



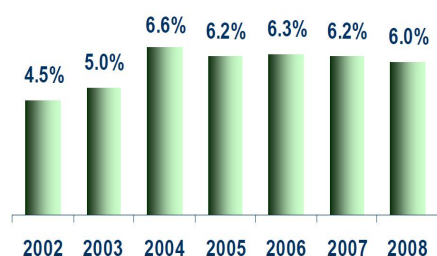
Bulgaria—Macroeconomic Highlights

- ☑ EU member since 1 January, 2007;
- ☑ NATO member since 2004;
- ☑ Currency board - fixed exchange rate to the EURO (no additional currency risk);
- ☑ Investment grade credit rating;
- ☑ Sustained economic growth;
- ☑ High FDI inflows;
- ☑ Decreasing unemployment;
- ☑ Treaties for avoidance of double taxation with 61 countries;
- ☑ Completed harmonization with EU directives in the sphere of capital markets;
- ☑ **0% tax on capital gains from transactions with shares in public companies and traded rights on the Bulgarian stock market;**
- ☑ 5% withholding tax for dividends;
- ☑ 10% corporate income tax— one of the lowest in Europe;
- ☑ 10% flat personal income tax.

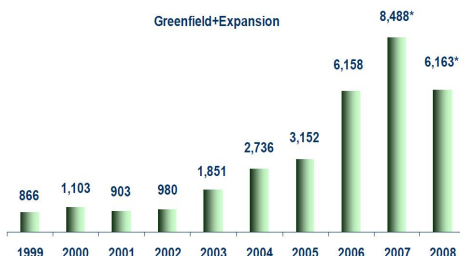
Key Indicators	2006	2007	2008
Inflation, annual change	6.5%	12.5%	7.8%
Real GDP Growth	6.3%	6.2%	6.0%
Budget Surplus/ GDP	3.5%	3.5%	3.0%
Base interest rate (eop)	2.69%	3.93%	5.12%
GED/GDP ratio	81.9%	100.2%	107.7%

Source: Bulgarian National Bank, NSI, InvestBulgaria Agency, EIU

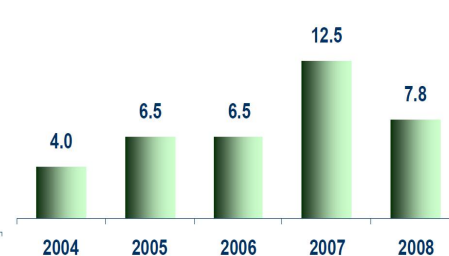
Steady GDP growth, 2002 – 2008



Record FDI inflow in 2006 - 2008, EUR m



Inflation, (annual change, %), 2004 - 2008



Bulgarian Stock Exchange—Sofia

- ☑ Implemented XETRA 10.0. trading platform;
- ☑ Trading rules of the Exchange are in accordance with the Xetra® platform;
- ☑ Simplified procedure for membership application (approximately 10 days long)
- ☑ Market participants already connected to Xetra® can access the Bulgarian market without additional IT costs;
- ☑ Low membership fees;
- ☑ MiFID implemented;
- ☑ Information disclosure by public companies according to the Transparency directive;
- ☑ Prepared strategy for the development of the Bulgarian capital market by 2010;
- ☑ Bulgarian National Code for Corporate Governance accepted by BSE-Sofia.

Bulgarian capital market is one of the most dynamic markets in Southeastern Europe and has a high potential for development.

2007	2008
EUR 750 mln. raised	EUR 400 mln. raised
9 IPO's	7 IPO's
9 SPO's	17 SPO's
20 REIT's	17 REIT's
30 Bond issues	23 Bond issues
13 Mutual funds	14 Mutual funds
21 Increases of capital	22 Increases of capital

Market statistics	2006	2007	2008
Total turnover (in mln EUR)	1 730	5 085	1 485
Total number of transactions	213 600	490 551	400 718
Market capitalization (in mln EUR)	7 830	14 821	6 371
Listed securities (at year end)	463	509	557
Stock exchange members	81	79	82
Number of IPOs	2	9	7
IPO revenue generated (mln EUR)	23	177	47

Procedure for BSE-Sofia membership application





The terms and procedures for admission of members to BSE-Sofia are stated in Part II of the Rules and Regulations of the Exchange.

Entities eligible for membership

In general the Entities eligible for membership in the BSE-Sofia are:

1. **Investment intermediaries**, which have been licensed within the terms and procedures of the Markets of Financial Instruments Act (MFIA) to provide investment services and perform investment activities as per Art. 5 (2) and (3) of the MFIA by way of occupation;
2. **Banks**, which by way of occupation provide one or more investment services and/or perform one or more investment activities and have been licensed to provide such services and activities by the Bulgarian National Bank.

Investment intermediaries seated in a European Union member country are eligible for membership in BSE-Sofia if they are compliant with the requirements of the BSE-Sofia Rules and Regulations, Markets of Financial Instruments Act and all other enactment regulating their activity in Bulgaria.

Types of membership

There are two types of membership according to the Rules and regulations of BSE-Sofia. The main difference between these is the ownership of a required minimum number of shares of the Exchange's capital. While the associated membership does not require possession of BSE's shares it is connected with a certain annual membership fee payment. However, associated and regular members are entitled to equal access to market information, equal conditions for participation in exchange trading and equal liabilities.

The types of membership allowed on BSE-Sofia are:

1. **Regular membership** – entities have to be in possession of the minimum required number of shares of the Exchange's capital, defined in its Statute (20 000 shares). No membership fee is due;
2. **Associated membership** – doesn't require ownership of shares of the Exchange's capital. An annual membership fee of app. 3100 EURO is due.

Mandatory preliminary requirements for membership

A mandatory preliminary requirement for being admitted for an Exchange member is that **the applicant has to be a member of the Bulgarian Central Depository (CD)**.

Procedure for Admitting Members:

The procedure for admitting members includes the following steps:

1. Applicants file a standard application form to the Board of Directors of the Stock Exchange, signed by a person with representative authorities. The required documents to be attached to the application form are listed below. *For the associated membership applicants the associated membership fee should be prepaid.*
2. Based on the application form and the attached documents and after co-ordination with the Commission, the Board determines if the provisions for admission of new members and the requirements have been abided by. If the submitted information and documents are incomplete or invalid, or additional information and proof of the authenticity of the presented data are needful, the Board issues a note that the data are incomplete and invalid, or that additional information and documents are required. In this case an official from the Exchange contacts the applicant and sends an official letter;
3. Within 10 (ten) days as of the receipt of the application for membership, and in case additional information and documents have been required – as of their submission, the Board announces the decision concerning the application.
4. The applicants are informed in writing about the Board's decision within 3 (three) working days following its taking. The Board's decision for admission as a member is published in the Exchange Bulletin.
5. Within 5 (five) working days following the receipt of the notification for admission as a member, the investment intermediaries admitted as Exchange Members submit to the Exchange data about the persons, who will be authorized to administrate the accounts

through which the liabilities toward the Exchange will be settled.

6. The newly admitted members sign an agreement with the Exchange within 10 (ten) working days following the receipt of notification about the Board's decision which has considered the application favorably.

Documents to be attached to the application form for admitting members:

1. Certified copy of the organization's Statutes, respectively of the Articles of Association
2. Certified copy of the decision for entry into the commercial register, a certificate for valid incorporation in court, a copy of the certificate issued by the National Statistical Institute with a statistical BULSTAT code included; *Foreign entities from EU Member countries applying for membership present a certificate giving evidence of the status of the legal entity.*
3. For intermediaries that had established a branch within the territory of the Republic of Bulgaria – a copy of the license by the FSC to carry out activities as an investment intermediary, and if a bank – a copy of the license by the Bulgarian National Bank to act as a banking institution and a certificate verifying the entry into the investment intermediaries register of the FSC. *Foreign entities from EU Member countries applying for membership present a copy of the license(s) issued by the Competent Authority in the Member State where the investment intermediary has been licensed as well as a copy of the notification (as per Art. 65 (1) of the Markets in Financial Instruments Act (MFIA)) or document certifying the expiration of the term (as per Art. 65 (1) of MIFA);*
4. Information on the natural and legal persons, members of the management and supervisory bodies of the applicant company;
5. Data about the persons, who have qualified participation in the applicant company, as well as about the number of their votes in the General Meeting of the applicant company;
6. Copy of the membership agreement with the Central Depository AD or of an agreement with a Central Depository AD member or other depository/clearing institution;
7. Document certifying that the applicant has an effective agreement with at least one natural person - broker, plus a power of attorney authorizing the broker to represent the applicant at the Exchange sessions and to execute transactions on its behalf. The applicant have to attach to the Membership application form the following documents for admitting brokers to trading (as of Art. 25 of Part II of the Rules):
 - Document evidencing that an effective employment or service agreement has been concluded between the natural person and the Exchange member;
 - Power of attorney for representation of the member, indicating the term of the representative authority;
 - Certificate of legal capacity issued by the Competent Authority in the Member State where the broker has been licensed /if any/;
 - Document evidencing that the person has not been convicted of intentional indictable offence;
 - Two (2) color photographs, passport format;
 - Curriculum Vitae (CV) including three full names of the candidate, educational background, qualifications, record of employment, professional experience, address, phone and fax numbers;
 - Declaration that the person has become acquainted with the Exchange trading system principles of operation and with BSE's Rules and Regulations and shall become acquainted with all their subsequent amendments.
8. Certificate, issued by the Central Depository, giving evidence that the investment intermediary is a shareholder of the Exchange and that the minimum number of shares required for membership is blocked, or a copy of the receipt for payment of the fee when the person applies for associated membership.
9. For investment intermediaries licensed by the Financial Supervision Commission - copies of the internal rules pursuant to Ordinance No 38 certified by the persons empowered to act as representatives. *For investment intermediaries licensed by the regulator in a Member State – a copy of internal rules for operation certified by the persons empowered to act as*



10. Information about any imposed administrative sanctions and/or administrative measures of compulsion with reference to the activity, related to financial instruments, of the members of the applicant's management or governing bodies or of its employees throughout the current year or the previous one.

11. particulars of the Security administrator needed for his/her registration as a user of the Trading System.

Admission to trading

The approval of the application for membership by the Exchange's Board does not automatically mean that the Exchange member acquires admission to trading. In order to be entitled to execute transactions in financial instruments through the trading system the exchange member has to:

- a. open an account in the member's name for administration of financial instruments transactions under a special management regime in compliance with Supplement № 23.
- b. present a certificate by the Central Depository verifying the applicant is able to perform the process of settlement.

Exchange members' brokers are admitted to trade after payment of the respective fee for maintenance of one remote trading terminal in accordance with the Tariff of Service Fees collected by the Exchange. The fee have to be paid within 7 (seven) days following the date of notification about the Board's decision.

Tariff of Fees

- **Associated membership fee** – app. 3100 EURO (including VAT) per annum. (The fee is paid when the member is not a shareholder of the Exchange*).
- **Fee for maintenance of 1 (one) remote trading terminal** – 15.34 EURO (including VAT) per calendar month.

* *The shares of the Exchange are not traded on regulated market*

Abbreviations used:

- Rules** - Rules & Regulations of Bulgarian Stock Exchange-Sofia
- The Exchange** - Bulgarian Stock Exchange – Sofia JSCo
- BGN** - Bulgarian National Currency
- FSC**- Financial Supervision Commission
- The Board** - Board of Directors of Bulgarian Stock Exchange-Sofia
- CD** – Central Depository



For further information on the membership procedure feel free to contact our specialists at the following e-mails:

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