



RULES AND REGULATIONS

PART II MEMBERSHIP RULES

Chapter One EXCHANGE MEMBERS

Section One GENERAL PROVISIONS

Article 1. These Membership Rules constitute part of the Rules and Regulations of the Exchange and govern the relationships between the Exchange, the Exchange members and the applicants for membership, the relationships between them and the brokers duly authorised thereby vis-à-vis their admission to trading and other specific aspects related to Exchange membership, as well as the relationship between the members and their clients, related to providing access to the trading System of the Exchange.

Article 2. (1) Eligibility for Exchange membership shall be limited to legal entities that are banks or investment intermediaries duly incorporated in Bulgaria or incorporated in a Member State, as well as legal entities duly incorporated in a third country which have obtained a licence or whose licence has been recognised by the FSC, and which have been admitted, under the terms and according to the procedure established by these Rules, to conclude transactions in financial instruments on the Exchange.

(2) The Exchange members may conclude transactions in financial instruments on all markets and market segments organised by the Exchange, unless a special procedure for participation has been expressly established.

(3) The transactions shall be concluded by means of a remote access according to the procedures established under the present Rules and Regulations of the Exchange.

(4) The members may grant their clients electronic platforms for access to the trading System. The platforms shall be approved by the Exchange under the terms established by these Rules. The platform for access to the trading System may be used for trading directly by the members, as well as for providing direct market access or sponsored access to their clients.

Article 3. (1) Exchange members shall be obligated to abide, at any time, by the provisions of the Rules, the applicable legislation, as well as the Membership Agreement concluded with the Exchange.

(2) Exchange members shall be obligated to comply with, to implement and to reckon with the decisions of the Board.

Article 4. (1) The members, the management bodies thereof and other persons who manage and/or represent the members, the brokers and the other employees of the members, shall be obligated to

carry out the activity thereof in accordance with the principles of bona fide trading practice and ethics in the relations with the clients thereof and with the rest of the members, as well as to create and maintain the conditions necessary therefor.

(2) The persons covered under Paragraph (1) shall be obligated to act in a manner that best protects the client's interests.

(3) The persons covered under Paragraph (1) may not use the facilities and premises of the Exchange made available thereto in any manner other than the use assigned to the said facilities and premises. In case of gaining access to any technical capabilities or information to which the Exchange members are not entitled, they shall be obligated to notify the Exchange without delay.

Section Two EXCHANGE MEMBERSHIP

Article 5. (1) All members shall be placed on a completely equal footing and shall have identical rights and obligations.

(2) The Exchange members shall have equal access to market information, as well as enjoy equal conditions for participation in trading.

(3) All members shall be entitled to use and provide to their clients platforms for access to the System.

Section Three TERMS AND CONDITIONS FOR ADMISSION OF MEMBERS

Article 6. Persons who fulfill the following conditions may be admitted to Exchange membership:

1. these shall be:

(a) investment intermediaries licensed under the terms and conditions and according to the procedure established by the MFIA on the provision of investment services and the performance of investment activities under Article 5 (2) and (3) of the MFIA as a regular occupation or a business on a professional basis, or

(b) banks which, as a regular occupation or a business on a professional basis, provide investment services and/or perform investment activities and have been duly licensed to provide such services and to perform such activities by the Bulgarian National Bank;

2. these shall be members of a depository institution or shall have an agreement concluded with a member of any such institution, allowing the due settlement of the transactions concluded thereby within the established time limits;

3. these shall have an effective employment contract or a civil-law contract with at least one broker.

Article 7. (1) An investment intermediary established in a Member State may be admitted to Exchange membership if the said intermediary fulfils the conditions of this Section, of the rest of the requirements set under these Rules, of the MFIA and the other statutory instruments governing the activity thereof in the Republic of Bulgaria.

(2) A legal entity established in a third country, which legal entity has obtained a licence or whose licence has been recognised by the FSC under the terms and conditions and according to the procedure established by the MFIA on the provision of investment services and the performance of investment activities under Article 5 (2) and (3) of the MFIA as a regular occupation or a business on a professional basis, may be admitted to Exchange membership through its branch in Bulgaria if the said entity fulfils the conditions of this Section, of the rest of the requirements of these Rules, of the MFIA and the other statutory instruments governing the activities thereof in the Republic of Bulgaria.

Section Four

PROCEDURE FOR ADMISSION OF MEMBERS

Article 8. (1) Applicants for Exchange membership shall submit an application in a standard form, addressed to the Board and signed by a person vested with representative authority.

(2) Applicants for membership which are resident entities shall attach the following to the application referred to in Paragraph (1):

1. a copy of the licence granted by the FSC to carry out business as an investment intermediary or, if a bank, a copy of the licence to carry out business granted by the Bulgarian National Bank, and a document on entry into the Investment Intermediaries Register at the FSC;
2. particulars of the legal entities and the individuals which and who are members of the management and control bodies of the applicant company;
3. particulars of the persons, holding a qualifying interest in the applicant company and of the number of votes held thereby in the General Meeting of the applicant company;
4. a copy of the CD membership agreement, of an agreement concluded with a member of CD or with another depositary institution/clearing house;
5. copies of the internal rules, according to Ordinance No. 38, duly certified by the persons vested with representative authority;
6. information on any administrative sanctions and/or coercive administrative measures imposed in connection with the activity involving financial instruments on any members of the management and control bodies of the applicant or on any employees thereof for the current and the last preceding year, notwithstanding the fact of whether these have conducted the activities in question for the applicant or for any other entity.

(3) Applicants for membership that are non-resident entities established in a Member State shall

attach the following to the application referred to in Paragraph (1):

1. a certified copy of the Articles of Association or, respectively, of the Memorandum of Association;
2. an official document certifying the status of the legal entity and the persons who represent it;
3. in the cases referred to under Article 65 of the MFIA: a copy of the licence or licences granted by the Competent Authority in the Member State, in which the investment intermediary has obtained the said licences, as well as a copy of the notification referred to under Article 65 (1) of the MFIA or a document certifying the expiry of the time limit referred to under Article 65 (1);
4. particulars of the legal entities and the individuals which and who are members of the management and control bodies of the applicant company;
5. particulars of the persons, holding a qualifying interest in the applicant company and of the number of votes held thereby in the General Meeting of the applicant company;
6. a copy of the CD membership agreement, of an agreement concluded with a member of CD or with another depositary institution/clearing house;
7. a copy of internal rules of procedure duly certified by the persons vested with representative authority;
8. information on any administrative sanctions and/or coercive administrative measures imposed in connection with the activity involving financial instruments on any members of the management and control bodies of the applicant or on any employees thereof for the current and the last preceding year, notwithstanding the fact of whether these have conducted the activities in question for the applicant or for any other entity.

(4) The Exchange shall verify the compliance with the terms and conditions under Article 66 of the MFIA.

(5) Applicants for membership which are legal entities established in a third country with branches in Bulgaria, which have obtained a licence from or whose licence has been recognised by the FSC, shall attach the following to the application referred to in Paragraph (1):

1. a copy of the licence or licences granted by the Competent Authority in the third country, in which third country the legal entity has obtained the said licences, as well as a copy of the licence granted by the FSC as per Article 15 (5) of the MFIA or the document on recognition of the licence on the part of the FSC as per Article 15 (6) of the MFIA;
 2. particulars of the legal entities and the individuals which and who are members of the management and control bodies of the applicant company;
 3. particulars of the persons, holding a qualifying interest in the applicant legal entity and of the number of votes held thereby in the General Meeting of the applicant legal entity;
 4. a copy of the CD membership agreement, of an agreement concluded with a member of CD or with another depositary institution/clearing house;
 5. a copy of internal rules of procedure duly certified by the persons vested with representative authority;
 6. information on any administrative sanctions and/or coercive administrative measures imposed in
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connection with the activity involving financial instruments on any members of the management and control bodies of the applicant or on any employees thereof for the current and the last preceding year, notwithstanding the fact of whether these have conducted the activities in question for the applicant or for any other entity.

(6) Together with the application referred to in Paragraph (1), the applicant shall also submit particulars of the Security administrator needed for their registration as a user of the System.

(7) Together with the application referred to in Paragraph (1), the applicant may also submit documents for admission of a broker to trading.

Article 9. (1) On the basis of the application and the documents attached thereto, the Board shall establish whether the requirements of these Rules for admission to Exchange membership have been complied with. If the particulars and data presented are deficient or non-compliant, or if additional information or proof of veracity of the particulars is required, the Exchange shall send the applicant a communication on the deficiencies and non-conformities ascertained or on the additional information and documents required.

(2) The Board shall pronounce its decision on the application within ten (10) business days following the receipt thereof, and where additional information and documents have been requested, within ten (10) business days following the submission thereof.

(3) The Board shall refuse to admit the person to membership if:

1. the provisions of the statutory instruments or the requirements of the Rules have not been complied with; or
2. the applicant has presented false particulars or documents making a false statement.

(4) A refusal under the foregoing Paragraph shall be rendered solely if the applicant has failed to cure the deficiencies and the non-conformities ascertained or has failed to present the additional information and documents required within the time limit set by the Board, which time limit may not be shorter than ten (10) business days.

(5) A refusal by the Board to admit the person to membership shall be reasoned in writing. The associate membership fees paid shall be non-refundable.

(6) A refusal by the Board to admit a person to Exchange membership shall be appealable before the Arbitration Court with the Exchange as per the procedure established under the Rules and Regulations of the said Court.

(7) The Board shall admit the respective applicant to Exchange membership in the case where the information and documents as presented by the said applicant comply with the requirements of these

Rules and the law. By the decision on admission, the Board shall set the date as from which date the Exchange member may be granted access to the System.

(8) The Exchange shall publish information on the Board's decision in the Exchange Bulletin and shall notify the applicant within a time period of three (3) business days following the date, on which date the decision in question has been made.

Article 10. The Exchange member shall submit to the Exchange particulars of the persons who shall be authorised to dispose of the bank account wherethrough the liabilities due to the Exchange are to be reimbursed within a time period of five (5) business days following the receipt of the notification stating that the entity has been admitted to Exchange membership.

Article 11. (1) The applicant shall be considered Exchange member as from the moment of membership agreement's entry into effect, under which agreement the initial date of membership shall be specified. The newly admitted Exchange member shall conclude such membership agreement with the Exchange within a time period of five (5) business days following the receipt of the notification of the Board's decision whereby the request for membership is granted.

(2) An Exchange member may not execute transactions in financial instruments through the System prior to submitting:

1. a document evidencing that an account for servicing the transactions in financial instruments under a special management regime according to Annex 23 to the Rules of CD has been opened in the name of the member concerned with a bank or with the relevant clearing house;
2. a document issued by a depositary institution on the existence of a financial instruments account opened in the name of the Exchange member or by another person on the existence of such an account, provided that the said person registers and transfers financial instruments through opening and maintenance of accounts for the holders of such instruments.

Article 12. (1) Upon transformation of the commercial corporation or other cases of universal succession of an Exchange member or between Exchange members, the Exchange member shall apply to the Board for re-registration of the successor thereof and of the brokers thereof.

(2) A freely worded application shall be submitted for re-registration, attaching thereto:

1. a copy of the advance approval by the FSC for the transformation contemplated, and if a bank, a copy of the authorisation granted by the BNB or, respectively, an authorisation from the Competent Authority in the Member State, in which Member State the investment intermediary has obtained a licence;
 2. written proof of entry of the transformation into the respective registers of the Exchange member's country of origin, in the event where the respective registers are not publicly accessible;
 3. a detailed description of the procedures for re-registration, respectively, of the transfer of the commercial enterprise by the Exchange member, inclusive of specific dates regarding the transfer of
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relationships with the Exchange member's clients.

(3) The Board shall pronounce its decision on the application submitted within ten (10) business days. Article 10 above shall apply, *mutatis mutandis*.

(4) The brokers of an Exchange member that has applied for re-registration shall be transferred *ex officio* to the successor in the process of re-registration.

(5) The Board shall adopt time limits and procedures according to which the re-registration is to be accomplished.

Section Five **PLATFORMS FOR ACCESS TO THE TRADING SYSTEM**

Article 13. (1) The Exchange members, which provide platforms for access to the System shall be obligated to:

1. have available adequate systems and efficient supervision, including pre- and post-trade supervision, which shall guarantee that the provided direct market access or sponsored access shall not negatively affect the compliance with the market rules, shall not lead to incorrect execution of trading, or shall not facilitate market abuse behaviour.
2. duly check the clients to whom they provide direct or sponsored access.

Article 14. (1) The Exchange members, which provide platforms for access to the System shall submit an application in a standard form, addressed to the Board.

(2) The Exchange members shall attach the following to the application referred to in Paragraph (1):

1. the policies and procedures applied for minimizing the risk of market abuses.
2. the policies and procedures applied concerning compliance with the law of the automated trading activities and the platforms for access to the System.
3. documents describing in detail the technical and functional characteristics of the platform for access to the System.

Article 15. (1) The Board shall pronounce its decision on the application within twenty (20) business days following the receipt thereof, and if additional information and documents have been requested, within twenty (20) business days following the final submission thereof.

(2) On the basis of the application and the documents attached thereto, the Board shall establish whether the requirements of these Rules and applicable law have been complied with. If the particulars and data presented are deficient, incorrect or non-compliant with the requirements of these Rules, or if additional information or proofs of accuracy of the particulars are required, the

Exchange shall send the applicant a communication on the deficiencies and non-conformities ascertained or on the additional information and documents required.

(3) The Board, following standardized testing for compatibility of platforms for access to the System, shall approve the compatibility and the minimum level of functionality of the platforms. By its decision the Board shall stipulate the date from which the Exchange member may use the platform accordingly.

(4) The Board shall refuse the approval if:

1. the provisions or the requirements of the Rules have not been met; or
2. the applicant has presented false particulars or documents making a false statement.

(5) A refusal by the Board to approve the platform for access to the System shall be reasoned in writing.

(6) A refusal by the Board to approve the platform for access to the System shall be appealable before the Arbitration Court with the Exchange as per the procedure established under the Rules and Regulations of the said Court.

(7) The Exchange shall notify the applicant within a time period of three (3) business days following the date on which date the decision in question has been taken.

(8) An absence of a delivery of opinion by the Board within the period under Paragraph 1 shall be considered a silent approval for using the platform as appropriate. In that case the Exchange member may use the platform as appropriate 3 (three) business days after the expiration of the period under Paragraph 1.

Article 16. The Exchange may reject an application by a member to provide sponsored access to its client, when it is not certain that this shall be in compliance with the rules and procedures for fair, transparent and efficient trading, taking into account the client's characteristics, reputation, market behaviour and other related circumstances. The Exchange members shall submit an application for sponsored market access for every client separately.

Section Six

SUSPENSION OF AN EXCHANGE MEMBER FROM TRADING AND TERMINATION OF MEMBERSHIP

Article 17. (1) The Board shall have the right to suspend a member from Exchange trading in the cases and according to the procedure established by Chapter Four of the Surveillance Rules or acting on an express request submitted by the Exchange member.

(2) The information on the suspension shall be published in the Exchange Bulletin.

Article 18. (1) Exchange membership shall be terminated by a decision of the Board:

1. if the member ceases to comply with the requirements for membership under these Rules;
2. upon revocation by the FSC of the licence to provide investment services and perform investment activities, of the licence by the BNB or of the licence(s) granted by the Competent Authority in the Member State, in which Member State the investment intermediary has obtained (a) licence(s);
3. upon presentation of false information or withholding of facts in connection with an application for Exchange membership submitted, where this has served as grounds for admission of the person to Exchange membership;
4. upon submission of three (3) months written notice of termination of the membership agreement by the member;
5. in the cases of imposition of the sanction of “exclusion of an Exchange member from Exchange trading”;
6. upon non-payment of the fees due in the amounts and within the time limits set under Chapter Three of the Tariff of Fees collected by the Exchange;
7. upon non-payment of the relevant deposit to the Guarantee Fund by an Exchange member within the time limits specified under the Risk Management Rules.

(2) Until the date of the decision of the Board on termination of membership or, respectively, until the termination of the agreement, all applicable fees, as determined and charged according to the Tariff of Fees collected by the Exchange, shall be due and payable by the Exchange member concerned.

(3) The termination of membership shall not lead to cancellation of any liabilities due to the rest of the Exchange members or to the Exchange itself.

(4) In the event where the member fails to settle the liabilities thereof to the rest of the members in connection with exchange transactions concluded, such liabilities shall be settled through use of the Guarantee Fund with the Exchange.

(5) The Exchange member shall be notified of the decision made on termination of membership within three (3) business days, except in the cases under Chapter Four of the Surveillance Rules.

Section Seven

PROCEDURE FOR REGISTRATION AS A MARKET MAKER

Article 19. A market maker shall be an Exchange member which has assumed an obligation to provide minimum liquidity by placing quotes for particular issues of financial instruments admitted to trading on the Exchange, with the exception of subscription rights issues. In addition to the basic requirements for membership, a market maker shall also conform to the provisions of this Section.

Article 20. (1) The activity as a market maker may be performed on the grounds of or without a written contract concluded with the issuer of the particular issue of financial instruments.

(2) Activity as a market maker under issues of structured products may be only performed where a written agreement concluded with the issuer of the particular issue of financial instruments exists. An exception shall be only allowed in the event where the Exchange member applying to be a market maker is also the issuer of the financial instruments in question.

(3) An issue listed for trading may have more than one market maker.

Article 21. A market maker shall at any time comply with the following requirements:

1. hold the requisite licence to provide the investment services and perform the investment activities under Items 3 and 6 of Article 5 (2) of the MFIA;
2. no coercive measure referred to under Article 118 (1) of the MFIA or under Item 2 of Article 21 (1) of the Surveillance Rules has been imposed upon it, which imposition leads to an impossibility to deal in financial instruments on own account;
3. no sanction as referred to under Item 4 of Article 21 (1) of the Surveillance Rules has been imposed upon it over the last three (3) preceding years;
4. all fees due with regard to its Exchange membership have been duly paid, inclusive of sanctions imposed by the Board for violating the Rules, if any.

Article 22. The contract concluded by and between the issuing company and the applicant for performance of activity as a market maker, in case there is any such contract, shall provide for a time period of at least one (1) year and shall contain, as a minimum, the following essential elements:

1. the issue in respect of which the applicant is to perform the activity as a market maker;
2. the minimum quotable volume of financial instruments, if agreed upon;
3. the obligation of the market maker to comply with these Rules;
4. the initial date of performance the activity as a market maker;
6. other conditions supplementing the requirements set under these Rules;
7. the terms and conditions for early termination.

Article 23. (1) In order to perform activity as a market maker, the respective Exchange member shall submit an application in a standard form, attaching thereto:

1. a certified copy of the contract with the issuer of the financial instruments, if any;
2. a declaration on the compliance with the requirement set under Item 2 of Article 17 herein;
3. particulars of the broker who is to enter the quotes on behalf and for the account of the market maker.

(2) Where an applicant for a market maker applies simultaneously for Exchange membership, the

application referred to under Paragraph (1) shall be submitted simultaneously with the application referred to under Article 8 (1) herein.

(3) On the basis of the application and the documents attached thereto, the Board shall establish the extent to which the requirements for performance of activity as a market maker have been complied with. If the particulars and documents presented are deficient or non-conforming or if additional information or proof of the veracity of the particulars is required, the Board shall send the applicant a communication on the deficiencies and non-conformities ascertained or on the additional information and documents required.

(4) The Board shall pronounce its decision on the application within ten (10) business days following the submission thereof, and where additional information and documents have been requested, within ten (10) business days following the submission thereof.

(5) The Board shall refuse to register the applicant as a market maker if:

1. the Board ascertains that the application or the attachments thereto contain any inaccurate, misleading or untrue information, or these contradict to the requirements as set under the legislation and the Rules and Regulations of the Exchange;
2. the Board ascertains that the issue does not satisfy the criteria and the requirements for listing on the respective market, on which market admittance is required, as established under these Rules. In such case, the application for performance of activity as a market maker shall be considered together with the application for listing of the issue on the respective market or market segment, as well as the criteria and the requirements for listing which the issue satisfies;

(6) A refusal of the Board shall be reasoned in writing and shall be published in the Exchange Bulletin. The applicant shall be notified within one (1) business day as of the date of rendering the refusal in question.

Article 24. (1) Provided that the requirements set under the preceding Article are fulfilled, the Board shall adopt a decision to register the applicant as a market maker.

(2) The applicant shall be notified in writing within one (1) business day following the date of rendering the decision on registration.

(3) The decision on registration, as well as the following information, shall be published in the Exchange Bulletin:

1. the business name of the market maker;
 2. the BSE code, the business name of the issuer, and the market whereto the issue has been admitted;
 3. the maximum range of the deviation in terms of a percentage between the prices of the bid and ask quotes (i.e.: spread);
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4. the minimum value of the quote in terms of money;
 5. the time period set under the contract concluded by and between the issuer of the financial instruments and the market maker, if any;
 6. other terms and conditions, if stated by the market maker or agreed upon with the issuer.

Article 25. (1) The Board shall terminate the registration of a market maker as such in the following cases:

1. upon expiry of the time period or termination of the contract as concluded by and between a market maker and the issuer of the financial instruments, if any;
2. upon submission of an application to this effect on the part of the market maker;
3. upon revocation of the market maker’s licence to carry out business as an investment intermediary or upon a modification of the scope of the said licence, thereby leading to an impossibility to deal on own account;
4. upon termination of the membership agreement entered into with the Exchange;
5. upon imposition of the sanction “suspension of an Exchange member from Exchange trading” on the respective market maker as per the procedure established by the Surveillance Rules;
6. upon imposition of a sanction on the respective market maker for violation of the provisions of Section Three of Chapter Three under the Trading Rules;
7. upon withdrawal of the authorisation of a broker to conclude transactions on behalf of the market maker, where the market maker in question has no agreement concluded with another broker;
8. upon final termination of the listing of the issue of financial instruments, in respect to which issue the Exchange member has been registered as a market maker. The market-maker termination shall be announced along with the announcement regarding the issue termination.

(2) In the event where the market maker fails to observe the quoting obligations underlying the Rules and Regulations of the Exchange for more than seven (7) trading sessions within a calendar month, the Board may terminate its registration as a market maker for that issue.

(3) In the event where the Board has terminated the registration of a member as a market maker as per the procedure established under Paragraph (2) above, the market maker in question may not request registration as a market maker of the same issue within one (1) month as of the date of the Board’s decision.

(4) The Exchange shall publish information regarding the termination of the registration of the respective market maker in the Exchange Bulletin and shall notify the said market maker within one (1) business day following the date of the termination in question.

Article 26. The market maker shall commence performance of the activity thereof as a market maker as from the date specified in the Board’s registration decision.

BROKERS

Section One

TERMS AND CONDITIONS AND PROCEDURE FOR ADMISION OF BROKERS

Article 27 (1). Admission to the trading sessions of the Exchange shall be limited to brokers who:

1. are natural persons who have acquired legal capacity by the FSC or by the competent authority in the Member State in which the broker has obtained a licence to conclude and execute transactions in financial instruments;
2. have concluded an employment contract or a civil-law contract with an Exchange member;
3. are duly authorised by the Exchange member, wherewith they have a contract, to execute transactions in financial instruments on the Exchange on behalf of the said member;
4. are familiar with the Rules and Regulations of the Exchange and the principles of conducting trade in financial instruments through the System;
5. have duly paid all their financial liabilities toward the Exchange, inclusive of such liabilities arising as a result of sanctions imposed by the Board within a time period of one (1) month as of the maturity date of the respective liability.

(2) The actions that each System user may perform shall be defined in accordance with their rights and levels of access as set by the Security administrator.

(3) The Security administrator shall be an employee responsible for setting the rights and the levels of access of the System users who:

1. has an employment contract with the Exchange member on a position higher than the middle management level or has a management contract concluded with the Exchange member;
2. is explicitly authorised to perform these actions by the management body of the Exchange member;
3. has at least two (2) years of work experience in the field of trading in financial instruments in the event where these work by virtue of an employment contract concluded with the Exchange member;
4. enjoys a good reputation that does not threaten the stable functioning of the Exchange member;
5. has no conviction for a premeditated offence at public law.

(4) The Security administrator may set the following categories of rights to the users of the System:

1. right to send an inquiry to the System;
2. placement right;
3. right to change;
4. right to delete.

(5) In relation to the categories referred to under Paragraph (4) above, the Security administrator may set the following levels of access:

1. access to the financial instruments admitted to trading;
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2. access to user data;
 3. access to the existing orders within the System;
 4. access to the existing quotes within the System;
 5. access to the requests for quotes entered;
 6. access to the information on the concluded transactions, inclusive of to the transactions outside the regulated market;
 7. access to the news within the System.

(6) The access to the financial instruments admitted to trading may be additionally limited to particular markets of financial instruments organised by the Exchange.

(7) The Security administrator may set any combination of rights and levels of access, where the following peculiarities shall be noted:

1. the placement right referred to under Item 2 of Paragraph (4) shall not be available with regard to the levels of access referred to under Items 1, 6 and 7 of Paragraph (5);
2. the right to change shall not be available with regard to the levels of access referred to under Items 1, 5, 6 and 7 of Paragraph (5);
3. the right to delete shall not be available with regard to the levels of access referred to under Items 1, 6 and 7 of Paragraph (5);
4. where the right to send an inquiry to the System has not been granted in relation to any of the access levels as referred to under Paragraph (5), then the other rights in relation to the same level of access shall not be available either.

(8) The Security administrator shall divide into a separate user group the clients to which an Exchange member provides sponsored access to the System.

(9) Users of the System who may place, change and delete buy and sell orders shall be only the brokers admitted as per the procedure established by the present Rules.

(10) Users of the System who may place, change and delete quotes shall be only the brokers of the Exchange members admitted as market makers as per the procedure established by the these Rules.

(11) The Security administrator may define certain brokers as senior brokers. Senior brokers shall have an access to the orders and quotes, if any, placed by the brokers of the respective Exchange member; whilst these may also place new and change existing orders and quotes where acting on their behalf.

(12) Senior brokers shall be only the brokers admitted as per the procedure established by these Rules that also comply with the following additional requirements:

1. have at least two (2) years of work experience as brokers;
 2. enjoy a good reputation that ensures the stable functioning of the Exchange member;
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3. have no conviction for a premeditated offence at public law.

Article 28. (1) In order to admit brokers to Exchange trading, the Exchange member shall submit an application in a standard form to the Board.

(2) The following shall be attached to the application referred to under Paragraph (1) above for admission of resident natural persons:

1. a document certifying that an effective employment contract or a civil-law contract has been concluded by and between the natural person and the Exchange member;
2. a power of attorney to represent the member, under which the time period of representative authority is duly specified;
3. a certificate of legal capacity issued by the FSC;
4. a conviction status certificate;
5. a colour photograph;
6. a *curriculum vitae*, stating: forename, patronymic and surname; Standard Public Registry Personal Number; education; qualifications; length of employment service; professional experience; identity document data; address; telephone; fax, electronic mail;
7. a declaration duly certified by the person, to the effect that he or she is familiar with the principles of operation of the System and with the Rules and Regulations of the Exchange and shall familiarise himself or herself with any subsequent revisions thereof.

(3) The following shall be attached to the application referred to under Paragraph (1) above for admission of non-resident natural persons from a Member State:

1. a document certifying that an effective employment contract or a civil-law contract has been concluded by and between the natural person and the Exchange member;
2. a power of attorney to represent the member, under which the time period of representative authority is duly specified;
3. a certificate of legal capacity issued by the competent authority in the Member State, into which Member State the broker has obtained a licence, if any;
4. a document certifying that the person has not been convicted of a premeditated criminal offence at public law;
5. a colour photograph;
6. a *curriculum vitae*, stating: forename, patronymic and surname; education; qualifications; length of employment service; professional experience; identity document data; address; telephone, fax, electronic mail;
7. a declaration duly certified by the person, to the effect that he or she is familiar with the principles of operation of the System and with the Rules and Regulations of the Exchange and shall familiarise himself or herself with any subsequent revisions thereof.

(4) The Board may require the presentation, within a time limit which may not be shorter than ten (10) business days, of additional information and documents in respect of the persons referred to

under Paragraphs (2) and (3) above, in connection with the rights and obligations thereof regarding the conclusion and settlement of exchange transaction and prior to the admission of the said persons to trading.

(5) The Board shall pronounce its decision within ten (10) business days following the submission of the application or upon presentation of the additional information, as the case may be.

(6) The Board shall refuse to admit a broker to trading where:

1. the Board refuses to admit the Exchange member wherewith the respective broker has concluded an employment contract or a civil-law contract;
2. the additional information or documents have not been presented within the time limit set by the Board;
3. the applicant has presented false particulars or documents making a false statement;
4. the broker as stated works under a contract for more than one Exchange member;
5. the broker as stated to be admitted to trading has outstanding liabilities toward the Exchange, inclusive of such liabilities arising as a result of sanctions imposed by the Board.

(7) The refusal of the Board under the foregoing Paragraph shall be reasoned in writing.

(8) The applicant shall be notified in writing of the decision made within three (3) business days.

(9) Brokers shall be admitted to trading upon payment of the relevant fee for maintenance of one remote trading terminal as per the Tariff of Fees collected by the Exchange. The said fee shall be paid within five (5) business days following the notification of the Board's decision.

(10) The decision of the Board whereby the person is admitted to trading shall be published in the Exchange Bulletin.

Section Two

SUSPENSION OF A BROKER FROM TRADING

Article 29. (1) The Board shall have the right to suspend a broker from Exchange trading in the cases and according to the procedure established by Chapter Four of the Surveillance Rules.

(2) A broker's access to trading shall be terminated, without the need of a decision by the Board, in the following cases:

1. upon termination of the broker's employment contract or civil-law contract with the respective member as related to their activity as a broker;
 2. upon revocation of the licence issued by the FSC or by the relevant competent authority in the Member State of the Exchange member wherewith the broker has concluded an employment contract or a civil-law contract;
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3. upon expiry of the term of validity of the power of attorney or upon withdrawal of the authorisation of the broker by the Exchange member to executive transactions in financial instruments on the Exchange, as well as in cases of objective inability of the broker to discharge the functions thereof;

4. upon revocation of the broker's legal capacity to execute transactions in financial instruments by the FSC or by the competent authority in the Member State, in which Member State the broker has obtained their licence.

(3) The Exchange shall publish the decisions and the circumstances covered under the foregoing paragraphs in the Exchange Bulletin.

Chapter Three REGISTERS

Section One EXCHANGE MEMBERS REGISTER

Article 30. (1) The Exchange shall maintain an up-to-date Register of Members, containing the following information:

1. business name and legal form of business organisation of the legal entity;
 2. amount of capital and number of shares or interests, as the case may be;
 3. identification particulars on the entry of the legal entity into the relevant commercial register;
 4. UIC number or another identification code for tax and statistical purposes;
 5. the decision by the FSC, granting a licence to provide the services and perform the activities under Article 5 (2) and (3) of the MFIA, and if a bank, the date and number of the decision issued by the BNB on granting a licence to carry out banking business, which covers, *inter alia*, execution of the transactions referred to under Items from 8 to 11 of Article 2 (2) of the CIA;
 6. particulars of the persons having a direct or an indirect qualifying holding in the Exchange member, as well as of the number of votes held thereby;
 7. particulars of the management bodies and of the persons who participate therein;
 8. the forename, patronymic and surname, as well as the Standard Public Registry Personal Number, of the persons vested with representative authority;
 9. information regarding a suspension of a member from Exchange trading;
 10. information on any violations of the statutory requirements of Article 19, Paragraphs (1), (2) and (3) and Article 20, Paragraph (1) of Ordinance No. 35 or of the respective statutory instrument of the Member State, in which Member State the investment intermediary has obtained a licence, suffered or committed by the Exchange member;
 11. information on the transformation of the Exchange member's company;
 12. data on the initiation of bankruptcy proceedings against the company;
 13. data on the adoption of a decision to dissolve the company;
 14. data on administrative sanctions and/or coercive administrative measures imposed on the part of
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the FSC or on the part of the BNB on the banks carrying out business activities as investment intermediaries or, respectively, on the part of the competent authority in the Member State, in which Member State the investment intermediary has obtained a licence;

15. data on other facts and circumstances which, at the discretion of the Exchange member, may have a significant influence over its commercial business, over the activity of the other members or of the Exchange itself;

16. other information as determined by a decision of the Board.

(2) The information subject to entry in respect of the Exchange members who are non-resident persons from a Member State shall be determined by a decision of the Board on a case-by-case basis in accordance with the applicable standards of the State, in which State the respective person has obtained a licence.

(3) The initial entry into the Register referred to under Paragraph (1) shall be made upon conclusion of the membership agreement.

(4) Each member shall be obligated to notify the Exchange in writing of any changes in the circumstances entered in the Register referred to under Paragraph (1) within five (5) business days as of learning the circumstance or, respectively, as of the adoption of a decision by the competent authority, and where the circumstance is subject to entry – as of the entry, except for the cases under Paragraph (1), item 10, under which the time period set is one (1) business day. The same notification time period shall also apply where removing the breaches established.

(5) The data entered in the Register shall be modified by the Exchange upon receipt of the notification under Paragraph (4).

Article 31. The Exchange shall enter into a special Register the members whereof the membership has been definitively terminated, containing the data from the Register referred to under Article 26 (1), which data shall be current as at the date of membership termination. The Register itself shall not be updated.

Article 32. (1) The Registers referred to under Article 26 (1) and Article 27 shall be kept in soft copy for a period that is not shorter than ten (10) years reckoned from the date of definitive termination of membership.

(2) The documents covered under this Section shall be kept for a time period of five (5) years reckoned from the date of definitive termination of membership.

Section Two REGISTER OF BROKERS

Article 33. (1) Brokers shall be entered into a special Register of Brokers.

(2) The following circumstances shall be subject to entry into the Register referred to under Paragraph (1) above:

1. identification particulars of the person (forename, patronymic and surname, Standard Public Registry Personal or a Personal Number of a Foreigner or the respective identification code of the State of residence, date of birth, office address, telephone, etc.);
2. number and date of the broker's legal capacity licence duly issued by the FSC or by the competent authority in the Member State;
3. expiry date of the licence, if any;
4. sanctions imposed by the Exchange, accompanied by detailed parameters;
5. date of admission and termination;
6. the reason for suspension or exclusion;
7. other data as determined by the Board.

(3) The Exchange shall enter into the Register of Brokers each new broker following the adoption of a decision taken by the Board on the admission of the said broker in the capacity in question.

(4) Each broker shall be obligated to notify the Exchange in writing of any changes in the circumstances entered into the Register referred to under Paragraph (1) within a time period of five (5) business days upon learning the circumstance or, respectively, following the adoption of a decision by the competent authority, and where the circumstance is subject to entry, within five (5) business days as of the entry thereof.

(5) The data entered into the Register referred to in Paragraph (1) shall be modified by the Exchange upon receipt of the relevant document certifying the occurrence or the entry of the change in question.

(6) An official registration number whereby the said person shall participate in the trading sessions shall be assigned to each person entered into the Register of Brokers.

SUPPLEMENTARY PROVISIONS

§ 1. The terms used in these Rules, where not defined, shall be understood within the meaning, within which these are used in the POSA, the MFIA, the MAMAFIA and the statutory instruments on the application thereof, respectively, in the general commercial legislation and the commercial practice.

§ 2. Within the meaning given by these Rules:

1. "Market information" shall be the information generated by the Exchange in connection with the trading implemented thereon.
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2. “Qualifying holding” shall be any direct or indirect holding which represents ten (10) or more than ten (10) per cent of the capital or of the votes in the General Meeting, as defined under Article 146 of the POSA, or which makes it possible to exercise a significant influence over the management of the company.
 3. “Quote” shall be the simultaneous entry into the System of a limit bid order and a limit ask order on behalf and for the account of the market maker.
 4. “Resident person” shall be any legal person having its registered office in Bulgaria or any natural person who is permanently resident in Bulgaria.
 5. “Member State” shall be any Member State of the European Union or any other State which belongs to the European Economic Area.
 6. “Soft copy” shall be a medium for transmission of electronic records or any data by electronic means.
 7. “Clearing” shall be the procedures for determination of the receivables and obligations of each one of the Exchange members and the mutual netting of the said receivables and obligations in connection with the transactions in financial instruments as concluded.
 8. “Depository institution” shall be CD or another depository of financial instruments, duly designated in compliance with the requirements established under Article 100 and Article 101 of the MFIA.
 9. “Clearing house” shall be CD or another institution performing clearing functions, duly designated in compliance with the requirements established under Article 101 of the MFIA.
 10. “Platforms for access to the System” – information interface used by the Exchange members for placing orders to the trading System. The platforms provide direct market access or sponsored market access to Exchange members’ client.
 11. “Direct market access” shall be an arrangement through which an Exchange member permits specified clients (including eligible counterparties) to place orders electronically to its internal electronic trading systems for automatic onward transmission to the System under its trading ID.
 12. “Sponsored market access” shall be an arrangement through which an Exchange member permits specified clients (including eligible counterparties) to place orders electronically and directly to the System under its trading ID without routing the orders through its internal electronic trading systems.

§ 3. The following abbreviations are used in these Rules:

1. “the Exchange”: Bulgarian Stock Exchange - Sofia AD or, respectively, the regulated market organised by Bulgarian Stock Exchange - Sofia AD.
 2. “the Board”: the Board of Directors of Bulgarian Stock Exchange - Sofia AD.
 3. “the FSC”: the Financial Supervision Commission.
 4. “the BNB”: the Bulgarian National Bank.
 5. “the MFIA”: the Markets in Financial Instruments Act.
 6. “the POSA”: the Public Offering of Securities Act.
 7. “the MAMAFIA”: the Measures Against Market Abuse of Financial Instruments Act.
 8. “the CIA”: the Credit Institutions Act.
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9. “Ordinance No. 35”: the FSC Ordinance No. 35 dated 17 October 2006 on the Capital Adequacy and Liquidity of Investment Intermediaries.

10. “Ordinance No. 38”: the FSC Ordinance No. 38 dated 25 July 2007 on the Requirements for the Business of Investment Intermediaries.

11. “the System”: the electronic trading system wherethrough the exchange trading is implemented.

TRANSITIONAL AND FINAL PROVISIONS

§ 1. These Rules shall become effective as from 20 November 2013.

§ 2. Exchange members, operating platforms for direct or sponsored market access, shall submit an application under Article 14, respectively bring their activity into conformity with the requirements of these Rules, within 6 (six) months following their entry into force.