

**BULGARIAN
STOCK
EXCHANGE - SOFIA**



БЪЛГАРСКА
ФОНДОВА БОРСА
СОФИЯ

**RULES FOR REGISTRATION AND USE OF
COBOS – CLIENT PORTFOLIO**

Chapter One General

Art. 1. (1) These Rules are laid down on the grounds of Art. 9(2), Item 3, Part I of the Standing Regulations of BSE-Sofia and establish the procedure for registration to and use of the Module for maintenance of clients' cash and securities portfolios 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).

(2) These Rules are binding on all subscribers and users. The Exchange shall provide these Rules to all of its members. Such provision can be made by electronic means, among other methods.

(3) All agreements between the Exchange and its subscribers shall include a provision, which makes these Rules an integral part of such agreements.

(4) In the agreements with their users, all subscribers shall include a clause to the effect that these Rules form an integral part of such agreements. Subscribers shall provide these Rules to their clients prior to concluding the agreements referred to in the previous sentence. Such provision can be made by electronic means, among other methods.

(5) Matters not expressly provided for by these Instructions shall be governed by the Rules for registration to and use of the Internet-based system for electronic submission of orders by clients of BSE members and by the Standing Regulations of BSE-Sofia AD.

Art. 2. COBOS – Client Portfolio is an additional module to the COBOS system and can be accessible only by users of COBOS subscribers, registered according to these Rules. Users with certificates issued to branches or offices do not have access COBOS – Client Portfolio.

Chapter Two Services provided by COBOS – Client Portfolio

Art. 3. (1) COBOS – Client Portfolio gives an opportunity to the users with client certificates of the subscribers, registered in accordance with these Rules, to receive at any time information for their current balances in cash and securities, taking into account also the trades in process of conclusion.

(2) The COBOS broker and administrative terminal can display at any time the current balances in cash and securities (for each security individually) of each client of the subscriber provided that such client is also a COBOS user.

Art. 4. By means of COBOS administrative terminal the initial value of the current real cash

balance of each subscriber's client can be entered. The administrator can at any time add or deduct amounts to/from the client's current cash balance.

Art. 5. (1) The current real securities balance (CRSB) of each client of the subscriber is defined on the basis of:

1. information, sent to BSE-Sofia from the Central Depository (CD) about the balances of the client's subaccounts in the securities accounts of the relevant investment intermediary/subscriber, or
2. information about the securities, owned by the client and the concluded transactions, sent in the respective format by the COBOS administrative terminal.

(2) Processing of the information, received pursuant to Paragraph 1, item 1, is made by the Exchange on a daily basis before the start of the trading session by 8.45 am.

(3) Processing of the information, received pursuant to Paragraph 1, item 2, is made by the Exchange on a daily basis by 1.00 am.

(4) In the cases pursuant to Paragraph 1, item 1, the administrator can not change the respective securities balances of the subscriber's clients.

(5) In the cases pursuant to Paragraph 1, item 2, the administrator can sent information about the respective subscriber's clients after 4.00 pm each working day.

(6) When administrator sends a repeated information for one and the same client, the previously sent information about that client is deleted.

(7) Investment intermediary that is a COBOS subscriber, can not use at the same time the both ways pursuant to Paragraph 1 regarding its clients.

Art. 6. (1) Each working day, as a result of the processing pursuant to Art. 5 (2) or (3), the system calculates and visualizes information about the current real and virtual balances in cash and securities for each client and security individually.

(2) The current real cash balance (CRCB) of a client for the respective day is calculated from the CRCB for the previous day by adding the total value of all concluded sell trades and deducting the total value of all concluded buy trades of that client.

(3) The administrator can at any time add or subtract amounts to/from the current real cash balance of any client. When the CRCB is a negative value, the administrator must immediately add the necessary amount for the balance to reach zero or positive value. Any negative balance is highlighted in a suitable way or a system alert is generated.

(4) The current real balance for a respective day for each security, owned by a respective client, is calculated from the current real balance for the previous day by adding the total volume of all concluded sell trades and deducting the total volume of all concluded buy trades with that security.

(5) The current virtual securities balances (CVSB) are updated immediately upon any change of the real balances and also upon each conclusion of a trade using the following formula:

$$CVSB = CRSB + (\sum_{\text{values of all unsettled buy trades}} - \sum_{\text{values of all unsettled sell trades}})$$

(6) The current virtual cash balances (CVCB) are updated immediately upon any change of the real balances and also upon each of the actions - conclusion of a trade using the following formula:

$$CVCB = CRCB + (\sum_{\text{values of all unsettled sell trades}} - \sum_{\text{values of all unsettled buy trades}})$$

(7) Zero balances in securities are not displayed.

(8) Calculation of current virtual balances is based only on those trades of the client, which are generated by orders entered via COBOS.

Art. 7. (1) During confirmation of a waiting client order by a broker, a verification of the change in the virtual balances in cash and securities as a result of the eventual execution of the order is also made. If the execution of that order leads to a negative virtual balance, no matter whether it is in cash or securities, the confirmation of the order is canceled and an appropriate message is visualized.

(2) During entering of order by a client, a verification of the change in the virtual balances in cash and securities as a result of the eventual execution of the order is also made. If the execution of that order leads to a negative virtual balance, no matter whether it is in cash or securities, the confirmation of the order is canceled and an appropriate message is visualized.

(3) Paragraph 1 and 2 are not applied regarding the current virtual cash balance in the cases of entering a bid market order.

Chapter Three **Registration and deregistration**

Art. 8. Access of a client to COBOS – Client Portfolio is possible only after a registration of a COBOS subscriber for using the Module.

Art. 9. A subscriber can be registered for using the COBOS – Client Portfolio upon signature of an addendum to the agreement between the Exchange and such subscriber.

Art. 10. (1) Using COBOS – Client Portfolio by the subscriber and its clients is possible only upon signature of an addendum to the agreement between the Exchange and such subscriber with contents approved by the Board.

(2) For using COBOS – Client Portfolio, the subscriber shall submit a written application in predefined format accompanied with:

1. Two identical copies of the addendum to the agreement between the Exchange and the subscriber, signed by a person vested with representative authority.
2. Information about which of the ways pursuant to Art 5 (1), regarding sending information for cash and securities balances, the subscriber will use.
3. Proof that the subscriber has paid the fee required for access to COBOS – Client Portfolio.

(3) Within 1 (one) working day after signature of the addendum referred to in Paragraph 1, the Exchange shall connect the subscriber's users with broker and administrator certificates to COBOS – Client Portfolio.

Art. 11. (1) To register a client for using COBOS – Client Portfolio, the subscriber shall submit a written application in predefined format accompanied with:

1. Written statement from the respective client, whereby the client expressly agrees:
 - a) to obtain information about the current status of the client's cash and securities portfolio from the investment intermediary/subscriber;
 - b) that such information can be accessed by the client's broker and the COBOS administrator as well as by staff members of the investment intermediary/subscriber who are directly involved in the conclusion and settlement of trades in securities, and by the Exchange as well;
3. Proof that the subscriber has paid the fee pursuant to Art 12 (2) in the cases pursuant to Art 5 (1), item 1.

(2) The administrators activate for using COBOS – Client Portfolio each client, declared pursuant to Paragraph 1. The service will become available after the end of processing pursuant to Art 5 (2) and (3).

(3) Activation of a client for using COBOS – Client Portfolio without submitting in advance the application and appendixes pursuant to Paragraph 1 is forbidden.

Art. 12. (1) The fee due for the subscriber's access to COBOS – Client Portfolio is BGN 600 (six hundred) including VAT. Such fee is payable in one installment upon submission of the application referred to in Art 10 (1).

(2) The fee due for the client's access to COBOS – Client Portfolio, if the respective subscriber uses information, received by the Central Depository (CD) pursuant to Art 5 (1), item 1, is BGN 15

(fifteen) per year including VAT. The fee is paid upon the issuance, respectively the renewal of the validity of the certificate for access.

Art. 13. (1) A subscriber’s client can be deregistered from the services of COBOS – Client Portfolio by an administrator of that subscriber using the COBOS administrative terminal.

(2) A deregistered client can be reregistered.

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, Rules and Regulations of BSE-Sofia, Rules for registration to and use of the Internet-based system for electronic submission of orders by clients of BSE members, respectively, in general commercial legislation and commercial practice.

§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. “CD” – Central Depository AD.

Transitional and final provisions

§1. These Rules were adopted by BSE Board of Directors on 07.11.2008, they revoke the Rules for registration and use of COBOS – Client Portfolio, adopted by the Board on 31.03.2004 and are in force since 17.11.2008.

§2. The investment intermediaries, subscribers of COBOS, that as of 17.11.2008 use information, received by the Central Depository (CD) pursuant to Art 5 (1), item 1, owe the tax pursuant to Art 12 (2) regarding the active certificates of their clients, calculated on the basis of the number of months remaining till the end date of each issued certificate, rounded upwards to a whole number.
