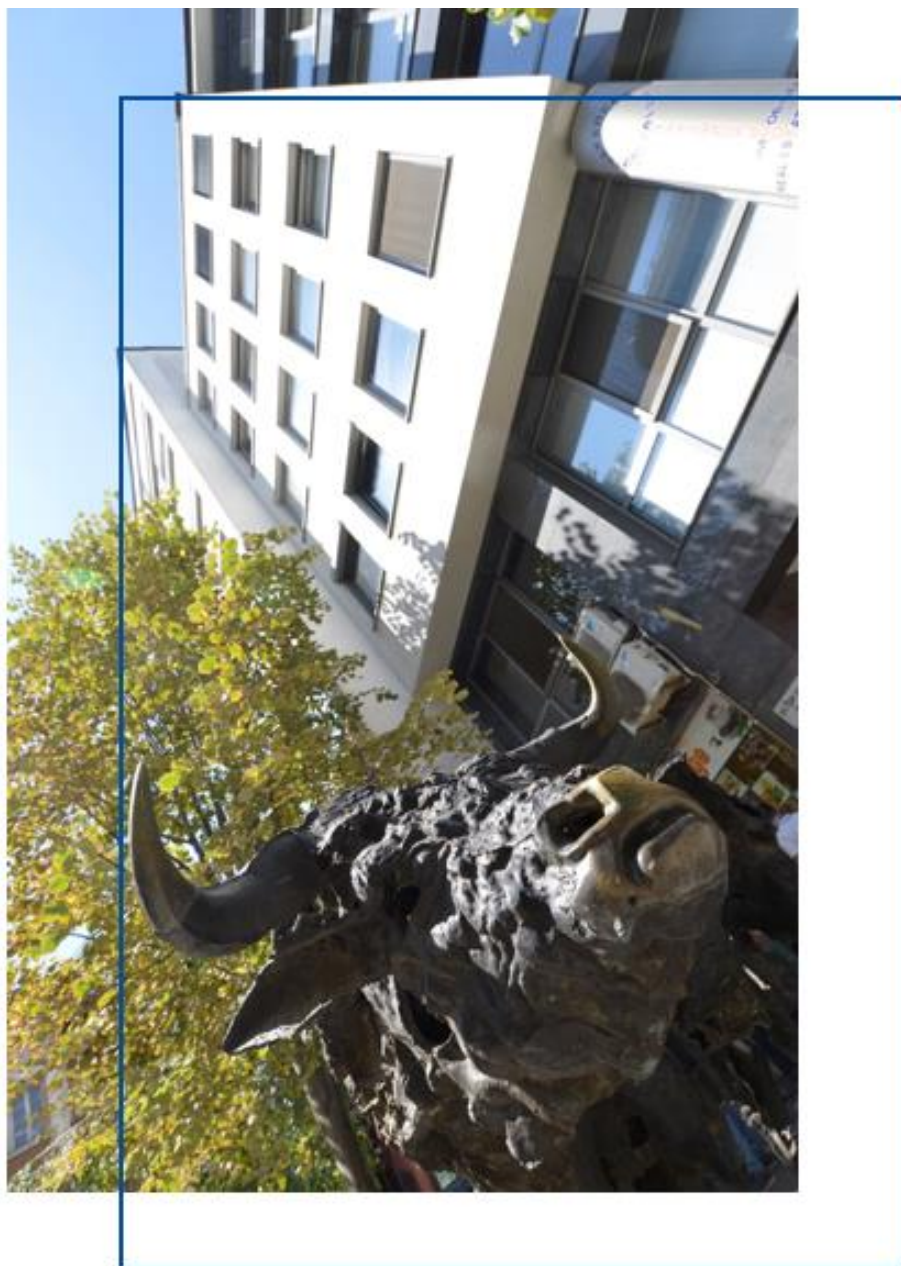




BULGARIAN  
STOCK EXCHANGE



## **Benchmark Statement**

**Pursuant to Art. 27 of the Benchmark Regulation (BMR)**  
**BSE Indices**

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## Qualification of the Benchmark Family

### BSE Indices

#### Qualification (pursuant to Art. 1, par. 1 of the RTS)

Bulgarian Stock Exchange (BSE) is a provider of the following two indices that pursuant to the definition under Art. 3, par. 1, item 3) of the Benchmark Regulation have been classified as benchmarks:

- **SOFIX**
- **BG TR30**

Benchmark	ISIN	Type of Index	Price update
SOFIX	BG92TR302087	Price index	Real-time
BG TR30	BG92SOFI4086	Price index	Real-time

The benchmarks are not determined using contributed input data.

BSE Indices are classified as non-significant benchmarks because they do not fulfill the critical benchmark criteria under Art. 20, par. 1 of the BMR, neither the significant benchmark criteria under Art. 24, par. 1 of the BMR.

#### Key Terms (pursuant to Art. 27, par. 2, lit. (a) of the BMR)

- **Benchmark Regulation (BMR):** Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014;
- **Regulatory Technical Standards (RTS):** Commission Delegated Regulation (EU) 2018/1643 of 13 July 2018 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to regulatory technical standards specifying further the contents of, and cases where updates are required to, the benchmark statement to be published by the administrator of a benchmark;
- **BSE:** Bulgarian Stock Exchange;
- **Free-float:** Number of shares based on data of a depositary institution, held by shareholders owning not more than 5 (five) per cent of the votes at the General Meeting of the issuing company;
- **Free-float factor:** Median value of the ratio between the free-float and the number of shares in the issue (based on the data of a depositary institution), rounded to the fourth decimal place, with regard to each one of the trading sessions for 1 (one) of the following



quarterly periods: 2 March – 1 June, 2 June – 1 September, 2 September – 1 December, 2 December – 1 March;

- **Market capitalisation:** Product of the number of the financial instruments of the respective issue (according to the data of a depository institution, except for the cases of corporate action “Stock dividend distribution”) and the unit price of the last trade on regulated market;
- **Index base (index portfolio):** The issues taken into consideration for the calculation of the respective index;
- **Material change to the benchmark methodology:** change of key elements of the methodology, including: requirements to the issues for inclusion into the benchmark base; the way of ranking of the issues for inclusion into the benchmark base; the formula for computing the benchmark values;
- **Regulation (EU) 2019/2089:** Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks.

#### **Economic reality measured by the benchmarks (pursuant to Art. 27, par. 1, lit. (a) of the BMR and Art. 1, par. 2 of the RTS)**

The SOFIX and BG TR30 indices measure the performance of the most liquid and with the greatest market capitalization companies admitted to trading on the regulated market organized by BSE. Therefore, the most current economic reality of the Bulgarian capital market is always optimally represented.

SOFIX is an index based on the market capitalization of 15 (fifteen) issues of common shares, adjusted with the free-float of each of them.

The issues to be included in the SOFIX index base are selected according to the following criteria of equal weight:

- The largest free-float market capitalisation;
- The highest number of transactions during the last 6 (six) month period;
- The highest median value of the weekly turnover during the last 6 (six) month period;
- The lowest arithmetic mean of the bid-ask spread calculated for the last 6 (six) month period.

BG TR30 is an index based on the price performance of 30 (thirty) issues of common shares included in the index portfolio, as each constituent issue has equal weight.



The issues to be included in the BG TR30 index base are selected according to the following criteria of equal weight:

- Market capitalisation;
- Number of transactions executed during the last 6 (six) months;
- Turnover (value traded) during the last 6 (six) months;
- Free-float factor.

The exact composition of the BSE indices is determined and kept up-to-date in accordance with the Rules for Calculating the Indices of Bulgarian Stock Exchange which are freely accessible at the web-site of BSE at the following address: [http://download.bse-sofia.bg/BSE-Rules/Indices/Index\\_Rules\\_EN.pdf](http://download.bse-sofia.bg/BSE-Rules/Indices/Index_Rules_EN.pdf).

#### **Regulated-data benchmarks (pursuant to Art. 3, par. 24, lit. (a), item (i) of the BMR and Art. 2 of the RTS)**

The BSE indices are classified as regulated data benchmarks because the input data used for their calculation are the traded prices generated entirely and directly from the T7® trading system of the Bulgarian Stock Exchange, being a trading venue as defined in Art. 4, par. 1, item 24 of Directive 2014/65/EU.

#### **Controls and rules that govern any exercise of judgement or discretion (pursuant to Art. 27, par. 2, lit. (d) of the BMR)**

All decisions related to the BSE indices are taken only and entirely in accordance with the Rules for Calculating the Indices of Bulgarian Stock Exchange which are freely accessible at the web-site of BSE at: [http://download.bse-sofia.bg/BSE-Rules/Indices/Index\\_Rules\\_EN.pdf](http://download.bse-sofia.bg/BSE-Rules/Indices/Index_Rules_EN.pdf), thus there is no discretion or judgement in the process of selection of the issues to be included in the index bases of the BSE indices.

The calculation and distribution of the indices is based exclusively on regulated data, i.e. on the traded prices directly from the T7® trading platform, so the automated mechanism excludes any human discretion or judgement.

#### **Methodology (pursuant to Art. 27, par. 2, lit. (b) of the BMR)**

The rules and procedures related to the adopting, review and approval of the benchmark methodology are part of the Rules for Calculating the Indices of Bulgarian Stock Exchange which are freely accessible at the web-site of BSE at: [http://download.bse-sofia.bg/BSE-Rules/Indices/Index\\_Rules\\_EN.pdf](http://download.bse-sofia.bg/BSE-Rules/Indices/Index_Rules_EN.pdf).



**Criteria used to determine the benchmarks (pursuant to Art. 27, par. 2, lit. (c) of the BMR)**

- Values of the BSE indices are calculated on the base of the traded prices generated in the T7® trading platform of Bulgarian Stock Exchange, as only “new” prices, i.e. prices that differ from the current prices, trigger new index levels;
- New index levels are calculated based on a publicly available formula;
- The SOFIX daily value are calculated as its base value is multiplied by the ratio of the sum of the market capitalisations of the issues currently included in the index portfolio adjusted by the divisor, the weight factor and by the free-float factor of each issue, to the sum of the adjusted by the weight factor and by the free-float factor market capitalisations at the base moment;
- The BG TR30 daily values are calculated as a sum of the products of the price of the last trade and the respective weight factor of all issues included in the index base.

**Determination of the benchmark in periods of stress or periods where transaction data sources may be insufficient, inaccurate or unreliable dealing with errors in input data or in the determination of the benchmark, as well as identification of potential limitations of the benchmark, including its operations in illiquid or fragmented markets and the possible concentration of inputs (pursuant to Art. 27, par. 2, lit. (e), (f) and (g) of the BMR and Art. 1, par. 3, lit. (a) of the RTS)**

- If there is no transaction with a certain instrument during a trading session, the price of the last trade with this instrument is taken into consideration for the purposes of the respective index. Thus a failure of calculating indices due to insufficient data because of illiquid market is prevented;
- If an extraordinary situation calls for a change in the base of a certain index outside the periods of regular rebalancing (for example: suspension of an issue from trading on the regulated market for more than one trading session or writing-off of an issue from the Public Companies and Other Securities Issuers Register maintained by the Bulgarian Financial Supervision Commission), an extraordinary index rebalancing is provided for and described in detail in the Rules for Calculating the Indices of Bulgarian Stock Exchange which are freely accessible at the web-site of BSE at: [http://download.bse-sofia.bg/BSE-Rules/Indices/Index\\_Rules\\_EN.pdf](http://download.bse-sofia.bg/BSE-Rules/Indices/Index_Rules_EN.pdf);
- In case of a stated error in input data, respectively in case of erroneously calculated and/or published index values, the Bulgarian Stock Exchange shall immediately publish on its web-site information about the problem and the measures which shall be undertaken to resolve it. Where appropriate and possible, after resolving the problem, the BSE shall provide updated and/or missing data.



- As SOFIX and BG TR30 indices measure the performance of the most liquid and with the greatest market capitalization companies admitted to trading on the regulated market organized by BSE and the indices calculation is based exclusively on regulated data, there shall be no limitations pursuant to Art. 27, par. 2, lit. (g) of the BMR.

### **Benchmark Cessation**

- A BSE index may be terminated if it no longer represents the underlying market as a result of regulatory changes or changes to the economic reality. If the respective index is still used by market participants, but in the opinion of BSE, the maintenance of the index is no longer possible, the BSE can consider certain alternatives to cessation of the index. Before taking a decision for cessation of the index, BSE shall inform the users of index market data and the issuers of products on the respective index that this index has been identified as an index that could potentially cease to exist;
- An index cessation decision is taken by the Board of Directors of Bulgarian Stock Exchange after review and adoption of a motivated proposal by the Indices Committee. The review, approval and implementation of the Index Cessation Procedure (including the consultations thereof, where applicable) are responsibility of the Oversight Function under Art. 5 of the BMR;
- The index cessation decision shall be announced via a notification on the web-site of BSE at least three (3) months before the effective date of the cessation. Any change or cessation of a benchmark may influence the financial contracts and financial instruments, which value is determined based on the benchmark, or the measuring of the results of the investment funds.

### **Announcement pursuant to Regulation (EU) 2019/2089**

Bulgarian Stock Exchange does not provide EU Climate Transition Benchmarks or EU Paris-aligned Benchmarks. The BSE indices do not pursue environmental, social and governance (ESG) objectives.

**Changes in the meaning of Art. 28 of the BMR and Art. 6 of the RTS shall trigger an update of this document.**