

BULGARIAN STOCK EXCHANGE AD



BULGARIAN
STOCK EXCHANGE

PART IV TRADING RULES FOR THE BEAM SME GROWTH MARKET (BEAM MARKET)

Chapter One TRADING SESSIONS

Section One GENERAL PROVISIONS

Article 1. (1) The Exchange, through the System and in accordance with its non-discrimination rules, shall meet or support meeting the interests of participants and their clients in the purchase and sale of financial instruments admitted to trading on the BEAM SME Growth Market (BEAM Market), resulting in the conclusion of a contract by the relevant parties regarding such financial instruments.

(2) The Exchange shall ensure equal conditions for BEAM Market participants and their clients for participation in trading.

(3) Trading on the BEAM Market organised by the Exchange shall be remote and shall be implemented through an electronic trading System.

(4) The System shall include measures ensuring its effective operation in accordance with the implemented data security management system.

(5) Participation in the trading sessions shall take place through workstations and platforms for direct market access or sponsored access that are connected to the System via one or more standardized data protocols. Each BEAM Market participant shall be responsible for controlling the access to the workstation assigned to them and to all electronic devices connected to the System, as well as for keeping the secrecy of the unique identification numbers and passwords entrusted to them.

(6) The sending and receiving of messages to and from the System shall only be done by BEAM Market brokers, admitted pursuant to Part II Membership Rules of the Rules and Regulations of the Exchange (Membership Rules), as well as by clients of BEAM Market participants that have been granted permission for sponsored access in accordance with these Rules. Each BEAM Market broker, and each client receiving a permission for sponsored access, shall be responsible for controlling the access to the workstation assigned to them and to all electronic devices connected to the System, as well as for keeping the secrecy of the unique identification numbers and passwords entrusted to them.

(7) Any transaction executed using the unique identification numbers and passwords assigned to a BEAM Market broker, or using the unique identification numbers and passwords assigned to the clients of a BEAM Market participant that have been permitted sponsored access, shall be mandatory and binding for the respective BEAM Market participant.

(8) The BEAM Market participant shall be fully liable for all orders, transactions and messages to the System, including the orders entered using such participant's unique identification number, and also in cases of permitted direct and sponsored market access. For any actions referred to in the previous sentence, the BEAM Market participant shall be subject to control and sanctions under these Rules.

(9) The conditions for connecting a workstation and for access to the System shall be laid down in mandatory instructions issued by the Board and shall constitute a part of or an appendix to the agreement for BEAM Market participation, organised by the Exchange (the Exchange membership agreement). The control on the fulfilment of the conditions referred to in sentence 1 shall be exercised by the Board or by a person designated thereof.

Section Two PHASES AND DURATION

Article 2. (1) A trading session shall be the officially announced period during which transactions may be executed on the BEAM Market.

(2) BEAM Market participants can enter, modify or cancel buy or sell orders during a session, both in the pre-trading and in the post-trading phase, within the periods determined by the Board.

(3) The duration and the schedule of trading sessions shall be determined by the Board.

(4) Any changes to the schedule regarding the frequency and duration of trading sessions, or the period allowed for entry of orders, shall be made by the Board and shall be published at least 5 (five) business days in advance.

(5) All transactions executed in accordance with these Rules shall be deemed concluded in Sofia.

(6) At each trading session, BEAM Market participants shall be represented by BEAM Market brokers admitted in accordance with the Membership Rules. Each BEAM Market broker shall be identified via a method approved by the Board.

Article 3. (1) Trading sessions shall go through the following phases in the order specified below:

1. An opening auction;
2. Continuous trading;
3. A closing auction.

(2) During continuous trading, one or more intraday auctions may be scheduled.

Article 4. The overall conduct of trading sessions shall be arranged and controlled by the Trading

Director.

Chapter Two

ORDERS AND QUOTES FOR THE PURCHASE AND SALE OF FINANCIAL INSTRUMENTS

Section One

GENERAL PROVISIONS

Article 5. Transactions in financial instruments admitted to trading on the BEAM Market shall be executed based on buy and sell orders entered by participants and on market makers' quotes.

Article 6. Orders and quotes shall constitute a firm request to buy or sell a certain quantity of financial instruments at a certain price or at a market price, subject to certain additional parameters.

Article 7. By placing orders or quotes, BEAM Market brokers shall state their readiness to settle the transactions executed as a result of such orders or quotes within the standard settlement period.

Section Two

TYPES OF ORDERS

Article 8. (1) The following principal types of orders may be placed on the BEAM Market:

1. limit orders: orders to buy or sell a certain quantity of financial instruments at a specified limit price;
2. market orders: orders to buy or sell a certain quantity of financial instruments at the best price at the time of their entry into the System;
3. market-to-limit orders: market orders that are executed at the price of the best matching limit order. If at the time of entry, no such order exists or only matching market orders are active, the market-to-limit order will be rejected by the System.

(2) Depending on the conditions for their execution during continuous trading, orders may be of the following types:

1. immediate-or-cancel orders that are executed immediately and as fully as possible. Any non-executed portion of such orders is rejected by the System;
2. fill-or-kill orders that are executed immediately and in full; if this proves impossible, any such orders are rejected by the System;
3. book-or-cancel orders that remain active in the System only if not immediately executable; otherwise such orders are rejected by the System.

(3) Depending on their validity, orders can be:

1. good-till-cancelled orders: orders that are transferred from one trading session to the next one until cancelled; however, for a period not exceeding 360 (three-hundred and sixty) calendar days;
 2. good-for-day orders: orders only valid for one session that, upon the session's end, are rejected by
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the System;

3. good-till-date orders: orders whose non-executed portion is transferred from one trading session to the next one until a previously specified date, however such period not exceeding 360 (three-hundred and sixty) calendar days.

(4) Depending on the phase of a trading session for which orders are intended, orders shall be valid:

1. only in an opening auction;
2. only in a closing auction;
3. only in intraday auctions;
4. only in auctions, regardless of their type;
5. for the entire trading session.

Article 9. (1) It shall be permissible on the BEAM Market to enter stop orders whose execution shall be possible upon reaching a predefined price (a stop price).

(2) Stop orders shall be:

1. stop market orders that are automatically entered into the System as market orders when the current market price reaches or exceeds the stop price set for stop buy orders, or respectively reaches or falls below the said stop price for stop sell orders;
2. stop limit orders that are automatically entered into the System as limit orders when the current market price reaches or exceeds the stop price set for stop buy orders, or respectively reaches or falls below the said stop price for stop sell orders.

Article 10. (1) It shall be permissible on the BEAM Market to enter iceberg orders, i.e. limit orders with validity pursuant to Article 8 (3), which are characterised by an overall volume and by a peak volume and for which only the peak's remainder is visible in the System at any time.

(2) The overall volume of an iceberg order shall always be a round lot, and the minimum amount of such order at the time of its entering or subsequent modification shall be at least the Bulgarian currency equivalent of 10 000 (ten thousand) euros.

(3) The minimum amount of the overall volume of an iceberg order for bonds shall be at least 100 000 (a hundred thousand) euros or the equivalent in Bulgarian currency, and the minimum amount of the peak volume shall be at least 10 000 (ten thousand) euros or the equivalent in Bulgarian currency.

(4) Iceberg orders shall not be allowed for bonds following an amortisation schedule for the principal.

(5) An iceberg order that fails to meet the requirements for the minimum amount under paragraphs 2 and 3 above shall be rejected by the System.

- (6) The minimum peak volume shall be at least 5 (five) per cent of the overall volume of an iceberg order.
- (7) Upon execution of the remainder of the peak volume, the System shall enter an order having the same price and a new peak volume until the overall volume is exhausted.
- (8) The last order entered into the System shall be of a volume equal to the remainder of the overall volume of the iceberg order.
- (9) Iceberg orders shall have no special designation as such in the System.
- (10) The overall volume of iceberg orders shall participate in auctions.
- (11) No additional execution conditions or trading restrictions may be assigned to iceberg orders.

Section Three ORDER PRIORITIES

Article 11. (1) Upon entry of an order into the System, a priority and a unique number shall be ex officio assigned to the order. The priorities of the orders entered shall be as follows:

1. first priority: price;
2. second priority: time of entry, where the prices of the relevant orders are the same.

(2) The price priority shall ensure that:

1. buy orders with a higher price take precedence over orders with a lower price and, respectively, sell orders with a lower limit price take precedence over orders with a higher price;
2. market orders take precedence over limit orders.

(3) The time of entry priority shall ensure that orders entered earlier take precedence, where the prices of such orders are the same.

(4) Only the time of entry priority shall apply to market orders.

(5) Where a BEAM Market broker modifies the parameters of an existing order in the System, the time of entry of such order shall be updated if the new parameters adversely affect the execution and the priorities of the other active orders.

(6) An order shall be deleted in the System upon:

1. its cancellation by the BEAM Market broker; or
 2. its ex officio cancellation by the System due to the expiry of its validity; or
 3. its ex officio cancellation by the Exchange following an express written request by the BEAM Market participant who has entered the order; or
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4. its full execution following the conclusion of a transaction thereon.

(7) A newly entered peak volume of an iceberg order shall have the same price priority as the preceding peak volume.

Section Four ORDER PARAMETERS

Article 12. (1) Each order shall include the following details:

1. a unique number allocated by the System;
2. exact time of entry;
3. code of financial instruments issue;
4. buy/sell identification;
5. principal type of the order;
6. price conditions;
7. overall volume of the order, and peak volume in the case of iceberg orders;
8. stop price in the case of stop orders;
9. identification code of the participant and the broker or the algorithm on the BEAM Market that has entered the order;
10. execution conditions;
11. validity constraints;
12. identification of the trading session phase for which the order is intended;
13. a marking whether the order is proprietary or for another person's account.
14. identification code of the client, where the order is for the account of a client;
15. identification code of the person or algorithm responsible for the investment decision, where the latter is taken within the Exchange member;
16. relevant applicable data in accordance with Article 2 (1) of Delegated Regulation (EU) 2017/580.

(2) Not all parameters referred to in Paragraph 1 need to be visible in the System.

(3) During the pre-trading and post-trading phase in which entry of orders is permissible, brokers shall only have information of orders entered thereby.

Article 13. (1) For all financial instruments, the minimum volume of an order for each instrument shall be determined individually at the time of their listing. The Exchange shall notify the trading participants of any change, and shall announce the date from which the new minimum amounts will become effective.

(2) During continuous trading, only orders in round lots may be entered.

(3) Orders of any volumes may participate in auctions.

(4) Limit orders in odd lots received by the members from different clients may only be aggregated in round lots under the conditions of Article 37 of Ordinance No 38.

Article 14. (1) Buy and sell orders and quotes for shares and depository receipts shall be entered at a minimum tick size determined in accordance with Delegated Regulation (EU) 2017/588.

(2) The Exchange shall publish on its website the list of financial instruments under Paragraph 1 admitted to trading and their respective tick sizes.

(3) In case of any change to the minimum tick size, any existing orders in the System for the respective instruments shall be deleted.

(4) For financial instruments outside those specified in Paragraph 1, buy and sell orders and quotes shall be entered at a minimum tick size with three decimal places accuracy.

(5) Buy and sell orders and quotes shall be entered at a minimum tick size specified in the decision for the admission of the issue to trading.

(6) The price of buy and sell orders for interest-bearing bonds shall be entered including the unamortised value of one trading lot, as well as the interest accrued from the date of the last coupon payment until the moment the transaction is finalised due to its execution. In the case of zero-coupon bonds, the price of buy and sell orders shall include a proportional part of the discount as per the applicable convention.

(7) The price of orders referred to in Paragraph 6 shall be entered as a percentage of the nominal value of a trading lot.

Section Five

MARKET MAKER QUOTES

Article 15. (1) The System shall also allow the entry of quotes by participants registered as market makers in accordance with the Membership Rules.

(2) A quote shall be the simultaneous entry into the System of a binding buy limit order and a binding sell limit order that are of a similar volume and within the maximum spread determined in accordance with these Rules.

(3) Quotes/orders shall be deemed similar in size where their sizes do not differ by more than 50 (fifty) per cent from each other, both at the time of their entry and after each execution.

(4) When entering quotes/orders, a market maker may mark them with a liquidity-providing indicator.

(5) A quote shall be good-for-day.

(6) Each market maker may only enter one quote for a particular issue, in respect of which they act as a market maker.

Section Six

RATIO OF UNEXECUTED ORDERS AND TRANSACTIONS

Article 16. (1) The Board of the Exchange shall define in a decision the maximum ratio between unexecuted orders and executed transactions (Order-to-Trade Ratio, OTR). The OTR shall determine the coefficient between entered, modified and deleted orders and executed transactions.

(2) The decision under Paragraph 1 shall be published on the website of the Exchange.

(3) The Exchange may determine different maximum amounts for the ratio under Paragraph 1 depending on whether the participant is a market maker for a given issue, or not.

Article 17. (1) After the end of a trading session, the Exchange shall calculate the ratio between unexecuted orders and executed transactions for each participant as follows:

1. Based on the volume of entered orders and executed transactions, using the following formula:

$$OTR_{vol} = \frac{\text{Total _ volume _ of _ orders}}{\text{MAX}(\text{Total _ volume _ of _ transactions}, 1)} - 1$$

2. Based on the number of entered orders and executed transactions, using the following formula:

$$OTR_{no} = \frac{\text{Total _ number _ of _ orders}}{\text{MAX}(\text{Total _ number _ of _ transactions}, 1)} - 1$$

(2) The calculations under Paragraph 1 shall be made for each participant and for each issue individually.

(3) Each day, the Exchange shall provide each participant with an individual report on calculated ratios based on the volume and the number of orders for each issue.

Chapter Three

BEAM MARKET TRANSACTIONS

Section One

EXECUTION OF TRANSACTIONS RESULTING FROM AUCTIONS

Article 18. (1) Each auction shall include at least the following stages, occurring in the order specified below:

1. A call phase;
2. A price determination phase.

(2) During the call phase, brokers may enter new orders, or modify or cancel existing orders.

(3) During the call phase, if there are matching executable orders, only information on the indicative auction price, information whether the surplus of executable orders is on the buy or sell side, and information on its volumes, is displayed in the System.

(4) The indicative auction price is the price which would be achieved if execution of the orders was immediately proceeded with.

(5) Where no matching executable orders are in place, the best bid and ask prices, and the accumulated volume of orders at such prices, are displayed in the System.

Article 19. The duration of the call phase shall be determined by the Board, and upon the expiry of such duration the call phase shall be randomly ended by the System within a period also determined by the Board.

Article 20. (1) The price determination phase shall start after the call phase is completed.

(2) The auction price shall be the price of a limit order with the highest executable volume, and the lowest surplus accordingly, depending on the existing orders in the System at the end of the call phase.

(3) If there are two or more limit prices with the same executable volume, the following rules shall apply when determining the auction price:

1. The auction price equals the best bid price if the surplus is on the sell side (surplus of supply);
2. The auction price equals the best ask price if the surplus is on the buy side (surplus of demand).

(4) If there is a surplus of supply for one portion of the limit order prices and a surplus of demand for another portion, or if there is no surplus for any limit order price, then:

1. If the reference price is higher than or equal to the highest limit price at which there is a surplus of
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demand, the auction price equals that limit price;

2. If the reference price is lower than or equal to the lowest limit price at which there is a surplus of supply, the auction price equals that limit price;

3. If the reference price lies between the two best bid and ask prices, the auction price equals the reference price.

(5) If there are only matching executable market orders at the end of the call phase, the auction price equals the reference price.

(6) If there are no executable orders at the end of the call phase, the System does not determine an auction price and proceeds with the next phase of the session.

Article 21. If an auction price is determined, the System proceeds with the execution of the matching executable orders at the said price, and a trade confirmation is sent to each of the parties to the transactions.

Article 22. (1) After the completion of the price determination phase, all market orders and limit orders which have not been executed, or have been only partially executed, shall be forwarded to the next possible trading phase according to their respective restrictions.

(2) If there is no auction price, the market-to-limit orders which have been entered during the call phase shall be deleted ex officio by the System.

(3) If there is an auction price, any partially executed and non-executed market-to-limit orders shall be entered into the System as limit orders with a price equal to the auction price. Iceberg orders shall be transferred to the continuous trading phase with their respective remaining peak volumes.

(4) The book-or-cancel type of orders shall be deleted upon starting an auction. Any book-or-cancel orders entered during an auction shall be rejected by the System.

Article 23. (1) The price determined at the closing auction shall serve as a closing price for the respective session.

(2) If no price has been determined at the closing auction, the closing price for the respective session of the particular financial instrument shall equal the reference price.

(3) If no transactions are executed in the particular instrument at the respective session, the closing price shall equal the closing price for the preceding session.

Section Two

EXECUTION OF TRANSACTIONS DURING CONTINUOUS TRADING

Article 24. Upon completion of the opening auction or of the intraday auction, the continuous trading phase is proceeded with.

Article 25. Regarding orders, during continuous trading the System only displays information on the accumulated order volumes of each limit price and on the number of orders at each limit price.

Article 26. (1) During continuous trading, each order newly entered into the System shall be immediately checked for execution against active matching orders according to the priorities assigned to such orders.

(2) In addition to the priorities as allocated, price determination during continuous trading shall be carried out according to the following rules:

1. If at the time of entry of a market order only matching market orders are active, the market order is executed at the reference price;
2. If at the time of entry of a market order, a market-to-limit order or a limit order only matching limit orders are active, the price of the executed transaction equals the highest bid price in the cases of entry of a sell order, or the lowest ask price respectively in the cases of entry of a buy order.
3. If at the time of entry of a market-to-limit order only market orders or market and limit orders are active, or no matching orders are active in the System, the System rejects the market-to-limit order;
4. If at the time of entry of a market order matching market orders and limit orders are active, then the incoming order is executed against the market orders according to the price/time priority, at the reference price or at the highest limit price with respect to non-executed bid market orders, or at the reference price or at the lowest limit price respectively with respect to non-executed ask market orders.
5. If at the time of entry of a limit order there are matching market orders, the limit order is executed against the market orders at the reference price or, where this is in conflict with the priority of execution, at the price of the limit order itself;
6. If at the time of entry of a limit order there are matching market orders and limit orders, the limit order is executed against the market orders according to the price/time priority at the reference price or, where this is in conflict with the priority of execution, at the highest bid price in the cases of entry of a sell order or at the lowest ask price respectively in the cases of entry of a buy order.

(3) In addition to the cases referred to in point 3 of paragraph 2, active market orders shall be immediately executed against the next matching order. In this case, the following principles shall apply:

1. Market orders are given the reference price as a 'virtual' price. On this basis, such orders are executed at the reference price, provided that this does not violate the execution priorities.
 2. If orders cannot be executed at the reference price, they are executed in accordance with the execution priorities at a price higher than the reference price in the cases of non-executed buy
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market orders, or at a price lower than the reference price in the cases of non-executed sell market orders. The price of execution equals either the price of a limit order already entered in the System or the price of the newly entered limit order in the System depending on the allocated execution priorities.

(4) If at the time of entry of an order no matching order is active in the System, no price is determined and no transaction is executed.

(5) Partially executed market-to-limit orders are entered into the System as limit orders with a price equal to the price of the transaction executed thereon and with a volume equal to the volume of those orders remaining after the conclusion of the transaction.

(6) If, after the entry of a limit order, the best bid price in the System proves to be lower than the best ask price, no price is determined and no transaction is executed.

(7) Immediately after a transaction is executed as a result of matching executable orders, a trade confirmation shall be sent to each of the parties to the transaction.

Section Three

SPECIAL REQUIREMENTS FOR MARKET MAKERS' ACTIVITY

Article 27. Market makers shall be required to maintain quotes during fifty 50 (fifty) per cent of the continuous trading period, without taking account of opening and closing auctions and volatility interruptions.

Article 28. (1) The obligation of market makers to maintain quotes in accordance with the foregoing article shall not apply in the following extraordinary circumstances:

1. a situation of extreme price volatility resulting in volatility interruptions of more than 50 (fifty) per cent of the financial instruments for which market makers have been admitted in accordance with the Membership Rules;
2. upon the occurrence of any of the circumstances specified in Article 58 (1) of these Rules;
3. upon the occurrence of any of the circumstances specified in Article 3 (d) of Delegated Regulation (EU) 2017/578.

(2) The Exchange shall immediately publish on its website the occurrence of any of the circumstances referred to in Paragraph 1, Items 1 and 2 above, and the resumption of normal trading after they no longer exist.

(3) In case of extraordinary circumstances under Paragraph 1, Item 3, the relevant market maker shall notify the Exchange in writing of its being relieved of the obligation to maintain quotes for the same trading day.

Article 29. Market makers shall be entitled to update the price and the volume of their quotes at any time during a trading session, as well as in the pre-trading and the post-trading phases, during which entry of orders is allowed.

Article 30. (1) Each BEAM Market participant shall be entitled to enter electronic quote requests to all market makers registered as such for a particular issue.

(2) The requests shall specify whether the respective BEAM Market participant is interested in buying or selling financial instruments of the relevant issue, and in what volume.

(3) Details about the request made shall be sent via the System to all participants, without disclosing any specific parameters.

(4) Only the market maker of the relevant issue shall have information on the BEAM Market participant that has made the request for a quote.

(5) Each market maker shall be required to respond to the request within two (2) minutes, by placing a quote, regardless of whether such market maker has had the obligation to maintain a quote at the time of the request.

(6) The market maker shall maintain the quote entered as a result of a request with unmodified parameters in the System for at least 1 (one) minute.

Article 31. (1) The maximum bid/ask spread of a market maker's quotes shall be defined in the admission decision for each instrument individually.

(2) The spread shall be calculated using the following formula:

$$Spread(\%) = \left(\frac{A}{B} - 1\right) \times 100$$

where 'A' is the price of the sell order, and 'B' is the price of the buy order.

Article 32. (1) The Exchange shall verify on a daily and monthly basis the extent to which market makers have complied with their obligations under this Section, and shall provide them with relevant monthly reports.

(2) In order to gain access to the stimuli under stressed market conditions, market makers shall comply with the additional requirements under Section Four of this Chapter.

Section Four

SPECIFIC REQUIREMENTS FOR THE ACTIVITY OF MARKET MAKERS OF LIQUID INSTRUMENTS IN THE CONTEXT OF STRESSED MARKET CONDITIONS

Article 33. (1) With regard to financial instruments for which liquid markets as defined in Article 1 (1) of Delegated Regulation (EU) 2017/567 are available, the Exchange shall set specific requirements for quoting under stressed market conditions.

(2) Stressed market conditions shall be determined upon resumption of trading after an extended volatility interruption after which significant changes in the price and the value of a financial instrument under paragraph 1 occur.

(3) After the resumption of trading, the System shall automatically verify whether the amount of executed orders as a result of an extended volatility interruption exceeds the average amount in the preceding year multiplied by 2 (two).

Article 34. Stressed market conditions shall persist for 60 (sixty) minutes and may be extended for another 60 (sixty) minute period if significant short-term changes in the price and the value have been identified again.

Article 35. (1) In case of stressed market conditions market makers shall comply with the following requirements:

1. maintain quotes for 50 (fifty) per cent of the duration of stressed market conditions;
2. the maximum bid/ask spread of quotes may not exceed the double size of the spread determined with the admission decision.

(2) The requirements of Article 15 and Section Three of this Chapter shall apply mutatis mutandis.

Section Five

SPECIFIC TERMS AND CONDITIONS FOR THE CONDUCT OF INITIAL PUBLIC OFFERING AUCTIONS ON THE BEAM MARKET

Article 36. (1) Initial public offering (IPO) on the BEAM Market shall be carried out by admitting an issue that is offered for subscription by a BEAM Market participant authorised by the issuer.

(2) Initial public offering on the BEAM Market shall be realized by organising an auction under Section One with the following specifics:

1. BEAM Market brokers receive information from the System solely on the orders entered by them;
 2. the sell order is entered by the Exchange ex officio on the basis of the application submitted for admission of the issue;
 3. the issuer or a duly authorised BEAM Market participant may specify a price range within which
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the auction price is to be determined.

(3) The determination of a price range within which the auction price is to be determined shall not preclude the entry of orders at prices beyond such range.

(4) The auction price determination phase is proceeded with upon completion of the call phase.

(5) After the auction price is determined, trading in the relevant issue is suspended until its admission to the BEAM Market.

Article 37. The duration and the schedule for the conduct of the IPO auction shall be determined by a decision of the Management Committee.

Article 38. The provisions of Chapter Four shall not apply to transactions in financial instruments subject to Initial Public Offering.

Section Six

RULES FOR TRADING IN SUBSCRIPTION RIGHTS

Article 39. If the increase of the capital of a company admitted to trading on the BEAM Market involves the issuance of rights, the provisions of Section One and Section Two shall apply within the time limit set for trading of the rights.

Article 40. The terms and conditions for the trading in rights shall be determined by the admission decision, in compliance with the contents of the admission document.

Article 41. The provisions of Chapter Four shall not apply to transactions in rights for capital increases of the issues of shares admitted to trading on the BEAM Market.

Section Seven

VOLATILITY INTERRUPTIONS AND MARKET ORDER INTERRUPTIONS

Article 42. (1) If during continuous trading, upon entry of an executable order into the System, the potential price of the relevant transaction is outside a pre-defined static price range with respect to the last price achieved at an auction or, if no such price is available, with respect to the closing price for the preceding day, a volatility interruption shall be initiated.

(2) If during continuous trading, upon entry of an executable order into the System, the potential price of the relevant transaction lies outside a pre-defined dynamic price range with respect to the reference price, a volatility interruption shall be initiated.

(3) A volatility interruption shall trigger a change in the trading form from continuous trading to an auction.

(4) BEAM Market brokers shall be informed of volatility interruptions during continuous trading via the System.

(5) The call phase shall have a minimum duration of 2 (two) minutes.

(6) During volatility interruptions during continuous trading, the rules for organising auctions under Section One above shall apply.

Article 43. (1) If during an auction, at the end of the call phase, the potential auction price is outside a pre-defined static price range with respect to the last auction price and outside a pre-defined dynamic price range with respect to the reference price, a volatility interruption shall be initiated.

(2) A volatility interruption during an auction shall result in an extension of the call phase by 2 (two) minutes.

(3) BEAM Market brokers shall be informed of volatility interruptions during an auction via the System.

(4) After the extension expires, the System shall automatically proceed with the price determination phase, if there are matching executable orders and if the potential auction price is within extended price ranges defined with respect to the values under Paragraph 1.

(5) The extended price ranges referred to in the foregoing paragraph shall be two and a half times wider than those referred to in Paragraph 1.

(6) If, after the extension expires, the potential execution price is outside the extended price ranges, the price determination phase shall start following a manual intervention by the Exchange.

(7) If the potential execution price is outside the extended price ranges and the interruption is still pending at the start time of the closing or intraday auction, the respective auction shall start after the end of the interruption as per the procedure of paragraph 6 above, and its duration shall remain unchanged.

(8) If, after the end of the extended price determination phase, no matching executable orders are active in the System, the next phase of the trading session shall start or the end of the trading session shall be indicated, as applicable.

Article 44. (1) The dynamic and static price range shall be defined in the admission decision for each instrument individually.

(2) In extraordinary situations caused by events or circumstances of material significance for the international financial markets and affecting the MTF, the Chief Executive Officer, or the Trading Director if the former is absent, may adopt a decision additionally extending the price ranges specified in the foregoing paragraph by 30 (thirty) per cent within a maximum of one trading session. For each such case, participants shall be notified via the System.

Article 45. During volatility interruptions, the rules for conduct of auctions under Section One above shall apply.

Article 46. (1) If, during an auction at the end of the call phase, market or market-to-limit orders are active in the System but are not executable, an interruption for their execution shall be initiated.

(2) An interruption for market order execution may be initiated only once per auction.

(3) An interruption for market order execution shall result in an extension of the call phase by 2 (two) minutes.

(4) Without prejudice to paragraph 3 above, the volatility interruption during an auction shall be terminated immediately when all market or market-to-limit orders, as applicable, become executable.

(5) BEAM Market brokers shall be notified of interruptions for market order execution via the System.

(6) During an interruption for market order execution, the rules for conduct of auctions under Section One above shall apply.

Section Eight **PRE-TRADE PRICE CONTROLS**

Article 47. (1) If at the time of entering an order or modifying an existing order in the System, the limit price is outside the ranges specified in Article 42 (1), the order shall be blocked by the System and a notice shall appear that the price fails the price reasonability check.

(2) The broker shall be required to check the limit price and, if needed, to change the order's details.

(3) Where the limit price is properly entered into, the broker may confirm the order by entering it again.

Section Nine CORPORATE EVENTS

Article 48. (1) Active orders on the BEAM Market for a given financial instrument shall be deleted prior to the first trading session following the day of occurrence of a corporate event, such as a capital increase, dividend payment, etc.

Section Ten CORRECTIONS TO TRANSACTIONS EXECUTED ON THE BEAM MARKET

Article 49. Immediately after the conclusion of a transaction in the System, BEAM Market participants shall check whether the information received on the results of the relevant trading session contains any errors or non-conformities as compared to their books.

Article 50. (1) Correction of parameters of transactions shall be allowed, where the correction has no bearing on the counterparty to the transaction, including in cases of cross transactions.

(2) If any errors are found in the conclusion of transactions, brokers may request a correction, in an application using a standard form, by 15:30 o'clock on the day following the day of execution of the transaction.

(3) The Exchange may require additional data and documents evidencing the error.

(4) The Exchange shall make the requested correction and shall notify the relevant depository institution or clearing house accordingly. The notice shall include at least the following:

1. code of the transaction;
2. code of the company;
3. code of the seller broker;
4. code of the buyer broker;
5. number of financial instruments;
6. unit price;
7. for whose account the sale is executed;
8. for whose account the purchase is executed;
9. description of the correction made.

Section Eleven CANCELLATION OF TRANSACTIONS EXECUTED ON THE BEAM MARKET ON A PARTICIPANT'S INITIATIVE

Article 51. In cases of an error made during the entry of an order which has resulted in the conclusion of one or more transactions, the liabilities of participants under Chapter Four may only

be netted upon conclusion of a reverse transaction for the same quantity and with the same counterparty according to Chapter Five; however, only if the rules of the depository institution or clearing house allow this.

Article 52. (1) In cases other than those referred to in the foregoing Article, any transactions executed as a result of indisputable errors made by brokers during the entry of orders into the System through which the transactions have been executed, may be cancelled by a decision of the Chief Executive Officer, or of the Trading Director if the former is absent.

(2) In order to cancel transactions, the BEAM Market participant that has made the mistake shall file a request to the Exchange in a standard form no later than the end of the post-trading phase, in which entry of orders is permissible, on the day of execution of the transaction concerned along with:

1. a document certifying the consent of the counterparty to cancel the transaction;
2. a declaration on the lack of an entered order with parameters equal to the parameters of the wrongly entered order;
3. an explanation regarding the reasons and the circumstances which have resulted in the entry of the order with wrong parameters;
4. an unconditional consent by the BEAM Market participant to meet in full all potential claims that may arise against the Exchange in connection with the cancellation of the transaction;
5. a declaration in a standard form by the applicant and by the counterparty to the transaction that they are aware of and accept the terms and conditions and the time limits of the procedure for cancellation of transactions, including the possibility that the transaction may not be cancelled;
6. a copy of the client order as submitted, which has been subsequently entered by the BEAM Market broker with wrong parameters.

(3) The Exchange shall immediately notify the other participants of the submission of a request through the System and/or on the website of the Exchange.

Article 53. (1) The Chief Executive Officer or the Trading Director, as applicable, shall decide on the request for cancellation in a decision by the end of the day of its receipt.

(2) The Exchange shall notify the participants that are parties to the transaction of the decision under Paragraph 1 on the day of its issuance by sending a written notice which may also be communicated to the addressee participants by fax or other electronic means. The decision shall be final and shall take effect from the moment of its issuance.

(3) Cancellation of a transaction shall result in cancellation of the obligation under Chapter Four of the participants that are parties to the said transaction.

(4) Cancellation of a transaction executed in violation of these Rules and Regulations shall not result in cancellation of the grounds for imposing a sanction.

Article 54. After a decision granting a transaction cancelation request is issued, the relevant fee under the Tariff of Fees collected by the Exchange shall become due.

Section Twelve

CANCELLATION OF TRANSACTIONS EXECUTED ON THE BEAM MARKET DURING IMPROPER TRADING

Article 55. (1) Transactions executed as a result of malfunctioning of the mechanisms for management of volatility interruptions or of the operational functions of the System, may be cancelled by the Board in a decision.

(2) Transactions executed in the circumstances under paragraph 1 shall be reported by the Trading Director to the Board no later than 13:00 (thirteen) o'clock the next business day.

(3) The report shall contain a description of the conditions and reasons for the execution of the transactions.

(4) The Board shall adopt a decision on the report no later than the end of the day of its receipt.

(5) The Exchange shall notify the participants that are parties to the transaction of the decision under paragraph 1 on the day of its issuance by sending a written notice which may also be communicated to the addressee Exchange members by fax or other electronic means. The decision shall be final and shall take effect from its issuance.

Article 56. After a decision cancelling a transaction in the circumstances under paragraph 1 is issued, the obligation of the participants that are parties to the transaction under Chapter Four of these Rules and under Chapter Two of the Tariff of Fees for the BEAM Market shall be cancelled.

Section Thirteen

SUSPENSION OF ONE OR MORE ISSUES FROM TRADING

Article 57. (1) The body that has adopted the admission decision shall have the right to adopt a decision on the suspension from trading of issues of financial instruments admitted to trading in the following cases, unless such suspension may cause significant damage to investors' interests or the orderly functioning of the market as provided for in Article 80 of Delegated Regulation 2017/565:

1. occurrence of an event related to the relevant instruments or their issuers, which may affect the price of these instruments;
 2. suspension of the trading in financial instruments admitted to the BEAM Market on one or more of the regulated markets to which they have been admitted;
 3. a suspicion of market abuse arises;
 4. a violation of the requirements for disclosure of inside information under the trading surveillance rules;
 5. a tender offer concerning the relevant financial instrument;
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6. a significant change, within a short period, in the price of the financial instrument on the BEAM Market, or on a related market.

7. an application has been filed at the CD for entry of a change in the nominal value of the financial instruments;

8. upon the launching of proceedings for the transformation of a company whose shares have been admitted to trading on the BEAM Market;

9. when a company whose financial instruments have been admitted to trading on the BEAM Market has failed to pay the annual fee for maintenance of listing or the fee for admission to trading of a new issue of shares of the same class that has already been admitted to trading, within the time limits provided for in the Tariff of Fees for the BEAM Market.

(2) The Chief Executive Officer may adopt a decision for suspension of trading for up to 3 (three) business days. A suspension decision under Paragraph 1 may also be taken by the Trading Director, however limited to 1 (one) business day.

(3) The Exchange shall immediately notify the FSC of the suspension decision.

(4) In the event that after the suspension period expires, the reason for the suspension decision is still valid, the authority that has taken the decision may adopt another decision extending the suspension. Paragraphs 1 and 2 shall apply mutatis mutandis.

(5) When the reason for the suspension is no longer valid, trading shall be resumed on the basis of a decision taken by the authority that has issued the suspension decision, unless the latter provides otherwise.

(6) The Exchange shall publish the decisions regarding the suspension of trading and the resumption of trading.

Section Fourteen

SUSPENSION OF TRANSACTIONS EXECUTION

Article 58. (1) The Board may adopt a decision for the suspension of the entry of orders and the execution of transactions on the BEAM Market in the event of:

1. a failure in the System;
 2. a failure in the overall equipment used on the Exchange for the conduct of trading, or delay/interruption in the functioning of the System;
 3. cyber-sabotage or a failure in the national telecommunication or technical networks, including loss of connectivity with the System for more than 50 (fifty) per cent of participants, which makes the access to the System impossible;
 4. an emergency endangering the normal execution of BEAM Market transactions, or a risk of the occurrence of such situations;
 5. insufficient capacity of the System to process incoming orders;
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6. impossibility to maintain fair, proper and transparent execution of transactions;
7. multiple erroneous orders or transactions;
8. major national or international crises, including war, strikes, riots, martial law, trade-union activities or natural disasters, or other such events that may endanger or make the execution of BEAM Market transactions impossible.

(2) The Exchange shall immediately notify the FSC of the decision under the foregoing paragraph.

(3) The settlement of transactions executed until the moment the decision is taken may be postponed.

(4) The Chief Executive Officer may make a decision under Paragraph 1 for up to 1 (one) business day. Paragraph 2 shall apply mutatis mutandis.

Chapter Four

SETTLEMENT OF TRANSACTIONS EXECUTED ON THE BEAM MARKET

Section One

GENERAL PROVISIONS

Article 59. (1) The settlement mechanism for transactions executed on the BEAM Market shall be defined as ‘delivery versus payment’. The transfer of the financial instruments and the counter payment shall be executed simultaneously and in an interrelated manner.

(2) The simultaneous transfer of financial instruments and the payment for them shall mean that the buyer’s financial instruments account and the seller’s cash account have been credited on the same day.

(3) The interrelated transfer of financial instruments and the payment for them shall mean that the payment for financial instruments without the transfer of the instruments themselves or vice versa is impossible.

(4) BEAM Market participants shall follow the ‘delivery versus payment’ principle for all transactions executed on the BEAM Market, including cross transactions. For this purpose, participants shall be obligated to require from each of their buying clients to provide the respective funds needed for the settlement of each of their transactions, and each selling client to provide the respective financial instruments that are the subject of an executed transaction.

(5) Paragraph 4 shall not apply to cases where the financial instruments or the funds of the clients accordingly, are kept by a third party taking part in the transaction settlement process. In this case, the compliance with the principle shall be ensured by the third party concerned.

Article 60. A transaction executed on the BEAM Market shall be considered settled after the transfer of the financial instruments and the payment for them are made by the parties to the transaction.

Article 61. (1) Steps for settlement of a transaction shall start as soon as the transaction is registered on the BEAM Market, or after the end of the trading session, depending on the trading method, and shall end with the registration of the transaction that is duly settled.

(2) The duration of the steps taken to settle a transaction shall be determined at each depository institution or clearing house according to the rules for settlement of transactions as adopted by such institution or house.

Article 62. In connection with the settlement of transactions executed on the BEAM Market, each participant shall be obligated to:

1. settle the transactions executed for its proprietary account and for its clients' account in accordance with the procedure and within the time limit provided for by Article 61;
2. open and maintain accounts with a commercial bank or a clearing house, in order to make payments due under transactions in financial instruments;
3. open and maintain an account with a commercial bank specified by the Exchange, in order to make payments due for liabilities to the Exchange;
4. open and maintain accounts with the respective depository institution for the purpose of holding and transferring financial instruments.

Section Two TRANSACTION REPORTS

Article 63. (1) After the end of each trading session, the Exchange shall submit a report to the respective depository institution and/or clearing house on the gross value of the transactions executed on the same day, and that report shall serve as an order for the transfer of the financial instruments and for payment under the transactions. The report shall contain as a minimum the following details:

1. code of the transaction;
 2. parties to the transaction;
 3. code of the financial instruments;
 4. number of trading lots included in the transaction;
 5. size of a trading lot;
 6. currency in which the transaction price is expressed;
 7. the exchange rate at which the transaction is settled;
 8. specification as to whether the transaction is for the proprietary account of the relevant participant or for the account of their client;
 9. the Bulgarian currency equivalent of the transaction.
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(2) Transactions for which an application for cancellation is filed shall be included in the report after a decision rejecting the request for cancellation is adopted.

Article 64. (1) After the end of a trading session, the Exchange shall submit an electronic report to each BEAM participant on the transactions executed by the same member in the relevant session.

(2) The report shall include as a minimum the following details:

1. code of the transaction;
2. parties to the transaction;
3. LEI codes of the parties to the transaction;
4. code of the financial instruments;
5. number of trading lots included in the transaction;
6. size of a trading lot;
7. currency in which the transaction price is expressed;
8. the exchange rate at which the transaction is settled;
9. specification as to whether the transaction is for the proprietary account of the relevant participant or for the account of their client;
10. identification code of the client, where the order is for the account of a client;
11. identification code of the person or algorithm responsible for the investment decision, where the latter is taken within the Exchange member;
12. specification as to whether cancellation has been requested for the transaction concerned;
13. the Bulgarian currency equivalent of the transaction;
14. name of the issuer;
15. fee due to the Exchange for the transaction concerned;
16. total value of all transactions.

(3) Failure to accept or receive the report under paragraph 1 above, for any reasons beyond the control of the Exchange, shall not release participants from the obligation to settle the transactions.

(4) No discrepancies between the information reported to the participants and the information submitted to the applicable depository institution or clearing house shall be allowed.

(5) After the end of a trading session, the Exchange shall submit an electronic report to each BEAM Market participant specifying the trading fees due based on the orders executed in the relevant session.

Article 65. BEAM Market participants shall be required to provide the relevant depository institution or clearing house with additional data that is sufficient for the settlement of transactions, in the form, of contents and within the time limits required by the rules of the relevant institutions.

Article 66. The right to disclose information generated by trading on the BEAM Market, including reports under this Section, shall be limited to persons who have an existing contract with the Exchange for this purpose.

Section Three
PAYMENTS IN CONNECTION WITH BEAM MARKET TRANSACTIONS AND
TRANSFER OF FINANCIAL INSTRUMENTS

Article 67. (1) Payments under transactions in financial instruments executed on the BEAM Market and the entry of these transactions into the register of the applicable depository institution or clearing house shall be made in accordance with the rules of the relevant institution or house.

(2) The Board may also designate a clearing and settlement system or systems other than the CD, if connections and arrangements between such systems and the CD are in place and the requirements of the MFIA are complied with.

Article 68. All transactions executed on the BEAM Market shall be settled in the currency in which the transaction is expressed, unless the rules of the applicable clearing house provide otherwise.

Article 69. (1) For the purposes of payments under transactions in financial instruments, BEAM Market participants shall be obligated to maintain a balance in their cash accounts that is sufficient to cover the gross value of payments under all transactions to which the respective BEAM Market participant is a buyer.

(2) BEAM Market participants shall be obligated to maintain a balance into their financial instruments accounts with the depository institution that is sufficient to cover the gross value of liabilities for delivery under all transactions to which the respective BEAM Market participant is a seller.

(3) Paragraphs 1 and 2 above shall not apply if the rules of the applicable depository institution or clearing house require a different procedure.

(4) Partial payment or partial delivery of financial instruments under a BEAM Market transaction shall not be allowed.

Article 70. (1) BEAM Market participants shall be obligated to maintain a balance into their accounts designated for payment of liabilities to the Exchange arising from executed transactions that is sufficient to cover payments for such liabilities as calculated for each trading day.

(2) The Exchange shall determine the amount of BEAM Market participants' liabilities to the Exchange for each trading day and shall debit their accounts.

Article 71. A delay in the settlement of a BEAM Market transaction through the fault of one or both parties shall not result in the invalidity or voidability of the transaction.

Article 72. (1) If, as a result of a delay to settle a BEAM Market transaction through the fault of a BEAM Market participant, the latter or its client obtains any dividend distributed by the issuer or any other similar payment which the member or client concerned would not otherwise have been entitled to, the respective participant shall be obligated to refund in full any payment received to the non-defaulting party to the transaction.

(2) If, as a result of a delay to settle a BEAM Market transaction through the fault of a BEAM Market participant, the latter or its client receives financial instruments entitling them to participate in a capital increase, which the participant or client concerned would not otherwise have been entitled to, the respective BEAM Market participant shall be obligated to restore in full the financial instruments, or the shares of the capital increase, as the case may be, to the non-defaulting party to the transaction, immediately after the first date of trading in such instruments, rights or shares.

(3) Where the party liable for the delay may not be identified, or both parties involved are liable for the delay, the parties shall settle their relationships to their mutual satisfaction.

(4) The Exchange shall not be a party in the relationships between participants in connection with the provisions of paragraphs 1-3 above.

Article 73. Where an appropriate arrangement is in place, the Exchange shall receive confirmation from the depositary institution or clearing house on the registration of transactions, and shall indicate the transactions as settled.

Article 74. All steps regarding the settlement of transactions shall be taken in accordance with a schedule established by the applicable depositary institution or clearing house.

Article 75. Participants shall be required to provide the relevant depositary institution or clearing house with additional data that is sufficient for the settlement of transactions, in the form, of contents and within the time limits required by the rules of the relevant institutions.

ADDITIONAL PROVISIONS

§ 1. The terms used in these Rules, but not defined herein, shall have the meanings assigned to them in the POSA (Public Offering of Securities Act), the MFIA (Markets in Financial Instruments Act), the IMAMAFIA (Implementation of Measures Against Market Abuse of Financial Instruments Act) and their implementation regulations, or in the general commercial legislation or commercial practice.

§ 2. For the purposes of these Rules:

1. 'Reference price' shall mean the price of the last transaction executed during continuous trading or at an auction.
2. 'Market maker' shall mean a BEAM Market participant providing liquidity for one or more issues of financial instruments admitted to trading on the BEAM Market by placing quotes with defined minimum parameters.
3. 'Round lot' shall mean a fixed quantity of financial instruments of a particular issue, volumes in multiples of which may only be subject to an Exchange transaction.
4. 'Odd lot' shall mean a quantity of instruments which is not a multiple of the round lot.
5. 'Indisputable error' shall mean an error made by a BEAM Market broker when entering an order, which has resulted in the execution of one or more transactions, and the existence of that error is not challenged by the counterparty to the transaction.
6. 'Cross transaction' shall mean a transaction in which the participant who is the buyer and the participant who is the seller are the same person.
7. 'Tick size' shall mean the minimum change in the price of buy and sell orders allowed for the respective type of instruments.
8. 'Clearing' shall mean the procedures for determination of the receivables and obligations of each of the participants and the mutual offsetting of the said receivables and obligations in connection with concluded transactions in financial instruments.
9. 'Settlement' shall mean the procedures for the fulfilment of the obligations to transfer cash and/or financial instruments in connection with transactions and their registration on an account with a depository institution.
10. 'Depository institution' shall mean the Central Depository or another depository of financial instruments, designated in compliance with the requirements of the MFIA.
11. 'Clearing house' shall mean the Central Depository or another institution performing clearing functions, designated in compliance with the requirements of the MFIA.

§ 3. The following abbreviations have been used in these Rules:

1. 'MTF' – a multilateral trading facility;
 2. 'The Exchange' – the Bulgarian Stock Exchange AD.
 3. 'SME' – Small and Medium-Sized Enterprises, as defined in Article 77 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;
 4. 'The Board' – the Board of Directors of the Bulgarian Stock Exchange AD.
 5. 'Chief Executive Officer' – the Chief Executive Officer of the Bulgarian Stock Exchange AD.
 6. 'Trading Director' – the director of the Trading, Listing and Membership Directorate of the Bulgarian Stock Exchange AD.
 7. 'The System' – the electronic trading system through which trading is implemented.
 8. 'FSC' – the Financial Supervision Commission.
 9. 'CD' – Central Depository AD.
 10. 'MFIA' – the Markets in Financial Instruments Act.
 11. 'POSA' – the Public Offering of Securities Act.
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12. “IMAMAFIA” – the Implementation of Measures against Market Abuse of Financial Instruments Act.

13. ‘Delegated Regulation (EU) 2017/587’ – Commission Delegated Regulation (EU) 2017/587 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments and on transaction execution obligations in respect of certain shares on a trading venue or by a systematic internaliser.

14. ‘Delegated Regulation (EU) 2017/567’ – Commission Delegated Regulation (EU) 2017/567 of 18 May 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to definitions, transparency, portfolio compression and supervisory measures on product intervention and positions.

15. ‘Delegated Regulation (EU) 2017/588’ – Commission Delegated Regulation (EU) 2017/588 of 18 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on the tick size regime for shares, depositary receipts and exchange-traded funds.

16. ‘Delegated Regulation (EU) 2017/578’ – Commission Delegated Regulation (EU) 2017/578 of 18 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards specifying the requirements on market making agreements and schemes.

17. ‘Delegated Regulation (EU) 2017/565’ – Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

18. ‘Ordinance No 38’ – FSC Ordinance No 38 of 25 July 2007 on the requirements for the activities of investment intermediaries.

TRANSITIONAL AND FINAL PROVISIONS

§ 1. These Rules shall take effect as of 12.02.2019.
