



beam

FAQs

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What is the **beam** market?



The **beam** market is a market for growth of small and medium enterprises (SMEs), organized by the **Bulgarian Stock Exchange (BSE)**, which provides an opportunity for easier financing of the activities of SMEs in Bulgaria through the capital market. It falls within the definition of a Multilateral Trading System (MTF) and is not a regulated market within the meaning of the Markets in Financial Instruments Act. BSE is an operator both of the regulated market in Bulgaria and of the market for growth of small and medium enterprises **beam**.



An initial public offering or admission to trading without raising funds may take place on the **beam** market. In the event of an offer amounting to the BGN equivalent of EUR 8 (eight) million, it can be performed under facilitated conditions, including without a prospectus. When a company wishes to take advantage of the opportunities of the **beam** market, it should sign a contract with an approved advisor that will help for the preparation of an admission document pursuant to the model adopted by the BSE. The decision for admission of the issue to trading on the **beam** market is taken by the **beam** Market Management Committee on the basis of an application to which the prepared admission document and other appendices must be attached, according to the Rules for admission to trading.



Companies admitted to trading on the **beam** market should disclose information in accordance with the **BSE Rules and the Market Abuse Regulation (Regulation (EU) № 596/2014)**.

”**beam**” is an abbreviation of Bulgarian Enterprise Accelerator Market and we assume it as a ray of sunshine and new opportunities for both small and medium enterprises and investors.

”**beam**”, as described in the Cambridge Dictionary, is a "line of light that shines from a bright object"!

What makes the **beam** market attractive?



The **beam** market provides an opportunity to companies for additional financing by **raising capital or issuing debt up to the BGN equivalent of EUR 8 million for each period of 12 months under facilitated conditions**

(without the need to publish a prospectus approved by the Financial Supervision Commission);



The **beam** market **assists in promoting the activities of the company and its products and services** to an unlimited number of analysts, investors, economic media;



The beam market facilitates the access of investors to new companies with growth potential;



The **beam** market **provides equal conditions for access and participation** in trading in financial instruments through unified rules and through the **Xetra T7 trading system**;



The **beam** market gives the **opportunity for issuing shares, depository receipts, bonds, warrants and subscription rights**;



The **beam** market can be an intermediate link on the way of any ambitious company to be listed on the BSE Main Market.

What is an SME?



A company is considered an SME before being admitted to trading if, according to its latest annual financial statements, it meets at least two of the following three criteria:



Less than 250 employees;



The net annual turnover does not exceed EUR 50,000,000;



The total book value of the assets does not exceed EUR 43,000,000.

After admission to trading, the market capitalization of the company is taken into account.

Can I fund a specific project through the **beam** market?

- Yes, as long as the company meets the conditions for admission to trading. In the IPO process conducted on the beam market, the admission document requires a description of the planned objectives for which the funds raised will be used.
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What financial instruments can be traded on the **beam** market?



Issues of shares, depository receipts, bonds, warrants and subscription rights may be admitted to trading on the **beam** market.

Is there a mandatory condition regarding the legal and organizational form of the companies admitted to trading on the **beam** market?

- Only financial instruments issued by joint stock companies can be traded on the **beam** market.

We are not registered in Bulgaria. Can we be admitted to trading on the **beam** market?

- Companies registered in another country may be admitted to the beam market, as long the requirements of the Rules for Admission to Trading are met. Documents can be submitted either in Bulgarian, or in English.

More information can be found here: <https://www.bse-sofia.bg/en/beam-market-rules>



Do we have to raise funds to join **beam**?



In order a company to join the **beam** market it is not necessary to raise funds. The issue can be registered for secondary trading in order to give more publicity to the company, more transparency of the activity, to get a clearer market valuation for their company, to attract new shareholders amongst customers, suppliers, contractors, and last but not least, opportunity to prepare a large-scale investment strategy in the future by attracting capital at a later stage.

What financial statements should the company disclose?



A company admitted to trading on the **beam** market is obliged to publish only **annual and six-month financial statements**, as well as an annual statement of financial position. The publication of financial statements aims at providing shareholders and the public (potential shareholders) with access to up-to-date information that reflects the company's activities.

What is MAR and does it apply to companies admitted to **beam** trading?



The MAR (Market Abuse Regulation) or Regulation (EU) N° 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) is an EU regulation that has entered into force on 3 July 2016.

The MAR includes disclosure obligations as well as specific rules for issuers that have applied for and been admitted to trading on a multilateral trading facility.

The **beam** market is an MTF, respectively the relevant provisions of the MAR apply to it.

More information about the MAR can be found here:

EUR-Lex: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014R0596>;

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2019.320.01.0001.01.ENG

ESMA: <https://www.esma.europa.eu/regulation/trading/market-abuse>

European Commission: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0596>



What is a **beam** market advisor?



Beam market advisors can be investment intermediaries, consulting companies, incl. law firms, accounting or auditing firms. Their role is to support the work of the issuing companies in the admission process and in their subsequent activities as beam companies.

The Advisor:



The advisor status is granted by approval of the BSE;



Has a contract with at least one expert with the necessary knowledge and experience for financial market operations;



Advises the issuer on its obligations related to admission to trading;



Monitors the compliance of the issuer with the requirements after admission to trading.

How to select an advisor?

- The **BSE** strictly observes the principle of equal treatment of its advisors, so we cannot recommend a specific advisor.
- Our advice is to have conversations with several advisors and find the one who best understands your ideas and has the right view on the business direction in which you have lead your company.



A list of all beam market advisors is available at the following link: <https://www.bse-sofia.bg/en/advisors>

How long can the admission document be prepared for?



The admission document is prepared jointly by the company and the selected **beam** advisor. Its purpose is to acquaint potential investors with the activities of the company, its assets, projects and team members. The information in the admission document should be correct, comprehensive, clear and understandable. Please note that too much data may make it difficult to find the essential information. On the other hand, insufficient information may raise many additional questions and unclear points. The BSE has prepared a sample document to be followed.



Sample download: <https://www.bse-sofia.bg/en/listing-requirements-beam>

What are the requirements for companies applying for admission on the **beam** market?



To be registered as a joint stock company in Bulgaria or abroad;



The company's articles of association should provide for certain texts in connection with the admission to trading on the beam market;



To have a document for admission to trading pursuant to the sample in Bulgarian or English;



To have prepared audited financial statements for the previous financial year;



To have a contract with an advisor for a period of at least 2 years.

What are the requirements to the issue of financial instruments?

- Issues of financial instruments should:



- Be dematerialized or duly immobilized as well as to be registered in a depository institution. In our country such institution is the Central Depository AD



- Have no restrictions or conditions for their transfer



- Not be admitted to trading on the regulated market organized by the Exchange



- There is an admission document or an abbreviated admission document pursuant to the Rules for admission of financial instruments on the beam market

May I participate in the **beam** market with a newly registered company?

- Yes, you may participate in the beam market, as long the requirements of the **Rules for Admission to Trading** are met.

What are the fees that a company admitted to the **beam** market owes?

- An one-off fee of **BGN 600 (VAT included)** is payable for admission to trading of the issue on the market
- and an **annual fee of BGN 1,200 (VAT included)** is due for maintenance of the registration.
- No other fees are collected from companies admitted to trading on the **beam** market.

What documents should be prepared in the process of listing on the **beam**?



LEI code

from the Central Depository or another
LEI-issuer



ISIN code

from the Central Depository



FISN

from the Central Depository



CFI code

from the Central Depository



Articles of Association

Commercial Register



Class under **NACE Rev. 2**



Admission

document

If I register an issue of shares on the **beam** market, can I determine the shareholders?



The idea of organized markets, such as the beam market, is to meet the interests of investors with those of entrepreneurs. The "meeting" is made via an electronic trading platform, thus ensuring full transparency regarding the price formation of the traded financial instruments, and buyers and sellers in the platform are anonymous.

Who are the investors in the **beam** market?

- The **beam** market is open to almost all participants, including those on the **BSE regulated market**. In this sense, we expect to attract large and small investors, mutual funds, as well as companies and individuals investing in small and medium enterprises. Potential investors are also customers, suppliers, employees and all other persons who are anyway partners of companies on the **beam** market. It is important to keep in mind that pension companies cannot invest in companies on the **beam** market due to existing legal restrictions.

When are shares or bonds issued by a company and registered on the **beam** market traded?



The financial instruments admitted to trading on all markets organized by BSE, including on the **beam** market, are traded according to the usual hours of trading sessions, namely **from 10 am to 5 pm every business day**.

The trading calendar of the BSE can be found at the following address:

<https://www.bse-sofia.bg/en/trading-calendar>



How are the shares or bonds issued by a company and registered on the **beam** market traded?

- The **beam** market transactions are concluded only remotely electronically through the operated trading system. Trading on the **beam** market is carried out through the **Deutsche Börse platform - T7®**, which is also utilized for the regulated market of BSE. Transactions with financial instruments admitted to trading on the **beam** market are carried out on the basis of the buy and sell orders entered by the BSE members and the quotes of the market makers. There is no difference in the rules for trading on a regulated market and on the **beam** market.
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How can I trade shares of companies registered on the **beam** market?

- You should contact a licensed investment intermediary that is a BSE member and it will submit the relevant order on your behalf. You can find a list of all BSE members here:

<https://www.bse-sofia.bg/en/members-list>



How do I access information on the prices of the **beam** market instruments?



Data on trading, as well as information disclosed by respective issuers, may be found at the website of the Exchange, at: <https://www.bse-sofia.bg/en/growth-market-beam>

Are there market makers on the **beam** market?

- Each issuer may sign a contract with a market maker to provide liquidity to its instruments.
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