

**BULGARIAN
STOCK
EXCHANGE - SOFIA**



БЪЛГАРСКА
ФОНДОВА БОРСА
СОФИЯ

RULES AND REGULATIONS

**PART VIII
CONFLICT OF INTEREST RULES**

Chapter One GENERAL PROVISIONS

Article 1. (1) These Conflict of Interest Rules form part of the Rules and Regulations of the Exchange and lay down the measures and procedures for unequivocal identification and prevention of possible adverse impacts on the operations at the regulated market or on its members/participants resulting from conflicts between the interest of the market operator, accordingly the regulated market, the persons with qualified stockholding in the market operator and accordingly in the regulated market, on one side, and the sustainable functioning of the regulated market, on the other side, and in particular the adverse impacts that may prevent the proper performance of the functions delegated to the regulated market by the FSC.

(2) Conflicts of interest other than those described in paragraph (1) shall be treated as provided for in the document which governs the business of the entities that are parties to such conflicts.

Article 2. Parties to the conflicts of interest are the Exchange and the persons with qualified stockholding in its capital.

Chapter Two IDENTIFICATION OF ADVERSE IMPACTS

Article 3. Adverse impacts on the operations of the Exchange, its members and regulated market participants are those that violate or can potentially impede the implementation of the operational principles of the Exchange such as: ensuring equal conditions for access to and participation in financial instruments trading, equal access to market information, application of uniform rules for trading at the Exchange, conclusion and execution of trades with financial instruments and full transparency on how the prices of the traded financial instruments are being determined.

Article 4. (1) The possible conflicts of interest that give rise to adverse impacts include, without limitation:

1. establishment of contractual relationships between the Exchange and persons with qualified stockholding in its capital, which substantially diverge from the market terms;
2. establishment of relationships that result in inequality vis-à-vis Exchange members or other market participants;
3. establishment of relationships, which contravene the principles and rules that underlie the functioning of the regulated market;

(2) In addition to the abovementioned conflicts of interest, other forms of conflict of interest may also exist.

Article 5. Conflicts of interest and their potential adverse impacts shall be identified through

mandatory disclosure of information by the relevant parties concerning any potential or existing conflict between their interests and the interests of the Exchange in ensuring its sustainable functioning and proper performance of the functions delegated to it by the FSC.

Article 6. Through its Surveillance Directorate and Legal Directorate, the Exchange shall perform periodic checks for identifying conflicts of interest and shall analyse the potential adverse impacts thereof.

Article 7. The Exchange shall also act on its own initiative to address potential conflicts of interest and their potential adverse impacts on the basis of alerts and reports submitted to it by Exchange members, market participants or other parties, and in response to media publications.

Article 8. The persons with qualified stockholding in the capital of the Exchange shall disclose in writing to the Exchange each and every commercial, financial or other interest of theirs that affects or contravenes the interests of the Exchange in ensuring its sustainable functioning and proper performance of the functions delegated to it by the FSC, and the potential adverse impacts thereof.

Article 9. Notwithstanding the disclosure of information as per the foregoing Article, through its Surveillance Directorate and Legal Directorate the Exchange shall exercise ongoing control aimed at identifying persons with qualified stockholding in its capital and screening any potential conflicts between their interests and those of the Exchange, on one hand, and the sustainable functioning of the regulated market and the proper performance of its functions, on the other hand, and shall also identify the potential adverse impacts of such conflicts.

Chapter Three

MEASURES FOR PREVENTION OF ADVERSE IMPACTS

Article 10. The Board shall, on the basis of analytical documents and opinions of the Surveillance Directorate and Legal Directorate concerning the potential occurrence of adverse impacts resulting from conflicts of interest, decide what particular measures have to be taken in each particular case for prevention of such adverse impacts.

Article 11. The measures applied by the Board must be appropriate to the circumstances of the particular case and may include adoption of binding decisions for performance of or refraining from particular acts as well as revocation or modification of previous acts, provided however that the Board's decisions can not prejudice the rights, which the legislation in force affords to the parties concerned.

SUPPLEMENTARY PROVISIONS

§ 1. The terms used in these Rules, which are not defined elsewhere, shall be understood within the meaning used in POSA, MFIA, MAMAFIA and their respective implementing provisions, respectively in the general commercial legislation and commercial practice.

§ 2. The following abbreviations and terms in these Rules have been used in the meaning ascribed to them hereunder:

1. "the Exchange" means Bulgarian Stock Exchange - Sofia AD or, respectively, the regulated market organised by Bulgarian Stock Exchange - Sofia AD.
2. "FSC" means the Financial Supervision Commission.
3. "The Board" means the Board of Directors of Bulgarian Stock Exchange - Sofia AD.
4. "Persons with qualified stockholding in the Exchange" are persons that hold 10% (ten percent) or more than 10% (ten percent) of the capital of the Exchange.
5. "Legal Directorate" means the Legal Directorate of Bulgarian Stock Exchange - Sofia AD.
6. "Surveillance Directorate" means the Surveillance Directorate of Bulgarian Stock Exchange - Sofia AD.
7. "POSA" means the Public Offering of Securities Act.
8. "MFIA" means the Markets in Financial Instruments Act.
9. "MAMAFIA" means the Measures Against Market Abuse of Financial Instruments Act.

TRANSITIONAL AND FINAL PROVISIONS

§ 1. These Rules shall apply as from 06 February 2009.
