

Financial Supervision Commission Act

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*Note: An update of the English text of this Act is being prepared

following the amendments in SG No. 77/4.10.2011

Text in Bulgarian: Закон за Комисията за финансов надзор

Chapter One GENERAL PROVISIONS

Subject-matter of Act

Article 1. (1) This Act shall provide for the establishment, scope of activities, structure, functions, and operation of the Financial Supervision Commission.

(2) Within the meaning given by this Act, financial supervision shall be the supervision over:

1. (supplemented, SG No. 52/2007, SG No. 43/2010) activities of the regulated securities markets, the Central Depository, investment intermediaries, investment and management companies, natural persons who are directly engaged in securities transactions and investment consultancy, public companies and other issuers of securities under the Public Offering of Securities Act, the Measures against Market Abuse with Financial Instruments Act, the Special Purpose Investment Companies Act and the Markets in Financial Instruments Act;

2. (supplemented, SG No. 67/2003, SG No. 97/2007) activities of insurers, reinsurers,

insurance brokers and insurance agents according to the Insurance Act and of health insurance companies according to the Health Insurance Act;

3. (amended, SG No. 67/2003) activities of supplementary social insurance companies and of the funds managed thereby according to the Social Insurance Code.

4. (new, SG No. 43/2010) activities of the credit rating agencies, pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (OJ, L 302/1 of 17 November 2009), hereinafter referred to as "Regulation 1060/2009".

(3) The Financial Supervision Commission, the authorities thereof and empowered officials shall exercise supervision through:

1. issuance of authorizations (licences) and approvals, as well as refusals to issue such authorizations and approvals;

2. conduct of off-site and on-site inspections on the operations of the persons covered under Paragraph (2);

3. application of coercive administrative measures and imposition of administrative sanctions.

(4) The provisions of this Act shall not apply to:

1. the National Social Security Institute;

2. the National Health Insurance Fund.

Chapter Two

STATUS, STRUCTURE AND MANAGEMENT OF FINANCIAL SUPERVISION COMMISSION

Financial Supervision Commission Status

Article 2. (1) There shall be established a Financial Supervision Commission, hereinafter referred to as "the Commission."

(2) The Commission shall be a specialized state body for regulation and supervision of the activities of persons covered under Article 1 (2) herein, hereinafter referred to as "supervised persons".

(3) The Commission shall be a public-financed legal person with a head office in Sofia. It may establish territorial divisions.

(4) The Commission, in exercising the powers thereof, shall be independent of the executive branch of government, and shall be accountable for the activities thereof under this Act to the National Assembly.

Commission Membership

Article 3. (Amended, SG No. 43/2010) The Commission shall consist of five members:

1. a Chairperson
2. a Deputy Chairperson in charge of the Investment Activity Supervision Department;
3. a Deputy Chairperson in charge of the Insurance Supervision Department;
4. a Deputy Chairperson in charge of the Social Insurance Supervision Department;
5. a Member of the Commission supporting its policy for analysis and assessment of the risks of the financial markets, enhancement of the supervisory practice and protection of the interests of investors, insured and social-insured persons.

Eligibility Requirements for Commission Members

Article 4. (1) (Amended, SG No. 43/2010) Eligibility for membership of the Commission shall be limited to Bulgarian nationals with higher economic or legal education with a minimum educational and qualification degree "Master", having good professional reputation, professional experience and a length of service under an employment and/or civil service relationship of at least 5 years during the last 10 years in the field of law, economics or finance.

(2) Members of the Commission shall be elected among persons who:

1. have not been sentenced for a premeditated offence at public law;
2. have not been adjudicated bankrupt as sole traders, unlimited partners in commercial corporations, and are not subject to bankruptcy proceedings;
3. have not been members of a management or supervisory body of a corporation or, respectively, a co operative, wound up through bankruptcy during the two years last preceding the date of adjudication in bankruptcy, if there are unsatisfied creditors;
4. are not managing director, executive directors, members of a management or supervisory body, or unlimited partners in a supervised person within the meaning given by this Act;
5. (supplemented, SG No. 42/2009) are not spouses or domestic partners or lineal or collateral relatives up to the third degree of consanguinity, or affines up to the third degree of affinity, to another member of the Commission or to a person covered under Item 4;

6. do not exercise control over a supervised person within the meaning given by this Act.

7. (new, SG No. 43/2010) do not hold, directly or through related persons, over 5 percent of the votes in the general assembly or of the capital of the supervised person.

(3) (Amended, SG No. 112/2003, SG No. 85/2004, SG No. 43/2010) The Chairperson, the Deputy Chairpersons and the rest of the members of the Commission may not engage in any other salaried activities except teaching or scientific and research activities, or as members of international organizations in connection with the activities of the Commission.

(4) (Repealed, SG No. 112/2003).

(5) (Amended, SG No. 112/2003, SG No. 85/2004, SG No. 43/2010) The circumstances covered under Items 2 to 7 of Paragraph (2) and Paragraph (3) shall be declared by the persons covered under Paragraph (3) before the Chairperson of the National Assembly upon assumption of office.

Commission Members Election

Article 5. (1) (Amended, SG No. 43/2010) The Chairperson of the Commission shall be elected by the National Assembly.

(2) (New, SG No. 43/2010) The National Assembly shall elect the remaining members of the Commission following a proposal by its Chairperson.

(3) (Renumbered from Paragraph 2, SG No. 43/2010) Upon assumption of office, the members of the Commission shall take before the National Assembly the following oath: "I do swear in the name of the Republic of Bulgaria to observe the Constitution and the laws of this country, to work for the implementation of the objectives of the Financial Supervision Commission, guided by the principles of independence, impartiality and good faith in the discharge of the duties assigned to me by the law. I have sworn".

(4) (Renumbered from Paragraph 3, SG No. 43/2010) Any irregularities in the election of a Member of the Commission shall not vitiate the decisions of the Commission.

Term of Office of Commission Members

Article 6. (1) (Amended, SG No. 43/2010) The term of office of the members of the Commission shall be 6 years. The election of new members of the Commission shall be held not earlier than three months and not later than one month before the expiry of the term of office of the acting members. The members of the Commission shall perform their functions even after the expiry of their term of office until the new members assume office.

(2) The term of office of a member of the Commission shall be terminated before the expiry of the said term by the National Assembly:

1. upon tendering of resignation;

2. in the event of actual inability of a member to discharge the duties thereof for more than six months;

3. if the members no longer satisfies the eligibility requirements covered under Article 4 (2) herein;

4. (amended, SG No. 112/2003) in the event of a violation of Article 4 (3) herein;

5. if the member fails to attend three or more successive sessions of the Commission without good reasons.

6. (new, SG No. 42/2009, amended, SG No. 97/2010, effective 10.12.2010) upon entry into force of an act which ascertains any conflict of interest under the Conflict of Interest Prevention and Ascertainment Act.

(3) In case of a pre-term termination of a member of the Commission's term of office, a replacement shall be elected to serve the remainder of the said member's term of office.

Remuneration

Article 7. (1) The Chairperson of the Commission shall draw a basic monthly remuneration amounting to 90 per cent of the remuneration of the Chairperson of the National Assembly.

(2) (Amended, SG No. 43/2010) The remaining members of the Commission shall draw a basic monthly remuneration amounting to 90 per cent of the remuneration of the Chairperson of the Commission.

(3) (Repealed, SG No. 43/2010).

(4) (New, SG No. 85/2004) The members of the Commission shall draw a supplementary remuneration to the basic monthly remuneration thereof for discharge of the specific functions thereof under this Act and depending on the individual work performance thereof under terms and according to a procedure established by the internal rules governing salaries as adopted by the Commission.

(5) (New, SG No. 85/2004) The resources referred to in Paragraph (4) shall be fixed at a proportion of up to 25 per cent of the gross annual amount of the wage bill of the members of the Commission and shall be provided from an excess of revenue over the level projected in the Commission budget.

Commission Sessions

Article 8. (1) (Supplemented, SG No. 43/2010) The sessions of the Commission shall be convened by the Chairperson on his or her own initiative or on a requisition by a member of the Commission. The Commission shall have sessions at least four times a month.

(2) The sessions of the Commission shall be chaired by the Chairperson and, in the absence thereof, by a Deputy Chairperson designated by the Chairperson.

(3) The Commission may sit if more than one half of the members thereof is present.

(4) (Amended, SG No. 43/2010) The decisions of the Commission shall be adopted by a majority of not fewer than three votes.

(5) No abstentions shall be admissible.

Transparency of Commission Operation

Article 9. (1) The Commission shall make public the policy pursued and the practice established in application of the statutory instruments, as well as the reasoning for any revision of such instruments.

(2) The policy pursued in application of the statutory instruments, referred to in Paragraph (1), shall cover the means chosen and employed by the Commission in exercising its operational independence for attaining the purposes of the law.

(3) The Commission shall issue an ordinance establishing the procedure for access to the documents in its custody, as well as the terms for obtaining certified transcripts of the said documents.

Commission Structure

Article 10. (1) The following three principal departments shall be established within the Commission: Investment Activity Supervision Department, Insurance Supervision Department, and Social Insurance Supervision Department, each of the said departments being directly managed by a Deputy Chairperson of the Commission.

(2) Within the powers vested therein by law, the Deputy Chairpersons shall organize, direct, and be in charge of the operation of the respective department.

(3) (Amended, SG No. 43/2010) On a motion by each Deputy Chairperson, the Commission shall designate another Deputy Chairperson or member as deputy of the said Deputy Chairperson, who shall exercise the powers thereof in case of absence.

(4) (New, SG No. 43/2010) In performing his/her duties under this Act, the member of the Commission referred to in Article 3, Item 5 shall be assisted by one or more structural units of the Commission, specified in the Rules of the Commission.

(5) (New, SG No. 102/205, renumbered from paragraph 4, SG No. 43/2010) In the case of earlier termination of the Commission's deputy-chairman's term in office the Chairman shall appoint another member to replace him/her and perform his/her duties until the appointment of the new Deputy-Chairman.

(6) (Renumbered from paragraph 4, SG No. 103/2005, renumbered from paragraph 5, SG No. 43/2010) The Commission shall establish by its Rules the structure, specific functions and responsibilities of the departments and directorates, the procedure for interaction among them, and the powers of the officials in charge.

Chapter Three

OBJECTIVES, FUNCTIONS AND POWERS OF THE COMMISSION AND ITS AUTHORITIES

Commission Objectives

Article 11. In performing the functions and powers assigned thereto by this Act, the Commission shall be guided by the following objectives:

1. to protect the interests of investors, commercial insured and social-insured persons;
2. (supplemented, SG No. 43/2010) to ensure stability, transparency and credibility of the financial markets, including with the help of rules and risk management systems for these markets.
3. (new, SG No. 43/2010) to ensure an adequate and stable infrastructure at the financial markets.

Commission Functions

Article 12. The Commission, together with its authorities, shall perform the following functions:

1. (supplemented, SG No. 43/2010) regulate the activities of supervised persons and, to this end, adopt ordinances provided for by law, and issue instructions and directions in line with the objectives specified in Article 11;
2. (supplemented, SG No. 52/2007, SG No. 43/2010) exercise state supervision under the Public Offering of Securities Act, the Measures Against Market Abuse With Financial Instruments Act, the Special Purpose Investment Companies Act and the Markets in Financial Instruments Act;
3. (supplemented, SG No. 67/2003) exercise state insurance supervision under the Insurance Act and the Health Insurance Act;
4. (amended, SG No. 67/2003) exercise state social insurance supervision under the Social Insurance Code.

5. (new, SG No. 43/2010) be the competent authority on behalf of the Republic of Bulgaria for the implementation of Regulation 1060/2009;

6. (new, SG No. 43/2010) develop and implement rules and risk management systems for financial markets.

Commission Powers

Article 13. (1) The Commission shall have the following powers:

1. adopt the Rules of Organization and Operation thereof;
2. adopt and publish the main guidelines for the activities thereof;
3. adopt ordinances and instructions where so provided for in a law;

4. (amended, SG No. 67/2003, supplemented, SG No. 84/2006, SG No. 52/2007, SG No. 43/2010) give written directions regarding the application and interpretation of the Social Insurance Code, the Public Offering of Securities Act, the Special Purpose Investment Companies Act, and the Markets in Financial Instruments Act, the Insurance Code, the Measures against Market Abuse with Financial Instruments Act and the Health Insurance Act, as well as of the statutory instruments of secondary legislation on the application thereof in connection with the exercise of financial supervision;

5. (amended, SG No. 67/2003, supplemented, SG No. 52/2007, SG No. 43/2010) acting on a motion by the Deputy Chairperson in charge of the respective area of supervision, issue or refuse to issue and withdraw the authorizations (licences) for conduct of activities regulated by the Public Offering of Securities Act, the Special Purpose Investment Companies Act, and the Markets in Financial Instruments Act, the Insurance Act, the Social Insurance Code and the Health Insurance Act, provided for in the said laws;

6. (amended, SG No. 67/2003, supplemented, SG No. 52/2007, SG No. 43/2010)) acting on a motion by the Deputy Chairperson in charge of the respective area of supervision, authorize or refuse to authorize any merger by the formation of a new company, merger by acquisition, division by acquisition, division by the formation of new companies, or voluntary dissolution of supervised persons, where such authorization is required by the Social Insurance Code, the Public Offering of Securities Act, the Special Purpose Investment Companies Act, and the Markets in Financial Instruments Act, or the Insurance Act; and such authorization shall be granted after submission of an authorization of merger by the formation of a new company or of merger by acquisition from the Commission for the Protection of Competition, where the grant of such authorization is mandatory;

7. (supplemented, SG No. 67/2003) in the cases provided for in a law, make decision on submission to the court of a petition in bankruptcy for a supervised person;

8. (supplemented, SG No. 43/2010) under the terms and according to the procedure

established by the Public Offering of Securities Act, the Special Purpose Investment Companies Act, and acting on a motion by the Deputy Chairperson in charge of the respective area of supervision, issue or refuse to issue confirmations of prospectuses for public offering of securities or registration of issues for sale on a regulated securities market;

9. acting on a motion by the Deputy Chairperson in charge of the respective area of supervision, issue a temporary or final prohibition against publication of tender offers for purchase or exchange of shares as provided for in Section II of Chapter Eleven of the Public Offering of Securities Act;

10. (amended, SG No. 67/2003, supplemented, SG No. 52/2007, supplemented, SG No. 43/2010) appoint a conservator in the cases provided for in the Public Offering of Securities Act, the Special Purpose Investment Companies Act, and the Markets in Financial Instruments Act, the Insurance Act, the Health Insurance Act, and the Social Insurance Code;

11. (amended, SG No. 67/2003, supplemented, SG No. 52/2007) issue written orders for the dismissal of one or more persons empowered to manage and represent a supervised person, in the cases provided for in the Public Offering of Securities Act, and the Markets in Financial Instruments Act, the Insurance Act, the Health Insurance Act, and the Social Insurance Code;

12. (new, SG No. 85/2004, repealed, SG No. 103/2005, new, SG No. 43/2010) acting on a motion by the Deputy Chairperson in charge of the respective area, perform the duties and undertake the actions envisaged in Regulation 1060/2009)

13. (new, SG No. 85/2004, repealed, SG No. 103/2005) .

14. (new, SG No. 85/2004, repealed, SG No. 103/2005) .

15. (new, SG No. 85/2004, repealed, SG No. 103/2005) .

16. (new, SG No. 85/2004, repealed, SG No. 103/2005) .

17. (renumbered from Item 12, SG No. 85/2004) on the basis of a report referred to in Paragraph (5), pronounce on appeals against individual administrative acts issued by the Deputy Chairpersons of the Commission;

18. (renumbered from Item 13, SG No. 85/2004, supplemented, SG No. 84/2006, amended, SG No. 97/2007, supplemented, SG No. 43/2010) make decisions on conclusion of agreements on cooperation and information exchange with the Bulgarian National Bank or other Bulgarian or foreign authorities exercising supervisory functions over financial market operations, including with the competent authorities referred to in Article 4, Paragraph 3, letter YhΦ and Article 5, Paragraph 7 of Regulation 1060/2009, as well as on the participation in international organizations in the field of financial markets. The cooperation agreements shall set out the circumstances, procedure and conditions for mutual notification and the carrying out of joint actions;

19 (new, SG No. 97/2007, amended, SG 24/2009, effective 31.03.2009) represent the

Republic of Bulgaria in the structures of the European Union whose aim is to support the working out of the main guidelines for development in the field of financial markets, the preparation of acts of the European Union institutions, their consistent and timely implementation, as well as the effective cooperation between the authorities of the Member States regulating and supervising financial markets; in performing its functions the Commission shall take into account the possible effect of its actions on the financial stability of the rest of the Member States based on reciprocity;

20. (renumbered from Item 14, SG No. 85/2004, renumbered from Item 19, SG No. 97/2007, supplemented, SG No. 43/2010) discuss periodically the reports on the activity of the principal departments of the Commission, the supervisory policy followed and the practice established for the implementation of statutory instruments, and the reports on financial stability;

21. (new, SG No. 43/2010) acting on a motion by the member of the Commission referred to in Article 3, Item 5, discuss at regular intervals the analyses and risk assessments of the financial markets;

22. (renumbered from Item 15, SG No. 85/2004, renumbered from Item 20, SG No. 97/2007, renumbered from Item 21, SG No. 43/2010) adopt the draft annual budget and the reports referred to in Article 29 herein as laid before the Commission by the Chairperson.

23. (new, SG No. 103/2005, renumbered from Item 21, SG No. 97/2007, renumbered from Item 22, SG No. 43/2010) as well as other powers prescribed by law.

(2) (Amended, SG No. 67/2003, supplemented, SG No. 52/2007, amended and supplemented, SG No. 41/2010) The Commission shall pronounce on any proposals made by the Deputy Chairpersons in charge of the respective areas of supervision within the time limits for issuance of the respective act, established in this Act, the Social Insurance Code, the Public Offering of Securities Act, the Special Purpose Investment Companies Act, and the Markets in Financial Instruments Act, the Insurance Act, the Health Insurance Act, and Regulation 1060/2009.

(3) (Supplemented, SG No. 67/2003, 39/2005, amended, SG No. 103/2005, effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union) The individual administrative acts issued by the Commission shall be reasoned and shall be appealable before the Supreme Administrative Court. The appeal procedure shall not stay the execution of the individual administrative act.

(4) (Amended, SG No. 43/2010) In the event of appeals and complaints lodged against decisions of the Commission or any authorities thereof, a rapporteur for their investigation can be only the member of the Commission referred to in Article 3, Item 5, except in the cases specified in Article

10, Paragraph 3, where the Commission shall designate a rapporteur among the Deputy Chairpersons.

(5) (Supplemented, SG No. 43/2010) The rapporteur referred to in Paragraph (4) shall have

all powers required for conduct of a full and comprehensive inspection, including to require and receive information and documents relating to the case from the Commission, the authorities and administration thereof, other government authorities and institutions, natural persons and legal entities, as well as non-governmental organizations having relation to the financial markets. The said rapporteur shall be obligated to prepare a reasoned report on the appeal or complaint, and to submit the said report to the Commission. Any such report may contain recommendations for taking action in connection with any omissions and violations detected in the operation of the Commission or the authorities thereof.

(6) (Supplemented, SG No. 43/2010) The Commission shall be obligated to consider the report referred to in Paragraph (5) and, on the basis of the investigation conducted, to render a decision on the respective appeal or complaint, and, where necessary - to undertake actions for amending the supervisory policy followed and the practice established for the implementation of statutory instruments, and make these public in accordance with the procedure specified in Article 9. The Commission's authority the decision of which is appealed against shall not participate in the discussions and the voting.

(7) (Amended, SG No. 67/2003, supplemented, SG No. 85/2004) The statutory instruments adopted by the Commission under Item 3 of Paragraph (1), as well as the administrative acts issued by the commission under Items 5 and 6 of Paragraph (1), shall be promulgated in the State Gazette, and the rest shall be published in an appropriate manner. The directions referred to in Item 4 of Paragraph (1) shall be published in the bulletin of the Commission and shall be posted on the Internet site thereof.

Powers of Commission Chairperson

Article 14. (1) (Amended, SG No. 43/2010) The Chairperson of the Commission shall organize and manage the activities of the Commission and the administration thereof, with the exception of such activities as this Act or another law places within the exclusive competence of another member of the Commission.

(2) The Chairperson of the Commission may delegate some of the powers thereof to other officials, as well as establish advisory councils to assist the performance of the functions of the Chairperson.

(3) The Chairperson of the Commission shall exercise the following powers:

1. represent the Commission in Bulgaria and abroad;
2. convene and preside over the sessions of the Commission;
3. coordinate the activities of the Deputy Chairpersons;
4. conclude and terminate the contracts with the persons employed in the Commission administration and fix the remunerations thereof;
5. organize, manage, and control the operation of the administration;

6. organize the preparation of the draft budget and lay the said draft budget before the Commission for adoption;

7. organize the implementation, balancing off, and reporting of the budget, and lay it before the Commission for adoption.

Powers of Deputy Chairperson in Charge of Investment

Activity Supervision Department

Article 15. (1) The Deputy Chairperson in charge of the Investment Activity Supervision Department shall have the right to independently:

1. (amended, SG No. 43/2010) make proposals under Items 5, 6 and 8 to 12 of Article 13 (1) herein;

2. (supplemented, SG No. 52/2007) issue the authorizations and approvals under the Public Offering of Securities Act and the Markets in Financial Instruments Act, unless otherwise provided for in this Act;

3. (supplemented, SG No. 52/2007) send Commission representatives to the meetings of the management bodies of the persons supervised under the Public Offering of Securities Act and the Markets in Financial Instruments Act as well as of the Central Depository;

4. (supplemented, SG No. 84/2006, SG No. 52/2007) apply the coercive administrative measures under Chapter Nineteen of the Public Offering of Securities Act and Part Four, Chapter One of the Markets in Financial Instruments Act and on chapter six of the Measures against Market Abuse with Financial Instruments Act, which are not within the competence of the Commission;

5. (amended and supplemented, SG, No. 39/2005, amended, SG No. 59/2006, SG No. 52/2007) in the cases referred under Article 212 (4) of the Public Offering of Securities Act and Article 118 (2) of the Markets in Financial instruments Act, to propose to the Bulgarian National Bank to apply the measures under Article 103 (2) of the Credit Institutions Act or apply the measures under Article 212 (1), Item 1 of the Public Offering of Securities Act and Article 118 (1), Item 1 of the Markets in Financial Instruments Act to a bank carrying on business as investment intermediary and/or depository;

6. (amended, SG No. 84/2006, supplemented, SG No. 52/2007, SG No. 43/2010) designate officials of the Commission administration who shall have the right to draw up written statements on ascertained violations of the Public Offering of Securities Act, the Markets in Financial Instruments Act the Measures against Market Abuse with Financial Instruments Act and their implementing instruments on the application thereof, as well as of Regulation 1060/2009;

7. (amended, SG No. 84/2006, supplemented, SG No. 52/2007, SG No. 43/2010) impose

finances and property sanctions for violations of the Public Offering of Securities Act, the Markets in Financial Instruments Act, the Measures against Market Abuse with Financial Instruments Act and their implementing instruments, as well as of Regulation 1060/2009;

8. bring actions:

(a) for establishing an inadmissibility or nullity of entries into the Commercial Register, as well as of non existence of a registered circumstance;

(b) for the enunciation as null and void of transactions related to the activities of the persons controlled by the Commission, or concluded in violation of the Public Offering of Securities Act and the statutory instruments on the application thereof;

(c) for revocation of a resolution passed by the general meeting of a public company, where the said resolution is in conflict with the mandatory provisions of the Public Offering of Securities Act or with the Articles of Association of the company; any such action shall be brought against the company before the district court exercising jurisdiction over the registered office of the company within fourteen days after receipt of the minutes of proceedings at the session of the General Meeting;

9. determine the type, form and content of the reports to be submitted to the Commission by public companies and other issuers of securities, investment companies, investment intermediaries and management companies;

10. organize the timely notification in due process of the regulated securities markets and the other transactors on the securities market of the decisions made which are of material relevance to the operation thereof;

11. notify the prosecuting magistracy in case of obtaining information on any criminal offences related to securities, and cooperate with the prosecuting magistracy, if so requested, in the investigation of such offences;

12. (repealed, SG No. 84/2006) ;

13. exchange information with the Bulgarian National Bank, with the other state bodies and institutions, with the bodies of local self-government local administration, as well as with non-governmental organizations of relevance to the securities market;

14. organize and direct the operation of the Investment Activity Supervision Department;

15. (amended, SG No. 84/2006, supplemented, SG No. 52/2007, SG No. 43/2010) address other issues as provided for in this Act, the Public Offering of Securities Act, the Special Purpose Investment Companies Act, the Markets in Financial Instruments Act, the Measures against Market Abuse with Financial Instruments Act in connection with the performance, regulation, and control over the securities market, as well as in Regulation 1060/2009, which have not been expressly placed within the competence of the Commission.

(2) The proposals referred to in Items 5, 6, 8 and 9 of Article 13 (1) herein shall be made within the following time limits:

(a) (amended, SG No. 39/2005, supplemented, SG No. 52/2007) under Item 5 on the issuance of the licenses for conduct of business as provided for in the Public Offering of Securities Act and the Markets in Financial Instruments Act: within two months after submission of the application and all required attachments thereto;

(b) (amended, SG No. 85/2004, supplemented, SG No. 52/2007) under Item 6 on the issuance of the authorizations for corporate transformation as provided for in the Public Offering of Securities Act and the Markets in Financial Instruments Act: in respect of an investment intermediary and management company: within fourteen days, and in respect of an investment company: within seven days after submission of the application and all required attachments thereto;

(c) under Item 8 for issuance of the statutory confirmations: within fourteen days after submission of the application and all required attachments thereto;

(d) under Item for issuance of a temporary prohibition: within seven business days after registration of a tender offer with the Commission, and for a final interdiction: within three business days after receipt of the required documents.

(3) (Amended, SG No. 30/2006) The individual administrative acts of the Deputy Chairperson in charge of the Investment Activity Supervision Department shall be appealable according to an administrative procedure before the Commission with subsidiary application of Administrative Procedure Code

(4) (amended, SG No. 39/2005, 103/2005, effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union) The individual administrative acts of the Deputy Chairperson in charge of the Investment Activity Supervision Department shall be appealable.

(5) An appeal under Paragraph (4) shall not stay the execution of the individual administrative act.

Powers of Deputy Chairperson in Charge of Insurance

Supervision Department

Article 16. (1) The Deputy Chairperson in Charge of the Insurance Supervision Department shall have the right to independently:

1. make proposals under Items 5, 6, 10 and 11 of Article 13 (1) herein;
2. (repealed, SG No. 103/2005) ;
3. (amended, SG No. 103/2005) exercise the powers under Article 16 of the Insurance

Code;

4. (amended, SG No. 103/2005, supplemented, SG No. 97/2007) issue or refuse to issue an authorization for transfer of an insurance portfolio between insurers, or of a reinsurance portfolio;

5. (amended, SG No. 103/2005) register, refuse to register, or delete the insurance broker or insurance agent from the register of the Commission;

6. (amended, SG No. 103/2005) approve the persons covered under Articles 13, 22 and 26 of the Insurance Code;

7. (repealed, SG No. 103/2005) ;

8. (repealed, SG No. 103/2005) ;

9. (repealed, SG No. 85/2004) ;

10. (repealed, SG No. 85/2004) ;

11. (repealed, SG No. 85/2004) ;

12. approve the annual reinsurance programmes of insurers, control the reinsurance contracts concluded thereby, and the performance thereof;

13. (amended, SG No. 103/2005) approve or prescribes the allocation of other insurance reserves within the meaning given by Article 68 of the Insurance Code;

14. (supplemented, SG No. 97/2007) send Commission representatives to attend the meetings of the management bodies of insurers and reinsurers;

15. apply the coercive administrative measures under the Insurance Code and the Health Insurance Act;

16. endorse standard forms of declarations, statements, reports, information sheets and other documents under the Insurance Code;

17. (amended and supplemented, SG No. 103/2005, supplemented, SG No. 97/2007) control the overall activities of insurers, reinsurers, insurance brokers and insurance agents, including compliance with the voluntary nature of insurance;

18. designate the officials of the Commission administration who have the right to draw up written statements ascertaining violations of the Insurance Act and of the statutory instruments on the application thereof;

19. impose fines and pecuniary penalties for violations of the Insurance Act and of the statutory instruments on the application thereof;

20. (amended, SG No. 85/2004, repealed, SG No. 103/2005) ;

21. exercise supervision over insurers in liquidation and in bankruptcy;

22. notify the prosecuting magistracy upon obtaining information regarding criminal offences related to insurance;

23. organize and direct the operation of the Insurance Supervision Department;

24. (supplemented, SG No. 97/2007) address other issues in connection with insurance and reinsurance supervision, which have not been expressly placed within the competence of the Commission;

25. exercise the powers of state supervision over voluntary health insurance activities under the Health Insurance Act, which have not been expressly placed within the competence of the Commission.

(2) (Amended, SG No. 103/2005) Any proposal referred to in Item 5 of Article 13, para (1), item 5, for issuance of a licence, and in Item 6 for transformation, shall be made not later than a month before the deadline for Commission opinion, while in the case of a voluntary termination of an insurer, not later than a fortnight before the deadline for Commission opinion, and shall be accompanied by all requisite documents.

(3) (Amended, SG No. 30/2006) The individual administrative acts of the Deputy Chairperson in charge of the Insurance Supervision Department shall be appealable according to an administrative procedure before the Commission with subsidiary application of Administrative Procedure Code.

(4) (Amended, SG No. 85/2004, SG No. 103/2005, effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union) The individual administrative acts of the Deputy Chairperson in charge of the Insurance Supervision Department shall be appealable according to a judicial procedure before the Supreme Administrative Court.

(5) Any appeal under Paragraph (4) shall not stay the execution of the individual administrative act.

(6) (Repealed, SG No. 85/2004) .

Powers of Deputy Chairperson in Charge of Social

Insurance Supervision Department

Article 17. (1) The Deputy Chairperson in Charge of the Social Insurance Supervision Department shall have the right to independently:

1. make proposals under Items 5 to 7, 10 and 11 of Article 13 (1) herein;

2. (amended, SG No. 67/2003) grant, refuse to grant and withdraw an authorization for management of a supplementary social insurance fund;
3. issue authorizations in the cases provided for in the statutory instruments governing supplementary social insurance;
4. (amended, SG No. 67/2003) approve amendments and supplements to the rules of supplementary pension insurance funds and other documents, and establish the requirements to the said funds in the cases provided for in the statutory instruments governing supplementary social insurance;
5. endorse methodological guidances, contracts, lists, standard forms and other documents related to supplementary social insurance activities;
6. determine the type, form and content of the reports submitted to the Commission by supplementary social insurance companies;
7. exchange information with the Bulgarian National Bank, the National Social Security Institute, with custodian and advisory boards of the supplementary pension insurance funds, and with other authorities, institutions and organizations;
8. organize the operational control as to legally conforming practice of supplementary social insurance activities;
9. (amended, SG No. 67/2003) direct, jointly with the Bulgarian National Bank, the conduct of inspections regarding the custodian bank activities of the supplementary social insurance companies and funds;
10. designate officials to attend meetings of the management bodies of supplementary social insurance companies in the cases provided for in the statutory instruments governing supplementary social insurance;
11. designate the officials who have the right to draw up written statements on ascertained violations of the statutory instruments governing supplementary social insurance;
12. (amended, SG No. 67/2003) apply the coercive administrative measures provided for in the Social Insurance Code
13. issue penalty decrees imposing fines and pecuniary penalties in the cases provided for in the statutory instruments governing supplementary social insurance;
14. (repealed, SG No. 67/2003);
15. (supplemented, SG No. 67/2003) exercise supervision over supplementary social insurance companies in corporate transformation procedure, liquidation and in bankruptcy;

16. notify the prosecuting magistracy should there be reason to suspect that a criminal offence has been committed;

17. organize and direct the operation of the Social Insurance Supervision Department;

18. address other issues related to supplementary social insurance activities, which have not been expressly placed within the competence of the Commission.

(2) (Amended, SG No. 67/2003) Any proposal referred to in Item 5 of Article 13 (1) herein for the issuance of licences and in Item 6 of Article 13 (1) herein shall be made within two months after the date of submission of all required documents.

(3) (Amended, SG No. 30/2006) The individual administrative acts of the Deputy Chairperson in charge of the Social Insurance Supervision Department shall be appealable according to an administrative procedure before the Commission with subsidiary application of Administrative Procedure Code.

(4) (Amended, SG No. 103/2005, effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union) The individual administrative acts of the Deputy Chairperson in charge of the Social Insurance Supervision Department shall be appealable according to a judicial procedure before the Supreme Administrative Court.

(5) Any appeal under Paragraph (4) shall not stay the execution of the individual administrative act.

Powers of the member of the Commission supporting its policy for analysis and assessment of the risks of the financial markets, enhancement of the supervisory practice and protection of the interests of investors, insured and social-insured persons

Article 17a. (New, SG No. 43/2010) (1) The member of the Commission referred to in Article 3, Item 5 shall support the Commission in the development and implementation of the rules and risk management systems for financial markets.

(2) The member of the Commission referred to in Article 3, Item 5, in coordination with the corresponding Deputy Chairperson, shall review in accordance with a procedure set out in the Rules of the Commission:

1. appeals lodged against persons supervised by the Commission;

2. proposals for improving the operation of the corresponding authorities of the Commission.

(3) The member of the Commission referred to in Article 3, Item 5, shall review appeals and complaints lodged against decisions of the Commission or any authorities thereof.

(4) In connection with the activities set out in Paragraphs (2) and (3), he/she shall address

to the Commission and the corresponding Deputy Chairpersons proposals and recommendations regarding the supervisory policy followed and the practice established for the implementation of statutory instruments.

Procedure for Exercise of Powers of Commission and

Authorities Thereof

Article 18. (1) Upon exercise of the powers of the Commission and the authorities thereof, the members of the Commission, as well as the Commission officials designated according to the procedure established in this Act, shall have the right, considering the tasks assigned thereto:

1. (amended, SG No. 67/2003, supplemented, SG No. 84/2006, SG No. 52/2007, amended and supplemented, SG No. 41/2010) to require explanations in writing, documents, including certified copies of documents, data, information and other data mediums from the supervised persons or from other persons known to violate the provisions of this Act or of the Insurance Act, the Social Insurance Code, the Public Offering of Securities Act and the Markets in Financial Instruments Act, the Special Purpose Investment Companies Act, the Measures against Market Abuse with Financial Instruments Act, the Health Insurance Act, and Regulation 1060/2009, as well as to inspect the documents and records of any such persons;

2. to establish the cash resources, inventories, including securities, and other assets owned by the supervised persons;

3. to inspect accounting, commercial and other documents reporting effected transactions;

4. to conduct cross-checks;

5. (supplemented, SG No. 84/2006) to require from third parties information, documents, including certified copies of documents, statements of accounts and other data required for conduct of cross-checks and/or in relation to warnings, complaints or requests, including by authorities of other countries exercising financial supervision;

6. (Amended, SG No. 67/2003, supplemented, SG No. 84/2006, SG No. 52/2007, amended and supplemented, SG No. 41/2010) to unimpeded access to office premises and to information systems of supervised persons and other persons known to violate the provisions of this Act, of the Insurance Act, the Social Insurance Code, the Public Offering of Securities Act and the Markets in Financial Instruments Act, the Measures Against Market Abuse With Financial Instruments Act the Special Purpose Investment Companies Act, the Health Insurance Act, and Regulation 1060/2009, as well as to require from inspected persons and/or representatives or employees thereof to present themselves at the building of the Commission;

7. (supplemented, SG No. 43/2010) to attend the meetings of the management and supervisory bodies of supervised persons and express opinions which shall be reflected in the minutes of the meeting.

(2) (Amended, SG No. 43/2010) For the purposes of the supervision exercised, the expenses being borne by the supervised person, the Deputy Chairperson in charge of the respective area of supervision may appoint:

1. an external auditor of the supervised person according to requirements established by the Commission;

2. external independent experts for carrying out a valuation of the assets of the supervised person, and require that the supervised person reflects the results from the valuation in its financial statements.

(3) (Amended, SG No. 103/2005, supplemented, SG No. 84/2006, SG No. 52/2007, amended, SG 24/2009, effective 31.03.2009, amended and supplemented, SG No. 43/2010) Acting on a written request by the Chairperson of the Commission, and for the purposes of the supervision by the Commission, banks shall be obligated to provide information regarding the assets in and operations with accounts and deposits of supervised persons and of any other persons in respect whereof there is information of violations of this Act, the Insurance Code, the Social Insurance Code, the Public Offering of Securities Act, the Markets in Financial Instruments Act, the Health Insurance Act, the Measures against Market Abuse with Financial Instruments Act, the Special Purpose Investment Companies Act, or Regulation 1060/2009. For the purposes and subject to the conditions of the first sentence, banks shall be obligated to provide information on the assets in and operations with accounts and deposits of bank customers in case the Commission receives a request by a foreign authority of financial supervision acting in another state, if an agreement on cooperation and information exchange has been concluded with such authority. Disclosure of information as per the first and second sentence herein shall not be refused or restricted on grounds of banking or commercial secret.

(4) All data and documents regarding any violations of this Act, which may result in disclosing the identity of the person who has provided them, shall be provided by the Commission to third parties solely with the consent of the said person, unless otherwise provided for by the law.

(5) The police, the prosecuting magistracy, as well as the rest of the state bodies and officials shall be obligated to render, each within the powers vested therein, assistance to the Commission and the officers thereof upon discharge of the official duties thereof and the exercise of the supervisory functions thereof.

(6) The Commission, in the course and in connection with the performance of the functions assigned thereto, shall have the right of gratuitous access to information registers built and maintained by budget resources.

(7) (Amended, SG No. 59/2006, SG No. 43/2010) In connection with the exercise of the powers vested therein under this Act, the Commission may require from the Deputy Governor of the Bulgarian National Bank in charge of the Banking Supervision Department:

1. to have target inspections conducted in banks and to provide the results of any such inspections to the Commission in compliance with the limitations under Article 62 of the Credit

Institutions Act;

2. where necessary, to have joint inspections conducted in banks or other financial institutions, which are supervised persons of the Commissions and the Bulgarian National Bank.

(8) (Amended, SG No. 31/2003, SG No. 105/2005, No. 109/2007, SG No. 43/2010) In connection with the exercise of the powers vested therein under this Act, the Commission may conduct general inspections jointly with the authorities of the National Revenue Agency and of State Agency "National Security" and other competent authorities.

(9) (New, SG No. 43/2010) In order to exercise supervision on consolidated basis, the Commission shall be entitled to require from the parent companies or affiliated companies of the persons referred to in Article 1, Paragraph (2) all documents and information necessary.

(10) (Renumbered from Paragraph 9, SG No. 43/2010) The members of the Commission, as well as officials of the Commission administration designated according to the procedure established in this Act, shall not incur pecuniary liability for any damages inflicted in the course of exercise of the supervision functions and powers thereof, except if they have committed a criminal offence or have acted intentionally.

Conduct of Inspections

Article 19. (1) Inspections shall be conducted by Commission administration officials designated by an order of the Chairperson or of the Deputy Chairperson in charge of the respective area of supervision.

(2) The officials referred to in Paragraph (1) shall conduct inspections on site and in the building of the Commission as to:

1. (amended, SG No. 67/2003, supplemented, SG No. 84/2006, SG No. 52/2007, SG No. 43/2010) observance of this Act, the Social Insurance Code, the Public Offering of Securities Act, the Special Purpose Investment Companies Act, and the Markets in Financial Instruments Act, the Insurance Act, the Health Insurance Act, the Measures against Market Abuse with Financial Instruments Act and of the statutory instruments of secondary legislation on the application thereof, as well as of Regulation 1060/2009 pursuant to Article 23 thereof;

2. prevention and detection of violations of the law.

(3) A supervised person shall be obligated to ensure all conditions for the normal conduct of an inspection.

(4) Commission administration officials shall be obligated to identify themselves in discharge of the official duties thereof by presenting the order referred to in Paragraph (1).

(5) The inspected person shall be obligated to cooperate with the Commission and the administration officials thereof and, to this end:

1. to provide a place for conduct of the inspection, as well as present himself or herself upon request at the building of the Commission;
 2. designate an employee thereof to liaise and assist the inspecting officials;
 3. (supplemented, SG No. 43/2010) provide access to official premises and to information systems;
 4. provide all accounting, commercial and other documents as shall be necessary to establish facts and circumstances relevant to the scope of the inspection;
 5. provide, upon request, certified copies of accounting and other documents; the certification shall be effected by affixation of the text "True Copy Authenticated", date, signature and impression of a seal by an authorized representative of the inspected person;
 6. provide, upon request by the official, explanations in writing.
- (6) A memorandum of ascertainment shall be drawn up in duplicate on each inspection conducted, shall be signed by the Commission officials who have conducted the inspection, and shall be served on the inspected person upon signed acknowledgement of service.

Chapter Four

COMMISSION ADMINISTRATION

Organization and Obligations

Article 20. (1) The activities of the Commission shall be assisted by an administration whereof the composition, structure and rights and duties shall be specified by the Rules of Organization and Operation of the Commission.

(2) The legal relationships with the administration employees shall arise and shall be regulated under the Labour Code.

(3) Eligibility for appointment as Commission employees shall be limited to persons who:

1. have not been sentenced for a premeditated offence at public law;
2. (amended, SG No. 43/2010) do not exercise control over the supervised person, or do not hold, directly or through related persons, over 5 percent of the votes in the general assembly or of the capital of the supervised person;
3. (amended, SG No. 43/2010) are not members of management or supervisory bodies of the supervised person, or are not authorized to manage or represent the supervised person without being members of its management or supervisory bodies;

4. are not spouses or lineal or correlative relatives up to the third degree of consanguinity to any persons referred to in Item 3, to any member of the Commission, or to any other Commission employees wherewith they are in hierarchical dependence;

5. do not work for the supervised person under an employment or civil-service relationship.

(4) (New, SG No. 97/2007) The administrative personnel of the Commission shall submit property status statements as soon as they assume office and by 31 December of each calendar year thereafter. The Rules of Organization and Operation of the Commission shall define the types of property, which shall be declared, submission, storage, and access deadlines and procedures applicable to data specified in the above statements.

Administration Remuneration

Article 21. (1) The basic monthly remunerations of Commission employees shall be fixed by the Chairperson according to the internal rules governing salaries and available resources under the Commission budget.

(2) (Amended, SG No. 85/2004) The Commission employees shall receive supplementary incentives to the basic monthly remuneration, fixed on the basis of a periodic evaluation of the individual work performance thereof, under terms and according to a procedure established by the internal rules governing salaries as adopted by the Commission.

(3) The resources referred to in Paragraph (2) shall be fixed in a proportion of up to 25 per cent of the gross annual amount of the wage bill and shall be included in the Commission budget.

(4) The members and the administration of the Commission shall be mandatorily insured against accident at the expense of the Commission budget.

(5) (New, SG No. 85/2004) Where a position in the Commission administration is occupied by an employee holding a university degree in Law, the length of service acquired in such a position shall count as experience of the legal profession.

Chapter Five

AVOIDING CONFLICT OF INTEREST

Conflict of Interest

Article 22. (Amended, SG No. 97/2007) (1) Commission Members shall immediately notify the Commission if they are required to individually review or participate in the review process of matters that they have direct or indirect vested interest in, which will reasonably question their impartiality and will conflict diligent performance rules or principles whereby they exercise their powers.

(2) Any Commission Member who is affected by a conflict of interest on matters discussed

at a Commission meeting shall not participate in the decision-making discussions and voting.

(3) If the individual who has declared direct or indirect vested interest as per paragraph 1 performs as the chairperson or deputy chairperson and the conflicting matter at stake falls under their powers in their capacity as sole authority, the Commission shall designate a deputy chairperson or another commission member to substitute for the above individual.

(4) Administrative personnel shall immediately notify the chairperson or the deputy chairperson who is the direct supervisor of the relevant department, if they are required to individually review or participate in the review process of matters that they have direct or indirect vested interest in, which will reasonably question their impartiality and will conflict diligent performance rules.

(5) Paragraph 1 shall also be applicable to the Commission's administrative personnel if they are required to individually perform or take part in the performance of inspections.

(6) Inspected persons may also initiate notifications specified in paragraph 5 concerning direct or indirect interest of Commission's administrative personnel involved in inspections individually or as part of a team.

(7) The chairperson or deputy chairperson who is the direct supervisor of the relevant commission department shall issue a written document to terminate the involvement of individuals under paragraph 4 or 5 respectively in review and inspection proceedings and shall also designate a substitute.

(8) The Rules of Organization and Operation of the Commission shall specify notification formats, contents and procedure.

Chapter Six

PROFESSIONAL ETHICS AND PROFESSIONAL SECRET

Professional Ethics

Article 23. The members of the Commission, as well as the Commission administration employees, shall be obligated to comply with a Code of Ethics and Professional Conduct adopted by the Commission.

Professional Secret

Article 24. (Amended, SG No. 103/2005) (1) Any information which the Commission obtains and generates for the purposes of fulfilling its functions and which constitutes commercial, bank or any other secret protected by law inancial supervision and in and whereof the disclosure may jeopardize the commercial interest or reputation of supervised persons, shall

constitute a professional secret. A professional secret does not constitute an official secret within the meaning given by the Classified Information Protection Act.

(2) Any information, which is subject to publicity according to this Act or another law, shall not constitute a professional secret.

(3) The members of the Commission and the Commission administration employees shall be obligated to respect the confidentiality of professional secrets, including after they are released from duty, or their contract of employment has been terminated.

(4) Para 3 shall apply to the auditors and all other persons fulfilling functions assigned to them by the Commission.

(5) (Amended, SG No. 52/2007 - effective 3.07.2007) Except in the cases where the person who has provided the information constituting a professional secret has given an express consent for the information to be used for other purposes, the information shall be used by the Commission and its bodies only for the purposes of fulfilling its functions:

1. (Supplemented, SG No. 52/2007, SG No. 43/2010) To check the observance of the requirements for issuing of permits (licences) as envisaged by the Public Offering of Securities Act, the Special Purpose Investment Companies Act, the Markets in Financial Instruments Act, the Insurance Code, the Social Insurance Code and the Health Insurance Act, for activities regulated by these acts and for the purposes of supervision of these activities.

2. To impose coercive administrative measures and administrative penalties.

3. During court appeals of acts issued by the Commission and its bodies.

Professional Secret Disclosure

Article 25. (Amended, SG No. 31/2003, SG No. 103/2005) (1) Any information constituting a professional secret may be disclosed only to:

1. (amended, SG No. 52/2007, effective 3.07.2007) to judicial authorities, the prosecution, the investigation and the policy authorities in initiated criminal proceedings, and before court, liquidator or assignee in bankruptcy - in civil and commercial proceedings in the cases of liquidation or insolvency of a supervised person, provided that the information does not prejudice the interests of third parties;

2. (amended, SG No. 109/2007) to banking supervision authorities and State Agency "National Security" authorities, under terms and according to a procedure established by joint instructions, in as much as this is indispensable for them to perform their functions;

3. (amended, SG No. 52/2007, effective 3.07.2007, supplemented, SG No. 97/2007) to auditors performing audit on supervised persons, and conservators, liquidators or assignees of supervised persons, the Fund for Compensating Securities Investors and the Guarantee Fund, in as much as this is indispensable for them to perform their functions.

4. (new, SG No. 52/2007, effective 3.07.2007) to clearing houses or other persons who, according to law, effect clearing and settlement on the markets in financial instruments in the Republic of Bulgaria in so far as this is necessary for the performance of their functions - in the event of non-performance or possible non-performance by market participants;

5. (renumbered from item 4 - SG No. 52/2007, effective 3.07.2007) with the explicit permission in writing of the supervised person.

6. (renumbered from item 5 - SG No. 52/2007, effective 3.07.2007) as summarised date in a way to preclude identification of the person whom it concerns.

(2) Any information pertaining to the health status of natural persons, obtained in connection with the exercise of financial supervision, may be disclosed solely with the express written consent of the said persons or by a court order, where there is reason to believe that a criminal offence has been committed.

(3) (Supplemented, SG No. 52/2007, effective 3.07.2007) The persons and authorities as per para 1 shall observe the confidentiality of the obtained information and to use it for the purposes for which it was provided, except in the cases where the Commission has given explicit consent that the information may be used for other purposes.

(4) Any information constituting a professional secret may be provided to the authorities of a member-country exercising financial supervision on the sole condition that they comply with the confidentiality of the information and use it for the purposes of executing their functions.

1. to check if the requirements for issuing authorisation for operating on the financial markets and for supervising such activities have been observed.

2. for imposing sanctions.

3. for appealing their acts via administrative or court procedure.

(5) (New, SG No. 52/2007, effective 3.07.2007) The Commission may provide information constituting a professional secret provided that it has ensured the same level of confidentiality of the information provided to:

1. the authorities of a Member State supervising the activity of credit institutions in relation to performance of their supervisory functions;

2. the authorities of a Member State that participate in liquidation, bankruptcy proceedings or similar proceedings of investment intermediaries, insurers, collective investment schemes and their management companies and depositories, in connection with performance of their supervisory functions;

3. persons from a Member State who are responsible for legally prescribed audits of reports of investment intermediaries, credit institutions, insurers and other financial institutions, in

connection with performance of their supervisory functions;

4. the authorities of a Member State that manage investor compensation schemes or funds for securing insurance receivables, in connection with performance of their supervisory functions.

(6) (Renumbered from Paragraph 5 - SG No. 52/2007, effective 3.07.2007) Any information constituting professional secret may be provided to third country authorities for financial supervision, based on a an agreement for cooperation and exchange of information agreement and subject to the condition that the authority to which the information is made available at:

1. shall ensure at least the same level of confidentiality of the information provided;

2. is vested with a power and is agreed to provide information of the same kind at the Commissions request;

3. has a justified need of the information requested in performing its supervisory functions.

(7) (Renumbered from Paragraph 6, amended, SG No. 52/2007, effective 3.07.2007) The Commission may, under the terms of Paragraph 1, item 1 - in the cases of liquidation or bankruptcy, items 2 and 3 and Paragraph 6, provide information constituting professional secret, and obtained from the authorities of a member country conducting financial supervision, only with the explicit consent of these authorities and for the purposes for which the consent is given.

Chapter Seven

BUDGET AND PROPERTY OF THE COMMISSION

Commission Property

Article 26. (1) The property of the Commission shall consist of a right of ownership and of other rights.

(2) The corporeal immovables allocated by the State to the Commission shall constitute public state property.

Fees

Article 27. (1) The Commission shall charge fees for:

1. (amended, SG No. 67/2003, supplemented, SG No. 39/2005, SG No. 52/2007, amended and supplemented, SG No. 41/2010) issuance of licenses, authorizations and licences for conduct of business under the Public Offering of Securities Act, the Markets in Financial Instruments Act, the Special Purpose Investment Companies Act, the Insurance Act, the Health Insurance Act, and the Social Insurance Code, as well as for issuance of authorizations for management of supplementary social insurance funds and for organization and management of contractual funds,

as well as making a registration of credit rating agencies in accordance with Regulation 1060/2009;

2. the authorizations issued by the Commission and by the authorities thereof for merger by the formation of a new company, merger by acquisition, division by the formation of new companies or division by acquisition of supervised persons;

3. issuing of confirmations of prospectuses for public offering of securities;

4. (amended, SG No. 67/2003) grant of authorization for voluntary dissolution of a supplementary social insurance company;

5. issuing of additional authorizations for conduct of business providing a new class of insurance or a new health insurance package;

6. consideration of documents for issuing of the acts referred to in Items 1, 2, 3, 4, and 5;

7. for exercise of general financial supervision, including processing of the mandatory current and periodic information and for conduct of inspections.

(2) (Amended, SG No. 43/2010) The fees covered under Paragraph (1) shall be fixed in a Rate Schedule adopted by the Council of Ministers following a proposal by the Commission.

(3) The fees referred to in Item 7 of Paragraph (1) shall be payable annually in two equal instalments, on or before the 31st day of March and the 30th day of September in the current year.

(4) The fees referred to in Item 7 of Paragraph (1) of the persons newly registered during the respective year shall be calculated in proportion to the time period commencing at the recording of the said persons in the Commercial Register and ending at the end of the year, with the year considered to consist of 360 days. In such cases, the fee shall be payable on or before the 31st day of January in the year next succeeding the year of registration.

(5) In the event of a failure to pay any fee referred to in Item 7 of Paragraph (1) when due, interest equivalent to the legal interest rate shall accrue on the amount dues for the period of delay.

(6) The fees shall be non-refundable and shall be accounted for as accounting expenses in respect of the persons controlled.

(7) (Amended, SG No. 105/2005) Any overdue fees payable to the Commission shall be subject to enforced collection according to the procedure established by the Tax and Social Insurance Procedure Code . The written statement ascertaining the receivable shall be issued by the Deputy Chairperson in charge of the respective area of supervision and shall be appealable before the Commission.

(8) Any over-remitted and misremitted fees shall be refundable.

Commission Budget

Article 28. (1) The Commission shall have a separate budget, which shall be part of the executive budget of the Republic of Bulgaria.

(2) The National Assembly shall adopt the budget of the Commission as a self-contained part of the executive budget.

(3) The Council of Ministers may not revise the draft of a budget of the Commission, but shall merely express an opinion on the said budget before the National Assembly.

(4) The budget of the Commission shall be prepared, implemented and reported according to the procedure established by the State Budget Procedures Act.

(5) The following shall be credited in revenue to the budget of the Commission:

1. the fees referred to in Article 27 (1) herein;
2. the sales of periodicals published by the Commission, and sales of blank forms;
3. a subsidy from the central-government budget;
4. other sources and activities permissible by the law.

(6) The revenue and expenditure sides of the budget shall be prepared according to the classification of state budget revenues and expenditures.

(7) (Supplemented, SG No. 67/2008) The Chairperson of the Commission or a Deputy Chairperson designated thereby shall be a first-level spending unit, and the heads of the territorial divisions and the Chairperson of the Commission for Public Oversight of Registered Auditors shall be second-level spending units.

Chapter Eight

ACCOUNTABILITY AND CONTROL OVER COMMISSION ACTIVITIES

Reports and Control

Article 29. (1) (Supplemented, SG No. 67/2008) The Commission shall submit to the National Assembly an Annual Activity Report thereof, an Annual Financial Statement, and a Budget Implementation Report on or before the 30th day of May in the year next succeeding the report year. The Annual Financial Statement and the Commission Budget Implementation Report include also the Annual Financial Statement and the Budget Implementation Report of the

Commission for Public Oversight of Registered Auditors.

(2) The Commission Budget Implementation Report and the Annual Financial Statement thereof shall be audited by the National Audit Office. The National Audit Office report shall be submitted to the National Assembly.

(3) The Commission Annual Activity Report shall contain information regarding:

1. position and prospects of the financial markets;
2. adequacy of the regulatory framework of the financial markets;
3. authorizations, confirmations, approvals and other individual administrative acts issued as provided for in this Act, refusals to issue such acts, registrations effected, Commission's acts appealed and upheld by the court;
4. results of the supervision exercised over the persons covered under Article 1 (2) herein;
5. (new, SG No. 43/2010) summarised information on the activities under Article 17a;
6. (renumbered from Item 5, SG No. 43/2010) information policy, domestic and international cooperation;
7. (renumbered from Item 6, SG No. 43/2010) organization, financing and personnel policy of the Commission;
8. (renumbered from Item 7, SG No. 43/2010) other data as determined by the Commission.

(4) The Commission shall be obligated to submit to the National Assembly any other information and documents relevant to the activities thereof, when requested to do so.

Chapter Nine

COMMISSION REGISTERS

Registers

Article 30. (1) The Commission shall keep public registers of:

1. regulated security markets;
2. investment intermediaries;
3. public companies and other issuers of securities;

4. investment companies;
5. (supplemented, SG No. 39/2005) management companies and the contractual funds, management by them;
6. natural persons who, acting under contract, directly provide investment advice and effect transactions in securities;
7. (amended, SG No. 103/2005) insurance and re-insurance companies;
8. health insurance companies;
9. (supplemented, SG No. 103/2005) insurance brokers and insurance agents;
10. (amended, SG No. 56/2006) supplementary social insurance companies, funds managed thereby, and professional plans;
11. (new, SG No. 67/2003) social insurance intermediaries of supplementary social insurance companies;
12. (new, SG No. 103/2005) persons with actuarial authorisation.
13. (new, SG No. 43/2010) credit rating agencies registered by the Commission in accordance with Regulation 1060/2009.

(2) The recordable circumstances, the keeping and custody of the registers of the Commission, as well as the procedures ensuring the functioning of the registers as an integrated information system, shall be regulated by an ordinance.

Chapter Ten

FINANCIAL STABILITY ADVISORY COUNCIL

Functions and Membership

Article 31. (Amended, SG No. 43/2010) (1) A Financial Stability Advisory Council shall be established as an advisory body, hereinafter referred to as "the Council".

(2) The main objective of the Council shall be to foster a more efficient cooperation for maintaining the financial stability through exchanging information and assessing the situation and development of the financial system and the financial markets in Bulgaria and the potential impact of external and internal factors in this stability, and co-ordinating the actions in this direction.

(3) The Council shall have the following responsibilities:

1. to assess the situation of the national financial system and the financial markets, and to ensure that all members of the Council are informed about the market participants, the main events and trends which could impact the national financial system;

2. to monitor and analyse the systematic risks for the stability of the national financial system and to discuss measures for influencing in the event of threats to the stability of the national financial system or of a financial crisis;

3. to co ordinate the activities in accordance with the powers of the members of the Council in the event of an immediate threat to or a crisis in the national financial system and markets;

4. to discuss proposals for improving the practice of implementation and improvement of the statutory regulation of financial markets, and to cooperate for the improvement and the enhancement of the efficiency of the supervision of the participants in financial markets.

(4) The Council can address proposals and recommendations to its members in connection with the powers of the institutions represented by them with regard to the protection and maintaining of the financial stability, prevention and management of financial crises.

(5) In pursuance of its powers, the Council shall adopt decisions. The decisions shall be adopted unanimously.

(6) Members of the Council shall be the Minister of Finance, the Chairperson of the Commission and the Governor of the Bulgarian National Bank; the Council shall be chaired by the Minister of Finance. At the invitation of the Council, its meetings may be attended by other persons, whose functions and responsibilities are related to financial stability.

(7) The meetings of the Council shall be presided over by the Minister of Finance.

(8) The Council shall be convened for regular meetings by its Chairpersons at least four times a year. The Council may also be convened upon the request of any member thereof, participating in it in person. In the event of not being able to participate in a meeting, the members of the Council shall be represented by the corresponding Deputy Minister, Deputy Governor or Deputy Chairperson of the Commission; the other members shall be informed of this in writing.

(9) The meetings shall be prepared and organized by the Ministry of Finance. In the discharging of its functions the Council shall be assisted by a secretary to the Chairperson.

(10) The Council shall adopt Rules on its Operation. Minutes shall be kept of the meetings of the Council.

(11) The Council may set up working groups with the participation of experts from the Ministry of Finance, the Bulgarian National Bank and the Commission.

(12) Any decision regarding making public of information in connection with the work of the Council shall be taken unanimously.

(13) All government authorities and officials shall be obliged, within their powers, to cooperate with the Council and to provide it with the information required for the discharging of its functions.

(14) To facilitate international cooperation in connection with financial stability, the members of the Council may conclude cooperation agreements with institutions performing functions in this field in European Union Member States and other countries.

Chapter Eleven

ADMINISTRATIVE PENALTY PROVISIONS

Article 32. (1) Any person, who obstructs the Financial Supervision Commission, the authorities thereof or duly authorized Commission administration employees upon exercise of supervisory powers assigned thereto by this Act or by any other law, shall be liable to a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 5,000, unless the act constitutes a criminal offence. Upon repeated violation, the fine shall be BGN 2,000 or exceeding this amount but not exceeding BGN 10,000.

(2) Any legal person or sole trader, which or who commits a violation under Paragraph (1), shall be liable to a pecuniary penalty of BGN 2,000 or exceeding this amount but not exceeding BGN 8,000, and upon a repeated violation, of BGN 4,000 or exceeding this amount but not exceeding BGN 16,000.

(3) The written statements ascertaining the administrative violations covered under Paragraphs (1) and (2) shall be drawn up by officials authorized by the Chairperson of the Commission, and the penalty decrees shall be issued by the Chairperson of the Commission.

(4) The ascertainment of the administrative violations, the issuing, appeal and execution of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

Article 206a. (1) Any person, who shall violate or who shall suffer another to violate the provisions of this Code regarding supplementary compulsory retirement insurance or who fails to comply with any mandatory prescription of a control authority, shall be liable to a fine of BGN 2,000 or exceeding this amount but not exceeding BGN 10,000, unless the act constitutes a criminal offence.

SUPPLEMENTARY PROVISION

§ 1. Within the meaning given by this Act:

1. "Financial markets" shall be the securities market, the market of commercial insurance services and the market of social insurance services.

2. "Authorities of the Commission" shall be the Chairperson and the three Deputy Chairpersons of the Commission.

3. (Amended, SG No. 67 of 2003) "Statutory instruments governing supplementary social insurance" shall be the Social Insurance Code and the statutory instruments of secondary legislation on the application thereof.

4. "Control" shall be exercised where the controlling party:

(a) holds, including through a subsidiary or by virtue of an agreement with another party, more than one half of the votes in the General Meeting of another party, or

(b) is able to appoint, whether directly or indirectly, more than one half of the members of the management or the supervisory body of another party, or

(c) is able to manage, including and through or together with a subsidiary by virtue of Articles of Association or a contract, the activities of another party, or

(d) as a shareholder or partner in a company, controls independently by virtue of a transaction with other partners or shareholders in the same company, more than one half of the votes in the General Meeting of the company, or

(e) may in any other way exercise decisive influence on decision making in connection with the activities of the company.

5. (New, SG No. 43/2010) "Related persons" shall mean:

(a) spouses, lineal relatives without limitations, collateral relatives up to the fourth degree of consanguinity, including affines up to the third degree of affinity;

(b) partners;

(c) persons, one of whom/which participates in the management of the other one or its affiliated company;

(d) persons in the management or supervisory body if which one and the same legal entity or natural person participates, including where the natural person represents the legal entity;

(e) a company and a person, who holds over than 10 percent of the stakes or shares issued with a voting right in the company;

(f) persons, one of whom/which exercises control over the other;

(g) persons the operations of which are controlled by a third party or its affiliated company;

(h) persons who/which control jointly a third party or an affiliated company thereof;

(i) persons, one of whom/which is a commercial representative of the other one.

6. (Renumbered from Item 5, SG No. 43/2010) "Repeated violation" shall be any violation committed within one year after the effective date of a penalty decree whereby the offender was penalized for a violation of the same type.

7. (Renumbered from Item 6, SG No. 43/2010) "Supplementary social insurance companies" shall be the retirement insurance companies and the unemployment and/or vocational training voluntary insurance companies.

8. (New, SG No. 103/2005, renumbered from Item 7, SG No. 43/2010) "Member country" shall be a country which is member of the European Union or any other state within the European Economic Zone.

9. (New, SG No. 103/2005, renumbered from Item 8, SG No. 43/2010) "Third country" shall be a state which is not a member country within the meaning under item 7.

TRANSITIONAL AND FINAL PROVISIONS

§ 2. (1) As from the entry of this Act into force:

1. the powers of the National Insurance Council and of the Supplementary Social Insurance Council shall be terminated;

2. the powers of the Bulgarian National Securities Commission, of the Director of the Insurance Supervision Agency, and of the Chairperson of the State Social Insurance Supervision Agency shall be terminated.

(2) Any authorizations (licences) and other individual administrative acts issued by the authorities covered under Paragraph (1) shall continue in effect.

(3) Any proceedings before the authorities covered under Paragraph (1), pending upon the entry of this Act into force, shall continue before the respective competent authority under this Act. Any competence dispute shall be resolved by the Commission.

§ 3. (1) The Bulgarian National Securities Commission, the Insurance Supervision Agency and the Social Insurance Supervision Agency shall be transformed through merger into a Financial Supervision Commission as from the date of entry of this Act into force.

(2) The assets, the liabilities, the archives and the other rights and obligations of the Bulgarian National Securities Commission, the Insurance Supervision Agency and the State Social Insurance Supervision Agency shall be assumed by the Financial Supervision Commission.

(3) Within fifteen days after the date of entry of this Act into force, the Chairperson of the Commission shall transform the civil-service relationships of the civil servants at the Bulgarian

National Securities Commission, the Insurance Supervision Agency and the State Social Insurance Supervision Agency into open-ended employment relationships. The ranks acquires and any unused leaves shall be retained.

(4) The employment relationships of the employees of the Bulgarian National Securities Commission, the Insurance Supervision Agency and the State Social Insurance Supervision Agency shall be settled according to the procedure established by Article 123 of the Labour Code.

§ 4. (Effective 28.01.2003) (1) Within two months after the entry of this Act into force, the National Assembly shall elect the members of the Commission, and the terms of office of the said members shall begin to run from the date of entry of this Act into force.

(2) The members of the first composition of the Commission formed according to this Act shall be elected for the following terms of office:

1. the Chairperson: six years;

2. the Deputy Chairperson in charge of the Investment Activity Supervision Department: six years;

3. the Deputy Chairperson in charge of the Insurance Supervision Department: five years;

4. the Deputy Chairperson in charge of the Social Insurance Supervision Department: four years;

5. the other members: the first one: four years, the second one: five years, and the third one: six years, as specified in the resolution on the election of the said members.

(3) Members of the Bulgarian National Securities Commission, the Director of the Insurance Supervision Agency and the Chairperson of State Social Insurance Supervision Agency shall be eligible for election as members of the Commission.

(4) Until the entry of this Act into force, the members of the Commission shall direct the technical and organizational activities in connection with the transformation under § 3 herein.

(5) The employees and the fixed assets of the Bulgarian National Securities Commission, the Insurance Supervision Agency and the State Social Insurance Supervision Agency, together with the requisite maintenance thereof, shall be transferred to the Financial Supervision Commission according to a procedure established by the members of the Commission.

(6) The budget of the Commission for 2003 shall be prepared on the basis of the budgets of the Bulgarian National Securities Commission, the Insurance Supervision Agency and the State Social Insurance Supervision Agency for 2003.

(7) The Minister of Finance and the Minister of Labour and Social Policy shall effect the changes arising from this Act in the executive budget for 2003 in connection with the preparation

of the Commission Budget for 2003.

§ 5. The statutory instruments of secondary legislation adopted on the application of the Public Offering of Securities Act, the Insurance Code, the Social Insurance Code, the Supplementary Voluntary Retirement Insurance Act, the Health Insurance Act and the Protection in Unemployment and Employment Promotion Act shall continue in effect insofar as they do not come into conflict with this Act.

§ 5a. (New, SG No. 84/2006) Individual administrative acts issued by the Financial Supervision Commission and the deputy chairman until entry into force of the EU Treaty of Accession of the Republic of Bulgaria, which have not been subject to court appeal, may not be appealed in court under this Act.

§ 6. Within one month after the entry of this Act into force, the Financial Supervision Commission shall adopt Rules of Organization and Operation thereof.

§ 7. The first meeting of the Financial Stability Advisory Council shall be convened by the Minister of Finance within three months after the entry of this Act into force. The order of rotation shall be determined at the said meeting.

§ 8. The Public Offering of Securities Act (promulgated in the State Gazette No. 114 of 1999; amended in Nos. 63 and 92 of 2000, Nos. 28, 61, 93 and 101 of 2002) shall be amended as follows:

1. In Article 8, Paragraph (1) shall be amended to read as follows:

"(1) The persons, activities and transactions covered under Article 1 (1) herein shall be regulated and controlled by the Financial Supervision Commission, hereinafter referred to as "the Commission," as well as by the Deputy Chairperson of the said Commission in charge of the Investment Activity Supervision Department thereof."

2. Articles 9, 10, 11, 12, 13, 14, 15, 16, 16a, 17, 18 and 19, as well as any references made to them in the Act shall be repealed.

3. Throughout the Act, the words "the Commission" shall be replaced by "the Deputy Chairperson in charge of the Investment Activity Supervision Department", with the exception of Chapter Two, Sections II and IV of Chapter Three, Section II of Chapter Five, Section III of Chapter Six, Section I of Chapter Seven, Section II of Chapter Eleven, Chapter Fourteen, Chapter Fifteen and Section II of Chapter Eighteen, where the words "the commission" shall be replaced by "the Financial Supervision Commission".

§ 9. (1) The Insurance Act (promulgated in the State Gazette No. 86 of 1996; amended in No. 1 of 1997, [modified by] Constitutional Court Judgment No. 6 of 1997, [promulgated in] No. 21 of 1997; amended in No. 58 of 1997, Nos. 21, 52, 93 and 132 of 1998, No. 88 of 1999, Nos. 83 and 97 of 2000, Nos. 1, 102 and 110 of 2001, Nos. 96 and 107 of 2002) shall be amended and supplemented as follows:

1. In Article 7 (3), the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission and by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department".

2. Article 17a shall be amended to read as follows:

"Article 17a. State insurance supervision shall be exercised by the Financial Supervision Commission and by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department according to the procedure established by this Act and by the Financial Supervision Commission Act."

3. Articles 17b, 17c, 18, 19, 20, 21 and 22 shall be repealed.

4. Article 22a shall be amended to read as follows:

"Article 22a. (1) The Financial Supervision Commission shall conduct inspections as to compliance with this Act and with the acts of subordinate legislation for the application thereof.

(2) The Financial Supervision Commission shall issue an ordinance establishing a procedure for the conduct of inspections. "

5. Article 22b shall be amended and supplemented as follows:

(a) in Paragraph (1), Item 1 shall be amended to read as follows:

"1. violation of the provisions of this Act, of the acts of subordinate legislation for the application thereof, of the Financial Supervision Commission Act, of acts of the Financial Supervision Commission and of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, as well as offering of any general policy conditions and clauses as have not been approved by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department;"

(b) in Paragraph (2), Items 6 and 11 shall be repealed;

(c) Paragraph (3) shall be amended to read as follows:

"(3) In especially grave cases of violations covered under Paragraph (1) , the Financial Supervision Commission, acting on a motion by the Deputy Chairperson thereof in charge of the Insurance Supervision Department, shall:

1. order the insurer in writing to release one or more persons empowered to manage or represent the said insurer, or each one of the persons covered under Articles 10 or 13 herein, or

2. appoint conservators vested with the powers referred to in Article 33 (2) herein for a specified period of time."

6. Article 23 shall be repealed.

7. In Article 24, the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".

8. In Article 33 (1), the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".

9. Articles 34 and 35 shall be repealed.

10. In Article 38 (2), the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".

11. In Article 41, the words "Articles 32 and 34 herein shall apply" shall be replaced by "Article 32 herein shall apply".

12. In Article 43 (4), the words "kept at the Insurance Supervision Agency" shall be deleted.

13. In Articles 47, 49, Article 51 (4) and Article 77 (4), the words "the Council of Ministers" shall be replaced by "the Financial Supervision Commission".

14. In Article 51a (3), the second sentence shall be amended to read as follows: "Coercive administrative measures under Article 22b (2) herein shall be applied upon failure to comply with any such prescription."

15. In Article 54, the words "the Minister of Finance" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department".

16. In Article 65 (1) and Article 66 (2) and (5), the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".

17. In Article 89 (1), the words "appointed by the Minister of Finance" shall be replaced by "elected by the Financial Supervision Commission", and the words "appointed by the Minister of Finance" shall be replaced by the words "elected by the Financial Supervision Commission".

18. Article 90 shall be amended as follows:

(a) in Paragraph (2), the words "the Director of the Insurance Supervision Agency" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department";

(b) in Paragraph (3) the words "the Director of the Insurance Supervision Agency" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department".

19. In Article 93, the words "the Minister of Finance" shall be replaced by "the Financial

Supervision Commission".

20. In Article 94c, the words "the Director of the Insurance Supervision Agency" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department".

21. In Article 99, Paragraph (2) shall be amended to read as follows:

"(2) The Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department may decree confiscation of the shares as acquired."

22. Article 106 shall be amended as follows:

(a) Paragraph (1) shall be amended to read as follows:

"(1) The written statement ascertaining any administrative infraction shall be drawn up by staff members of the administration of the Financial Supervision Commission or by other persons empowered to do so by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, and in the instances covered under Article 96 herein, by the National Police authorities.";

(b) in Paragraph (2), the words "the Director of the Insurance Supervision Agency" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department".

23. Throughout the Act, the words "National Insurance Council" and "the National Insurance Council" shall be replaced, respectively, by "Financial Supervision Commission" and "the Financial Supervision Commission", the words "Insurance Supervision Agency" and "the Insurance Supervision Agency" shall be replaced, respectively, by "Insurance Supervision Department" and "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department".

(2) In Paragraph (3) of § 67 of the Provisional and Final Provisions of the Act to Amend and Supplement the Insurance Act ([promulgated in the] State Gazette No. 96 of 2002), the words "the Minister of Finance" shall be replaced by "the Financial Supervision Commission".

§ 10. The Social Insurance Code (promulgated in the State Gazette No. 110/1999; modified by Constitutional Court Judgment No. 5/2000, promulgated SG No. 55/2000; amended, No. 64/2000, Nos. 1, 35, and 41/2001, Nos. 1, 10, 45, 74 and 112/2002) shall be amended and supplemented as follows:

1. In Article 145, Article 153, Article 155 (3) , Article 156 (1) and (2), Article 174 (1) and (2), Item 4 of Article 183 (9), Article 184 (2), Article 190 (1) and (2), Article 195 (1) and (2), and Article 201 (2), the designation "the State Social Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".

2. In Article 178 (2), the words "the State Social Insurance Supervision Agency, in

consultation with the Bulgarian National Securities Commission" shall be replaced by "the Deputy Chairperson in charge of the Social Insurance Supervision Department, jointly with the Deputy Chairperson in charge of the Investment Activity Supervision Department".

3. Throughout the Code, with the exception of the texts under Items 1 and 2, the designation "the State Social Insurance Supervision Agency" and the words "the Agency" and "the Chairperson of the State Social Insurance Supervision Agency" shall be replaced by "the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Financial Supervision Commission".

4. In Article 156, Paragraph (2) shall be repealed.

5. In Article 181, Article 192 (2) and Article 194 (2), the wording "by an act of the Council of Ministers" shall be replaced by "by an ordinance".

6. There shall be inserted the following new Article 206a:

"Liability for Violations and Non-compliance with Prescriptions

(2) Any legal person, which commits any violation under Paragraph (1), shall be liable to a pecuniary penalty of BGN 10,000 or exceeding this amount but not exceeding BGN 50,000.

(3) Any repeated violation under Paragraph (1) shall be punishable by a fine of BGN 4,000 or exceeding this amount but not exceeding BGN 20,000 or, respectively, by a pecuniary penalty of BGN 20,000 or exceeding this amount but not exceeding BGN 100,000. The violation shall be deemed to be a repeated within the meaning given by Article 204 (2) herein.

(4) Any income accruing from wrongfully carried on business shall be confiscated.

7. In Article 207 (4), the word "the Agency" shall be replaced by "the Financial Supervision Commission".

8. There shall be added the following new Article 208:

"Application of Coercive Administrative Measures

Article 208. (1) Coercive administrative measures may be applied for prevention and cessation of any violations under Title Two of this Code and of the instruments on the application thereof, for prevention and cessation of the harmful consequences of any such violations, as well as where the exercise of the supervisory activities of the Commission is obstructed or the interests of the members of the supplementary compulsory retirement insurance funds are jeopardized.

(2) Chapter Fourteen of the Supplementary Voluntary Retirement Insurance Act shall apply to the types of coercive administrative measures, the authorities and the manner of application and appeal against such measures.

§ 11. The Supplementary Voluntary Retirement Insurance Act (promulgated in the State

Gazette No. 65/1999; amended in Nos. 110 and 111/1999, Nos. 1, 64 and 83/2000) shall be amended and supplemented as follows:

1. In Article 17 (1), Item 4 of Article 21 (6), Article 22 (2), Article 26 (4) and (5), Article 35, Article 38 (1) and (3), Article 39 (1) and (2), Article 40 (1), (2), and (3), Article 41 (1) and (2), Article 42 (2) and (3), Article 57, Article 62 (2) and (3) and Article 64, the words "the State Social Insurance Supervision Agency" and "the Agency" shall be replaced, respectively, by "the Financial Supervision Commission" and "the Commission".

2. Throughout the Act, with the exception of the texts covered under Item 1, the words "the State Social Insurance Supervision Agency" and "the Agency" shall be replaced, respectively, by "the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Financial Supervision Commission" and "the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Commission".

3. In the heading of Chapter Three, the words "Supervision and" shall be deleted.

4. Article 30 shall be amended to read as follows:

"Article 30. The licensing and supervision of the supplementary social insurance companies shall be performed by the Financial Supervision Commission, hereinafter referred to as "the Commission"."

5. Articles 31, 32, 33 and 34 shall be repealed.

6. Article 35 shall be amended and supplemented as follows:

(a) Items 3, 4, 6 and Items 8 to 11 shall be repealed;

(b) in Item 5, the words "and accepts" shall be inserted after the word "develop".

7. Article 36 shall be repealed.

8. There shall be inserted the following new Article 36a:

"Article 36a. The Deputy Chairperson in charge of the Social Insurance Supervision Department of the Financial Supervision Commission shall endorse:

1. a list of the custodian banks, jointly with the Bulgarian National Bank;

2. a list of certified public accountants who have the right to audit supplementary social insurance companies and voluntary pension funds, after consultation with the Institute of Certified Public Accountants;

3. biometric tables, which may be used by the supplementary social insurance companies and the voluntary pension funds;

4. other documents related to the activity comprehended in supplementary social insurance."

9. Article 37 shall be repealed.

10. Article 43 shall be repealed.

11. Article 60 shall be amended as follows:

(a) In Paragraph (1), the words "the Agency" shall be replaced by "the Commission", and the words "which shall make the decision within one month" shall be deleted;

(b) In Paragraph (2), the words "By the said decision the Agency" shall be replaced by "Within one month, the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Commission shall make a decision whereby", and the wording "from it" shall be deleted;

(c) In Paragraph (3), the words "of the Agency" shall be replaced by "under Paragraph (2)".

12. In Article 61, the second sentence shall be amended to read as follows: "In such cases, the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Commission shall determine by a decision the terms, procedure and manner of satisfying the social-insured persons."

13. In Article 111 (1) and (2), the words "the Chairperson of the Agency" shall be replaced by "the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Commission".

14. There shall be added the following new Chapter Fourteen after Article 111:

"Chapter Fourteen

COERCIVE ADMINISTRATIVE MEASURES

Article 112. (1) The Commission may apply the following coercive administrative measures for prevention and cessation of any violations of this Act and of the instruments on the application thereof, for prevention and cessation of any harmful consequences of any such violations, as well as where exercise of the supervisory activities of the Commission is obstructed or the interests of the members of the supplementary retirement insurance funds:

1. to issue mandatory prescriptions for taking specific measures within a time limit set by the Commission;

2. to issue mandatory prescriptions for necessary changes in the rules of the supplementary retirement insurance funds;

3. to discontinue the use and dissemination of documents which have not been endorsed

according to the relevant procedure;

4. to discontinue the dissemination of advertisements and information materials, as well as the conduct of lotteries;

5. to obligate in writing the retirement insurance company to increase the capital thereof within a fixed time limit;

6. to impose financial rehabilitation measures on any retirement insurance company or on a pension fund managed by such company;

7. to prohibit the conclusion of new social insurance contracts for a fixed period of time;

8. to suspend the payment of dividend;

9. to appoint a certified public accountant for conduct of a financial audit or other inspection of the person controlled for the account of the said person, according with requirements established by the Deputy Chairperson in charge of the Social Insurance Supervision Department;

10. to convene the Shareholders' General Meeting or to schedule a meeting of the Management and Supervisory Board (the Board of Directors) for making a decision on the measures to be taken;

11. to suspend the execution of a decision or directive of the management bodies of the retirement insurance company, related to the activity comprehended in supplementary retirement insurance;

12. to direct in writing the person controlled thereby to discharge one or more persons empowered to manage and represent the respective person, and to withdraw the management and representation rights of the said person until the discharge thereof;

13. to appoint conservators in the cases provided for in the statutory instruments governing supplementary social insurance;

14. to withdraw the retirement licence.

(2) The Commission may inform the public of the measures applied under Paragraph (1).

(3) The measures covered under Paragraph (1) shall be applied to the persons controlled by the Commission, to the employees of the said persons, to persons performing managerial functions in the company under contract, or to persons authorized to conclude social insurance contracts and to receive applications for social insurance.

(4) Upon imposition of coercive administrative measures under Paragraph (1), the provisions of Article 7 (2) and Article 11 (1) of the Administrative Procedure Act shall not apply regarding the explanations and objections of the interested parties.

Article 113. (1) The coercive administrative measures referred to in Items 12 to 14 of Article 112 (1) herein shall be applied by a reasoned decision in writing of the Commission, which shall be communicated to the interested party within seven days after rendition.

(2) The coercive administrative measures referred to in Items 1 to 11 of Article 112 (1) shall be applied by a reasoned decision in writing of the Deputy Chairperson in charge of the Social Insurance Department, which shall be communicated to the party concerned within seven days after rendition.

Article 114. (1) Any decision referred to in Article 113 (1) herein shall be subject to immediate execution and shall be unappealable according to a judicial procedure.

(2) Any decision referred to in Article 113 (2) shall be appealable solely according to an administrative procedure before the Commission according to the procedure established by the Administrative Procedure Act."

§ 12. (1) The Health Insurance Act (promulgated in the State Gazette No. 70 of 1998; amended in Nos. 93 and 153 of 1998, Nos. 62, 65, 67, 69, 110 and 113 of 1999, Nos. 1, 31, and 64 of 2000, No. 41 of 2001, Nos. 1, 54, 74, 107 and 112 of 2202) shall be amended and supplemented as follows:

1. Article 86 shall be amended to read as follows:

"Article 86. The state supervision over the activity comprehended in voluntary health insurance shall be exercised by the Financial Supervision Commission and by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, according to the procedure established by this Act and by the Financial Supervision Commission Act."

2. Article 88 shall be amended and supplemented as follows:

(a) there shall be inserted the following new Paragraph (3):

"(3) The general conditions under the health insurance packages shall clearly and unambiguously state:

1. the cover and the exceptions of it;

2. the terms, the procedure and the time limits for payment of health insurance premiums, as well as the consequences of non-payment or mispayment;

3. the terms and procedure for using the health services and for obtaining the health goods;

4. the terms, procedure and time limits for reimbursement of expenses incurred;

5. the terms, procedure and time limits for termination or modification of the health

insurance legal relationship."

(a) the existing Paragraph (3) shall be renumbered to become Paragraph (4);

(b) the existing Paragraph (4) shall be renumbered to become Paragraph (5), and the words "before the Financial Supervision Commission and the authorities thereof" shall be added after the words "the insured person" therein.

3. In Article 90a and Article 90c (4), the words "the Council of Ministers" shall be replaced by the "Financial Supervision Commission".

4. In Article 90d (3), the second sentence shall be amended to read as follows: "Upon failure to comply with the prescription, the coercive administrative measures under Article 99 herein shall be applied. "

5. In Article 90g, the words "the Minister of Finance" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department."

6. In Articles 95 and 96, the words "the Director of the Agency" is replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department."

7. In Article 97, there shall be added the following new Paragraph (9):

"(9) The persons covered under Paragraphs (2) to (7) shall be subject to approval by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department. The said approval shall precede the recording in the Commercial Register or, respectively, the appointment to a position for which recording is not required. The Deputy Chairperson shall pronounce within one month after submission of the application. "

8. In Article 98, the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".

9. Article 99 shall be amended and supplemented as follows:

(a) in Paragraph (1), the words "to the Agency" shall be replaced by "at the Financial Supervision Commission", and a comma and the words "as well as the technical basis for calculation of the premium rates and technical plans" shall be inserted after the words "the rates" in Item 5;

(b) throughout Paragraph (2), the words "the Agency" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department."

(c) in Paragraph (3), the first sentence shall be amended to read as follows: "Within two months after submission of the application, the Deputy Chairperson of the Financial Supervision

Commission in charge of the Insurance Supervision Department shall prepare a proposal for issuing or a refusal to issue a licence and shall lay the said proposal before the Financial Supervision Commission for consideration";

(d) the following new Paragraph (4) shall be added:

"(4) The Financial Supervision Commission shall pronounce on the application within one month after the proposal referred to in Paragraph (3) is laid before the Commission."

10. Article 99b shall be amended and supplemented as follows:

(a) there shall be inserted the following new Paragraph (2):

"(2) The licence of the health insurance company shall be withdrawn by the Financial Supervision Commission."

(b) the existing Paragraph (2) shall be renumbered to become Paragraph (3), and the words "the Insurance Supervision Agency" therein shall be deleted.

11. In Article 99c (3) at the end, there shall be added the following second sentence: "The conservator shall be vested with the powers of the management and supervisory bodies of the health insurance company, and shall draw a remuneration for the account of the company, with the amount of the said remuneration being fixed by the Deputy Chairperson of the Financial Supervision Committee in charge of the Insurance Supervision Department."

12. Article 99d shall be repealed.

13. Article 99e shall be amended and supplemented as follows:

(a) in Paragraph (1), a comma and the words "as well as the technical basis for calculation of the premium rates and the technical plans" shall be inserted after the words "the rates";

(b) in Paragraph (2), the word "or" shall be replaced by a comma, and the words "or the technical plans" shall be inserted after the words "the rates";

(c) Paragraph (3) shall be amended to read as follows:

"(3) The Deputy Chairperson of the Financial Supervision Committee in charge of the Insurance Supervision Department shall issue an authorization under Paragraph (1) and an approval under Paragraph (2) within one month after receipt of the request from the health insurance company. The Deputy Chairperson may approach the Minister of Health for an opinion on the contents and feasibility of the proposed health insurance packages."

(d) in Paragraph (4), there shall be added the following new Item 3:

"3. The general conditions under the health insurance packages and contracts conflict with mandatory provisions of the Act or are not responsive to the requirements established by Article

88 (3) herein and the violations have not been eliminated within the time limit appointed by the Deputy Chairperson of the Commission."

14. Article 99g shall be amended and supplemented as follows:

(a) the existing text shall be redesignated to become Paragraph (1) and shall be amended to read as follows:

"(1) Any corporate transformation of health insurance companies through merger by the formation of a new company, division by the formation of new companies and division by acquisition shall require an authorization from the Financial Supervision Commission."

(b) there shall be added the following new Paragraphs (2) and (3):

"(2) Any corporate transformation of health insurance companies through merger by acquisition shall require an authorization from the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department."

(3) Any corporate transformation referred to in Paragraphs (1) and (2) shall be performed under the terms and according to the procedure established by of Chapter Eight of the Insurance Act and the Financial Supervision Commission Act."

15. Article 99h shall be amended as follows:

(a) in Paragraphs (1) and (2), the words "the Agency" shall be replaced by "the Financial Supervision Commission";

(b) throughout Paragraph (3), the words "the Agency" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department. "

16. In Article 99i, at the end of the first sentence there shall be added "after the voluntary health insurance licence has been withdrawn".

17. The heading of Section V shall be amended to read as follows: "State Supervision over Activity Comprehended in Voluntary Health Insurance".

18. Article 99j shall be amended as follows:

(a) Paragraph (1) shall be amended to read as follows:

"(1) The Financial Supervision Commission shall exercise the state supervision over the activity comprehended in voluntary health insurance under the terms and according to the procedure established by this Act and by the Financial Supervision Commission Act.";

(b) Paragraph (2) shall be amended to read as follows:

"(2) Upon exercise of the state supervision over the activity comprehended in voluntary health insurance, the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall:

1. make proposals for the issuing, refusal to issue or withdrawal of a health insurance company licence, for issuing or refusal to issue an authorization for merger by the formation of a new company, division by the formation of new companies or division by acquisition of health insurance companies and for imposition of the coercive measures under Article 99m (3) herein;

2. issue authorizations for new health insurance packages, general conditions and rates thereto and approve modifications in any such packages, conditions and rates which have been authorized;

3. authorize the merger by acquisition of health insurance companies and the opening of a branch of a Bulgarian health insurance company abroad;

4. authorize the transfer of an enterprise of a health insurance company or of health insurance contracts;

5. approve the persons covered under Article 97 (2) to (7) herein;

6. verify the validity of the declarations referred to in Article 95 herein and, if necessary, notify the authorities referred to in Article 96 (3) herein;

7. approve other health insurance reserves within the meaning given by Item 4 of Article 90c (3) herein;

8. approve the standard forms of declarations, statements, reports, information sheets and other documents as provided for under Chapter Three of this Act;

9. petition the initiation of liquidation or bankruptcy proceedings against a health insurance company;

10. control compliance with the voluntary nature of effecting voluntary health insurance;

11. apply coercive administrative measures and impose sanctions in the cases and according to the procedure established by a law;

12. make decisions on other matters related to the exercise of supervision over the activities of the health insurance companies, which are not placed within the competence of the Financial Supervision Commission.";

(c) Paragraph (3) shall be amended to read as follows:

"(3) The documents required for the issuance of authorizations and approvals, as well as for exercise of the other supervisory powers of the authorities referred to in Paragraphs (1) and (2), shall be specified in the Rules of Organization and Operation of the Financial Supervision

Commission or by an order of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, with the exception of the documents under this Act.";

(d) Paragraphs (4) and (5) shall be repealed;

(e) Paragraph (6) shall be amended to read as follows:

"(6) The individual administrative acts of the Financial Supervision Commission and of the Deputy Chairperson thereof in charge of the Insurance Supervision Department shall be appealable according to the procedure established by the Financial Supervision Commission Act."

19. Article 99k shall be amended to read as follows:

"Article 99k. (1) The Financial Supervision Commission shall conduct inspections as to compliance with Chapter Three of this Act and of the statutory instruments of secondary legislation on the implementation thereof by the health insurance companies.

(2) The Financial Supervision Commission shall issue an ordinance establishing the procedure for conduct of inspections.

(3) In respect of health insurance companies, Article 24 of the Insurance Act shall apply, *mutatis mutandis*."

20. In Article 99l (1), after the word "annual" there shall be inserted the words "and periodic", and the following new Item 4 shall be added:

"4. quarterly statements, information sheets, reports and annexes completed in a standard form endorsed by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department: not later than the end of the month next succeeding the relevant quarter. "

21. Article 99m shall be amended to read as follows:

"Article 99m. (1) The Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall apply the measures covered under Paragraph (2) where the said Deputy Chairperson ascertains that any health insurance company, any one of the persons covered under Article 97 (2) to (7) herein, or any shareholder owing 10 per cent or more of the shares have committed any of the following violations:

1. violation of the provisions of this Act, of the statutory instruments of secondary legislation on the application thereof, of the Financial Supervision Act, of acts of the Financial Supervision Commission and of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, as well as offering general conditions and clauses which have not been approved by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department;

2. jeopardizing the interests of the health insured persons;
3. breach of the conditions whereunder the authorization or the licence has been issued;
4. effecting transactions and performing actions which affect the organizational or financial stability of the health insurance company;
5. obstruction of the exercise of the state supervision over the activity comprehended in voluntary health insurance.

(2) In the cases under Paragraph (1), the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall apply the following coercive administrative measures:

1. direct in writing that the violations committed be discontinued or eliminated, or that particular measures be taken;
2. issue a prescription for attainment of a yield, security and liquidity of investments of the health insurance reserves and of the shareholders' equity;
3. impose measures for rehabilitation of the financial position of the health insurance company;
4. obligate in writing the health insurance company to increase the own funds thereof within an appointed time limit;
5. determine the asset structure so as to guarantee payments under the health insurance contracts;
6. suspend the payment of dividend;
7. suspend a shareholder from exercising the voting power thereof;
8. direct a shareholder in writing to transfer the shares held thereby within a fixed time limit.

(3) In especially grave cases of violations covered under Paragraph (1), the Financial Supervision Commission, acting on a motion by the Deputy Chairperson thereof in charge of the Insurance Supervision Department, shall:

1. order the health insurance company in writing to release one or more persons empowered to manage or represent the said company, or each one of the persons covered under Article 97 (2) to (7) herein, or
2. appoint conservators vested with the powers referred to in Article 99c (3) herein for a specified period of time. "

22. Article 106a shall be repealed.

23. Article 106b shall be amended as follows:

(a) in Paragraph (3), the words "Paragraph (4) " shall be replaced by "Paragraph (5)";

(b) in Paragraph (7), the words "the Agency" shall be replaced by "the Financial Supervision Commission";

(c) in Paragraph (8), the words "and under Article 106a herein" shall be deleted;

(d) Paragraph (9) shall be amended to read as follows:

"(9) The violations under Paragraphs (1) to (8) shall be ascertained by written statements by officials of the administration of the Financial Supervision Commission, authorized to do so by the Deputy Chairperson of the said Commission in charge of the Insurance Supervision Department. The penalty decrees shall be issued by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department."

24. In Article 108 (2), there shall be added the following second sentence: "The fines and the pecuniary penalties, imposed on health insurance companies for violations under Chapter Three of the Act shall be credited in revenue to the executive budget."

25. Throughout the Health Insurance Act, the words "Insurance Supervision Agency" and "the Agency" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department."

(2) The Transitional and Final Provisions of the Act to Amend and Supplement the Health Insurance Act ([promulgated in the] State Gazette No. 107 of 2002 shall be amended and supplemented as follows):

1. In § 95, after the words "Council of Ministers" there shall be inserted "or the Financial Supervision Commission, respectively".

2. In § 98, the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission or, respectively, the Deputy Chairperson of the said Commission in charge of the Insurance Supervision Department".

3. In § 101 (1) and § 102 (2), the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".

4. There shall be inserted the following new § 103a:

"§ 103a. During the period commencing upon the receipt of a licence for activity comprehended in voluntary health insurance and ending upon the increase of capital to BGN 2 million, a health insurance company shall be obligated to invest part of its own funds to an

amount equal to one third of the solvency limit, under the terms and according to the procedure established by Article 90e of the Health Insurance Act."

§ 13. The Protection in Unemployment and Employment Promotion Act (promulgated in the State Gazette No. 120 of 1997; amended in No. 155 of 1998, Nos. 26, 50, 65, 67, 68, 84 and 110 of 1999, Nos. 1 and 31 of 2000, Nos. 25 and 112 of 2001) shall be amended as follows:

1. Throughout the Act, the words "the State Social Insurance Supervision Agency" and "the State Social Insurance Supervision Agency under the Council of Ministers" shall be replaced by "the Financial Supervision Commission", and the words "the Agency" shall be replaced by "the Commission", with the exception of Article 46 (2), where the words "the Agency" shall be replaced by "the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Financial Supervision Commission".

2. In Article 42, Paragraph (5) shall be amended to read as follows:

"(5) The fee for issuance of a licence shall be fixed in the Rate Schedule which appears as an Annex to Article 27 (2) of the Financial Supervision Commission Act."

3. Article 47 shall be repealed.

§ 14. The Public Disclosure of Senior Public Officials' Financial Interests Act (promulgated in the State Gazette No. 38/2000; amended in Nos. 28 and 74/2002) shall be amended and supplemented as follows:

1. In Article 2 (1), there shall be inserted the following new Item 13:

"13. the Chairperson, Deputy Chairpersons, and the members of the Financial Supervision Commission;"

2. The existing Items 13, 14, 15, 16 and 17 shall be renumbered to become Items 14, 15, 16, 17, and 18, respectively.

§ 15. Within six months after the entry of this Act into force, the Council of Ministers shall allocate an appropriate building to the Commission.

§ 16. This Act shall enter into force on the 1st day of March 2003, with the exception of § 4, which shall enter into force on the date of promulgation of the Act in the State Gazette.

The Act was passed by the 39th National Assembly on 5 December 2002 and 22 January 2003, and the Official Seal of the National Assembly has been affixed thereto.

TRANSITIONAL AND FINAL PROVISIONS

to the Insurance Code

(SG No. 103/2005, effective 1.01.2006)

.....
§ 13. In the Financial Supervision Commission Act (Promulgated SG No. 8/2003, amended, SG No. 31/2003, SG No. 67/2003, SG No. 112/2003, SG No. 85/2004, SG No. 39/2005) shall be amended and supplemented, as follows:

.....
12. Everywhere in the law the words "Insurance Act" shall be replaced by "Insurance Code".

.....
TRANSITIONAL AND FINAL PROVISIONS to the Act to Amend and Supplement the Financial Supervision Commission Act

(SG No. 43/2010)

§ 25. (1) Within 14 days of the entry of this Act into force the National Assembly shall elect new members of the Commission. The term of office of the members of the Commission in service as at the time of entry of this Act into force shall be terminated when the new members assume office.

(2) The first members of the Committee elected pursuant to this Act shall be elected for the following term of office:

1. the Chairperson - for a term of 6 years;
2. the Deputy Chairperson in charge of the Investment Activity Supervision Department - for a term of 5 years;
3. the Deputy Chairperson in charge of the Social Insurance Supervision Department - for a term of 4 years;
4. the Deputy Chairperson in charge of the Insurance Supervision Department - for a term of three years;
5. the member of the Commission referred to in Article 3, paragraph 5 - for a term of three years.

(3) Where necessary, under the administrative proceedings, pending at the time of entry of this Act into force, the competent authority regarding the corresponding proceedings can prolong the term for its ruling by no more than a month.

(4) Within two months of being elected the Commission shall propose to the Council of Ministers to adopt the Rate Schedule referred to in Article 27, Paragraph (2).

(5) Within one month of being elected the Commission shall approve the templates of the declarations referred to in § 27, Sub-paragraph 2, § 28, Sub-paragraph 2 and § 29, Sub-paragraph 2.

(6) Within two months of being elected the Commission shall bring the Rules of Organization and Operation thereof in line with this Act.

§ 26. (1) Within one month of the entry of this Act into force the Minister of Finance shall convene a meeting of the Financial Stability Council.

(2) Within two months of the entry of this Act into force the Financial Stability Council shall adopt Rules on its Operation.

§ 27. (1) The regulated markets, the investment intermediaries and the management companies shall be obliged, within three months of the entry of this Act into force, to submit to the Commission a list of the individuals, up to the actual owner, who hold, directly or indirectly, 5 and over 5 percent of the votes in the General Assembly or of the capital of the supervised person

(2) To the list referred to in Sub-paragraph 1 a declaration shall be attached following a template approved by the Commission and containing thorough information about the actual owners of the corresponding supervised person. If necessary, the Deputy Chairperson in charge of the Investment Activity Supervision Department can, within one month of receiving the list referred to in Sub-paragraph 1, request in writing additional information or documents. The request shall specify the deadline for elimination of incompletenesses and provision of the additional information, which may not be longer than one month.

(3) In the event of failure to comply with the requirements set out in Sub-paragraphs 1 and 2, as well as where the information and documents submitted do not allow to identify the actual owners:

1. the Deputy Chairperson can implement the measures specified in Article 118, Paragraph (1), Item 1 of the Markets in Financial Instruments Act, respectively Article 212, Paragraph (1), Item 1 of the Public Offering of Securities Act;

2. in the event of failure to implement the measures referred to in Item 1, the Deputy Chairperson can implement the measures specified in Article 40, Paragraph (3) of the Markets in Financial Instruments Act, respectively Article 210, Paragraph (5) of the Public Offering of Securities Act in connection with Article 40, Paragraph (3) of the Markets in Financial Instruments Act;

3. in the event of failure to implement the measures referred to in Items 1 and 2, the Commission can implement the measures specified in Article 20, Paragraph (1), Item 5 of the Markets in Financial Instruments Act, respectively Article 208, Paragraph (1), Item 6 of the Public Offering of Securities Act.

(4) The provisions of Sub-paragraphs 1 to 3 shall not apply to public companies in the meaning of the Public Offering of Securities Act, unless where the Commission decides on its own discretion to require such information for the purposes of the tender proposals under Chapter Eleven, Section II of the Public Offering of Securities Act.

(5) The Commission shall update the information concerning the ownership of the supervised persons referred to in Sub-paragraph 1 in the public registers specified in Article 30, Paragraph (1).

§ 28. (1) The insurers, the re-insurers, the insurance brokers and the health-insurance companies shall be obliged, within three months of the entry of this Act into force, to submit to the Commission a list of the individuals, up to the actual owner, who hold, directly or indirectly, 5 and over 5 percent of the votes in the general assembly or of the capital of the supervised person.

(2) To the list referred to in Sub-paragraph 1 a declaration shall be attached following a template approved by the Commission and containing thorough information about the actual owners of the corresponding supervised person. If necessary, the Deputy Chairperson in charge of the Insurance Supervision Department can, within one month of receiving the list referred to in Sub-paragraph 1, request in writing additional information or documents. The request shall specify the deadline for elimination of incompletenesses and provision of the additional information, which may not be longer than one month.

(3) In the event of failure to comply with the requirements set out in Sub-paragraphs 1 and 2, as well as where the information and documents submitted do not allow to identify the actual owners:

1. the Deputy Chairperson can implement the measures specified in Article 302, Paragraph (2), Item 1 of the Insurance Code, respectively Article 99n, Paragraph (2), Item 1 of the Health Insurance Act;

2. in the event of failure to implement the measures referred to in Item 1, the Deputy Chairperson can implement the measures specified in Article 302, Paragraph (2), Item 9 of the Insurance Code, respectively Article 99n, Paragraph (2), Item 7 of the Health Insurance Act;

3. in the event of failure to implement the measures referred to in Items 1 and 2, the Commission can implement the measures specified in Article 36, Paragraph (1), Item 7 or Article 302, Paragraph (3), Item 2 of the Insurance Code, respectively Article 99b, Paragraph (1), Item 10 of the Health Insurance Act.

(4) The provisions of Sub-paragraphs 1 to 3 shall not apply to mutual-insurance co-operatives in the meaning of the Insurance Code.

(5) The Commission shall update the information concerning the ownership of the supervised persons referred to in Sub-paragraph 1 in the public registers specified in Article 30, Paragraph (1).

§ 29. (1) The companies of additional social security shall be obliged, within three months of entry of this Act into force, to submit to the Commission a list of the individuals, up to the actual owner, who hold, directly or indirectly, 5 and over 5 percent of the votes in the general assembly or of the capital of the supervised person.

(2) To the list referred to in Sub-paragraph 1 a declaration shall be attached following a template approved by the Commission and containing thorough information about the actual owners of the corresponding supervised person. If necessary, the Deputy Chairperson in charge of the Social Insurance Supervision Department can, within one month of receiving the list referred to in Sup-paragraph 1, request in writing additional information of documents. The request shall specify the deadline for elimination of incompletenesses and provision of the additional information, which may not be longer than one month.

(3) In the event of failure to comply with the requirements set out in Sub-paragraphs 1 and 2, as well as where the information and documents submitted do not allow to identify the actual owners:

1. the Deputy Chairperson can apply the measure specified in Article 344, Paragraph (1), Item 1 of the Social Insurance Code;

2. in the event of failure to implement the measure referred to in Item 1, the Deputy Chairperson can apply the measure specified in Article 344, Paragraph (1), Item 7 of the Social Insurance Code;

3. in the event of failure to implement the measures referred to in Items 1 and 2, the Commission can implement the measures specified in Article

122f, Paragraph (2), Item 2 of the Social Insurance Code.

(4) The Commission shall update the information concerning the ownership of the supervised persons referred to in Sub-paragraph 1 in the public registers specified in Article 30, Paragraph (1).

.....

§ 35. (1) Paragraph 24 shall enter into force on the date on which the Rate Schedule referred to in Article 27, Paragraph (2) enters into force.

(2) The rates paid in connection with the administrative proceedings pending before the entry into force of the Rate Schedule referred to in Article 27, Paragraph (2) shall not be subject to refunding.

(3) Before the entry into force of the Rate Schedule referred to in Article 27, Paragraph (2) credit rating agencies shall pay a registration fee in the amount of BGN 10,000.

Annex to Article 27 (2)

(Amended and supplemented, SG No. 67/2003,
SG No. 39/2005,
amended and supplemented, SG No 103/2005,
amended, SG No. 52/2007, effective 3.07.2007
amended and supplemented, SG No. 97/2007,
repealed, SG No. 43/2010,
effective as from the date of entry into force of the Rate Schedule
referred to Article 27, Paragraph 2)