documentation of beneficiary owners of Caucasus Online Ltd;
16. A letter of Caucasus Online Ltd (N₈-19-6/3982; 16.10.2019) to which is attached the apostilled documentation on the beneficiary owners of Caucasus Online and a notarised translation of this documentation into Georgian;
17. Decision N677/11 of the Commission of October 6, 2016 on the Discussion of the Issue of Approving the Acquisition of 44% of Caucasus Online Ltd by Nelgado Limited;
18. Decision N14/11 of the Commission of January 17, 2019 on the Discussion of the Issue of Approving the Purchase of 19.5% Shares of the Founder of Caucasus Online Ltd - Nelgado Limited;
19. Decision N727/11 of the Commission of December 27, 2018 on the Discussion of the Issue of Approving the Purchase of 43.5% of the Shares of the Founder of Caucasus Online Ltd - Nelgado Limited;

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20. Decision N426/11 of the Commission of July 26, 2018 on Approving the Purchase of 19.5% of the Shares of the Founder of Caucasus Online Ltd - Nelgado Limited;
21. Letter Nö20-6/3998 of Caucasus Online Ltd of August 6, 2020 and attached documents;
22. Letter Nö-20-6/4101 of Caucasus Online of August 11, 2020 and attached documents;
23. Service card of the Telecom Markets Regulation Department of the Office of the Commission (N20-10-2029; 01.10.2020);
24. M. Sulaberidze's application (Nö-20-9/5143; 01.10.2020), identity document and a document certifying higher education;
25. Written motion of Caucasus Online Ltd of October 1, 2020.

III. Established factual circumstances

1. Caucasus Online Ltd (identity code: 211380833) has been an authorised person in the area of electronic communications since 11 February 2010. Type of authorised activities: Providing with A.F.1 local access (cable) networks and/or (cable) terminal network facilities: Providing with functional resources and capacities of local (subscriber) access network with copper pairs; providing with functional resources and capacities of local (subscriber) fiber-optic access network; providing with functional resources and capacities of local (subscriber) access terminal network facilities with copper pairs; providing the local (subscriber) fiber-optic access terminal network facilities with functional resources and capacities; providing the A.F.2 local access (wireless) network with relevant elements and facilities: Providing the radio frequency, local (subscriber) access network with functional resources and capacities of relevant elements and facilities; providing the A.F.3 main switching network with relevant elements and facilities: Providing circuit-switched facilities with functional resources and capacities; providing packet-switched facilities with functional resources and capacities; providing the A.F.3 main digital communication system with line (cable) facilities and/or with terminal facilities of main digital (cable) communication systems: Providing main fiber-optic line facilities with functional resources and capacities; providing main fiber-optic digital communication systems` s terminal facilities with functional resources and capacities; providing the A.F.5 main digital communication system with (wireless) conducting facilities: Providing main radio frequency channels and relevant elements with functional resources and capacities; providing with A.F.6 communication duct system channels; Providing duct system channels with functional resources and capacities; providing the A.F.7 electronic communication network elements with extended resources: Providing electronic communication masts with functional resources and capacities; providing billing data bases with functional resources and capacities; providing subscriber (customer) data bases with functional resources and capacities; providing subscriber (end-user) individual access system facilities (digital tv) with functional resources and capacities; providing electronic communication network with operational software management tools, with their functional resources and capacities; providing electronic packet communication networks with operational software management tools (SIP, H323), with their functional resources and capacities; providing main communication networks` terminal equipment transforming interconnection ((IP TV, IP, phone) with functional resources and capacities;

Providing the data processing Internet center with relevant functional resources and capacities; providing the A.S.1 satellite communication system with relevant elements and facilities: Providing the satellite communication system`s terminal facilities with functional resources and capacities; providing the B.F.1 fixed communication system subscribers with voice communication system, providing services with local telephone (voice) communication; providing international telephone (voice) services; providing intercity telephone (voice) communication services; providing the B.F.2 Internet services and dial up internet services; providing Internet service (DSL) with copper pairs; providing the optic network Internet services; WiFi; Other; Transmitting B.F.3 data: data transmission; Transmitting B.F.4 broadcasting: TV broadcasting transit; Radio broadcasting transit; providing the B.F.6 on-call audio-visual service (video on demand):

On-call audio-visual (video on demand); providing the B.S.2 digital data transmission services via satellite channels; providing B.S.3 satellite Internet services;

2. Caucasus Online Ltd, as an authorised entity, shall be obliged to comply with Georgian legislation in the area of electronic communications, including the resolutions of the Government of Georgia, as well as the resolutions and decisions of the Commission;
3. By the Decision N57/9 of the Commission of January 29, 2015, Caucasus Online Ltd was determined to be an authorised entity holding a major market share in the sub-segment of the wholesale market of access to global Internet resources.

Within the geographical boundaries defined by the same decision, Caucasus Online Ltd,

as an authorised entity holding a major market power, was obliged to ensure information transparency, prohibit discrimination, record expenses and revenues separately, regulate tariffs and make an estimate;

4. In accordance with paragraph 5 of the Decision N677/11 of the Commission of October 6, 2016 on the Review of the Issue of Approving the Purchase of 44% of the Shares of Caucasus Online Ltd by Nelgado Limited, in case of having the intention to acquire the share or stocks held by the last beneficiary owners of Caucasus Online Ltd, if, as a result of such acquisition, in total, 5% or more of the shares or stocks of the authorised entity came into possession of the acquiring person and/or interdependent (affiliated) persons, Caucasus Online Ltd shall, for the purpose of obtaining prior consent, notify the Commission of the forthcoming transaction;

5. By the letter of the Commission (N16/2567-18, 27.7.2018), the entities authorised in the area of electronic communications, including Caucasus Online Ltd., shall be informed that in order to allow the Commission to properly perform the tasks and functions defined by law, in case of the intention to acquire/alienate, also, to merge the share or stocks owned by all beneficiary owners of the company (including the last beneficiary, it is necessary to obtain a prior consent from the Commission; therefore, they shall preliminarily submit to the Commission information on the forthcoming.

By a letter of the Commission, the companies were asked to take the above into consideration during the activities;

6. By the letter N₃-19-16/2399 of the Commission of August 5, 2019, the persons authorised in the area of electronic communications, including Caucasus Online Ltd, were requested to provide, within 10 working days, information on all partners of the company and their shares/stocks, also on the companies`all beneficiaries, including information on the shares/stocks of the last beneficiary;

7. On August 23, 2019, the Commission received a letter from Caucasus Online Ltd (N of registration in the Commission- N₃-19-6/3523, 23.8.2019), according to which the partner holding 36.2% of the capital in the Caucasus Online Ltd is the company Nelgado Limited (Nelgado Ltd) that is registered in the British Virgin Islands with the registration number 1565890. The partners holding shares in the company "Nelgado Limited" are:

Natural person Khvicha Makatsaria - Citizen of Georgia, the holder of 32,506 shares in Nelgado Limited and Weco Investments and Finance S.A., registered in the British Virgin Islands, with the registration number 596511. The partner holding 100% of shares in Weco Investments and Finance S.A. is the company HARRIMAN HOLDINGS LTD, registered in the British Virgin Islands with the registration number 379092. The company HARRIMAN HOLDINGS LTD holds shares in the company Weco Investments and Finance S.A. for the benefit of Nasib Hasanov, a natural person (citizen of Azerbaijan) on the basis of a trust. The company International Online Networks Limited (International Online Network), registered in the British Virgin Islands, with registration number

1502554, is a partner that holds a 63.8% share in the capital of Caucasus Online Ltd.

1502554. The last beneficiary owners of Caucasus Online Ltd are Khvicha Makatsaria, a natural person, holding approximately 51% of shares (32,506 shares) and Nasib Hasanov, a natural person, holding approximately 49% of shares (31,230 shares);

8. By the Decision N 17-18-18/605 of the Commission of October 17, 2019, Caucasus Online Ltd was given a warning for the violation of points a and b of Article 19(2) and Article 26 of the Law of Georgia on Electronic Communications and Decision N677/11 of the Commission of October 6, 2016, in particular, for the failure to provide to the Commission information on the intention to alienate the share by Caucasus Online Ltd, and for the alienation of the share without the consent of the Commission.

By the same decision, Caucasus Online Ltd was instructed to eliminate the offence, in particular, to restore the situation (equity ownership) that existed before Nasib Hasanov, a natural person

acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and to submit to the Commission the documentation confirming the above fact within 21 calendar days after serving a certified copy of the decision of the Commission on Caucasus Online Ltd. The decision N_გ-19-18/605 of the Commission of 17 October 2019 on Imposing an Administrative Liability on Caucasus Online Ltd was

served on Caucasus Online Ltd on November 11, 2019. Accordingly, the deadline of Caucasus Online Ltd for eliminating the offence and submitting to the Commission the documentation confirming the above fact was until December 3 2019;

9. Caucasus Online Ltd did not ensure the elimination of the offence in accordance with the Decision N_გ-19-18/605 of the Commission of October 17 2019, in particular, it failed to restore the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and to submit to the Commission the documentation confirming the above fact within 21 calendar days after serving a certified copy of the decision of the Commission on Caucasus Online Ltd;

10. In accordance with the Decision N_გ-19-18/697 of the Commission of December 12 2019, Caucasus Online Online was fined in the amount of GEL 30,000 (thirty thousand) for the violation of Article 19(2)(b) and Article 26 of the Law of Georgia on Electronic Communications, the Decision N677/11 of the Commission of October 6 2016 and Decision N_გ-19-18/605 of the Commission of 17 October 2019. By the same decision, Caucasus Online Ltd was instructed to eliminate the offence, in particular, to restore the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and to submit to the Commission the documentation confirming the above fact until January 18 2020.

The above decision was served on Caucasus Online Ltd on December 26, 2019;

11. Caucasus Online Ltd failed, in accordance with the Decision N_გ-19-18/697 of December 12 2019, to eliminate the offence, in particular, to ensure the restoration of the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person

in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and to submit to the Commission the documentation confirming the above fact until January 18 2020;

12. By the decision N_გ-20-18/87 of the Commission of February 6, 2020, Caucasus Online Ltd was fined in the amount of GEL 90,000 (ninety thousand) for

the violation of Article 19(2)(b) and Article 26 of the Law of Georgia on Electronic Communications, Decision N677/11 of the Commission of October 6 2016, Decision N_გ-19-18/605 of the Commission of October 17 2019 and Decision N_გ-19-18/697 of December 12 2019. By the same decision, Caucasus Online Ltd was instructed to eliminate the offence, in particular, to ensure the restoration of the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and to submit to the Commission the documentation confirming the above fact until February 22 2020. The above decision was served on Caucasus Online Ltd on 12 February 2020;

13. Caucasus Online Ltd did not ensure the elimination of the offence under the Decision N_გ-20-18/87 of the Commission of 6 February 2020, in particular, ensuring the restoration of the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and the submittal, to the Commission, of the documentation confirming the above fact until February 22 2020.

14. By the decision of N_გ-20-18/320 of the Commission of March 12, 2020, Caucasus Online Ltd was fined in the amount of GEL 270,000 (two hundred and seventy thousand)

for the violation of Article 19(2)(b) and Article 26 of the Law of Georgia on Electronic Communications, and for failure to comply with the Commissions`s Decisions N677/11 of 6 October 2016, N_გ-19-18/605 of 17 October 2019, N_გ-19-18/697 of 12 December 2019 and N_გ-

20-18/87 of 6 February 2020. By the same decision, Caucasus Online Ltd was instructed to eliminate the offence, in particular, ensuring the restoration of the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and the submital, to the Commission, of the documentation confirming the above fact until May 1 2020. The above decision was submitted to and served on Caucasus Online Ltd on March 25, 2020;

15. Caucasus Online Ltd did not ensure the elimination of the offence under the Decision N_გ-20-18/320 of March 12 2020, in particular, ensuring the restoration of the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and the submital, to the Commission, of the documentation confirming the above fact until May 1, 2020.

16. By the Decision N_გ-20-18/527 of the Commission of June 25, 2020, Caucasus Online Ltd was fined in the amount of GEL 270,000 (thirty thousand) for the violation of Article 19(2)(b) and Article 26 of the Law of Georgia on Electronic Communications, and for failure to comply with the Commissions`s Decisions N677/11 of 6 October 2016, N_გ-19-18/605 of 17 October 2019, N_გ-19-18/697 of 12 December 2019 and N_გ-20-18/87 of 6 February 2020, and N_გ-20-18/320 of 12 March 2020. By the same decision, Caucasus Online Ltd was instructed to eliminate the offence, in particular, ensuring the restoration of the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and the submital, to the Commission, of the documentation confirming the above fact until August 1 2020. The above decision was submitted to and served on Caucasus Online Ltd on July 3, 2020;

17. Caucasus Online Ltd did not ensure the elimination of the offence under the Decision N_გ-20-18/320 of March 12 2020, in particular, ensuring the restoration of the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and the submital, to the Commission, of the documentation confirming the above fact until August 1, 2020.

18. By the Decision of the Commission N_გ-20-18/652 of August 20, 2020, Caucasus Online Ltd was fined in the amount of GEL 270,000 (thirty thousand) for the violation of Article 19(2)(b) and Article 26 of the Law of Georgia on Electronic Communications, and for failure to comply with the Commission's Decisions N677/11 of 6 October 2016, N_გ-19-18/605 of 17 October 2019, N_გ-19-18/697 of 12 December 2019 and N_გ-20-18/87 of 6 February 2020, N_გ-20-18/320 of 12 March 2020 and N_გ-20-18/527 of June 25 2020. By the same decision, Caucasus Online Ltd was instructed to eliminate the offence, in particular, ensuring the restoration of the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and the submittal, to the Commission, of the documentation confirming the above fact until September 20, 2020. The above decision was submitted to and served on Caucasus Online Ltd on August 31, 2020.

19. Caucasus Online Ltd, under the Decision N_გ-20-18/652 of the Commission of August 20, 2020, did not ensure the elimination of the offence, in particular, ensuring the restoration of the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and the submittal, to the Commission, of the documentation confirming the above fact until September 20, 2020, as well as by the time of taking such decision.

IV. Legal Grounds and Justification for Taking a Decision

1. In accordance with Article 11(1) of the Law of Georgia on Electronic Communications, the Commission in the area of electronic communications independently regulates the activities of authorised persons and the use of radio frequency spectrum and/or numbering resources by holders of licenses and/or permits, including the adoption of normative and individual legal acts, the monitoring and control of their implementation and imposition of sanctions prescribed for the violations found in the frameworks of the powers defined by this law and the same law and the Code of Administrative Offences of Georgia;

2. In accordance with Article 11(2)(a) of the Law of Georgia on Electronic Communications, one of the main tasks of the Commission is to form, maintain and develop a competitive environment in the area of provision of electronic communications networks and facilities and electronic communications services, and in accordance with Article 11(2)(c), one of the tasks of the Commission is to carry out research and analysis of relevant segments of the service market, identify the authorised entities which hold a market power,

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impose specific obligations defined by this law in order to ensure competition and supervise and control the fulfilment of these obligations;

3. In accordance with Article 11(3)(g) of the Law of Georgia on Communications, one of the main functions of the Commission is to supervise the observance of the authorisation of activities in the area of electronic communications, and of compliance with licensing and/or permit conditions, and to take the measures provided for by law;
4. In accordance with Article 19(2)(a)A of the Law of Georgia on Electronic Communications, the authorised person shall, fully and within the requested time frames, be obliged to provide the Commission with the requested information (regardless of its confidentiality) on its activities, including financial and economic documentation, concerning the performance of the tasks and functions defined by this law and normative acts of the Commission, also, the documentation confirming compliance with the requirements established by Georgian legislation on copyright and related rights.

The Commission shall keep the confidentiality of the information provided that is considered a commercial secret or personal data in accordance with the General Administrative Code of Georgia and the Law of Georgia on Personal Data Protection. Generalised information on the service market, also, data on the number of subscribers, traffic, revenues received and expenses incurred may not be confidential. The provision of incorrect or incomplete information by an authorised person shall be considered as non-provision of information, and in accordance with paragraph 2(b) of the same article, the authorised person shall be obliged to comply with the legislation of Georgia in the area of electronic communications, including resolutions and decisions of the Government of Georgia;

5. In accordance with Article 2(gg)33 of the Law of Georgia on Electronic Communications, interdependence is the existence of special relations between interdependent (affiliated) persons, which may directly affect the terms or economic consequences of transactions between them.

Such special relationships include, in particular, the relationships where: Individuals are the founders (participants) of one enterprise, if their total share is, at least, 20 percent; One individual directly or indirectly participates in the enterprise of another person, if the share of such participation is not less than 20 percent; One individual, in his/her position, is subordinated to another individual or one individual is directly or indirectly controlled by another individual; individuals are affiliated enterprises or individuals are directly or indirectly controlled by a third party; individuals jointly, directly or indirectly, control a third party; individuals are relatives (for the purposes of this law, the relatives shall be the following: Family members, relatives of the direct ascending and descending lines, stepchildren, brothers and sisters, also, stepchildren of parents and children);

6. In accordance with Article 20(1)(c) of the Law of Georgia on Electronic Communications, one of the goals of regulation of competition in the area of electronic communications is to prevent excessive concentration of market power in the hands of a few authorised persons, whereas, in accordance with paragraph (2)(a) of the same article, one of the tasks of the Commission is to provide conditions which promote efficient competition in the area of electronic communications;

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7. In accordance with Article 25(1) of the Law of Georgia on Electronic Communications, Articles 26 and 27 of this Law shall apply: a) if the operating asset of an authorised person is purchased; b) if as a result of the merger, two or more persons are united, one of which is an authorised person; c) if the shares or stocks of an authorised person are purchased and if as a result of their purchase, the acquiring person and/or interdependent (affiliated) persons come, in total, into possession of 5 percent or more of the shares or stocks of the authorised person; under paragraph 2 of the same article, Articles 26 and 27 of this law shall not apply in case of purchase of shares or stocks of authorised persons, if the acquiring person or interdependent (affiliated) persons jointly purchase up to 5 percent of shares or stocks of the authorised person;
8. In accordance with Article 26(1) of the Law of Georgia on Electronic Communications, the Commission shall be notified of the intention to merge or acquire shares, stocks or operating assets prior to the merger or acquisition, and in accordance with paragraph 2 of the same article, the obligation of notification shall be imposed on the authorised person which participates in the merger or whose share, stocks or operating assets are acquired;
9. Pursuant to Article 26(3) of the Law of Georgia on Electronic Communications, the notification shall include the form of merger or acquisition. The notice shall also contain the following information on each authorised person participating in the merger or acquisition, and the person interdependent (affiliated) on the above person: a) brand name, type of activity and registration data; b) revenues from the services provided to operators in Georgia and abroad; d) in case of acquisition of the share, stocks or operating assets of another authorised person - the volume of the share acquired in the relevant segments of the service market and the volume of the total share that is owned; e) information on the holders the share or stocks, relationship between the authorised person and his/her interdependent (affiliated) person that shall also include data on the possibility to exercise control and on the equity ownership;
10. In accordance with Article 27(1) of the Law of Georgia on Electronic Communications, the Commission shall be authorised to provide a consent to the merger or acquisition within 15 days after the receipt of the comprehensive notification of the authorised person about the merger or acquisition. For the purpose of potentially influencing the competition existing in the relevant market segment, the Commission shall also be authorised to take a decision on initiating administrative proceedings concerning the investigation of the merger or acquisition. In accordance with paragraph 6 of the same article, if the person holding a major market power, which has been formed as a result of the merger or acquisition performed by the approval of the Commission, significantly distorts competition in the relevant market segment, the Commission may require the authorised person formed as a result of the merger, the authorised persons acquiring the operating asset, or the authorised person whose shares or stocks have been purchased, functional separation (separation of functionally separated structural units into separate legal entities/persons);
11. Pursuant to Article 43(1) of the Law of Georgia on Electronic Communications, the Commission shall control the activities carried out by authorised persons in the area of electronic communications, as well as their compliance with the requirements and obligations defined by Georgian legislation in the area of electronic communications, including the resolutions and decisions of the Commission. In accordance with Article 44(1) of the same law, the Commission shall monitor the fulfillment of the requirements and obligations defined by Georgian legislation in the area of electronic communications, including the requirements and obligations defined by the resolutions and decisions of the Commission;
12. In accordance with paragraphs 2 and 3 of Article 45 of the Law of Georgia on Electronic Communications, following the imposition of a fine on an authorised person and/or license holder by the Commission, if that person/holder proceeds with continuous infringement and/or commits a new one-time infringement within one year after being imposed a fine, the Commission may impose a fine on the offender or act with respect to the offender in accordance with Article 54 of this Law.

In accordance with Article 19(1)(1)(c) of the same law, the Commission may suspend the authorisation of an authorised person if the person violates the requirements of the legislation

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of Georgia, and a written warning and a fine have already been applied to that person as a sanction for such violation. Pursuant to the provisions of the above articles, in case of violation of the legislation by an authorised person, including failure to comply with the decisions of the Commission, the latter may suspend the authorisation of the authorised person after imposing the first fine.

13. In accordance with Article 46 461 of the Law of Georgia on Electronic Communications, the Commission may appoint a special manager for the purpose of enforcement of the decision taken by the Commission due to the incompliance, by the authorised person/license holder, with the requirement of Articles 26 and/or 27 of the same law. Special managers may be appointed only where the fine defined by Article 45(3) has already once imposed on the authorised person/license holder for such violation, and the fines have failed to ensure the enforcement of the decision of the Commission, whereas, the suspensio of the authorisation/revocation of the license may damage the economic interests of the country, the legitimate interests of authorised persons/license holders, users in the area of electronic communications or the competitive environment present in the market.
14. In accordance with Article 4(1)(b) of the Regulations for the Activities of the Georgian National Communications Commission, the basis for initiating administrative proceedings in the Commission shall be the obligation imposed or the power conferred on the Commission by law to issue an administrative act.

The Commission notes that Caucasus Online Ltd. is a company under the jurisdiction of the State of Georgia and subject to its regulation that is a provider of telecommunication services, and an authorised person holding a major market power in the sub-segment of the wholesale market of access to global Internet resources.

Caucasus Online Ltd is the only company, which connects, through the main direct infrastructure, first, Georgia, then 2 countries in the region and other countries with Europe, and the beneficiary owner of which was a citizen of Georgia before the transaction took place.

The Commission also notes that in accordance with Article 11(2)(a) of the Law of Georgia on Electronic Communications, one of the main tasks of the Commission is to form, maintain and develop a competitive environment in the area of provision of electronic communications networks and facilities and electronic communications services, and in accordance with subparagraph (b) of the same law, one of the main tasks of the Commission is to ensure that the authorised persons providing electronic communication services deliver to end-users (including persons with disabilities) quality services and provide them with a wide spectrum of services and tariffs.

The Commission notes that in accordance with Article 25(1)(c) of the Law of Georgia on Electronic Communications, the prior consent of the Commission shall be mandatory where the shares or stocks of an authorised person are purchased. In case of direct or indirect sale of the share or stocks of the authorised person without the prior consent of the Commission, the latter may apply special measures to the infringing authorised person, including requesting restoration of the condition that existed prior to the alienation of the share.

The exercise of the above power by the Commission shall be substantiated and based on specific factual and legal preconditions.

One of the most essential criteria for requesting restoration of the original condition is the fact whether the equity ownership and/or influence of the last (ultimate) beneficiary in the authorised person is changed as a result of alienation of the share or stocks, and/or whether the alienation of shares or stocks can undermine the competitiveness of the electronic communications market. In addition, the Commission notes that it is not necessary to establish the veracity of undermining the competitiveness; even the existence of an actual risk for competitiveness shall serve as sufficient grounds for the Commission to impose an obligation on the authorised person to take special measures (including restoration of the condition that existed prior to the alienation of the share or stocks without the consent of the Commission). The extent to which the risk is actual and whether there is a risk of damaging the competitive environment in the electronic communications market by alienating the share or stocks of authorised person without the prior consent of the authorised person is determined, in addition to some other factors, the scope of activity of the authorised person(s) participating in the alienation of the share or stocks, the market share and number of subscribers.

The Commission considers that the acquisition of 49% (31230 shares) of the own share of the beneficiary owner of Caucasus Online Ltd by Nasib Hasanov, a natural person without the consent of the Commission has already consequentially entailed an actual risk of damage both for the relevant segment of the Internet service market in Georgia itself as well as the subscribers using the Internet service in Georgia in terms of service tariff policy as well as for regional competitiveness of Georgia in the context of establishing a regional technological hub in Georgia, taking into account the fact that during the change in the beneficiary owners of the authorised person, the service delivery strategy in the telecommunications market may be subject to major changes, which may result in irreversible consequences for the development of the telecommunications sector of the country.

The Commission considers that for the purpose of preventing actual risk of damage to the competitive environment in the relevant segment of Internet service delivery market in Georgia, as well as to the subscribers using the Internet service in Georgia and to the regional competitiveness of Georgia, Caucasus Online Ltd should have restored the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd; by the Decision of N8-20-18/652 the Commission of August 20, 2020, September 20, 2020 was determined to be the deadline for taking these actions. However, it can be found from the case memorandum of the Telecom Markets Regulation Department of the Commission (N20-10-2011; 28.9.2020) that

Caucasus Online Ltd has failed to provide to the Commission the documentation confirming the offence within the time frames prescribed by the decision (and has not provided yet).

The Commission notes that Caucasus Online Ltd failed to execute the Commission's decisions N_გ-19-18/605 of October 17, 2019, N_გ-19-18/697 of December 12, 2019, N_გ-20-18/87 of February 6, 2020, N_გ-20-18/320 of March 12, 2020, N_გ-20-18/527 of June 25, 2020 and N_გ-20-18/652 of August 20, 2020, in particular, it failed to restore the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and failed to submit to the Commission the documentation confirming the above fact before taking this decision. As a result, Caucasus Online Ltd continues to operate in the telecommunications market of Georgia under the conditions where by the moment of taking this decision, Nasib Hasanov, a natural person still illegally holds a share in the company. Regardless of the fact that with respect to the authorised person, the Commission, from October 17, 2019, applied all the measures provided for by Article 45 of the Law of Georgia on Electronic Communications (written warning, imposing fines five times (including the imposition of maximum fine three times)), it is a fact that the measures taken by the Commission and the fines imposed on the authorised person have failed, so far, the execution of the decisions taken by the Commission.

In accordance with Article 491 (1)(c) and Article 45(2-3) of the Law of Georgia on Electronic Communications, the Commission also may suspend the authorisation of the authorised person in case of failure to eliminate the offence.

As can be seen from the service card (N20-10-2029; 01.10.2020) of the Telecom Markets Regulation Department of the Office of the Commission, the Department carried out an analysis of purchase and consumption of global Internet resources on the wholesale and retail Internet market that demonstrates that in Georgia, 25 authorised persons purchase global Internet from Caucasus Online Ltd and the average volume of purchase is 55-56 GB/s. They include such operators, as VEON Georgia Ltd that holds a major market share in the mobile service market. Large operators also include SkyNet Ltd, Airlink Ltd and Ordunet Ltd. The above companies, in turn, provide retail mobile and fixed Internet services to the segment of natural persons and legal entities in Georgia that includes some 900 thousand retail mobile and fixed Internet subscribers. Magticom Ltd also stands out as an operator holding a major market power. It purchases 165 Gbps volume of global Internet per month from Caucasus Cable System Bulgaria Ltd. and then transports it via the fiber-optic cable of Caucasus Online Ltd. to the border of Georgia. The number of retail subscribers to Magticom Ltd.'s both mobile and fixed Internet and broadcast in transit services is, in total, 1,6 million. Among them, some 5,000 legal entities are the subscribers which use the fixed high-speed Internet, whereas more than 2,500 legal entities are mobile Internet subscribers. Therefore, if the authorisation of Caucasus Online Ltd. is suspended, the situation formed in the wholesale Internet market will have a negative impact on more than 2.5 million retail subscribers. In addition, it will have negative impact on the revenues received from foreign contractors via international transit and global Internet resale. If the authorisation of Caucasus Online Ltd is suspended, only JSC Silknet, Deltacom Ltd, G-Connect Ltd, System Net Ltd and Foptnet LLC will remain as global Internet importers. Among them, JSC "Silknet" is considered to be the operator that holds a major market power and at the same time, one of the largest importers. In the case of import/replacement of wholesale Internet via alternative routes, the cost of transportation of the Internet will increase considerably that will, ultimately, have a negative impact on the retail subscriber. In addition, in terms of security, there will no longer be a direct main channel for international transit. Also, transportation of global Internet in the region from Europe to Armenia will be restricted.

It is also important to mention that some 300 public agencies rely upon the Internet provided by Caucasus Online Ltd. that is conditioned by Magticom Ltd.'s contracts with the above agencies.

Therefore, in this specific case, the suspension of authorisation of Caucasus Online Ltd may damage the economic interests of the country, the legitimate interests of authorised persons/license holders, users in the area of electronic communications and the competitive environment existing in the market.

Taking into consideration the above-said, the administrative body regulating the electronic communications sector considers the suspension of the authorisation of Caucasus Online Ltd. unreasonable and unjustified due to the fact that, as already noted, such suspension may damage the country's economic interests in the area of electronic communications, the legitimate interests of authorised persons/license holders and the competitive environment existing in the market.

As all types of liability provided for by Article 45 of the Law of Georgia on Electronic Communications have been applied to Caucasus Online Ltd (including the fine in paragraph 3 of this Article applied three times), and suspension of authorisation of Caucasus Online Ltd may damage the economic interests of the country, the legitimate interests of authorised persons/license holders, users in the area of electronic communications and the competitive environment existing in the market, the Commission considers that there are full factual and legal grounds for using the mechanism provided for by Article 461 of the Law of Georgia on Electronic Communications and appointing a special manager at Caucasus Online Ltd.

In accordance with Article 461 of the Law of Georgia on Electronic Communications, a special manager may be any natural person who has no conflict of interest with an authorised person/license holder and who meets the criteria given in this article." Under paragraph 7 of the same article, a person is considered to have a conflict of interest with an authorised person/license holder if the person is an employee of the authorised person/license holder in the area of electronic communications, or related legal entity, a direct or indirect holder of shares/stocks, a member of the Supervisory Board or the Board of Directors or there exists an interdependence between the person and one of the persons referred to in this paragraph.

For the purposes of this paragraph, it is considered that there is an interdependence between persons, if these persons are the interdependent persons defined by Article 19 of the Tax Code of Georgia. In accordance with Article 461 (8) of the Law of Georgia on Electronic Communications,

a special manager may be a person holding a higher education in finances, economics or business administration, or a legal education or other relevant education required to exercise the powers which have been granted to, and perform the functions assigned him/her.

Based on the above, the Commission considers that Mariam Sulaberidze (personal number 01005006266) meets all the above criteria and she may be appointed as a Special Manager of Caucasus Online Ltd.

Mariam Sulaberidze holds a Master's Degree in Business Administration from Caucasus School of Business. She has many years of experience working in the area of telecommunications, and relevant qualifications, as well as experience working in managerial positions. In addition, she has no conflict of interest with any of the authorised/licensed persons in the area of electronic communications.

In accordance with Article 461 of the Law of Electronic Communications, the Commission, based on the contents of the enforceable decision, shall determine the power and responsibility of the special manager within which the latter may exercise control over an authorized person/license holder, and within which, all the powers of all the bodies of the authorised body/license holder (including the director/board of directors, supervisory board, partners' meeting/shareholders' meeting), which are necessary for the enforcement of the decision, may be conferred on the

special manager (except for the alienation of the asset and/or share/stock of the authorised person/license holder).

Due to the fact that by the unexecuted decisions of the Commission (N₈-19-18/605 of October 17, 2019, N₈-19-18/697 of December 12, 2019, N₈-20-18/87 of February 6, 2020, N₈-20-18/320 of March 12, 2020, N₈-20-18/527 of June 25, 2020 and Nc-20-18/652 of August 20, 2020), the authorised person shall be obliged to ensure restoration of the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and to submit to the Commission the documentation confirming the above fact, it is necessary to grant the special manager, in the framework of the law, such powers and tools which allow him/her to ensure the execution of the decisions of the Commission. The powers granted to the Special Manager shall be effective and efficient so that he/she could enforce the decision of the Commission using these powers within the shortest time frames possible. For determining the scope of powers of the Special Manager, it is also important that the powers conferred on the Special Manager shall ensure the minimisation of the risks, which have arisen as a result of alienation of the share of the authorised person without the prior consent of the Commission.

Therefore, the following factors shall be taken into consideration when granting powers to the Special Manager:

a) Caucasus Online Ltd. is one of the major actors in the electronic communications market of Georgia and in the Caucasus region, which owns the only main fiber-optic Internet cable that comes directly from Europe via the Black Sea and through which, the Internet is provided not only to Georgia but also to Armenia and Azerbaijan.

Therefore, it shall be ensured that the current status of the electronic communications market in Georgia and in the region is maintained and the stable and uninterrupted Internet is provided; also, such strategic projects as the Digital Silk Road Project which are essential for the country and the region shall be adequately supported;

b) in order for the Special Manager to execute the decisions of the Commission in a timely and efficient manner, also, for the uninterrupted operation of Caucasus Online Ltd, it is important that the Special Manager can dismiss and/or appoint (jointly or individually) members of the Supervisory Board of Caucasus Online Ltd., as well as the director(s) and other employees of the company;

c) in order to prevent that the authorised shareholder partners of Caucasus Online Ltd evade the execution of the decisions of the Commission by making changes to the statute of the person (including the reorganisation of the company's managing structure and decision-making managing bodies), any type of changes to the statute of Caucasus Online Ltd (and to any corporate document based on which any (including functional) change to the company's management structure may be made only with the prior written consent of the Special Manager;

d) as no financial and legal analysis (the so-called due diligence) of Caucasus Online Ltd has been carried out, the information on the activities and financial and legal transactions implemented by the company (given systematic failure to execute the decisions of the Commission), it is necessary to task the Special Manager with carrying out financial and legal analysis (the so-called due diligence) through an internationally recognised, authoritative and highly reputable company.

At the same time, the Special Manager shall be granted the power to sue in court for an action or transaction that has been performed by an authorised person/license holder during the last one year prior to the appointment of the Special Manager, and request its revocation if the action or transaction has damaged or damages the country's economic interests, the legitimate

interests of the authorised persons/license holders, users in the area of electronic communications or the competitive environment existing in the market;

e) in order to prevent the beneficiary acquiring a share in violation of the law from receiving economic benefits from the transaction performed in violation of the law, it is important that the Special Manager holds such a mechanism that allows him/her to suspend or restrict for the authorised person the distribution of profits, the issue of dividends and bonuses and making the changes to salaries;

f) given the fact that Caucasus Online Ltd is a 100 percent indirect owner of the share of another legal entity authorised in the telecommunications market of Georgia- Railway Telecom Ltd, it is important that the power of the partner in the subsidiaries of Caucasus Online Ltd is exercised only within the scope of power granted by the Special Manager.

The Commission also notes that the powers granted to the Special Manager may be periodically revised by the Commission.

V. Operative Part

Based on all of the above-said, in accordance with Article 11, Article 19(2)(a-b), Articles 26 and 27 and 461 of the Law of Georgia on Electronic Communications, Articles 53, 76(1)(b), 95, 98 and 99 of the General Administrative Code of Georgia, Article 4(1)(b) of the Regulations for the Activities of the Georgian National Communications Commission, the Commission has, unanimously, by voting,

Decided:

1. To appoint Mariam Sulaberidze (personal number: 01005006266) as the Special Manager of Caucasus Online Ltd (identity code: 211380833);
2. The Special Manager shall be instructed to ensure the restoration of the situation (equity ownership) that existed before Nasib Hasanov, a natural person acquired 49% (31230 shares) of the own share of Khvicha Makatsaria, a natural person in the company Nelgado Limited, directly and indirectly owning 100% of the shares of Caucasus Online Ltd, and to submit to the Commission the documentation confirming the above fact;
3. The Special Manager shall be appointed before the full performance of the obligation specified in paragraph 2 of this decision

4. The monthly remuneration of the Special Manager shall be set as

GEL 8 000 (eight thousand), excluding the taxes provided for by Georgian legislation. Remuneration of the Special Manager shall be paid from the budget of Caucasus Online Ltd;

5. The Special Administrator shall be granted the following powers:

- a) if necessary, to appoint and/or dismiss the director(s) of Caucasus Online Ltd, a member (members) of the Supervisory Board (if any) and other employees of the company;
- b) to file a lawsuit in court to challenge the action or transaction performed by Caucasus Online Ltd during the last one year prior to the present decision is made and to request its annulment if such action or transaction has damaged or damages the economic interest of the country, the

legitimate interests of the authorised persons/license holders, users in the area of electronic communications, or the competitive environment existing in the market;

c) to suspend or restrict for Caucasus Online Ltd the distribution of profits, the issue of dividends and bonuses, changes of salaries;

d) to perform other functions of the managing body of Caucasus Online Ltd (except for the alienation of the asset and/or share/stock of the authorised person/ license holder) that is necessary for the execution of the decision referred to in paragraph 2 of this decision.

6. The establishment (co-founding) of a new legal entity, establishment of a branch(s) by Caucasus Online Ltd., as well as the exercise of powers of the partner in subsidiaries may be done only with the prior written consent of the Special Manager and within the scope of power(s) granted by him/her;

7. From the moment of taking this decision, it shall be prohibited for any managing body (director(s), supervisory board, partners` meeting) of Caucasus Online Ltd to take any decision without the prior written consent of the Special Manager and beyond the scope of powers granted by the Special Manager. Any decision and/or any action taken in violation of this paragraph shall be null and void;

8. The Special Manager shall be authorised to define, in writing, define the list of the individual powers, which the managing bodies of Caucasus Online Ltd (director(s), supervisory board, partners` meeting) may exercise without individually and each time agreeing them with the Special Manager;

9. The Special Manager shall be obliged to carry out a financial and legal analysis (the so-called due diligence) of Caucasus Online Ltd through an internationally recognised, authoritative and highly reputable company and submit the conclusion to the Commission within 3 working days after its receipt;

10. The Special Manager shall be obliged to submit a written report on his/her activities to the Commission on a regular basis, once in three months (until the 10th of the fourth month) or at any time upon request of the Commission (within 5 working days of the request);

11. All the expenses associated with the exercise, by the Special Manager, of the powers, which have been granted to the Special Manager under this decision, and with the performance of the functions assigned shall be reimbursed from the budget of Caucasus Online Ltd;

12. The Commission may, based on the conclusion specified in paragraph 9 or the report specified in paragraph 10 of this decision, or on any other grounds, make changes to the powers granted the Special Manager;

13. The Special Manager shall be accountable and responsible only to the Commission;

14. The Special Manager shall be obliged to exercise the powers granted to him/him under this decision in good faith and in the belief that each of his/her actions or inactions will, in the best way possible, ensure the fulfilment of the obligations defined by paragraph 2 of this decision;

15. The Commission shall be authorised to dismiss the Special Manager of Caucasus Online Ltd at any time, on any grounds;

16. The Legal Department of the Commission (I. Butbaia) shall be tasked with submitting the present decision to the LEPL "Legislative Herald of Georgia";

17. The Special Manager shall be instructed to submit this decision to the National Agency of Public Registry, and to update the extract of the register of entrepreneurs and non-entrepreneurial (non-commercial) legal entities with respect to Caucasus Online Ltd, taking into consideration this decision;

18. The Administration of the Commission (O. Vot) shall be instructed to immediately submit to Caucasus Online Ltd and publish this decision on the Commission`s official web-site (www.comcom.ge);

19. This Decision shall enter into force upon the announcement of its operative part at the meeting of the Commission;

20. The decision may be appealed to the Administrative Cases Panel of Tbilisi City Court (address: Tbilisi City, David Agmashenebeli Alley N 64) within a month after this decision is published on the Commission`s official web-site (www.comcom.ge);

21. The Authorisation and Licensing Group of the Legal Department of the Office of the Commission (M. Kadeishvili) shall be tasked with ensuring the entry of information on the

appointment of the special manager of Caucasus Online Ltd in the departmental registry of authorised persons of the Commission;

22. Control over the execution of the above decision (except for paragraphs 16, 18 and 21) shall be tasked to the Telecom Markets Regulation Department of the Office of the Commission (E. Imedadze).

