



## **RULES AND REGULATIONS**

### **PART V SURVEILLANCE RULES**

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## **Chapter One GENERAL PROVISIONS**

**Article 1.** These Surveillance Rules are part of the Rules and Regulations of the Exchange and govern the surveillance exercised by the Exchange of the trading in financial instruments on the markets organised by the Exchange.

**Article 2.** These Rules are intended to create conditions for the development of a fair, transparent and efficient market in financial instruments and prevention and detection of market abuse.

## **Chapter Two RULES OF CONDUCT**

### **Section One CLIENT RELATIONS**

**Article 3. (1)** Exchange members shall be obligated to execute client orders immediately, honestly and accurately, including observance of the order in which identical orders to trade are queued.

**(2)** When entering a client's order in the trading system, the Exchange member can not divert from the order unless such diversion is in the obvious interest of the client.

**Article 4. (1)** When providing investment services and performing investment activities for the account of clients, Exchange members shall be obligated to act honestly, fairly, in conformity with the highest professional standards, and in accordance with the best interests of the clients thereof.

**(2)** Whenever so requested, Exchange members shall make the Rules and Regulations of the Exchange available to their clients for their cognizance.

**Article 5.** Each Exchange member shall be obligated to treat the clients thereof equally and in a non-discriminator manner.

**Article 6.** For trading in financial instruments, the clients of the Exchange member must submit orders with the minimum contents specified in Article 34(1) and (2) of Ordinance no. 38.

**Article 7. (1)** When accepting an order the Exchange member shall require the client or if applicable its representative to state whether or not:

1. Such client or representative is in possession of any inside information concerning the financial instruments specified in the order or concerning their issuer if the financial instruments specified in the order or those underlying the financial instruments specified in the order are traded at a regulated market;

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2. The financial instruments specified in a sell or swap order are blocked at the depository institution they are kept in and whether they are subject to any attachment.

3. The trade intended by such order is a cover-up sale or purchase of financial instruments.

(2) An Exchange member shall not have the right to execute a client's order to trade if the client or, respectively, the client's representative, refuses to submit the declaration referred to in Paragraph (1), it has been declared that the said client or representative possesses inside information or declares that the transaction subject to the order to trade constitutes a concealed purchase or sale of financial instruments.

**Article 8. (1)** An Exchange member may not:

1. perform transactions for clients' account in a volume or at a frequency, at prices or with a definite counterparty which, according to the circumstances, may be presumed to be performed exclusively in the investment intermediary's interest;

2. buy for its own account any financial instruments for which a client thereof has given an order to buy, and to sell the said instruments to the said client at a price higher than the price at which the member bought the said instruments;

3. perform, for its own account or for another's account, any actions involving the client's money and financial instruments for which the member has not been empowered by the client;

4. sell, for its own account or for another's account, any financial instruments which the investment intermediary or the client thereof does not own, except under the terms and according to the procedure established by Ordinance No. 16 and Section Nine of Chapter Three of the Trading Rules;

5. participate in the performance of concealed purchases or sales of financial instruments;

6. receive the benefit, whether in whole or in part, if the Exchange member has concluded and executed the transaction under terms that are more favourable than those established by the client;

7. perform activity in any other manner which jeopardises the interests of the member's clients or the integrity of the market in financial instruments.

(2) The prohibition referred to in Item 1 of Paragraph (1) shall not apply to any transactions for the performance of which the client, acting on his, her or its own initiative, has given explicit directions.

(3) The prohibition referred to in Item 2 of Paragraph (1) shall furthermore apply to the members of the management and control bodies of the Exchange member, which manage the activity of the said member, as well as to all persons who work for the said member under contract, and to all persons having close links therewith.

(4) Each Exchange member shall enter in a dedicated register all orders received from its clients in the sequence such orders are received. The register of client orders and instructions must conform to the requirements of MFIA and Regulation 1287/2006/EC.

(5) Each Exchange member shall furthermore keep a register of all private trades made by the

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members of the managing and supervising bodies and by the persons working under a contract with the member, which the member has been notified or otherwise obtained knowledge of, together with information of the authorisations granted or prohibitions imposed in relation to such trades.

(6) The requirement of the foregoing paragraph shall not apply to private trades that meet the conditions laid down in Art. 17(4) of Ordinance no. 38.

(7) Members and members' employees shall be prohibited from entering orders into the System in any order other than the order in which the said orders are entered into the order book referred to in Article 33 of the MFIA.

(8) Members and their employees can not enter in or delete from the System any orders unless they have received instructions to do so by their clients, save if the contract with the client authorises them to manage the client's portfolio without specific instructions.

## **Section Two**

### **MANIPULATION OF MARKET IN FINANCIAL INSTRUMENTS**

**Article 9. (1)** Manipulation of the market in financial instruments on the part of Exchange members or clients thereof shall be prohibited.

(2) Manipulation of the market in financial instruments shall mean:

1. execution of transactions or giving of orders to trade which give, or are likely to give, false or misleading signals as to the supply of, demand for, or price of financial instruments, or which secure, by a person, or persons in collaboration, the price of one or several financial instruments at an abnormal or artificial level;
2. execution of transactions or giving of orders to trade which employ fictitious devices or any other form of deception or contrivance;
3. dissemination of information through the media, including the Internet, or by any other means, which gives or is likely to give false or misleading signals as to financial instruments, including the dissemination of rumours and false or misleading news, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading.

(3) An Exchange member or the clients thereof may not, by themselves or in collaboration with other persons, enter orders on the Exchange or conclude transactions which increase or decrease the price of those financial instruments where, by these actions, the said member or clients wish:

1. to achieve a price level pre-agreed with another person or persons; or
2. to derive a benefit from a pre-executed short sale or margin purchase of the financial instruments concerned.

**Article 10.** No manipulation of the market in financial instruments shall exist where the person, who

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performs the transaction or gives the order to trade, establishes that the reasons of the said person for so doing are legitimate and that the performance of the transaction or the giving of the order conform to accepted market practices on the regulated market concerned as recognised by the Financial Supervision Commission.

**Article 11. (1)** The Exchange member and the clients thereof may not perform manipulative actions and transactions.

**(2)** Manipulative actions and transactions shall be:

1. conduct by a person, two or more persons acting in collaboration to secure a dominant position over the supply of or demand for financial instruments, which has the effect of fixing, directly or indirectly, the prices of the said instruments or of creating other unfair trading conditions;
2. conclusion of transactions in financial instruments at the close of the trading session on the regulated market, with the effect of misleading investors acting on the basis of closing prices;
3. voicing an opinion about financial instruments or about their issuer through the media, including the Internet, while having previously taken positions on those financial instruments and profiting subsequently from the impact of the opinions voiced on the prices of those instruments, without simultaneously having disclosed that conflict of interest;
4. other actions or transactions by means of which manipulation of the financial instruments market under Article 6 (1) of the MAMAFIA is carried out.

**(3)** Each Exchange member must immediately report to the Exchange any trades in financial instruments where the member has reasonable doubts that such trades may involve inside trading or manipulation of the financial instruments market, taking into account the indicators described in the Annex to MAMAFIA.

**(4)** The report referred to in the previous paragraph must contain the following details:

1. Details of the person submitting such report and the capacity in which it acts (for its own account or for another person's account);
2. Description of the financial instruments involved in the trade, including name of the issuer, ISIN, number and price of the financial instruments, type of the order (limit order, market order or another type of order) and type of the trade (block trade or another type of trade);
3. The grounds for suspecting that the trade may involve inside trading or manipulation of the financial instruments market;
4. The persons for whose account the trade is executed as well as the other persons involved in the trade or the methods for their identification if such persons are not known;
5. Any other information that may be relevant for establishing whether the trade involves inside trading or manipulation of the financial instruments market.

**(5)** Where the information referred to in the previous paragraph is not available at the time of submitting the report, the report shall at least contain the grounds for suspecting that the trade may

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involve inside trading or manipulation of the financial instruments market. The remaining details referred to in paragraph (4) shall be submitted to the Exchange as soon as they become known.

(6) The report referred to in the foregoing paragraph (3) may be submitted by traditional mail, email, fax or telephone. If the report is made by telephone, the reporting person shall within 5 (five) business days provide in writing to the Exchange the information referred to in paragraph (4).

(7) The person making the report as per paragraph (3) above as well as the other persons working under employment or service contracts for the Exchange member can not inform the persons for whose account the trade has been executed that such a report has been submitted save in the cases specified in the law. Compliance with the obligation laid down in the previous sentence can not entail any liability if the reporting person has acted in good faith.

(8) The Exchange shall keep in confidentiality the identity of the reporting person if the disclosure of this identity may cause damage to that person.

**Article 12.** No manipulation of the market of financial instruments shall exist where particular Exchange member, acting on their own or in collaboration with clients thereof, are empowered by the issuer or another offeror to perform transactions for the purchase of financial instruments for the purpose of stabilisation of the price thereof, provided that the following conditions are simultaneously fulfilled:

1. the stabilisation is performed in respect of the price of financial instruments newly admitted to trading, if so provided for in a prospectus for public offering confirmed by the FSC;
2. the stabilisation is for a period not longer than 30 (thirty) calendar days from the start of trading in the financial instruments concerned, and the price of the transactions is not higher than the entry price;
3. the Exchange member, empowered to perform the stabilisation, notifies the Exchange and the FSC in advance of this empowerment, the financial instruments subject to the said empowerment, the purpose, the initial and final date, as well as that the stabilisation may be suspended at any time or not performed at all;
4. until the end of the fifth business day, the Exchange member presents to the Exchange a report on the stabilisation transactions concluded by the said member during the five-day period, stating the number and the price of the financial instruments subject to the said transactions;
5. within 5 (five) business days after the final date of the stabilisation period, the Exchange member presents to the Exchange and the FSC stating whether any stabilisation transactions have been performed, the dates of the first and last such transactions, as well as the price range of the said transactions and the daily volume of financial instruments for each day on which such transactions were concluded.

**Section Four**  
**TRANSACTIONS WITH INSIDE INFORMATION**

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**Article 13. (1)** Members, members' employees and members' clients shall be prohibited from entering orders and from concluding transactions in financial instruments when they have information about a forthcoming package transaction in financial instruments of the same issue which has not been made public and may have a significant effect on the price.

**(2)** The prohibition referred to in Paragraph (1) shall furthermore apply to transactions in derivative financial instruments, whose price depends on the price of the financial instruments subject to a package transaction.

**(3)** A package transaction shall be a transaction in a minimum 10,000 (ten thousand) financial instruments or in financial instruments at a market value of BGN 10,000 (ten thousand leva) or more, regardless of the exchange market.

**Article 14. (1)** An Exchange member, a member's employee, a member of the Exchange member's management or clients of the investment intermediary, who possesses inside information by virtue of his or her membership in the issuer's management or control body, by virtue of his or her holding in the capital or of votes in the issuer's General Meeting, by virtue of having access to such information through the exercise of such person's employment, profession or duties, or by virtue of acquiring such information through criminal activities or in any other illegal way, shall be prohibited from using the said information by:

1. acquiring or disposing of, or by trying to acquire or dispose of, for his or her own account or for the account of a third party, either directly or indirectly, financial instruments to which such inside information relates;
2. disclosing such inside information to any other person, unless such disclosure is made in the normal course of the exercise of his or her employment, profession or duties;
3. recommending or inducing another person, on the basis of inside information, to acquire or dispose of financial instruments to which that information relates.

**(2)** Members and members' employees shall be obligated to require from the clients thereof, concerning transactions in financial instruments on the Exchange, to declare whether the said clients possess inside information within the meaning given by Article 4 of the MAMAFIA.

### **Chapter Three**

#### **CONDUCT OF EXAMINATIONS**

**Article 15. (1)** The Exchange shall perform its duties under Article 97 of the MFIA by obligatorily conducting regular and extraordinary examinations of the Exchange members with regard to the transactions executed by them through the trading system and to their obligations arising from these Rules as well as by constant surveillance of the trade during the trading sessions.

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(2) During and after the end of each Exchange session, the Exchange shall conduct an examination of the transactions concluded during the session for the purpose of detecting any violations of the legal requirements and of the Rules and Regulations of the Exchange, as well as market abuse with financial instruments. The Exchange shall make use of an electronic surveillance platform which shall be capable to observe orders, trades and messages related therewith as well as to track past transactions including such generated in high frequency and transmitted with low latency, for which suspicions of market abuse may arise.

(3) If necessary, the Exchange may review its members' internal risk control systems with regard to clients having direct market access or sponsored access

(4) The examinations referred to in Item 1 shall be started by order of the Chief Executive Officer. The said order shall designate and authorise particular employees to conduct the examination, and the period of validity of the order as issued.

(5) In the course of conduct of the examination, the Exchange employees shall gather evidence and have the right to produce copies of documents and to provide particulars and written explanations in connection with the subject of the examination which the members, members' employees and members' clients are obliged to submit immediately. Upon request, members shall be obligated to provide originals of documents for the purpose of verification.

(6) Exchange members and members' employees shall be obliged to provide full access to their premises and to co-operate fully with the persons who conduct the examination with regard to its specific subject.

(7) Any refusal to present originals and copies of documents and particulars shall be reasoned in writing by the Exchange member within the time limit for presentation of the documents.

(8) The refusal to present particulars or documents and the reasoning of the said refusal shall be reported in writing by the Surveillance Director to the Chief Executive Officer of the Exchange.

(9) The Chief Executive Officer shall pronounce on the refusal, either accepting or rejecting the reasons of the Exchange member examined.

(10) In case the Chief Executive Officer rejects the reasons for the refusal by the decision thereof under Paragraph (8), the Exchange member examined shall be obligated to present the particulars and documents required immediately.

**Article 16. (1)** For the purpose of ascertainment of facts and circumstances in the course of running surveillance, the Exchange may require originals and copies of documents, particulars and written explanations from members and members' employees with regard to the transactions executed by

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them through the trading system and to their obligations arising from these Rules. Articles 15 (4) to (8) shall apply, *mutatis mutandis*.

(2) After assessment of the documents required and in case there are sufficient grounds, the Exchange may initiate an examination under Article 15 (1).

**Article 17. (1)** The examinations referred to in Article 15 (1) and (2) shall be concluded by a statement of findings, which shall be drawn up in two identical copies, shall be signed by the Exchange employees authorised by the order referred to in Article 15 (3), and one of the copies shall be provided to the Exchange member examined. The representative of the Exchange member shall receive and sign the statement at the office of the Exchange. In case of dissent with the findings, the Exchange member shall submit a reasoned objection in writing within 5 (five) business days after the date of receipt of the statement.

(2) Upon detection of a violation of the Rules and Regulation, the Exchange shall institute proceedings for the imposition of a sanction. The proceedings shall be instituted on the basis of a report by the Surveillance Director after expiry of the time limit for objection referred to in Paragraph (1). The statement of findings, any objections received thereto, the opinion of the Exchange regarding the reasonableness of such objections, the Board's decision for imposing a sanction together all documents accrued in respect of the established violations shall be submitted to the FSC within 3 (three) business days following the adoption of the Board's decision for imposing a sanction.

(3) Upon detection of a violation solely of the POSA, the MFIA or the MAMAFIA or of the statutory instruments on the application thereof, the Exchange shall notify the FSC of the said violation within 7 (seven) business days after the time of the detection or after the deadline for submission of any objections against the detection. The notification of the Exchange shall contain the statement of findings, any objections received thereto, the opinion of the Exchange regarding the reasonableness of such objections and all documents accrued in respect of the established violations.

(4) If a suspicion of a violation of the Measures against Money Laundering Act or of tax legislation arises, the Exchange shall notify the competent State body.

**Article 18. (1)** The Exchange may require from the Exchange members, and the said members shall be obligated to provide, any other information as may be needed upon the exercise of surveillance of the activity of the said members, in connection with the transactions executed by them through the trading system of the Exchange in order to identify violations of the provisions of the MFIA, the Rules and Regulations of the Exchange, as well as mistrading or misconduct which may be related to commitment of market manipulation.

(2) The Exchange may require at any time to be provided with the name, duties and other

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information on the persons engaged in trading in financial instruments in connection with the control exercised by the Exchange over compliance with the Rules and Regulations.

#### **Chapter Four**

### **TERMS AND PROCEDURE FOR IMPOSITION OF SANCTIONS**

**Article 19. (1)** The Board, on the grounds of a report by the Surveillance Director, may impose the sanction under Item 6 of Article 22 (1) to a member's client having sponsored access when it is not certain that the continuing access will be in compliance with the Rules and Regulations of the Exchange or the System's rules of operation.

**(2)** In the cases referred to in Paragraph (1) the Chief Executive Officer may make a decision on suspension of the said client's sponsored access to the System for a period of up to three (3) business days. A decision on suspension from trading under Paragraph (1), limited to one (1) business day, may also be made by the Surveillance Director

**(3)** The decision under the foregoing paragraphs shall enter into effect immediately regardless of any appeal.

**(4)** If, upon the expiry of the period of suspension of the sponsored access, the grounds for making the respective decision are still valid, the authority that has made the decision may adopt another such decision, thereby extending the period. Paragraphs (1) and (3) shall apply *mutatis mutandis*.

**Article 20.** The Board may impose a sanction on an Exchange member or a broker for:

1. violation of the provisions of the Rules and Regulations, as well as non-compliance with the orders and decisions of the Board issued in connection with the exercise of the powers thereof;
2. a misleading or false statement made by an Exchange member or a broker;
3. fraud related to financial instruments admitted to trading on the Exchange, committed by a broker, which has been ascertained according to the procedure provided for in the law;
4. performance of any activities incompatible with the principles of good faith, fairness, non-discrimination, fair competition and commercial custom in exchange trading, or otherwise damaging to the Exchange, the Exchange members or the issuers of issues listed on any of the Exchange markets;
5. any acts whereby the rights of the Exchange are abridged or the discharge of the duties thereof is obstructed.

**Article 21. (1)** In accordance with the procedures provided for in the Rules, upon detection of a violation and after a report by the Surveillance Director regarding the reasons and circumstances which have led to the said violations, the Board shall consider the circumstances of the case and shall impose one or multiple sanctions.

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**(2)** Any members of the Board, who are interested parties, shall not participate in the consideration and voting on the sanctions.

**(3)** The following shall be interested parties for the purposes of the foregoing paragraph:

1. the members of the management and control bodies of the Exchange members, managerial agents and employees, including brokers;
2. persons who hold, whether directly or indirectly, at least 25% (twenty-five per cent) of the votes in the General Meeting of the Exchange member or who control the said member;
3. the members of the management and control bodies, managerial agents and employees, including brokers of a counterparty to a transaction or an intermediary of the Exchange member;
4. persons who hold, whether directly or indirectly, at least 25% (twenty-five per cent) of the votes in the General Meeting of a counterparty to a transaction or an intermediary of the Exchange member or who possess control;
6. other persons, who directly or indirectly benefit from the imposition or non-imposition of the sanction.

**(4)** The decision under Paragraph (1) shall be communicated to the person within 1 (one) business day after the adoption of the said decision and shall be published in the Exchange Bulletin.

**(5)** The decision of the Board shall enter into effect within 5 (five) business days after the receipt thereof and shall be final, except in the cases referred to in Paragraph (6).

**(6)** Within 5 (five) business days after receipt of the notification on the decision of the Council, the party concerned may lodge a written objection to the sanction imposed.

**(7)** In the cases referred to in the foregoing paragraph, the party concerned shall have the right to review and make copies of the documents or electronic records owned by the Exchange which served as grounds for imposition of the sanction, with the exception of observations or other internal documents of the Exchange, prepared by the Exchange in connection with the detection of the violation.

**(8)** Documents and particulars supporting the oppositions made shall be attached to the objection.

**(9)** The Board shall pronounce on the oppositions made by a decision at the first attendance meeting thereof after the lodgment of the objection.

**(10)** An authorised representative or a statutory representative of the party concerned shall have the right to attend the Board meeting whereat the objections received from the said party are to be considered. The Exchange shall notify the party concerned at least 3 (three) business days before the conduct of the said meeting.

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**(11)** The right referred to in Paragraph (10) shall be exercised if a request to do so was made upon the lodgement of the objection.

**(12)** In the cases referred to in Paragraph (10), the Exchange shall notify the party concerned in writing of the relevant Board meeting at least 3 (three) business days before the day of conduct of the said meeting.

**(13)** By the decision under Paragraph (9), the Board may confirm, reduce or repeal the sanction imposed. Paragraph (4) shall apply, *mutatis mutandis*.

**(14)** The decision of the Board under Paragraph (9) shall be final and shall enter into effect immediately. The decision shall be published in the Exchange Bulletin.

**Article 22. (1)** By the decision thereof under Article 19 or 21 (1), the Board shall impose one of the following sanctions:

1. warning;
2. undertaking to take specific measures required for elimination of the violations committed;
3. suspension or exclusion of a broker from Exchange trading;
4. suspension or exclusion of an Exchange member from Exchange trading;
5. fine;
6. suspension or termination of sponsored access of Exchange member's client.

**(2)** The sanction of “fine” may not exceed BGN 50,000 (fifty thousand) leva.

**(3)** The period of suspension referred to in Items 3 and 4 of Paragraph (1) may not exceed 6 (six) months.

**Article 23. (1)** By the method of summary proceedings, the Exchange may impose sanctions on Exchange members for violation of Item 1 of Article 71 of the Trading Rules.

**(2)** The Board shall authorise the Chief Executive Officer to impose the sanctions referred to in Paragraph (1).

**(3)** Upon imposition of sanctions by the method of summary proceedings, Article 23 (1) shall not apply. Article 21 (4) to (14) shall apply, *mutatis mutandis*.

**Article 24. (1)** The following sanctions shall be imposed for the following violations:

1. a sanction of “fine” to the amount of BGN 100 (one hundred leva) or exceeding this amount but not exceeding BGN 200 (two hundred leva): for any violation of Article 18 (1) of these Rules;
  2. a sanction of “fine” to the amount of BGN 500 (five hundred leva) or exceeding this amount but not exceeding BGN 1,000 (one thousand leva): for any violation of Article 4 (2) and Article 8 (8) of
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these Rules.

(2) The following sanctions shall be imposed for the following violations:

1. a sanction of “fine” to the amount of BGN 200 (two hundred leva) or exceeding this amount but not exceeding BGN 500 (five hundred leva): for any violation of Article 27 (4) and Article 30 (4) of the Membership Rules;
2. a sanction of “fine” to the amount of BGN 500 (five hundred leva) or exceeding this amount but not exceeding BGN 1,000 (one thousand leva): for any violation of Article 37 (4) and (5), Article 38 (2), Article 58 and Article 79 (1) of the Trading Rules;
3. a sanction of “fine” to the amount of BGN 1,000 (one thousand leva) or exceeding this amount but not exceeding BGN 10,000 (ten thousand leva): for any violation of Article 51 (1), (3), (4), (5) and (6) and Article 52 of the Trading Rules.

(3) Any violation of Item 1 of Article 71 of the Trading Rules, which has led to a delay in the settlement of a transaction by more than 1 (one) business day after the regular settlement cycle, shall be punishable by a sanction of “sanction” to the amount of 0.1% (zero point one per cent) of the value of the transaction concerned but not less than BGN 5 (five leva) and not more than BGN 500 (five hundred leva) for each day of delay.

(4) Upon commission and/or suffering of systematic violations of these Rules, The Board may impose the sanction of “exclusion from Exchange trading” on the Exchange member or, respectively, on the broker.

(5) Upon a repeated violation of a provision of the Rules within one year after the imposition of a sanction for a violation of the same provision, the Board shall impose a sanction of “fine” in a double amount compared to the amount of the fine for the first violation and, respectively, “suspension” for a period of a double duration compared to the duration of the suspension for the first violation. Article 22 (2) and (3) shall apply, *mutatis mutandis*.

### **SUPPLEMENTARY PROVISIONS**

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

§ 2. Within the meaning given by these Rules:

1. “Advertisement” shall be a material published or intended to be published in a newspaper, magazine or another periodical, radio, television, telephone or tape recording, video screen, signs or billboards, films, telephone directories and other public media.
  2. “Conflict of interest” shall be a situation, which occurs in connection with the provision of
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investment and/or ancillary services provided by the investment intermediary and may prejudice the interest of a client.

3. “Systematic violation” shall be in place where more than three violations of the Rules by an Exchange member and/or a broker are detected in the course of one year.

4. “Clearing” shall be the procedures for determination of the receivables and obligations of each one of the Exchange members and the mutual offsetting of the said receivables and obligations in connection with the transactions in financial instruments as concluded.

5. “Settlement” shall be the procedure for fulfillment of the obligations to transfer cash and/or financial instruments in connection with transactions and the registration of the said transactions on an account with a depositary institution.

6. “Depositary institution” shall be the CD or another depositary of financial instruments, designated in compliance with the requirements of Articles 100 and 101 of the MFIA.

7. “Clearing house” shall be the CD or another institution performing clearing functions, designated in compliance with the requirements of Article 101 of the MFIA.

8. “Cross transaction” shall be a transaction in which the Exchange-member buyer and the Exchange-member seller are one and the same person.

**§ 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 Chief Executive Officer: - the Chief Executive Officer of Bulgarian Stock Exchange – Sofia AD.

4. “the Surveillance Director” – the Director of the Surveillance Directorate at Bulgarian Stock Exchange – Sofia AD.

5. “the System” – the electronic trading system wherethrough the exchange trading is implemented.

6. “BNB” – Bulgarian National Bank.

7. “FSC” – Financial Supervision Commission.

8. “MFIA – Market in Financial Instruments Act.

9. “POSA” – Public Offering of Securities Act.

10. “MAMAFIA” – Measures Against Market Abuse of Financial Instruments Act.

11. “Ordinance No. 16” – FSC Ordinance No. 16 dated 7 July 2004 on the Terms and Procedure for Execution of Margin Purchases, Short Sales and Lending of Securities.

12. “Ordinance No. 35” – FSC Ordinance No. 35 dated 17 October 2006 on the Capital Adequacy and Liquidity of Investment Intermediaries.

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

## **TRANSITIONAL AND FINAL PROVISIONS**

**§ 1.** These Rules shall be in force as from 20th November 2013.

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**§ 2.** Any proceedings, initiated according to the procedure established by the Rules and Regulations of the Exchange in force until 16 June 2008, shall be completed according to the procedure provided for in the said Rules and Regulations.

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