

**BULGARIAN  
STOCK  
EXCHANGE - SOFIA**



БЪЛГАРСКА  
ФОНДОВА БОРСА  
СОФИЯ

**RULES FOR REGISTRATION TO  
AND USE OF THE INTERNET-BASED  
SYSTEM FOR ELECTRONIC SUBMISSION  
OF ORDERS BY CLIENTS OF  
BSE MEMBERS**

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## General

**Art. 1** These Rules are issued pursuant to Art. 9(2)(3) Part I of the Standing Regulations of BSE-Sofia and lay down the terms and conditions for registration to and use of the Internet-based System for Electronic Submission of Orders by Clients of BSE Members, generally known and hereinafter referred to as "Client Order-Book Online System – COBOS".

**Art. 2 (1)** COBOS is an Internet-based application providing authorised and secure access in real time to the Trading System of the Exchange for submission of orders for execution of trades by clients of Exchange members following their confirmation by brokers in a manner enabling the latter to comply with all their obligations arising from the provisions of the Standing Regulations of BSE-Sofia, the MFIA, the MAMAFIA and the statutory instruments on the application thereof.

**(2)** Real time means that the software applications of COBOS users poll the security server of the Exchange for updates at intervals of minimum 15 (fifteen) seconds.

**(3)** The business rules, algorithms and interface (the source code) of COBOS are subject to approval by the Board and can not contravene the Standing Regulations of BSE-Sofia. Each COBOS subscriber and user shall be entitled to receive a user manual for the application.

**(4)** Orders submitted to the Trading System via COBOS shall be identical to all other orders entered and shall entail the same rights and responsibilities. However, it shall not be possible to conclude trades by matching counter-orders entered by the same COBOS user.

**(5)** A trade concluded as a result of an order entered via COBOS shall be deemed to be concluded at the Exchange and the parties thereto shall be subject to all same rights and obligations as laid down in the Standing Regulations of BSE-Sofia.

**(6)** These Rules shall be binding on all subscribers and users, any violation of these Rules shall constitute a violation of the Standing Regulations of BSE-Sofia. The Exchange shall be responsible for providing these Rules to all of its members. Such provision could be made by electronic means, among other methods.

**(7)** All agreements between the Exchange and its subscribers shall contain a clause, on the strength of which these Rules and the General Conditions for Usage of COBOS shall form an integral part of such agreements.

**(8)** In the agreements with their respective clients, subscribers shall be obliged to include a clause, on the strength of which these Rules and the General Terms regarding the use of COBOS shall form an integral part of such agreements. Subscribers shall be responsible for providing these Rules and

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the General Terms to their clients prior to concluding the agreements referred to in the previous sentence. Such provision could be made by electronic means, among other methods.

### **Subscribers**

**Art. 3. (1)** COBOS subscribers may only be Exchange members who execute trades in the System on a remote basis.

**(2)** To become connected as a COBOS subscriber, a person referred to in paragraph (1) shall submit to the Exchange a standard application form with the following attachments:

1. List of the brokers, who will confirm the orders via COBOS and details of the applicant's employee, who will act as a COBOS administrator;
2. Declaration made by a person duly authorised to represent the applicant confirming the existence of a legally binding employment relationship between the applicant and the person nominated to act as an administrator;
3. Details of the persons referred to in paragraph (1) as needed for their electronic certification by the Exchange, including details of their rights under Art. 5 (2).

**(3)** The applicants as per the foregoing paragraph shall conclude a Subscription Agreement with the Exchange after payment of the connection fee due as per the Tariff laid down in these Rules. The Subscription Agreement can not contravene the provisions of these Rules, the Standing Regulations of BSE-Sofia, the General Terms regarding the use of COBOS and the applicable laws.

**(4)** Subscribers shall receive certificates for access to and use of COBOS issued personally to their users after payment of the fees due by subscribers and users as per the Tariff laid down in these Rules.

**(5)** Subscribers shall immediately notify the Exchange whenever they terminate the rights of a person to act as a broker or administrator. In such case the Exchange shall immediately cancel the rights of the respective users, unless such cancellation has already been made by a user having administrator rights.

**(6)** Subscribers shall be liable to the Exchange for ensuring that the provisions of these Rules are abided by their administrators and brokers, who have access to COBOS.

**(7)** The fees due by users as per the Tariff laid down in these Rules shall be paid to the Exchange by the respective subscribers.

### **Users**

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**Art. 4. (1)** COBOS can be used only by the persons referred to in Art. 3(2)(1) as well as by clients of subscribers meeting the requirements laid down in these Rules. Each user, whether natural person or legal entity, can be a client of only one COBOS subscriber and respectively can have only one certificate for accessing the system.

**(2)** The persons referred to in Art. 3(2)(1) shall obtain user certificates to operate with COBOS after the subscribers have fulfilled the provisions of Art. 3, paragraphs (1) through (4). These persons shall receive certificates granting brokerage or administration rights (broker certificates and administrator certificates), and shall not have the right to receive certificates granting user rights.

**(3)** Each client of a subscriber shall be entitled to receive a user certificate for using COBOS with client rights, provided that such client has concluded an agreement with such subscriber stipulating that:

1. The subscriber shall execute orders for purchase or sale of securities only on the basis of instructions, which are given by the client and contain the specific parameters of limited or market orders as laid down in the Standing Regulations of BSE-Sofia;
2. The requirement for written form of the instructions, by which the orders are submitted or cancelled (contracts for submission or cancellation of orders), referred to in the foregoing subparagraph, shall be deemed to be satisfied as soon as the client enters or deletes the order in COBOS;
3. These Rules shall form an integral part of such agreement.

**(4)** To receive a user certificate granting client rights, the subscriber shall submit an application with the following attachments:

1. Declaration from the subscriber certifying that the conditions as per par. (3) have been met;
2. Details of the client as needed for the certificate to be issued by the Exchange;
3. The client's rights as per Art. 7 hereunder;
4. Documentary evidence showing payment of the user fee as per the Tariff laid down in these Rules.
5. Declaration from the client as per Art.4, Para 8 of these Rules.

**(5)** User certificates granting client rights (client certificates) shall be delivered by the Exchange directly to the clients after their details are entered by the users with administrator rights.

**(6)** Client certificates may also be issued to subscribers' branches and offices, which place 'buy' and 'sell' orders on account of their clients. In these cases the provisions of paragraphs (3) and (4) shall not apply. The Board shall adopt special binding instructions on the terms and conditions for issuance of client certificates to subscribers' branches and offices.

**(7)** When the application for issuance of a client certificate is submitted by a legal representative, in addition to the documents referred to in (4) the following documents shall be attached:

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1. Notarized letter of authorization providing representative powers for management and disposal of securities, as well as for issuance of a certificate;
  2. Details of the legal representative as needed for the certificate to be issued by the Exchange.

(8) In order to use COBOS the client has to file a declaration with written consent his personal data, collected by National social security institute, to be accessible by the Exchange for surveillance purposes.

**Art. 5. (1)** Users with administrator certificates (administrators) must have contracts of employment with the respective subscribers and shall have the following rights:

1. Define and cancel rights of users with broker certificates;
2. Define and cancel rights of users with client certificates;
3. Enter through the system interface data as needed by the Exchange to generate broker and client certificates;
4. Obtain other information as available through the interface adopted by the Board in accordance with Art. 2 (3).

(2) The administrator shall be responsible for his/her acts to the managing bodies of the Exchange subscriber. The acts of a COBOS administrator shall be deemed to be acts performed by the subscriber vis-à-vis the Exchange. The subscriber's responsibilities laid down in Art. 3 (5) can be performed by the subscriber's administrator.

(3) An administrator can enter details necessary for generation of broker certificates via the system interface only if the respective broker has been listed in the Subscription Agreement referred to in Art. 3 (3). A broker certificate may be cancelled by an administrator only upon submission of a written standard application form and signing of an Addendum to the Subscription Agreement referred to in Art. 3 (3).

(4) An administrator can submit data necessary for generation of client certificates through the system interface only if the provisions of Art. 4, par. (4) or (6) are met.

(5) The rights of an administrator shall be terminated upon submission of a written application to that effect by the subscriber, which shall also contain the data needed for issuing a certificate to the replacement administrator.

(6) (Paragraph repealed).

(7) The rights of a subscriber's single broker can only be terminated upon submission of a written application to that effect, which shall also contain the data needed for issuing a certificate to the replacement broker.

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**Art. 6.** The only users who may hold broker certificates can be the active brokers of subscribers and these users shall have the following rights:

1. (Paragraph repealed);
2. Confirm on their behalf client orders pending in COBOS such that these orders enter the Trading System – automatic confirmation shall be allowed if the client has been given such a right by the administrator;
3. Refuse confirmation of client orders that are pending in COBOS to enter the Trading System if the entry of such orders would result in breach of the client's agreement with the subscriber, the Standing Regulations of the Exchange, the MFIA, the MAMAFIA and the statutory instruments on the application thereof, as well as in case the client does not have cash or securities enough for execution the intended order;
4. Delete client orders entered in the Trading System via COBOS in accordance with the procedures for withdrawal of orders as described in the general terms applicable to the agreements concluded with the subscriber's clients, as well as in observance of the MFIA, the MAMAFIA and the statutory instruments on the application thereof;
5. Obtain other information as available through the interface adopted by the Board in accordance with Art. 2 (3).

**Art. 7.** Users with client certificates shall have the following rights:

1. Submit 'buy' and 'sell' orders from a list of issues on the grounds of the agreement referred to in Art. 4 (3). When entering their orders confirmation, the subscribers' clients shall lodge in electronic form all the declarations required by the MFIA and the statutory instruments on the application thereof, as well as the information required by Art. 7a;
2. Right of automatic confirmation – this right shall be defined by the administrator upon receipt of written instructions to that effect by the subscriber, provided however that definition of such right would not result in a breach of the MFIA, the MAMAFIA and the statutory instruments on the application thereof;
3. Cancel via COBOS orders of theirs before these have been confirmed by a broker, as well as after these have been confirmed by a broker in the Trading System of the Exchange. In the latter case, the cancellation takes place automatically, however, from the perspective of the Exchange and the Trading System of the Exchange, the cancellation act is deemed to be performed on behalf of the broker and on account of the client;
4. Obtain information about the trades concluded by them during the trading session;
5. Obtain information about the best ask and bid prices currently available in the Trading System, for the issues, in which they are permitted to trade;
6. Obtain other information as available through the interface adopted by the Board in accordance with Art. 2 (3).

**Art. 7a.** When submitting their orders for confirmation, the users shall also file information:

1. Whether, at the time of submitting the order, they are employees or members of the
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management or supervisory bodies of the issuer of the securities, which the order relates to, or whether they are related parties with the issuer within the meaning of paragraph 1(12) of the Additional Provisions to POSA;

2. Whether, at the time of submitting the order, they are employees or members of the management or supervisory bodies of the subscriber, to whom the order has been submitted;

3. Details about the origin of the funds as required by Art. 4 (7) of the Measures Against Money Laundering Act if the submitted order is a "buy" order in excess of BGN 30,000.

### **Protection and Security Measures**

**Art. 8. (1)** To ensure the required security and safety level of trading via COBOS, the subscribers of the Exchange authorise the Exchange to create and define electronic certificates (keys) for the individual users.

(2) The electronic certificates referred to in the foregoing paragraph shall be issued by the Exchange exclusively for the purposes of trading via COBOS and shall not be identified as electronic signatures within the meaning of the Electronic Document and Electronic Signature Act.

(3) The electronic certificates referred to in par. (1) shall be issued by the Exchange on the grounds of the users' data specified in the applications for registration of these users submitted by the subscribers. The Exchange shall bear no liability for any incorrect user data shown on the subscriber's application for user registration, neither shall the Exchange be obligated to verify the correctness of users' personal data.

(4) By issuing the certificates, the Exchange aims to ensure authentication, confidentiality, integrity and non-repudiation. The Exchange develops such rules and techniques as are necessary to ensure a level of confidence warranting the accomplishment of these aims.

(5) The electronic certificates issued under these Rules may be created using any asynchronous mechanism necessary for key-based certification, including encryption and key exchange mechanisms.

(6) The terms of reference applying to the mechanisms referred to in the foregoing paragraph shall be subject to approval by the Board.

**Art. 9.** The Exchange shall provide to its subscribers the following services, related to the electronic certificates referred to in Art. 8:

1. Registration service – registration of users and their specific data attributes, based on the information stated in the application for issuance of user certificate. The result of these services is transferred to the certificate generation service;

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2. Certificate distribution service – distributes the certificates to the relevant users;
  3. Certificate generation service – creates and signs a certificate based on the user identity and user specific data referred to in sub-paragraph 1;
  4. Certificate cancellation service – executes the cancellation-related procedures, applications and reports in order to define the required activities. The output of this service transferred to the cancellation status service;
  5. Cancellation status service (information regarding the current validity of certificates) – provides subscribers with information about the cancellation status, including data about active, cancelled or about to be cancelled certificates. This service may be provided in real-time mode or may be based on periodically updated data about certificate cancellation statuses;
  6. Creation of protection means service – designs and provides means for creation of electronic certificates that ensure proper protection of the users.

**Art. 10. (1)** The Exchange shall ensure compliance with the requirements applicable to the electronic certificates referred to in Art. 8 and shall:

1. Use due care to forestall any unauthorised access to users' private keys;
2. Use the keys in keeping with all restrictions laid down in these Rules;
3. Use its private key only for identification of each user;
4. Upon becoming aware of any circumstances that would lead to unauthorised access or damage to a user's key, discontinue the use of such key immediately.

**(2)** Each subscriber shall be obligated to:

1. Submit to the Exchange accurate and full information in accordance with the requirements laid down in these Rules, especially as concerns registration;
2. Immediately notify the Exchange in case that, before the expiry of a certificate, the subscriber becomes aware that one of the following events has occurred:
  - a) The public key of a user has been lost, stolen, accessed by an unauthorised person or damaged;
  - b) Control on a key is lost due to the fact that key activation data (e.g. PIN code) has been destroyed or accessed by an unauthorised person, or due to other reasons;
  - c) The subscriber finds or is notified of discrepancies in the issuance of a certificate or changes to the contents of a certificate.

**(3)** Users shall be obligated to comply with the requirements and provisions of these Rules as well as to provide the information necessary for issuance of certificates. Any agreement concluded between a subscriber and a user shall obligate the user to immediately notify the subscriber of the occurrence of an event referred to in paragraph 2(2), including any change of data, in reliance on which the user has been registered and furnished with a certificate.

**Art. 11. (1)** Authorised parties in the meaning of these Rules shall be the Financial Supervision Commission and the Central Depository, as well as other persons directly concerned with trading at the Exchange.

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(2) In case an authorised party needs to identify a user through an electronic certificate issued by the Exchange, that party shall:

1. Verify the validity of the certificate, including any suspension or cancellation thereof, using the cancellation status information distributed by the Exchange to authorised parties; and
2. Take into account any restrictions regarding the use of the certificate as shown on the certificate or in the information disseminated by the Exchange.

**Art. 12.** The Exchange may adopt instructions and procedures applying to specific cases of its certification practice. Such instructions and procedures shall be deemed to be an integral part of these Rules and can not contravene these Rules.

**Art. 13. (1)** These Rules together with all instructions and procedures related therewith shall be published on the web site of the Exchange and shall be accessible by subscribers, authorised parties and generally by all parties concerned.

(2) The Financial Supervision Commission and the Central Depository can identify users through electronic certificates issued by the Exchange upon providing written notice thereof to the Exchange. Other persons referred to in Art. 11 can identify users through electronic certificates issued by the Exchange only upon submitting written applications to that effect to the Exchange. Upon receipt of such a written application, the Board shall take a decision whether the person in question can be treated as an authorized party. The applicant shall be notified in writing of the Board's decision as per the foregoing sentence.

(3) The Exchange shall distribute to its subscribers and to the authorised parties information concerning the cancellation status of certificates (details about the current validity of each certificate).

**Art. 14. (1)** Generation of keys by the Exchange shall be made in a physically secure environment by authorised employees of the Exchange under dual control at least. The Exchange shall maintain a minimum number of employees authorised to deal directly with the generation of keys.

(2) When generating certificates, the private signature key shall be strictly confidential and shall be stored by the Exchange. The private key shall be stored by secure cryptographic means.

(3) Private keys shall be archived, stored and recovered only by an authorised employee of the Exchange using at least dual control in a secure physical environment. The Exchange shall maintain a minimum number of employees authorised by the Executive Director for being directly involved in the archiving, storage and recovery of keys. Since the private keys are stored by the Exchange, they shall be kept in full confidentiality and shall be accessible only by the specifically authorised persons.

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(4) The archive copies of a private key shall be subject to a security level, which must be equal to or higher than the control level applied to the actual usage of that key.

(5) The user identification keys (the public keys) shall be distributed by the Exchange to users in a way that ensures integrity of the public key and certifies its origin. The same shall apply to the distribution of all parameters related to the public key.

(6) Each public key shall be distributed in the form of an electronic certificate signed by the Exchange and accompanied by a declaration certifying that the Exchange is identified by that public key. The Exchange shall provide a facility for verification of the key integrity from a secure source.

(7) The Exchange shall not be authorised to store the private key of any user in a way allowing recovery of the private data from it by decryption of that key (known as key escrow).

(8) The Exchange shall use the private signature keys of users only for generation of certificates and/or for publication of cancellation status information.

(9) The Exchange shall always use the private keys in physically secure premises accessible by specifically authorised persons only.

(10) Private keys can not be used after expiry of their respective validity periods.

(11) During the validity period, usage of the corresponding private key shall be limited so that to be fully compatible with the hash-algorithm, the signature algorithm and the length of the signature key used for certificate generation.

(12) Upon expiry of the validity period, the Exchange shall:

1. Destroy all copies of the private key in a way, which excludes any possibility for their recovery; or
2. Store them in a way, which ensures absolute protection against any reuse.

(13) The validity period of keys and certificates shall be set at 365 (three hundred and sixty-five) days following the time of their generation. This period may be automatically reinstated in case that, before its expiry, the subscriber has submitted to the Exchange an application for reinstatement without change of the data used for generation of the relevant keys and certificates, and has paid the fee due as per the Tariff laid down in these Rules.

**Art. 15.** The Exchange shall ensure proper security of the encryption hardware until expiry of its validity cycle. In particular, the Exchange shall:

1. Ensure the propriety of the encryption hardware, the certificate and the cancellation status information at the time of their delivery;
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2. Ensure conservation of the propriety of the hardware, certificate and cancellation status information upon filing these in the archive;
  3. Ensure that the signature key and the encryption hardware are installed, activated, archived and recovered in a way requiring dual control;
  4. Ensure the proper operation of the encryption hardware, the certificate and the cancellation status information;
  5. Upon any replacement of the encryption hardware used for storage of private signature keys, destroy such keys immediately.

**Art. 16. (1)** The Exchange shall install an HTTPS secure line for communication with the COBOS users.

**(2)** The secure line referred to in paragraph (1) shall be installed through the security server of the Exchange and shall guarantee authorised access of each user to COBOS.

### **Tariff**

**Art. 17. (1)** To be connected as a COBOS subscriber, the applicant shall pay a lump-sum fee of BGN 1,000.00 (one thousand Bulgarian Leva).

**(2)** In case the Exchange develops separate applications, which can be regarded as COBOS modules, the Board of Directors of the Exchange may determine an additional fee for connecting subscribers to the particular module.

**(3)** For certificate issuance and maintenance services, the subscribers shall pay an annual fee per each user of theirs.

**(4)** The annual fee referred to in the foregoing paragraph shall be BGN 60.00 (sixty Bulgarian Leva). The fee shall be payable prior to the issuance of each user certificate and shall confer the right for using the certificate in the course of 365 (three hundred and sixty-five) days as from the date of its issuance.

**(5)** The fees quoted in the foregoing paragraphs are exclusive of VAT.

### **Additional provision**

#### **§ 1. Within the meaning of these Rules:**

1. Certificate (electronic certificate) is a public key of a user, together with additional information (such as cancellation status), which is encrypted (signed) by a private key of the Exchange.
  2. Authentication refers to the mechanisms used for certification by electronic means of the precise and unique identification of each COBOS object/user on the basis of the object/user information
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stated in the subscriber's application for registration.

3. Confidentiality refers to the mechanisms used for protection of the information contained in the electronic certificates against unauthorised access.

4. Integrity refers to the mechanisms that guarantee to the users the integrity and consistency of COBOS information flows.

5. Non-repudiation refers to the mechanisms ensuring to the users of COBOS that the information in the system is official, that the persons performing each act in the system are precisely and uniquely identified and these persons can not repudiate the obligations ensuing from such acts.

6. Specific user data means the minimum data required to be contained in each electronic certificate.

7. Certification practice refers to the rules and techniques developed and implemented by the Exchange, which determine the applicability of electronic certificates to the user groups, defined in these Rules and using common security requirements. The Exchange shall develop its certification practice in accordance with these Rules and with the generally accepted standards for deployment of secure links through electronic certificates.

8. A key means a string of unique symbols generated by the Exchange in accordance with Art. 14 and used for:

- a) Verification of the identity of the certificate-holding user (public key);
- b) Encryption (signing) of a certificate (private key).

9. Encryption means transformation of information such as to render that information unusable in the absence of an appropriate key capable of transforming (decrypting) the information back to its original form.

10. Cryptographic methods mean all asymmetric mechanisms broadly used for generation of electronic certificates.

11. The security server of the Exchange is a dedicated computer configuration supporting the operation of user applications in COBOS in an HTTPS-secured environment.

12. Dual control means contemporaneous control by at least two authorised employees of the Exchange, i.e. access to certain information is only possible with the contemporaneous identification of two different objects.

13. HTTPS means HTTP (Hypertext Transfer Protocol) through SSL (Secure Socket Layer). HTTPS is an internationally applied standard mechanism for encrypted communication between web-based applications over the Internet.

**§2.** 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.
  2. “the Board” – the Board of Directors of Bulgarian Stock Exchange – Sofia AD.
  3. “the System” – the electronic trading system wherethrough the exchange trading is implemented.
  4. “FSC” – Financial Supervision Commission.
  5. “CD” – Central Depository AD.
  6. “MFIA” – Markets in Financial Instruments Act.
  7. POSA – Public Offering of Securities Act.
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8. MAMAFIA – Measures Against Market Abuse of Financial Instruments Act.

**Transitional and final provisions**

§1. These Rules were adopted by the Board of Directors of the Exchange on 21.02.2003 and are in force since 22.02.2003.

§2. These Rules were amended by the Board of Directors of the Exchange on 17.02.2004 and such amendments are in force since 18.02.2004.

§3. These Rules were amended by the Board of Directors of the Exchange on 20.02.2006 and such amendments are in force since 21.02.2006.

§4. These Rules were amended by the Board of Directors of the Exchange on 10.04.2007 and such amendments are in force since 10.05.2007.

§5. These Rules were amended by the Board of Directors of the Exchange on 23.07.2008 and such amendments are in force since 24.07.2008.

§6. These Rules were amended by the Board of Directors of the Exchange on 07.11.2008 and such amendments are in force since 17.11.2008.

§7. These Rules were amended by the Board of Directors of the Exchange on 05.02.2009 and such amendments are in force since 06.02.2009.

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