

# **PUBLIC OFFERING OF SECURITIES ACT**

Promulgated State Gazette, issue 114/1999; amended iss. 63 and 92/2000; issue 28, 61, 93 and 101/2002; issue 8, 31, 67 and 71/2003; issue 37/2004; issue 19, 31, 39, 103 and 105/2005; issue 30, 33, 34, 59, 63, 84 and 86/2006; issue 52, 53, 109/2007; issue 67, 69/2008; issue 23/2009, issue 24/2009; supplemented, SG No 42/5.06.2009; amended, SG No. 93/24.11.2009, effective 25.12.2009; amended and supplemented, SG No. 43/8.06.2010; SG No. 101/28.12.2010, effective as of 30.06.2011; SG No. 57/26.07.2011; SG No. 77/4.10.2011; SG No. 21/13.03.2012; supplemented, SG No. 94/30.11.2012, effective as of 1.01.2013; amended and supplemented, **SG No. 103/28.12.2012**

## **Title One GENERAL PROVISIONS Chapter One SECURITIES**

**Art. 1.** (Amended, SG, issue 61/2002) (1) This Act regulates:

1. (Amended, SG, issue 52 /2007) the public offering of securities, the issue and disposal of dematerialized securities including outside of the cases of public offering, as well as the restrictions on the disposal of securities issued by non-public offering;

2. (Amended, SG, issue 86/ 2006, issue 52/ 2007) the activities of the Central Depository, of the investment and management companies, and the conditions for carrying out such activities.

3. requirements for public companies and other issuers of securities;

4. (Amended, SG, issue 39/ 2005) requirements for persons that manage and control persons under item 2 and 3, as well as towards persons holding 10 or more than 10 per cent of the votes in the general assembly of persons under item 2 and 3;

5. (Amended, SG, issue 86/ 2006) the state supervision for ensuring compliance with this Act.

(2) The goal of this Act is to:

1. (Am., SG, iss. 86/ 2006) provide protection of investors in securities including ensuring that they have greater knowledge about the capital market;

2. (Am., SG, iss. 86/ 2006) create prerequisites for development of a fair, transparent and efficient capital market;

3. (Am., SG, iss. 86/ 2006) maintain the integrity and the public confidence in the capital market.

(3) (New, SG, iss. 86/ 2006, am., iss. 52/ 2007) This Act shall not apply for the issue, acquisition, payment and transactions with government securities, the registration systems and settlement thereof, the regulation of the government securities and the control over trades with them, as well as for the other financial transactions, executed with the purpose of the national debt's management.

**Art. 2.** (1) (Am., SG, iss. 61/ 2002; iss. 39/ 2005; iss. 86/ 2006, iss. 52/ 2007) Securities are transferable rights registered on accounts with the Central Depository, and for the government

securities – registered on accounts with the Bulgarian National Bank or with a sub-depository of government securities or in a foreign institutions, pursuing such business” (dematerialized securities) or documents evidencing transferable rights (materialized securities) which may be dealt in on the capital market, excluding instruments of payment, such as:

1. equity shares in companies and other securities, equivalent to equity shares in equity companies, personal companies and other legal entities, as well as depository receipts for equity shares;

2. bonds and other debt securities, including depository receipts for such securities;

3. other securities, giving the right to acquire or dispose of any such securities or which result in cash settlement, determined by means of securities, exchange rates, interest rates or profitability, commodities or other indexes or indicators.

(2) For the purposes of this law debt securities express transferable claims against the issuer of the securities stemming from funds or other property rights lent to that issuer for an income fixed in advance or to be determined in the future. Debt securities may also express other rights where this is not contrary to the law.

(3) (Am., SG, iss. 86/ 2006) For the purposes of this Act equity securities means:

1. shares in companies;

2. other securities equivalent to shares in companies;

3. other type of securities, giving the right to acquire shares and equivalent to them securities as a consequence of their being converted or the rights conferred by them being exercised, provided that the securities of the latter type are issued by the issuer of the underlying securities or by a legal entity belonging to the group of the said issuer;

(4) (New, SG, iss. 86/ 2006) Non-equity securities means all securities that are not equity securities within the meaning of para 3.

**Art. 3.** Public offering shall be forbidden:

1. of materialised securities except for cases specially stipulated by law;

2. of dematerialised securities whose transfer is subject to restrictions or special conditions

**Art. 4** (1) (Am., SG, iss. 61/ 2002; iss. 86/2006) Public offering of securities is the providing of information for offering of securities addressed to 100 and more persons, or to an indefinite circle of persons in any form and by any means, containing sufficient data about the terms of the offer and the securities to be offered, so as to enable the investor to decide to purchase or subscribe to these securities. The offering of securities through an investment intermediary shall also be considered a public offering, provided that it satisfies the conditions under the preceding sentence.

(2) Public offering shall furthermore be in effect where a person who or which is not an investment intermediary or holder of the securities takes part in the offering of the said securities.

(3) (Amended, SG No. 61/2002, SG No. 86/2006) Public offering shall not be in effect where the securities are offered in the cases of liquidation, enforcement proceedings or bankruptcy proceedings according to a procedure established by a law.

**Art. 5.** (1) (Prev. Art. 5, SG, iss. 61/2002) Initial public offering is an offering under the provisions of Art. 4:

1. securities to be subscribed by their issuer or authorized by it investment intermediary (subscription), or

2. securities for initial sale by an investment intermediary according concluded with their issuer underwriting agreement.

3. (Am., SG, iss. 39/ 2005, repealed, iss. 86/2006)

(2) (New, SG, iss. 61/ 2002, repealed, iss. 86/2006)

**Art. 6.** (Am., SG, iss. 61/ 2002, am., iss. 86/2006, am., iss. 52/2007).

**Art. 7.** (Am., SG, iss. 86/2006, am., iss. 52 /2007).

## **Chapter Two FINANCIAL SUPERVISION COMMISSION**

**Art. 8.** (Am., SG, iss. 61/2002) (1) (Am., SG, iss. 8/2003; iss. 39/2005; iss. 86/2006) The regulation of and the supervision over the persons, activities and transactions provided in Art. 1, para. 1 shall be performed by the Financial Supervision Commission, hereinafter referred to as 'the Commission', as well as by the Deputy Chairman in charge of Investment Activity Supervision Division, hereinafter referred to as the 'Deputy Chairman'.

(2) (Am., SG, iss. 39/2005) In performing its functions the Commission must adopt clear and consistent decisions, be transparent and responsible for its actions, as well as estimate the burden of the restrictions and the expected benefit from them and promote fair competition.

**Art. 9.** (Am., SG, iss. 61/2002, repealed, SG, iss.8/2003).

**Art. 10.** (Am., SG, iss. 61/2002, repealed, SG, iss.8/2003).

**Art. 11.** (Repealed, SG, iss.8/2003).

**Art. 12.** (Repealed, SG, iss.8/2003).

**Art. 13.** (Am., SG, iss. 61/2002, repealed, SG, iss.8/2003).

**Art. 14.** (Repealed, SG, iss.8/2003).

**Art. 15.** (Am., SG, iss. 61/2002, repealed, SG, iss.8/2003).

**Art. 16.** (Am., SG, iss. 61/2002, repealed, SG, iss.8/2003).

**Art. 16a.** (New, SG, iss. 61/2002, repealed, iss. 8/2003).

**Art. 17.** (Am., SG, iss. 61/2002, repealed, SG, iss.8/2003).

**Art. 18.** (Am., SG, iss. 61/2002, repealed, SG, iss.8/2003).

**Art. 19.** (Am., SG, iss. 61/2002, repealed, SG, iss.8/2003).

## **Title Two REGULATED SECURITIES MARKETS Chapter Three STOCK EXCHANGE Division I Formation and management**

**Art. 20.** (Am. and suppl., SG, iss. 61/2002, suppl., iss.71/2003, am., iss.39/2005, repealed, iss. 52/2007).

**Art. 21.** (Am., SG, iss.86/2006, in effect as of 28 October 2006, repealed, iss. 52/2007).

**Art. 22.** (Am., SG, iss. 39/2005, repealed, iss. 52/2007)

**Art. 23.** (Suppl., SG, iss. 86/2006, in effect as of 28 October 2006, repealed, iss. 52/2007)

**Art. 24.** (Repealed, iss. 52/2007)

**Art. 25.** (Repealed, iss. 52/2007) /

**Art. 26.** (Am., SG, iss. 86/2006, repealed, iss. 52/2007)

**Art. 27.** (Am., SG, iss. 61/2002, iss. 39/2005, iss. 86/2006, repealed, iss. 52/2007)

**Division II**  
**Issuing and withdrawal of license**

- Art. 28.**(Am., SG, iss. 61/2002, am. and suppl. iss. 39/2005, repealed, iss. 52/2007)  
**Art. 29.** (Am., SG, iss. 39/2005, repealed, iss. 52/2007)  
**Art. 30.** (Repealed, iss. 52/2007)  
**Art. 31.** (Am. and suppl. iss. 39/2005, iss. 34/2006, repealed, iss. 52/2007)  
**Art. 32.** (Repealed, iss. 52/2007)  
**Art. 33.** (Am., SG, iss. 39/2005, repealed, iss. 52/2007)  
**Art. 34.** (Am. and suppl., iss. 39 in 2005, repealed, iss. 52/2007)  
**Art. 35.** (Am., iss. 39/2005, repealed, iss. 52/2007)  
**Art. 36.** (Am. and suppl., iss. 39/2005, and suppl., iss. 34/2006, repealed – iss. 52/2007)

**Division III**  
**Membership and Stock Exchange Arbitration**

- Art. 37.** (Repealed, iss. 52/ 2007)  
**Art. 38.** (Am., SG, iss. 39/2005, repealed, iss. 52/ 2007)  
**Art. 39.** (Repealed, iss. 52 /2007)  
**Art. 40.** (Am., SG, iss. 39/ 2005, repealed, iss. 52/ 2007)  
**Art. 41.** (Repealed, iss. 52/ 2007)  
**Art. 42.** (Repealed, iss. 52/ 2007)  
**Art. 43.** (Repealed, iss. 52/ 2007)

Chapter Four  
**UNOFFICIAL SECURITIES MARKET**

- Art. 44.** (Am., SG, iss. 39/ 2005, iss. 86/ 2006, repealed, iss. 52/ 2007).  
**Art. 45.** (Repealed, iss. 52/ 2007).  
**Art. 46.** (Am., SG, iss. 39/ 2005, repealed, iss. 52/ 2007).  
**Art. 47.** (Am., SG, iss. 39/ 2005, repealed, iss. 52/ 2007).  
**Art. 48.** (Repealed, iss. 52/ 2007).  
**Art. 49.** (Am., SG, iss. 39/ 2005, iss. 34 in 2006, repealed, iss. 52/ 2007).  
**Art. 50.** (repealed, iss. 52/ 2007).  
**Art. 51.** (Am., SG, iss. 39/ 2005, repealed, iss. 52/ 2007).  
**Art. 52.** (Am, SG, iss. 39/ 2005, repealed, iss. 52/ 2007).  
**Art. 53.** (Am., SG, iss. 39/ 2005, repealed, iss. 52/ 2007).

**Title Three**  
**TRANSACTIONS IN SECURITIES**  
Chapter Five  
**INVESTMENT INTERMEDIARIES**  
Division I

## General Provisions

**Art. 54.** (Am., SG, iss. 61/ 2002, am., iss. 39/ 2005 in effect as of 1 Jan. 2006, iss. 59/ 2006, suppl., iss. 86/ 2006, iss. 25/ 2007, repealed, iss. 52/ 2007).

**Art. 55.** (Am., SG, iss. 39/ 2005, in effect as of 1 Jan. 2006) (1) (repealed, iss. 52/ 2007).

(2) (Repealed, iss. 52/ 2007).

(3) (Repealed, iss. 52/ 2007).

(4) (Am., SG, iss. 86/ 2006, repealed, iss. 52/2007).

(5) (Am., SG, iss. 86/ 2006, repealed, iss. 52/2007).

(6) (Am., SG, iss. 86/ 2006, repealed, iss. 52/2007).

(7) (Am., SG, iss. 86/ 2006, repealed, iss. 52/ 2007).

(8) (In effect from 3 July 2007 to 1 Nov. 2007, SG, iss. 52/ 2007) on request of the European Commission, the Commission shall limit or suspend for a period of three months the issue of authorizations to perform services and activities under Art. 54 para. 2 and 3 on the territory of the Republic of Bulgaria by a legal entity from a third country. By decision of the Council of the European Union the period under sentence one may be extended.

(9) (In effect from 3 July 2007 to 1 Nov. 2007, SG, iss. 52/ 2007) Paragraph 8 shall not apply with regard to a subsidiary of an investment intermediary that has obtained an authorization to pursue business within the European Union, or with regard to a subsidiary of such subsidiary.

**Art. 56.** (Am., SG, iss. 61/ 2002, am., iss. 39/ 2005 in effect as of 1 Jan. 2006)

**Art. 56a** (New, SG, iss. 39/ 2005, am., iss. 59/2006, repealed, iss. 52/ 2007).

**Art. 57.** (Repealed, iss. 52/ 2007).

**Art. 58.** (Am., SG, iss. 39/ 2005, repealed, iss. 52/ 2007).

**Art. 59.** (Am., SG, iss. 39/ 2005, repealed, iss. 52/ 2007).

**Art. 60.** (Am. and suppl., SG, iss. 39/ 2005, am., iss. 25/ 2007, repealed, iss. 52/ 2007).

**Art. 61.** (Repealed, iss. 52/ 2007).

## Division II

### Issuing and withdrawal of license

**Art. 62.** (Am., SG, iss. 39/ 2005, suppl., iss. 86/ 2006, amended and suppl., iss.25/ 2007, repealed, iss. 52/ 2007).

**Art. 63.** (Am. and suppl., SG, iss. 39/ 2005, iss. 25/ 2007, repealed, iss. 52/ 2007).

**Art. 64.** (Am., SG, iss. 39/ 2005, suppl., iss. 86/ 2006, am. and suppl., iss.25/ 2007, repealed, iss. 52/ 2007).

**Art. 65.** (Am., SG, iss. 39/ 2005, repealed, iss. 52/ 2007).

**Art. 66.** (Am. and suppl., SG, iss. 39/ 2005, repealed, iss. 52/ 2007).

**Art. 67.** (Am., SG, iss. 39/ 2005, iss. 34/ 2007, repealed, iss. 52/ 2007).

**Art. 68.** (Am., and suppl., SG, iss. 39/ 2005, am., iss. 84/ 2006, am. and suppl., repealed, iss. 52/ 2007).

**Art. 68a.** (New, SG, iss. 61/ 2002, am., 39/ 2005, repealed, iss. 52/ 2007).

**Art. 68b.** (New, SG, iss. 61/ 2002, am., 39/ 2005, repealed, iss. 52/ 2007).

**Art. 69.** (Am., SG, iss. 61/ 2002, iss. 8 /2003, iss. 39/ 2005, repealed, iss. 52/ 2007).

## **Division IIa**

**(New – SG, issue 39/ 2005 in effect as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)**

**Pursuing of business by investment intermediaries in a member state  
(Heading – amended, SG, iss. 86/ 2006)**

**Art. 69a.** (Am., SG, iss. 86/ 2006, repealed, iss. 52/ 2007).

**Art. 69b.** (Repealed, iss. 52/ 2007)

**Art. 69c.** (Am., SG, iss. 86/ 2006, repealed, iss. 52/ 2007).

**Art. 69d.** (Prev. item 69c, SG, iss. 86/ 2006, repealed, iss. 52/ 2007).

**Art. 69e.** (New, SG, iss. 86/ 2006, repealed, iss. 52/ 2007).

## **Division II b**

**(New – SG, iss. 39/ 2005 in effect as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)**

**Pursuing of business in the Republic of Bulgaria by investment intermediaries with registered office in a Member State  
(Heading amended, SG, iss. 86/ 2006)**

**Art. 69f.** (Prev. item 69d, SG, am., SG, iss. 86/ 2006, repealed, iss. 52/ 2007).

**Art. 69g.** (Prev. item 69e, SG, am., SG, iss. 86/2006, repealed, iss. 52/ 2007).

**Art. 69h.** (Prev. item 69f, SG, am., SG, iss. 86/ 2006, repealed, iss. 52/ 2007).

**Art. 69i.** (Prev. item 69g, SG, am., SG, iss. 86/ 2006, repealed, iss. 52/ 2007).

**Art. 69j.** (New, SG, iss. 86/ 2006, repealed, iss. 52/2007).

**Art. 69k.** (New, SG, iss. 86/ 2006, repealed, iss. 52/ 2007).

**Art. 69l.** (New, SG, iss. 86/ 2006, repealed, iss. 52/ 2007).

## **Division III**

**Requirements for the business of investment intermediaries**

**Art. 70.** (Am., SG, iss. 39/ 2007., repealed, SG, iss. 52/ 2007).

**Art. 71.** (1) (Repealed, SG, iss. 52/ 2007).

(2) (Am., SG, iss. 39/ 2007., repealed, SG, iss. 52/ 2007).

(3) (Repealed, SG, iss. 52 /2007).

(4) (Repealed, SG, iss. 52/ 2007).

(5) (Am., SG, iss. 39 /2007., repealed, SG, iss. 52/ 2007)

(6) The Court may order disclosure of information under para. (5) also upon the request of:

1. (Repealed, SG, iss. 52/ 2007)

2. (New, SG, iss. 63/ 2006., repealed, SG, iss. 52/ 2007)

3. (Am., SG, iss. 105/ 2005, prev. item 2, iss. 63/ 2006., repealed, SG, iss. 52/ 2007)

4. (New, SG, iss. 19/ 2005, prev. item 2a., iss. 63/ 2006, repealed, SG, iss. 52/ 2007)

5. (Am., SG, iss. 92/ 2000; iss. 33/ 2006, prev. item 3, iss. 63/ 2006, repealed, SG, iss.52/ 2007)

6. (Am., SG, iss. 63/ 2000, prev. item 4, iss. 63/ 2006, repealed, SG, iss.52/ 2007)

7. (New, SG, iss. 52/ 2007; am., iss. 69/ 2008) the Director of General Prejudicial Proceedings Directorate – for the purposes of the investigation on an initiated criminal procedure;

8. (In effect from 3 July 2007 to 1 Nov. 2007, SG, iss. 52/ 2007) the Director of the National Security Service – when that is necessary for protection of the national security.

(7) (Repealed, SG, iss.52/ 2007).

(8) (New, SG, iss.105/ 2006, repealed, SG, iss. 52/ 2007)

(9) (New, SG, iss. 52/ 2007, in effect from 3 July 2007 to 1 Nov. 2007; am. iss. 69/ 2008)

On written request of the Director of the National Investigation Service, of the National Security Service or of the Commissioner General of the Ministry of Interior, the investment intermediaries shall provide information about the cash and the transactions effected under the accounts of the companies having over 50 per cent state and/or municipal participation.

(10) (In effect from 3 July 2007 to 1 Nov. 2007, SG, iss. 52/ 2007) In case of available data about organized criminal activity or about money laundering, the Prosecutor General or authorised by him deputy may demand from the investment intermediaries to provide the data under para 2.

**Art. 71a.** (New, SG, iss. 25/ 2007, repealed, SG, iss.52 /2007)

**Art. 72.** (Repealed, SG, iss.52/ 2007)

**Art. 73.** (Repealed, SG, iss.52/ 2007)

**Art. 74.** (Am., SG, iss. 39/ 2005, am., SG, iss. 25/ 2007, repealed, SG, iss. 52/ 2007).

**Art. 74a.** (New, SG, iss. 39/ 2005, am., SG, iss.34/ 2006, iss. 86/ 2006, repealed, SG, iss. 52/ 2007).

**Art. 74b.** (New, SG, iss. 86 /2006) (1) (Am., SG, iss. 25/ 2007, repealed, SG, iss.52/ 2007).

(2) (Am., SG, iss. 25/ 2007, repealed, SG, iss.52 /2007).

(3) (Am., SG, iss. 52/ 2007).

(4) (Am., SG, iss. 52/ 2007).

(5) (In effect from 3 July 2007 to 1 Nov. 2007, SG, iss. 52/ 2007 ) The Deputy Chairman within 1 month after the notification under para 4 may issue a ban on execution of the acquisition or disposal under para 1-3 if he/she has established that the provisions of the law were not complied with, the applicant filed false data or documents with wrong contents, the stable management and integrity of the investment intermediary is jeopardized or the interests of the investment intermediary's clients have not been secured in some other way. If he/she fails to issue a ban within the term under sentence one, the Deputy Chairman may set a term within which the acquisition or disposal to be done. Art. 28, para 2, 3 and 6 shall apply accordingly.

(6) (Repealed, SG, iss.52/2007)

(7) (Repealed, SG, iss.52/ 2007)

(8) (In effect as of 3 July 2007 to 1 Nov. 2007, SG, iss. 52/2007) On request of the European Commission, the consideration of the notifications under para 5 for acquisition, directly or indirectly, of qualifying holding by a parent undertaking, which is regulated by the legislation of a third country, shall be limited or suspended for a period of three months. By decision of the Council of the European Union the period under sentence one may be extended.

**Art. 74c** (New, SG, iss. 86/ 2006, am., SG, iss. 25/ 2007, repealed, SG, iss. 52/ 2007)

**Art.74.d** (New, SG, iss. 39 in 2005, prev. Art. 74b, iss. 86 in 2006, repealed, SG, iss. 52 /2007)

**Art. 75.** (Am., SG, iss. 61/ 2002, am. iss. 39/ 2005, am. iss. 86/ 2006, repealed, SG, iss. 52/ 2007)

**Art.76.** (Am., SG, iss. 39/ 2005, repealed, SG, iss. 52/ 2007)

**Art. 76a.** (New, SG, iss. 39/ 2005; am., issue 86 in 2006, repealed, SG, iss. 52/ 2007)

**Art. 76.** (New, SG, iss. 39/ 2005, repealed, SG, iss. 52/ 2007)

**Art. 77.** (Am., SG, iss. 86/ 2006, repealed, SG, iss. 52/ 2007)

**Division IV**  
**(New, SG, issue 39/ 2005)**  
**Investors Compensation**

**Art.77a.** (New, SG, iss. 39/ 2005) (1) A Fund for Compensation of Investors is established, hereinafter referred to as ‘the Fund’, as a legal entity with its head office in Sofia.

(2) The Fund shall guarantee the payment of compensation to the clients of an investment intermediary and to its subsidiaries in the host member states under the conditions and procedure of this Act, by the raised in the fund money in the cases where the investment intermediary is not able to pay its liabilities to the clients due to reasons directly linked to its financial situation.

(3) (Am., SG, iss. 86/ 2006) Any investment intermediary, which holds administers or manages clients’ moneys and/or financial instruments and for which, due to it, liabilities to clients may arise, is obligated to contribute pecuniary premiums in the fund under Art. 77m, paragraphs (1) and (2).

(4) The obligation under para (3) shall also apply to the branches of investment intermediaries from a third country in the Republic of Bulgaria, in the cases where:

1. a compensation scheme for investors in financial instruments does not operate in the State in which the registered office of the investment intermediary is situated or the said scheme does not cover the branches of the said intermediary abroad;

2. (Amended, SG No. 52/2007) the level or scope of cover offered by the compensation scheme for investors in financial instruments existing in the State in which the registered office of the investment intermediary is situated is lower than the level or scope of the cover provided for in this Act; in such case the compensation provided by the Fund shall cover the excess over the compensation offered by the compensation scheme for investors in financial instruments in (the State in which) the registered office of the investment intermediary is situated.

(5) Where the level or scope, including the percentage of compensation, envisaged herein, exceeds the rate or scope of the compensation, provided in the home member state of an investment intermediary, which carries on activity in the Republic of Bulgaria through a branch, the investment intermediary may participate in the fund with the purpose of ensuring additional compensation to the clients of its branch. In such case the fund shall provide compensation for the difference, exceeding the compensation, provided by the scheme for compensation of investors in financial instruments in the home Member State of the investment intermediary.

(6) The investment intermediary referred to in Paragraph (5) shall be obligated to make contributions solely under Article 77m (2) herein, whereof the amount shall be fixed in proportion to the supplementary cover provided by the Fund.

(7) Non-payment of the contributions due under this Act by the investment intermediary shall not deprive the rightful clients of the said investment intermediary of compensation up to the levels provided for in Article 77d herein.



**Art. 77b.** (1) (New, SG, iss. 39/ 2005) the Fund shall pay compensations to the investment intermediary's clients up to the amounts, envisaged in Art. 77d in the cases where:

1. by a decision of the respective district court bankruptcy proceedings have been instituted for the investment intermediary, including also when the bankruptcy proceedings have been terminated on the grounds of Art. 632 of the Commercial Code;

2. (Am., SG, iss. 59/ 2006) the license, or the authorization has been withdrawn for pursuing the business of an investment intermediary, by a decision of the competent authorities in the cases under Art. 20 para 2 item 3, and in respect to the investment intermediaries, which are banks – in the cases under Art. 36 para. (2) of the Law on Credit Institutions.

(2) The authority under para (1), item 1 and 2 must latest by the end of the day, following the pronouncement of the decision, to send a transcript of it to the Fund.

(3) The Fund shall pay compensation to the customers of a foreign investment intermediary upon occurrence of events, analogous to these under para 1, which are a ground for payment of compensation according to the relevant legislation.

(4) Within 7 days of receiving the notification under para (2) the Fund shall publish at least in two central daily newspapers and on its Internet site announcement of the pronounced decision under para (1) and of the term under Art. 77u, para (2), within which the applicants for investment intermediary may raise claim for payment of compensation from the Fund, as well as the bank through which the payment of the compensation shall be made.

(5) (**New, SG No. 103/2012**) The claims of investment intermediary's clients shall be considered made and shall be registered by the trustee in bankruptcy, of the latter's own motion, in the list referred to in [Article 686\(1\)\(2\) of the Commerce Act](#).

**Art. 77c.** (New, SG, iss. 39/ 2005) (1) Compensation shall be paid for the receivables, that have arisen as a result of the inability of the investment intermediary to return the client's assets in compliance with the legal and contractual provisions.

(2) (Am., SG, iss. 86/ 2006) Client assets within the meaning of this division are the cash, financial instruments and the other assets of an investment intermediary's clients, which it holds administers or manages for their account in connection with the services provided by it under Art. 5 para. 2 and 3 of the Markets in Financial Instruments Act including interests, dividends and other such payments. The client assets of investment intermediaries – banks shall not include the deposits within the meaning of § 1, item 1 of the Additional Provision of the Bank Deposits Guarantee Act.

(3) (Am., SG, iss. 86/ 2006) the amount of the receivable under para (1) shall be determined as of the date of renouncement of the decision under Art. 77b, para (1) in consistence with the legal and contractual provisions, the valuation of the client assets being done under conditions and procedure, laid down in an ordinance.

**Art. 77d.** (New, SG, iss. 86/ 2006) (1) the Fund shall pay compensation to every client of an investment intermediary at the rate of 90 per cent of the amount of the receivable but not more than BGN 40 000.

(2) No compensation is paid to:

1. members of the management and supervisory body of the investment intermediary, as well as of its procurators;

2. persons who own directly or indirectly 5 or over 5 per cent of the votes in the general meeting of the investment intermediary or may control it, as well as persons, belonging to the same group to which the investment intermediary also belongs, for which consolidated reports are prepared;

3. the registered auditor, which has audited the investment intermediary's annual financial statement;

4. the spouses, relatives in the direct line without limitations, in the collateral line up to the second degree inclusive and

by affinity up to the second degree inclusive of the persons under item 1, 2 and 3;

5. investment intermediaries;

6. (Am., SG, iss. 86/ 2006) credit institutions;

7. insurers;

8. pension and social insurance funds;

9. (Am., SG, iss. 86/ 2006) closed-end investment companies, collective investment schemes and special purpose vehicles;

10. the State and the institutions of State;

11. the municipalities;

12. (Am. SG, iss. 103/ 2005) the Fund for Compensation of Investors in financial instruments , the Deposit Insurance Fund and the Guarantee Fund under art.287 of the Insurance Code;

13. (Am., SG, iss. 86/ 2006) investors, who have availed themselves of circumstances, related to the investment intermediary and that led to worsening of its financial situation as well as to investors, who contributed to that situation;

14. (Prev. item 13, SG, iss. 86/ 2006) other professional clients within the meaning of § 1 item 9 of the Additional Provisions of the Markets in Financial Instruments Act.

(3) The Fund does not pay compensation for receivables, arisen out of or related to transactions and actions, constituting „money laundering” within the meaning of Art. 2 of the Law on Measures against Money Laundering, if the offender has been convicted and the sentence is effective.

(4) The circumstances, justifying the exceptions under para (2) and (3) shall be established as at the date of the resolution under Art. 77b, para. (1).

**Art. 77e.** (New, SG, iss. 39/ 2005) (1) The Fund shall be transformed, cease its activities or be liquidated by a law.

(2) In the event of liquidation of the Fund after repaying its obligations, the remainder of its property shall be distributed among the investment intermediaries in proportion to the premiums paid by them, except for these investment intermediaries whose obligations to the clients are paid by the Fund.

(3) (New, **SG No. 103/2012**) The Commission shall supervise the operations of the Fund. Checks shall be conducted by employees of the Commission's administration appointed by an order of the Chairperson.

(4) (New, **SG No. 103/2012**) Upon request, the Fund shall furnish the Commission with all information and documents related to its operations.

(5) (Renumbered from Paragraph 3, **SG No. 103/2012**) The Commission shall adopt Rules of Organization and Operation of the Fund, which shall be promulgated in the State Gazette.

(6) (Renumbered from Paragraph 4, amended, **SG No. 103/2012**) The National Audit Office shall audit the Compensation Fund for Investors.

**Art. 77f.** (New, SG, iss. 39/ 2005) (1) The Fund's Management Board shall be appointed by the Commission and shall consist of five members: Chairperson, Deputy Chairperson and three members.

(2) The Chairperson and the Deputy Chairperson of the Fund's Management Board are nominated by the Deputy Chairman of the Commission.

(3) The other three members of the Fund's Management Board are nominated as follows:

1. a person, nominated by an association or associations, representing the persons, who have obtained a license to carry put services and activities under Art. 5 para 2 and 3 of the Markets in Financial Instruments Act, except for banks, and which are obligated to contribute pecuniary premiums to the fund under the conditions and procedure hereof;

2. a person, nominated by an association or associations, representing the investment intermediaries – banks that have obtained authorization to carry out services and activities under Art. 5 para 2 and 3 of the Markets in Financial Instruments Act and which must contribute pecuniary premiums to the Fund under the conditions and procedure hereof;

3. a person, nominated jointly by the associations under item 1 and 2.

(4) In cases where within the period of Art. 77g, para (2) the Deputy Chairman, as well as the association or the associations under para (3) do not nominate a person, who is to be elected as a member of the Fund's Management Board, the Commission's Chairman shall nominate the person at his discretion.

(5) The Management Board members shall have a degree in economics or law and professional experience for no less than 5 years in the area of law, finance, accounting, trade in financial instruments or banking.

(6) As members of the Fund's Management Board shall be elected persons:

1. who have not been members of executive or controlling bodies, or unlimited liability partners in a company for which insolvency proceedings have been initiated, or a wound up due to insolvency company, with any creditors having been left unsatisfied;

2. who have not been declared insolvent and who are not in a process of insolvency proceedings as sole proprietors;

3. who are not spouses or relatives of direct or collateral line up to third degree inclusive or by affinity up to the third degree inclusive of another member of the Fund's Management Board;

4. who have not been convicted of premeditated crime of a public nature;

5. who have not been deprived of the right to hold a position of financial responsibility

(7) The Chairperson and the Deputy Chairperson of the Fund's Management Board may not engage in other remunerative activity other than research and teaching.

(8) The remunerations of the Chairperson, Deputy Chairperson and members of the Fund's Management Board shall be at amount, not bigger than 90 per cent of the amount of the remuneration of the Commission's deputy chairman.

(9) (New, **SG No. 103/2012**) The relations between the Fund and the members of the Management Board shall be regulated by a management contract. The contract shall be executed in writing, on behalf of the Fund, by the Chairman of the Commission or a person authorised thereof.

**Art. 77g** (New, SG, iss. 39/ 2005) (1) the mandate of the Management Board shall be 5 years. The members of the Fund's Management Board will continue to exercise their powers and to perform their functions after the expiry of their mandate, until the coming into office of the new members. The members of the Management Board may be reappointed without any restriction.

(2) Within a three-month period before the expiry of the mandate of the members of the Fund's Management Board, the Chairperson, the association or associations under Art. 77f, para (3) shall present their nominations for persons, who are to be elected as members of the Fund's Management Board.

(3) The mandate of a member of the Management Board shall be terminated before its expiry by decision of the Commission:

1. upon submission of resignation;
2. if such person no longer satisfies the requirements of Art. 77f, para (6);
3. he has been physically unable to carry out his responsibilities for more than 6 months;
4. in case of breach of Art. 77f., para (7);
5. he has been absent from three or more successive meetings of the Management Board without reasonable ground;
6. (New, SG No. 42/2009) upon entry into force of an act which ascertains any conflict of interest under the [Conflict of Interest Prevention and Disclosure Act](#).

(4) In case of a pre-term termination of a mandate of a Management Board member, another person shall be appointed in his/her place for the remainder of the mandate. Paragraph 2 shall apply accordingly.

**Art. 77h** (New, SG, iss. 39/ 2005) (1) The Fund's Management Board shall:

1. set and collect in accordance the rules laid down in this law and its implementing instruments the entry and annual premium contributions from investment intermediaries;
2. (Am., SG, iss. 86/ 2006) ascertain, upon collection of relevant evidence, which foreign investment intermediaries' branches in Bulgaria meet the prerequisites under Art.77a., para (4);
3. invest the Fund's resources in accordance with the requirements of this Law;
4. organize the payment of compensations up to the amounts, provided for under Art. 77d under the conditions and the procedure of this Law and its implementing instruments;
5. approve the annual report of the Fund's activities and the annual financial statement and present them to the Commission and to the National Audit Office by 30 May of the next year;
6. approve the annual budget for the Fund's administrative expenses and a report on its performance and present them for approval by the Commission. The approved budget and report on its performance shall be presented to the National Audit Office;
7. prepare draft regulations for implementation of this Division and present them to the Commission for discussion and approval;
8. adopts the staff number of the Fund and rules for the remuneration of its officials and present them for approval by the Commission;
9. consider and decide any other issues, concerning the Fund's activity.

(2) The Fund may require from the investment intermediaries any documents, necessary to make an unbiased evaluation on the existence and size of the client assets, for which compensation is paid. .

(3) On the Fund's request, the deputy chairman of the Commission, or the Deputy Governor, heading the Banking Supervision Department at the Bulgarian National Bank, where the investment intermediary is a bank, may conduct target examinations of investment intermediaries and present the results to the Fund.

(4) The Fund shall publish information on the operation thereof on the Internet site thereof or in another appropriate manner.

**Art. 77i.** (New, SG, iss. 39/ 2005) (1) The Fund's Management Board shall consider and solve all issues within its competence at meetings, which shall be held at least once in three months.

(2) The meetings are convened by the Chairperson or on the request from three of the members of the Fund's Management Board.

(3) The meetings shall be held if more than a half of the Management Board members attend.

(4) The decisions of the Fund's Management Board shall be taken with a simple majority of the members thereof.

**Art. 77j.** (New, SG, iss. 39/ 2005) (1) The Chairperson of the Fund's Management Board shall:

1. represent the Fund at home and abroad;
2. organize and manage the operating activity of the Fund;
3. convene and preside over the Management Board's meetings;
4. conclude and terminate the contracts with the Fund's administrative staff;
5. organize and exercise current control of the performance of the approved by the Commission budget;

Commission budget;

(2) The Chairperson may assign some of his powers to another member of the Management Board.

**Art. 77k.** (1) (Amended, **SG No. 103/2012**) The operation of the Fund shall be assisted by an administration whereof the composition, structure, rights and duties shall be determined by the Rules referred to in Article 77e (5) herein.

(2) The legal relations with the officials from the administration shall be settled under the Labour Code.

**Art.77l.** (New, SG, iss. 39/ 2005) (1) Sources for rising the Fund's resources shall be:

1. initial (entry) premiums under Art. 77m, para (1);
2. annual premiums under Art. 77m, para (2);
3. proceeds from investment of the resources raised by the Fund;
4. (Am., SG, iss. 86/ 2006, in effect as of 28 Oct. 2006) proceeds received by the Fund from the investment intermediaries' property in the cases under Art.77u, para (6);
5. other sources, such as loans, donations, foreign assistance.

(2) The Bulgarian National Bank shall be the depository of the Fund's resources.

(3) (New, SG No. 94/2012, effective as of 30.11.2012) The fund shall be exempt from paying corporate tax on activities concerning investor compensation.

**Art.77m.** (New, SG, iss. 39/ 2005) (1) The entry contribution shall be deposited as a single payment and shall be the amount of one percent of the minimal required capital for an investment intermediary, in compliance with the authorised services and activities under Art. 5 para 2 and 3 of the Markets in Financial Instruments Act.

(2) The investment intermediary shall make an annual contribution at the rate of:

1. up to 0.5 per cent of the total amount of the cash; and
2. up to 0.1 per cent of the total amount of the other client assets for the preceding year, fixed on average monthly basis.

(3) The percentages under para (2) for the relevant year shall be determined by the Fund's Management Board within a period by 31 December of the preceding year and are equal for all investment intermediaries.

(4) The annual contribution shall be remitted in four equal parts within a 30-day period after the end of each quarter.

(5) When calculating the amount of the due annual contribution, the cash in foreign currency shall be recalculated at the exchange rate of the Bulgarian National Bank at the last day of the month, and the financial instruments and other assets shall be evaluated at the last day of the month, if possible at their market value, in accordance with rules laid down by an ordinance.

(6) The total amount of the client assets under para (2) shall not include the assets of the persons under para 77d, para (2).

(7) The amount of the annual premium contribution to be paid by an investment intermediary, which has obtained a license to pursue business in the relevant year, shall be calculated proportionately to the time period following the investment intermediary's entry, or of

the change of its scope of activity, in the Commercial Register until the end of the year on the basis of the client assets as at the end of the same year, whereas the days of the year shall be 360. In this case, the contribution shall be paid by 31 January in the year following the year of the investment intermediary's licensing to pursue business.

(8) (New, **SG No. 103/2012**) The amount of the annual contribution due by an investment intermediary whose business licence has been revoked during the relevant year shall be calculated pro rata to the time from the beginning of the year to the date of the decision revoking the licence on the basis of 360 calendar days per year.

(9) (Renumbered from Paragraph 8, **SG No. 103/2012**) In the event of a failure to pay the relevant instalment of the annual contribution within the time limit referred to in Paragraph 4, interest at the rate of the legal interest shall be charged and recoverable on the amount due for the period of delay.

(10) (Renumbered from Paragraph 9, **SG No. 103/2012**) The entrance and annual contributions shall be reported as accounting expense for the current year.

(11) (Renumbered from Paragraph 10, **SG No. 103/2012**) Any contributions made by the investment intermediaries shall be non-refundable, save as where misremitted or over-remitted.

(12) (Renumbered from Paragraph 11, **SG No. 103/2012**) On or before the 10th day of each month, the investment intermediary shall be obligated to submit to the Commission and to the Fund information of the clients' assets on the last day of the preceding month, presented in a standard form approved by the Deputy Chairperson of the Commission.

(13) (New, SG No. 86/2006, renumbered from Paragraph 12, **SG No. 103/2012**) The investment intermediaries which are banks shall not make annual contributions under Item 1 of Paragraph 2.

**Art.77n.** (1) (Amended, SG No. 59/2006, SG No. 86/2006, in effect as of 28.10.2006, amended and supplemented, SG No. 52/2007) Should any investment intermediary fail to pay any exigible amount of the annual contribution, the Fund shall notify the Commission or the Deputy Chairperson, as the case may be, for the purpose of taking the action referred to in [Article 118, Paragraph 1 of the Markets in Financial Instruments Act](#) and in the cases where the investment intermediary is a bank, the Bulgarian National Bank or the Deputy Governor heading the Banking Supervision Department for the purpose of taking the action referred to in the [Credit Institutions Act](#). If despite the measures taken under the first sentence the investment intermediary fails to meet its obligation for payment, the Commission or the Bulgarian National Bank, as the case may be, shall withdraw the licence of the investment intermediary.

(2) (Amended, SG No. 86/2006, in effect as of 28.10.2006) Should any investment intermediary referred to in Article 77a (5) herein fail to pay any exigible amount of the annual contribution, the Fund shall notify the competent authority which has issued the licence to carry on business to the said investment intermediary for the purpose of taking the action necessary for payment of the amount due by the intermediary. Should the investment intermediary fail to pay the amount due despite the action taken, the Fund, acting with the consent of the competent authority referred to in the first sentence, may suspend the provision of supplementary cover on a twelve months' notice. The Fund shall give notice of the date as from which the provision of supplementary cover is suspended by insertion in at least two national daily newspapers.

(3) (Amended, SG No. 86/2006, in effect as of 28.10.2006) The Fund shall provide payment of compensation even after withdrawal of the licence of the investment intermediary to carry on business or after suspension of the provision of supplementary cover under Paragraph (2), as the case may be, in respect of any claims related to the services provided by the

investment intermediary prior to the withdrawal of the said licence or prior to suspension of the provision of supplementary cover.

**Art. 77o.** (New, SG, iss. 39 in 2005) (1) Upon request by the Fund, the Commission and the BNB shall provide all the information available to them on the amount of client assets in the investment intermediaries, required for calculation of the contributions to be paid by the investment intermediaries.

(2) The Fund may use the received by it information only for the execution of the entrusted to it functions.

(3) Members of the Fund's Management Board and the officials from its administration are not allowed to disclose personally or through other persons any information which represents banking, professional or other secret, protected by law, which has become known to them in the course of performance of their duties.

**Art. 77p** (New, SG, iss. 39/ 2005) (1) The Fund's resources may be used only for payment of compensations up to the amounts laid down in Art. 77d in the envisaged by this law cases, for repayment of the principal and interest on loans received by the Fund, as well as in the cases of covering the operating expenses incurred by the Fund.

(2) The Fund's resources shall be invested in:

1. financial instruments, issued or guaranteed by the government;
2. short-term deposits with banks;
3. deposits with the Bulgarian National Bank.

**Art. 77q** (New, SG, iss. 39/ 2005) (1) In the event the resources in the Fund are insufficient to cover its liabilities under this Law, by a decision of the Management Board, the shortfall may be covered in one of the following ways:

1. by requiring from the investment intermediaries to pay outright the whole annual premium;

2. by requiring from the investment intermediaries to pay in advance the annual premium for the next year, using as basis for its determination the total amount of the client assets as of the last day of the preceding month;

3. by increasing the annual premium;

4. by contracting loans under terms which are not less favourable than the market terms.

(2) The decisions of the Management Board under para (1) shall be approved by the Commission.

(3) The amount paid in advance under para (1), item 2 shall be deducted from the annual premium contribution due by the investment intermediary for the next year, and the amount that has been overcharged shall be subject to refund.

(4) The maximum amount of the increased annual premium contribution under para (1), item 3 may not exceed more than twice the amount under Art. 77m, para. s (2) and (6).

(5) The loans used by the Fund may be secured with assets of the Fund, including also with future receivables of the Fund.

**Art. 77r** (New, SG, iss. 39/ 2005) (1) Where the resources accumulated in the Fund exceed 5 per cent of the total amount of the client assets with all investment intermediaries, the Management Board may take a decision the payment of the annual premiums to be temporarily suspended. The decision of the Management Board shall be approved by the Commission.

(2) Payment of annual premiums shall be resumed as soon as the resources in the Fund fall below the specified in para 1 amount.

**Art. 77s** (New, SG, iss. 39/ 2005) (1) (Am., SG, iss. 86/ 2006, in effect as of 28 Oct. 2006) the amount of the receivable under Art. 77d, para (1) shall be determined by adding up all

receivables of the relevant client from the investment intermediary, regardless of the number of accounts and the place where they have been opened.

(2) In the event when the client assets are in foreign currency or in financial instruments, the client shall be paid the BGN equivalence of his receivables in the amount under Art. 77d, para 1, determined on the date of the decision under Art. 77b., para (1) shall be paid to the client.

(3) In the cases where the client assets belong to more than one person, each person's portion shall be taken into account in establishing the total amount of his receivables from the investment intermediary. Unless otherwise provided for, it shall be assumed that the clients' portions are equal.

(4) In the cases where the investment intermediary's client has acted for someone else's account, the compensation shall be paid to the person, for whose account the client has acted, provided that this person is or may be identified before the date of the decision under Art. 77b, para 1. If the investment intermediary's client has acted for the account of two or more persons, para 3 shall apply.

(5) Client assets that are encumbered or serve as collateral shall be included in determining the amount of the compensation according to para 1, and the relevant due on the client assets compensation shall not be paid to the titleholder until such encumbrance or security has been lifted. Where a judicial document issued by a judicial authority in respects of the client assets referred to in the first sentence is effective, the Fund shall pay the compensation due in relation to the client assets to the person, indicated in the act as having the right to receive compensation on the client assets.

(6) (New, SG, iss. 86/ 2006, in effect as of 28 Oct. 2006) in cases where the client has a liability to the investment intermediary, when the amount of the receivable under Art. 77d para 1 is determined, the sum of liabilities shall be deducted.

**Art. 77t** (New, SG, iss. 39/ 2005) (1) within 30 days from the date of the decision under Art. 77b, para (1), the appointed quaestor, liquidator or receiver shall present to the Fund written information about the client assets.

(2) (New, SG, iss. 86/ 2006, in effect as of 28 Oct. 2006) The claim for payment of compensation shall be raised in writing to the Fund within a period of one year after the publishing of the announcement under Art. 77b, para 4, unless the failure to observe the time-limit is due to any special, unforeseen circumstances. The entitlement to compensation will lapse with the expiry of the term under sentence one above.

(3) (New, SG, iss. 86/ 2006, in effect as of 28 Oct. 2006) The Fund shall consider the claim lodged and shall pay the compensation not later than three months after the establishment of the grounds and the amount of the receivable of the investment intermediary's client.

(4) In special cases the term for payment of compensation to the clients of the investment intermediary may be extended with no more than three months with an approval by the Commission.

(5) (New, SG, iss. 86/ 2006, in effect as of 28 Oct. 2006) In case of a dispute on the right to compensation, the client may lodge a claim against the Fund under the Civil Procedure Code within three years after the day of receiving the notification of the decision on the request for compensation payment.

(6) (Prev. para 5, SG, iss. 86 /2006, in effect as of 28 Oct. 2006) The Fund shall enter into the rights of the clients against the investment intermediary to the extent of the paid compensation.

(7) (Prev. para 6, SG, iss. 86 /2006, in effect as of 28 Oct. 2006) The Fund shall periodically inform the quaestor, liquidator or receiver of the amount of compensation paid to each client.



(8) (Prev. para 7, SG, iss. 86 /2006, in effect as of 28 Oct. 2006) In respect of any claims in excess of the amount of the compensation paid by the Fund, clients shall be satisfied from the property of the investment intermediary in accordance with effective legislation.

(9) (Prev. para 8, am., SG, iss. 86/ 2006, in effect as of 28 Oct. 2006) The procedure and manner for the request consideration and the payment of compensation by the Fund shall be regulated by an ordinance.

**Art. 77u.** (New, SG, iss. 39/ 2005) The Fund shall not owe interest on the guaranteed amounts.

**Art. 77v.** (New, SG, iss. 39/ 2005) Regardless of the term, set under Art. 77u, para (3) or (4), when a client of the investment intermediary or some other person, entitled to compensation, has been charged with the perpetration of a crime, arising from or related to money laundering, the Fund may suspend the payment of compensation until the court's decision.

**Art. 77w.** (New, SG, iss. 39/ 2005) the investment intermediaries may not advertise payment of compensation in amounts exceeding those set by this law.

**Chapter Six**  
**PUBLIC OFFERING OF SECURITIES AND ADMISSION OF SECURITIES TO**  
**TRADING ON A REGULATED MARKET**  
**(Heading, am. – SG, iss. 86 in 2006)**  
**Division I**  
**General provisions**

**Art. 77x.** (New – SG, iss. 86/ 2006) (1) for the purposes of this Chapter:

1. (Amended, **SG No. 103/2012**) 'qualified investors' shall mean persons that are referred to in points (1) to (4) of Section I of the Annex to [Article 36\(1\) of the Markets in Financial Instruments Act](#) and persons who are, on request, treated as professional clients in accordance with Section II of the said Annex or recognised as eligible counterparties within the meaning of [§1\(29\) of the Additional Provisions of the Markets in Financial Instruments Act](#), unless they have requested that they be treated as non-professional clients. Investment intermediaries shall communicate their classification (the criteria underlying their judgment to classify the clients concerned as qualified investors) on request to the issuer without prejudice to the Data Protection Act and the provisions concerning business secrecy;

2. 'Small and medium-size enterprises' means companies, which, according to their last annual or consolidated accounts, meet at least two of the following three criteria:

a) an average number of payroll employees during the financial year of less than 250;

b) a total amount of the balance sheet assets not exceeding the BGN equivalence of 43 000 000 euro;

c) an annual net turnover not exceeding 50 000 000 euro.

3. 'Offering program' means a plan for the issuance in a continuous or repeated manner during a specified issuing period of non-equity securities, including warrants in any form, having a similar type and/or class.

4. 'Securities issued in a continuous or repeated manner' means issues of securities, issued regularly depending on the investor interest or at least two separate issues of securities of a similar type and/or class over a period of one year.

5. 'Approval of prospectus' means the positive standpoint of the Commission or the home member-state relevant competent authority at the outcome of the scrutiny carried out of the

completeness of the prospectus, including consistency and the comprehensibility of the information given in it;

6. 'Home member-state' means:

a) the member-state where the issuer has its registered office or where the securities were or are to be admitted to trading on a regulated market, or where the securities are offered to the public, at the choice of the issuer, the offeror or the person asking for admission to trading on a regulated market – for any issues of non-equity securities whose denomination per unit amounts to at least the BGN equivalence of 1 000 euro or an equivalent amount in another currency, in which the securities are denominated, and for any issues of non-equity securities giving the right to acquire securities or to receive a cash amount as a consequence of their being converted or the rights conferred by them being exercised, provided that the issuer of the non-equity securities is not the issuer of the underlying securities or an entity belonging to the group of the latter issuer;

b) the member-state where the issuer has its registered office – for all issuers from the member states which are not mentioned under letter "a";

c) the member-state where the securities are to be offered to the public for the first time after 31 December, 2003 or where the first application for admission to trading on a regulated market is filed, at the choice of the issuer, the offeror or the person asking for admission of the securities to trading on a regulated market – for all issuers with a registered office in third countries, which are not mentioned under letter "a". The choice of the preceding sentence may be subject to subsequent election by issuers incorporated in third countries if the home member-state was not determined by their choice.

7. 'Host member-state' means the member state where an offer to the public is made or admission of securities to trading on a regulated market is sought, when different from the home member state.

(2) This chapter shall also apply for money market instruments, which have a period until maturity longer than 12 months.

8. (New, SG No. 52/2007, in effect as of 3.07.2007, supplemented, SG No. 77/2011) 'collective investment undertaking other than the closed end type' shall be an investment undertaking, common fund or unit trust whose objective is collective investment of funds raised through public offering of units, operating on the principle of risk-spreading and on request from holders of such units buys back directly or indirectly its units at a price based on its net asset value;

9. (In effect from 3 July, 2007 to 1 Nov. 2007, SG, iss. 52/ 2007) 'units of an undertaking for collective investment' are securities issued by an undertaking for collective investment, which express the rights of their holders over the assets of the undertaking for collective investment.

10. (New, **SG No. 103/2012**) 'key information' shall mean essential and appropriately structured information which is to be provided to investors with a view to enabling them to understand the nature and the risks of the issuer, guarantor and the securities that are being offered to them or admitted to trading on a regulated market and, without prejudice to the principle that each investment decision shall be based on the investor's review of the prospectus as a whole, to decide which offers of securities to consider further. In light of the offer and securities concerned, the key information shall include the following elements:

a) a short description of the risks associated with the issuer and any guarantor, as well as their essential characteristics, including the assets, liabilities and financial position;

b) a short description of the essential characteristics of the investment in the relevant security, including any rights attaching to the securities, as well as the investment risk associated with them;

c) general terms of the offer, including estimated expenses charged to the investor by the issuer or the offeror;

d) details of the admission to trading;

e) reasons for the offer and use of proceeds.

11. (New, **SG No. 103/2012**) (1) 'a company with reduced market capitalisation' shall mean a company listed on a regulated market that had an average market capitalisation of less than EUR 100,000,000 calculated on the basis of the closing price of the last trading day when transactions were concluded in respect of the securities concerned, each calendar year for the previous three calendar years.

(2) This Chapter shall furthermore apply to any money market instruments having a maturity of more than twelve months.

**Art. 78.** (1) (Am., SG, iss. 86/ 2006) Carrying out of public offering of securities and admission of securities to trading on a regulated market shall not be allowed before the issuer, offeror or the person asking for admission of the securities to trading on a regulated market publishes a prospectus in the manner and with the contents laid down in this law and in its implementing instruments.

(2) (Am., SG, iss. 39/2005; iss. 86/ 2006) the prospectus for public offering or for admission to trading on a regulated market may only be published if the Commission has given a written approval for the prospectus.

(3) (Am., SG, iss. 86/ 2006) the subscription for or sale of, and the offer to subscribe for or sell, as well as the admission to trading on a regulated market of securities in contravention of the requirements of para. s (1) and (2) are prohibited.

(4) (Am., SG, iss. 61/ 2002) in cases of subscription for or sale of securities in contravention of the prohibition under para. 3, and in cases where material information in the prospectus is false or material information has been concealed in the prospectus, the investor may request, within three months from the discovery of the relevant fact, but not later than one year after the end of the subscription or the sale, that such acquisition of securities be declared invalid, unless he has acted in bad faith.

**Art. 78a.** (New, SG, iss. 86/ 2006) (1) The provisions of this chapter shall not apply to:

1 units issued by undertakings for collective investment which are not of closed type;

2. non-equity securities issued by Republic of Bulgaria or another member-state, by their regional or local authorities, by international bodies of which the Republic of Bulgaria or another member-state is a member, by the European Central Bank, by the Bulgarian National Bank or by the central banks of the other member-states;

3. shares in the capital of the central banks of the other member-states;

4. securities unconditionally and irrevocably guaranteed by the Republic of Bulgaria or another member-state or by their regional or local authorities;

5. securities issued by associations with legal status of non-profit-making bodies, recognized by a member-state, with a view to their obtaining of the means necessary to achieve their objectives;

6. non-equity securities issued in a continuous or repeated manner by banks provided that these securities:

a) are not subordinated, convertible or exchangeable;

b) do not give a right to subscribe to or acquire other types of securities and that they are not linked to a derivative financial instrument;

c) materialize reception of repayable deposits;

d) are covered by the Deposit Guarantee Fund or an analogous deposit guarantee scheme in another state.

7. non-fungible shares of capital whose main purpose is to provide the holder with a right to occupy an apartment, or other form of immovable property or a part thereof and where the shares cannot be sold on without this right being given up;

8. (amended, **SG No. 103/2012**) non-equity securities issued in a continuous or repeated manner by banks, where the total consideration of the offer in the European Union is less than the lev equivalent of EUR 75,000,000, which shall be calculated over a period of one year, provided that the said securities:

(a) are not subordinated, convertible or exchangeable;

(b) do not give a right to subscribe to or acquire other types of securities and that they are not linked to a derivative financial instrument.

(2) In the cases referred to in Items 2, 4 and 8 of Paragraph 1, the issuer, the offeror or the person asking for admission to trading on a regulated market may draw up a prospectus in accordance with the requirements of this Act and the instruments for the application thereof, when the securities are offered to the public or admitted to trading.

**Art. 79.** (Am., SG, iss. 61/ 2002; iss. 86/ 2006) (1) the obligation to publish a prospectus shall not apply to the following types of offer:

1. an offer of securities only to qualified investors;

2. (amended, **SG No. 103/2012**) an offer of securities addressed to fewer than 150 natural or legal persons in the Republic of Bulgaria and in any other Member State, other than qualified investors;

3. (amended, **SG No. 103/2012**) an offer of securities addressed to investors who acquire securities for a total consideration of the lev equivalent of at least EUR 100,000 per investor, for each separate offer;

4. (amended, **SG No. 103/2012**) an offer of securities whose denomination per unit amounts to the lev equivalent of at least EUR 100,000;

5. (amended, **SG No. 103/2012**) an offer of securities with a total consideration in the European Union of the lev equivalent of less than EUR 100,000, which shall be calculated over a period of 12 months.

(2) (New, SG No. 61/2002, amended, SG No. 86/2006) Any subsequent resale of securities which were previously the subject of one or more of the types of offer covered under Paragraph 1 shall be regarded as a separate offer for the purposes of Article 4 (1) herein. The placement of securities through investment intermediaries shall be admitted after publication of a prospectus if any of the conditions covered under Paragraph 1 is not met.

(3) (New, **SG No. 103/2012**) The obligation to publish a prospectus shall not apply to any such subsequent resale of securities or final placement of securities through investment intermediaries as long as a valid prospectus is available in accordance with Article 92b and the issuer or the person responsible for drawing up such prospectus has consented to its use by means of a written agreement.

(4) (Renumbered from Paragraph 2 and amended, SG No. 61/2002, amended, SG No. 86/2006, renumbered from Paragraph 3, **SG No. 103/2012**) The obligation to publish a prospectus shall not apply to offers of securities to the public of the following types of securities:

1. shares issued in substitution for shares of the same class already issued, if the issuing of such new shares does not involve any increase of capital;

2. securities offered in connection with a takeover by means of an exchange offer, provided that a document is made available to the persons containing information which is regarded by the Commission as being equivalent to the information contained in the prospectus;

3. (Amended, **SG No. 103/2012**) securities offered, allotted or to be allotted in connection with a merger or division and spin-off provided that a document is made available to the persons containing information which is regarded by the Commission as being equivalent to the information contained in the prospectus;

4. (Amended, **SG No. 103/2012**) dividends paid out to existing shareholders in the form of shares of the same class as the shares in respect of which such dividends are paid, provided that a document is made available containing information on the reasons for the offer of the shares, the number and nature of the shares, the rights conferred by the shares and the manner of exercise of the said rights, the terms and procedure for acquisition of the shares, as well as other details of the offer;

5. (Amended, **SG No. 103/2012**) securities offered, allotted or to be allotted to existing and/or former members of the management and supervisory bodies and/or factory and office workers by their employer or by an affiliated undertaking provided that the company has its registered office or seat in the European Union, provided that a document is made available to the persons concerned containing information on the reasons for the offer of the securities, the number and nature of the securities, the rights conferred by the securities and the manner of exercise of the said rights, the terms and procedure for acquisition of the securities, as well as other details of the offer;

6. (New, **SG No. 103/2012**) securities offered, allotted or to be allotted to existing and/or former members of the management and supervisory bodies and/or factory and office workers by their employer - a company established outside the European Union whose securities are admitted to trading either on a regulated market or on a third-country market recognised as equivalent to a regulated market by the European Commission upon the request of the competent authority of a Member State. In the latter case, the exemption shall apply provided that adequate information, including a document that meets the requirements referred to in point 5 above, is made available to the persons concerned at least in a language customary in the sphere of international finance.

(5) (New, SG No. 86/2006, renumbered from Paragraph 4, **SG No. 103/2012**) The obligation to publish a prospectus shall not apply to the admission to trading on a regulated market of the following types of securities:

1. shares representing, over a period of one year, less than 10 per cent of the number of shares of the same class already admitted to trading on the same regulated market;

2. shares issued in substitution for shares of the same class already admitted to trading on the same regulated market, if the issuing of such shares does not involve any increase of capital;

3. securities offered in connection with a takeover by means of an exchange offer, provided that a document is made available to the persons containing information which is regarded by the Commission as being equivalent to the information contained in the prospectus;

4. (Amended, **SG No. 103/2012**) securities offered, allotted or to be allotted in connection with a merger or division and spin-off, provided that a document is made available to the persons containing information which is regarded by the Commission as being equivalent to the information contained in the prospectus;

5. shares offered, allotted or to be allotted free of charge to existing shareholders, as well as dividends paid out in the form of shares of the same class as the shares in respect of which such dividends are paid, provided that the said shares are of the same class as the shares already

admitted to trading on the same regulated market and that a document is made available to the persons containing information on the reasons for the offer of the shares, on the number and nature of the shares, on the rights conferred by the shares and the manner of exercise of the said rights, on the terms and procedure for acquisition of the shares, as well as other details of the offer;

6. securities offered, allotted or to be allotted to existing or former members of the management or supervisory bodies and/or factory and office workers by the employer thereof or a person related thereto, provided that the said securities are of the same class as the securities already admitted to trading on the same regulated market and that a document is made available to the persons containing information on the reasons for the offer of the securities, on the number and nature of the securities, on the rights conferred by the securities and the manner of exercise of the said rights, on the terms and procedure for acquisition of the securities, as well as other details of the offer;

7. shares resulting from the conversion or exchange of other securities or from the exercise of the rights conferred by other securities, provided that the said shares are of the same class as the shares already admitted to trading on the same regulated market;

8. securities already admitted to trading on another regulated market, provided that:

(a) these securities, or securities of the same class, have been admitted to trading on that other regulated market for more than 18 months;

(b) the admission to trading on that other regulated market was preceded by confirmation of a prospectus and the publication thereof according to Article 92a (5) herein: for securities first admitted to trading on a regulated market after the 31st December 2003;

(c) except where Littera (b) applies, for securities first admitted to listing after the 30th June 1983, a prospectus for admission to trading was confirmed;

(d) the ongoing obligations for trading on that other regulated market have been fulfilled;

(e) the person asking for the admission of securities to trading on a regulated market in the Republic of Bulgaria, invoking this exemption, makes a summary document available to the public in a language accepted by the Commission, and the said summary document was published according to Article 92a (5) herein in the Republic of Bulgaria, and the contents of the said summary document is responsive to the requirements of the Act and the instruments for the application thereof and the said document states where the most recent prospectus can be obtained and where the financial information published by the issuer according to his ongoing disclosure obligations is available.

(6) (New, SG No. 61/2002, renumbered from Paragraph 4, amended and supplemented, SG No. 86/2006, renumbered from Paragraph 5, **SG No. 103/2012**) In the cases where no prospectus has been published, the investors shall have the right referred to in Article 78(4) herein if the other information regarding the offer to the public or the admission of securities to trading on a regulated market, as circulated by the issuer or the offeror or the person asking for admission of securities to trading on a regulated market, is untrue or if material information has been withheld.

**Art. 79a.** (New, SG, iss. 61/ 2002) (1) (Am., SG, iss. 86 /2006) If more than one issue of securities of one class has been issued in the calendar year concerned, each one offered to less than 100 persons but the total number of addressees being more than 100 persons, Art. 78 shall apply to any issues that cross this threshold.

(2) (Am., SG, iss. 39/ 2005) The Commission shall confirm a prospectus under para. 1 if the securities of issues launched for the year by that time meet the requirements of Art. 3. Any securities issue under para. 1 shall be registered with the Commission as public under terms and conditions as laid down in an ordinance.

**Art. 80.** (New, SG, iss. 86 /2006) (1) A subscription may also be carried out on a regulated market, provided that its conditions envisage the issue price of the securities to be paid off in whole.

(2) (Repealed, SG issue 86/ 2006).

(3) (Am., SG, iss. 39/2005, iss. 86/ 2006) Subscription of shares in the cases under para. (1) is possible only if the term under Art. 194, para. (3) of the Commerce Act, has expired.

**Art. 80a.** (New, SG, iss. 61/ 2002) To any matter concerning the issuance of securities in an initial public offering, which is not regulated by this Law, the Commerce Act shall apply.

## **Division II Prospectus**

**Art. 81.** (1) (Am., SG, iss. 86/ 2006) The prospectus shall contain all information which, according to the particular nature of the issuer and of the securities offered to the public or admitted to trading on a regulated market, is necessary for the investors to make an accurate assessment of the economic and financial status, of the assets and liabilities, financial results and prospects of the issuer and of any guarantor of the securities, and of rights attaching to such securities. The prospectus may not contain false, misleading or incomplete particulars.

(2) (New, SG, iss. 86/ 2006) The prospectus shall be signed by the issuer, offerer or the person asking for the admission of the securities to trading on a regulated market, as well the person guaranteeing the securities, who shall declare that the prospectus satisfies the requirements of the law;

(3) (Am., SG, iss. 61/ 2002; iss. 86/ 2006) Members of the management body of an issuer, and its procurator, as well as the offerer, the person asking for the admission of the securities to trading on a regulated market, and the guarantor shall be jointly and severally liable for any damage caused by false, misleading or incomplete information in the prospectus. The persons under Art. 34, para. 1 and 2 of the Accountancy Act shall be jointly and severally liable with the persons in sentence one for any damage caused by false, misleading or incomplete information in the issuer's financial statements and the registered auditor – for any damage caused by the financial statements certified by them.

(4) (New, SG No. 86/2006, supplemented, **SG No. 103/2012**) Liability under Paragraph 3 may not arise solely on the basis of the summary of the prospectus, including any translation thereof, unless the information contained therein is misleading, false or inconsistent when read in conjunction with the other parts of the prospectus, or the summary, when read in conjunction with the other parts of the prospectus, does not provide the key information needed to facilitate investors in taking a decision whether to invest in the securities concerned.

(5) (New, SG, iss. 86/ 2006) The prospectus shall clearly state the names and functions, respectively the names and registered office of the persons under para 3, as well as declarations by them that, to the best of their knowledge, the information contained in the prospectus is correct and complete.

(6) (New, SG, iss. 61/ 2002, prev. para 4, am., iss. 86/ 2006) In case no prospectus has been issued, para. 3 shall apply accordingly to the other information disseminated by the issuer, offeror or the person asking for admission of the securities to trading on a regulated market in relation to the public offering or the admission to trading on a regulated market.

**Art. 82.** (Am., SG, iss. 86/ 2006) (1) (Amended, SG No. 86/2006, supplemented, **SG No. 103/2012**) The prospectus shall contain information concerning the issuer and the securities to be

offered to the public or to be admitted to trading on a regulated market, and shall also include a summary. The summary shall be drawn up in a common format in order to facilitate comparability of the summaries of similar securities and shall provide in a concise manner and in non-technical language key information in the language in which the prospectus was originally drawn up. The format and content of the summary of the prospectus shall provide, in conjunction with the prospectus, appropriate information about essential elements of the securities concerned in order to aid investors when considering whether to invest in such securities.

(2) (New, SG No. 86/2006, amended, **SG No. 103/2012**) There shall be no requirement to provide a summary, where the prospectus relates to the admission to trading on a regulated market of non-equity securities having a denomination per unit of at least the lev equivalent of EUR 100,000, save where the Commission or the competent authority of the relevant Member State requests the provision of such summary.

(3) (New, SG, iss. 86/ 2006) the issuer, offerer or the person asking for the admission of the securities to trading on a regulated market may draw up the prospectus as a single document or as separate documents. The Prospectus, that is drawn up as separate documents, shall contain the required by the law and its implementing instruments information, divided in three documents:

1. a registration document, containing information relating to the issuer;
2. securities note, containing information concerning the securities offered to the public or to be admitted to trading on a regulated market; and
3. summary of the prospectus.

(4) (New, SG, iss. 86/ 2006) the information, which the prospectus must contain, shall be determined by an ordinance.

(5) (New, SG No. 86/2006, amended, **SG No. 103/2012**) The prospectus shall be considered to contain the relevant information covered under Paragraph 1 even when the said information is incorporated in the prospectus by reference to one or more previously or simultaneously published documents which have been approved by the Commission or filed with it in accordance with this chapter or Chapter Six 'A', provided that the information contained in the said documents is the most recent available to the issuer and a detailed cross-reference list is drawn up in order to enable investors to identify easily specific items of information referred to. The first sentence shall not apply in respect of the summary.

(6) (Prev., para 2, amended, SG, iss. 86/ 2006) Where some particulars of the required contents of the prospectus prove to be inapplicable to a particular issuer, due to its subject of activity or its legal form, or to the securities for which the prospectus relates, they shall be replaced with the relevant information. In case that there is no available relevant information, the requirement for replacement of the data under sentence one shall not apply.

(7) (New, **SG No. 103/2012**) Where securities are guaranteed by a Member State, an issuer, an offerer or a person asking for admission to trading on a regulated market, when drawing up a prospectus in accordance with Article 78a(2), shall be entitled to omit information about such guarantor.

(8) (Renumbered from Paragraph 3 and supplemented, SG No. 86/2006, renumbered from Paragraph 7, **SG No. 103/2012**) The information contained in a prospectus must be provided in an easily analyzable and comprehensible form for the investors, enabling them to achieve the purposes of Article 81 (1) herein.

**Art. 82a.** (New, SG, iss. 86/ 2006) (1) Where the issuer already has a registration document approved by the Commission, when securities are offered to the public or admitted to trading on a regulated market, only the securities note and the summary may be drawn up.



(2) (Amended, **SG No. 103/2012**) In the cases referred to in Paragraph 1, the securities note shall also provide the latest available information that would normally be provided in the registration document when a material change has been made in the particulars contained in the registration document since it was last updated or new circumstances which could affect investors' assessments have occurred, unless the said information has been provided as an addition to the prospectus pursuant to Article 85(2).

(3) The Commission shall pronounce on the securities note and the summary document under the procedure of Art. 91. Where an issuer has only filed a registration document in the Commission without approval, the Commission shall pronounce on the entire prospectus, including the updated information.

**Art. 82b.** (New, SG No. 86/2006, repealed, **SG No. 103/2012**)

**Art. 83.** (Am., SG, iss. 39/ 2005) the Deputy Chairman shall give instructions for the layout of the prospectus in view of the protection of investors.

**Art. 84.** (1) (Am, SG, iss. 39/ 2005; iss. 86/ 2006) If the issuer or the offerer carries out a subscription for a public offering of securities, he may extend its period once for up to 60 days, while introducing the corresponding amendments to the prospectus and notifying the Commission. In that case the last day of the extended period shall be considered a closing date for the subscription.

(2) (Amended, SG No. 39/2005, SG No. 86/2006, **SG No. 103/2012**) The issuer or the offerer shall give immediate notice of the extension of the period referred to in Paragraph 1 to the Commission, on the websites of the issuer, when the securities have been offered by the latter, and to the investment intermediaries participating in the offering. The issuer or the offerer shall also apply for publishing of the extension in the commercial register and in the daily newspapers referred to in Article 92a(2).

(3) (Am., SG, iss. 39/ 2005; iss. 86/ 2006) the issuer or the offerer or shall notify the Commission of the result of the subscription within seven days after its closing date.

(4) No subscription for securities shall be allowed before the initial date and after the closing date of the subscription.

**Art. 85.** (1) (Am., SG, iss. 39/2005; iss. 86/ 2006) During the period from date on which the application for confirmation of the prospectus is filed until the date of the decision of the Commission, the issuer, offerer or the person asking for admission of the securities to trading on a regulated market must within 3 working days from the occurrence, or from coming to know of changes which make it necessary, amend the prospectus, notify the Commission of those changes and introduce the corresponding amendments to the prospectus.

(2) (Amended, SG No. 39/2005, SG No. 86/2006, supplemented, **SG No. 103/2012**) During the period between the time when confirmation of the prospectus is granted and the final closing of the offer to the public or the time when trading on a regulated market begins, whichever occurs later, the issuer, offerer or person asking for admission of the securities to trading on a regulated market must draw up a supplement to the prospectus and submit the said supplement to the Commission before the lapse of the next succeeding working day after the occurrence or the learning, as the case may be, of every significant new factor, material mistake or inaccuracy relating to the information contained in the prospectus which is capable of affecting the assessment of the securities offered. The summary, as well as any translations thereof, shall also be supplemented, if necessary to take into account the new information included in the supplement to the prospectus.

(3) (New, SG, iss. 86/ 2006) The Commission shall pronounce on the supplement to the prospectus within 7 business days after its receiving, and where any additional information and documents have been demanded – from their receiving. Article 91 shall apply accordingly.

(4) (New, SG, iss. 86 in 2006) The Commission shall refuse to approve the supplement to the prospectus if the provisions of this law and its implementing instruments were not complied with. In such case the Commission may terminate definitely the public offering or the trade in the securities under the procedure of Art. 212.

(5) (New – SG, iss. 86 in 2006) The issuer, offeror or the person asking for admission of the securities to trading on a regulated market must within a 7-days period after the decision of the Commission for approval of the supplement to the prospectus, publish an announcement for the supplement and make the supplement available to the public according to Art. 92a.

(6) (Renumbered from Paragraph 3 and amended, SG No. 86/2006, **SG No. 103/2012**) In the cases referred to in Paragraph 2, where the prospectus relates to an offer of securities to the public, persons who have already subscribed for or, respectively, purchased securities before the supplement to the prospectus is published shall have the right-exercisable within two working days after the publication of the supplement notice or within any longer time limit specified by the issuer or offerer - to withdraw their acceptances, provided that the new factor, mistake or inaccuracy referred to in paragraph 2 arose before the final closing of the offer to the public and the delivery of the securities. The final date of the right of withdrawal referred to in the first sentence shall be stated in the supplement. The withdrawal of acceptance referred to in the first sentence shall be effected by means of a written declaration at the place where the securities were subscribed for or purchased, as the case may be.

(7) The issuer, offerer or the person asking for admission of the securities to trading on a regulated market shall be jointly and severally liable for any damage caused by failure to fulfil the obligations under para. s (1), (2) and (5).

**Art. 86.** (Am., SG, iss. 86/ 2006) (1) The issuer, offerer or the person asking for admission of the securities to trading on a regulated market can draw up the prospectus as a base prospectus in case of public offering or admission to trading of:

1. non-equity securities, including warrants in any form, issued under an offering programme;

2. non-equity securities issued in a continuous or repeated manner by banks, where:

a) the sums deriving from the issue of the said securities are placed in assets which provide sufficient coverage deriving from securities until their maturity date;

b) in the event of insolvency of the bank-issuer, the sums under letter “a” are paid with a priority for coverage of the capital and interest falling due.

(2) The base prospectus shall contain the relevant information concerning the issuer and the securities offered to the public or to be admitted to trading on a regulated market, as well as, at the discretion of the issuer, the final terms of the offer. If necessary, the information given in the base prospectus shall be supplemented according to Article 85 herein with updated information on the issuer and on the securities to be offered to the public or to be admitted to trading on a regulated market.

(3) (Amended, **SG No. 103/2012**) Where neither the base prospectus nor any supplement thereto includes information on the final terms of the offer, the issuer, offerer or person asking for admission of the securities to trading on a regulated market shall make the said information available to the public according to Article 92a(5) and file it with the Commission, while the issuer shall communicate it to the competent authority of the host Member State(s) when each particular public offer is made as soon as practicable and, if possible, in advance of the beginning

of the offer or admission to trading. The final terms shall contain information that relates to the securities note and shall not be used to supplement the base prospectus. The first sentence of Article 87a(1) shall apply in the cases referred to in the first sentence above.

**Art. 87.** (Am., SG, iss. 39/ 2005; iss. 86/ 2006) The Commission may authorise that certain information, which is required under this law and its implementing instruments be excluded from the prospectus if it considers that:

1. disclosure of such information would be contrary to the public interest;
2. disclosure of such information might inflict serious damages on the issuer and its exclusion shall not result in misleading investors in respect of the facts and circumstances which are material for achieving the goal of Art. 81, para. (1).
3. such information is of minor importance only for a specific offer or admission to trading on a regulated market and could not influence the assessment of the financial position and prospects of the issuer, offerer or guarantor of the securities.

**Art. 87a.** (1) (Am., SG, iss. 86/ 2006) Whenever information about the final issue or sale price and the final amount of the offered securities cannot be included in the prospectus, it shall indicate the maximum price or the criteria and/or conditions with which the final price and the final number of the offered securities will be determined. If the information under sentence one is not indicated in the prospectus, the persons who have subscribed to, or purchased securities may renounce them within a period of 2 working days or another longer period envisaged in the prospectus as from the filing with the Commission of the information about the final price and the final amount of the offered securities by a written declaration at the places where the securities were subscribed to, respectively purchased. The person shall not be liable for his renouncement under sentence second, unless he acted in bad faith.

(2) The issuer, offerer or the person asking for admission of the securities to trading on a regulated market must immediately inform the Commission about the final price and the final number of the offered securities and to publish this information in accordance with Art. 92a, para 5.

**Art.88.** (Am., SG, iss. 39/ 2005; repealed iss. 86/ 2006).

**Art. 89.** (1) (Am., SG, iss. 61/ 2002) the persons who have subscribed for securities shall pay up the sums into a special account at a bank determined by the issuer. Where an issuer is a bank, this account shall be opened with another bank.

(2) (New, SG, iss. 61/ 2002, iss. 34/ 2006) Any amount in this account may not be used prior to the end of the subscription and the entry of the capital increase in the commercial register.

(3) (Prev. para. (2), SG, iss. 61/ 2002) Where the subscription is closed without success and without fulfilling the conditions provided for in the prospectus, the sums raised shall be returned to the persons who have subscribed for securities in one month from the announcement under Art. 84, para. (3), together with the interest calculated by the bank under para. (1).

(4) (Renumbered from Paragraph 3 and amended, SG No. 61/2002, amended, SG No. 86/2006, **SG No. 103/2012**) In cases under Paragraph 3, on the date of the public notice referred to in Article 84(3), the issuer or the offerer shall notify the bank of the result of the subscription and shall publish an invitation to the persons who have subscribed for securities on the websites of the issuer, when the securities have been offered by the latter, and shall communicate it to the investment intermediaries participating in the offering. The invitation shall specify the conditions and procedures for refunding the amounts raised. The issuer or the offerer shall also apply for publishing of the invitation in the commercial register and in the daily newspapers referred to in Article 92a(2).

### **Division III**

#### **Issuing and refusal to give confirmation**

**Art. 90.** (Am., SG, iss. 39/ 2005; iss.86/ 2006) The issuer, offerer or the person asking for admission of the securities to trading on a regulated market shall file with the Commission an application for approval of prospectus for public offering or admission to trading on a regulated market while enclosing:

1. the prospectus;
2. the issuer's Articles of Association;
3. the issuer's last year-end financial statement, certified by a registered auditor;
4. other documents, as laid down in an ordinance.

**Art. 91.** (1) (Prev. Art. 91, SG, iss. 61/ 2002, am., iss. 39/ 2005, iss.86/ 2006, am., iss. 52/ 2007) (1) On the basis of the submitted documents the Commission shall ascertain to what extent the requirements to the issue of the requested approval have been complied with. If the presented data and documents are incomplete or irregular or some additional information or evidence is needed for the correctness of the data, the Commission shall send a notification about the found deficiencies and irregularities and/or about the demanded additional information and documents within 10 working days after the receiving of the application.

(2) (Am., SG, iss. 52/ 2007) If the notification under para 1 is not received on the indicated by the applicant address for correspondence, the term for their presentation shall start running from the placing of the notification on a specially designated for the purpose location in the Commission's building. The latter shall be ascertained by a report, drawn up by officials appointed by an order of the Commission's Chairman.

(3) (New, SG No. 52/2007, amended and supplemented, **SG No. 21/2012**) The Commission shall pronounce on the application within 10 working days after the date of receipt thereof or, where additional particulars and documents have been requested additional particulars and documents have been provided at the initiative of the applicant, within 10 working days after the date of receipt of the said particulars and documents.

(4) (New, SG, iss. 86/ 2006) In the cases where subject of public offering are securities issued by an issuer, which does not have any securities admitted to trading on a regulated market and which has not previously offered securities to the public, the time limit referred to in para 3 shall be 20 working days.

(5) (New, SG, iss. 61/ 2002, am. iss. 39/ 2005, prev. Art. 2, am. iss. 86/ 2006) In the cases under para 1, Art.7 of the Restriction of the Administrative Regulations and Administrative Control over the Economic Activity Act shall not apply.

(6) (New, **SG No. 21/2012**) The Commission shall notify the European Securities and Markets Authority (ESMA) of the confirmation of the prospectus issued and shall provide it with a copy of the confirmed prospectus simultaneously with the notification of the applicant of the confirmation issued.

(7) (New, SG No. 86/2006, renumbered from paragraph 4, amended, SG No. 52/2007, renumbered from paragraph 6, supplemented, **SG No. 21/2012**) Where the Republic of Bulgaria is a home Member State, the Commission may, because of the type of the issuer and the securities offered or the peculiarities of the public offer, subject to prior notification of ESMA and with the agreement of the relevant competent authority of another Member State, transfer the confirmation of a specific prospectus to the said competent authority. In such case, the

Commission shall notify the issuer, the offeror or the person asking for admission of the securities to trading on a regulated market within three working days from the date of the decision taken by the Commission to transfer the confirmation. The time limit for pronouncement by the relevant competent authority referred to in Paragraph 3 or in Paragraph 4, as the case may be, shall apply as from the date of the decision referred to in sentence two. In the cases referred to in this paragraph, Article 28, paragraph 4 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC, hereinafter referred to as 'Regulation (EU) No 1095/2010' shall not apply.

(8) (New, SG No. 86/2006, renumbered from paragraph 5, amended, SG No. 52/2007, renumbered from paragraph 6, amended, **SG No. 21/2012**) Where the Republic of Bulgaria is not a home Member State, the Commission, acting under the terms established by Paragraph 7, may assume the confirmation of a prospectus from the competent authority of another Member State. Paragraph 7 shall apply, respectively.

**Art. 92.** (1) (Amended, SG No. 39/2005) The Commission shall refuse to grant confirmation under Article 78 (2) herein by a reasoned decision in writing on any of the following grounds:

1. where the prospectus does not satisfy the statutory requirements;
2. where the issue price of the shares is lower than the balance-sheet value per share before the increase of capital, calculated at the time of passage of a resolution on an increase of capital, and the interests of shareholders are thus impaired;
3. on account of the special rights attaching to the shares, or for any other reason the interests of investors are not safeguarded.

(2) (Amended, SG No. 39/2005) The Commission may refuse to grant confirmation solely if the applicant has failed to cure the non-conformities or to submit the documents as required within the time limit set by the Commission, which may not be shorter than one month.

(3) (Amended, SG No. 39/2005) The Commission shall not be held responsible for the accuracy of any particulars contained in a prospectus.

(4) (Amended, SG No. 39/2005, SG No. 34/2006, SG No. 86/2006) Except in the cases where conformation of a prospectus is not required, recordings in the Commercial Register shall include the increase of capital under the terms established by Article 5 herein after presentation of the confirmation issued by the Commission.

**Article 92a** (New, SG No. 86/2006) (1) The issuer or offerer shall give public notice of the public offering, the earliest and latest date for the subscription or the earliest and latest date for the sale, as the case may be, the registered number of the confirmation as granted by the Commission, and the place, time and manner of inspection of the prospectus, as well as other particulars as may be prescribed by ordinance.

(2) (Amended, **SG No. 103/2012**) Any notice referred to in Paragraph 1 shall be disclosed in the Commercial Register and shall be published in minimum two national daily newspapers and on the websites of the issuer, when the securities are offered by the latter, and shall be communicated to the investment intermediaries participating in the offering at least seven days prior to the earliest date for the subscription or the commencement of the sale.

(3) The publication date of the notice referred to in Paragraph 1 shall be deemed as commencement of the public offering.

(4) The earliest date as stated in the notice referred to in Paragraph 1, whereon the issuer's securities can be subscribed for or purchased, as the case may be, shall be deemed as commencement of the subscription or sale, as the case may be.

(5) (Supplemented, **SG No. 103/2012**) The issuer, the offerer or the person asking for admission of the securities to trading on a regulated market shall be obligated to make the prospectus available to the public through insertion in the press, in the form of a brochure, or in another appropriate manner not later than at the beginning of the offer to the public or the admission of the securities to trading on a regulated market. If the prospectus is made available to the public by a press publication or by printed copies distributed at the places where the securities concerned are offered for subscription or purchase, the prospectus shall also be published, in an electronic form, on the website of the issuer or, if applicable, on the websites of the financial institutions participating in the offering.

(6) In the case of an initial public offer of a class of shares not already admitted to trading on a regulated market and whose admission to trading is to be sought for the first time, the prospectus shall be made available to the public at least six working days before the end of the offer.

(7) Any advertisement and insert in connection with a public offer of securities or admission of securities to trading on a regulated market shall state that the prospectus is or will be made available to the public, as well as the manner in which investors can inspect the said prospectus. Such an advertisement and insert may not contain any untrue or misleading information, or any information inconsistent with the information contained in the prospectus as submitted to the Commission. The Commission shall exercise supervision as to the conformity of the advertisements and inserts with the requirements of this Act and the instruments on the application thereof.

(8) The issuer, the offerer and the person asking for admission of the securities to trading on a regulated market may not make any statements which are inconsistent with the information contained in the prospectus as submitted to the Commission or which contain any material information which is not available in the prospectus.

(9) The requirements for making the prospectus and the other information, related to the public offer or admission to trading on a regulated market, available to the public, for the advertisements and inserts referred to in Paragraph 7, for the time limits and places for distribution, for insertion of a summary in the press or for dissemination of the information through a news agency, shall be established by an ordinance.

**Art. 92b.** (New, SG No. 86/2006) (1) (Amended, **SG No. 103/2012**) A prospectus shall be valid for a period of twelve months after its approval for the purposes of public offering or admission to trading on a regulated market, provided that the requirements set out in Article 85(2) have been complied with.

(2) (Amended, **SG No. 103/2012**) Registration documents referred to in Article 82(3)(1) that have been submitted to the Commission and approved by it shall be valid for a period of up to twelve months. Registration documents that have been updated according to Article 82a or Article 85(2), along with the securities note and the summary, shall be considered to constitute a valid prospectus.

(3) In the cases of an offering program, the base prospectus shall be valid for a period of 12 months.

(4) In the cases under Art. 86, para 1, item 2 the prospectus shall be valid until no more of the securities concerned are issued on a continuous or repeated manner.

**Art. 92c.** (New, SG, iss. 86/ 2006) (1) Where the Republic of Bulgaria is a home member-state, a public offering of securities can be made, or admission of securities to trading on a regulated market on the territory of one or more host member-states requested, on the grounds of an approved by the Commission prospectus, after the competent authorities of the host member-states are notified in advance of it in accordance with para 4.

(2) If an offer of securities is made to the public or admission to trading on a regulated market on the territory of one or more host member-states, the issuer or the person responsible for the drawing up of the prospectus must preliminarily inform of it the Commission.

(3) The notification under para 2 shall contain indication of the host member-state, the host member-states, respectively. Attached to the notification shall be the prospectus, if it has not been approved by the Commission.

(4) (Supplemented, SG No. 21/2012, amended, **SG No. 103/2012**) Within three working days after the receipt of the notification referred to in Paragraph 2 or, respectively, within one working day after the confirmation of the prospectus, if the prospectus has been submitted for confirmation together with the notification, the Commission shall dispatch to the competent authority of the host Member State a certificate attesting that the prospectus has been drawn up in accordance with the requirements of Directive 2003/71/EC of the European Parliament and of the Council [on the prospectus to be published when securities are offered to the public or admitted to trading] and amending Directive 2001/34/EC, as well as a copy of the prospectus under Paragraph 3, and shall notify ESMA simultaneously thereof. The issuer, or the person responsible for drawing up the prospectus, respectively, shall be notified by the Commission of the dispatch of the documents referred to in the first sentence at the same time as the certificate was sent to the competent authority of the host Member State.

(5) To the supplements to the prospectus under Art. 85 para 2, Paragraph 2-4 shall apply accordingly.

(6) When the Commission has allowed the exclusion of some data from the prospectus in accordance with Art. 87 or Art. 82 para 5 has been applied, this shall be stated in the certificate under para 4 along with the reasons for applying these provisions.

(7) Where the Commission is informed by the competent authority of the host member-state of breaches committed of the acting legislation of such state by the issuer or the persons authorized to carry out the public offering or of breaches of the obligations attaching to the issuer by reason of the fact that the securities are admitted to trading on a regulated market, the Commission shall apply the appropriate measures under Art. 212 and shall inform the host member-state of the measures taken.

**Art. 92d** (New, SG, iss. 86/ 2006) (1) Where the Republic of Bulgaria is a host members-state the securities may be offered to the public or admitted to trading on a regulated market on its territory, after the Commission receives from the relevant competent authority of the home member-state:

1. a certificate attesting that there is an approved prospectus for the securities, which has been drawn up in compliance with the requirements of Directive 2003/71/EC of the European Parliament and of the Council and amending Directive 2001/34/EC, as well as information on whether some data from the prospectus have been excluded or replaced, the data that have been excluded or replaced, as well as reasons for their exclusion or replacement;

2. a copy of the approved prospectus;

3. The Commission shall inform forthwith the issuer, respectively the person responsible for the drawing up of the prospectus of the receiving of the documents under para 1.

(3) The issuer, offerer or the person asking for admission of the securities to trading on a regulated market shall make available the prospectus to the public in accordance with Art. 92a. when the prospectus has not been drawn up in the Bulgarian language, the issuer, offerer or the person asking for admission of the securities to trading on a regulated market must along with the prospectus make available to the public the summary document in the Bulgarian language.

(4) To the supplements to the prospectus shall apply paragraph 1-3, respectively.

(5) (New, **SG No. 21/2012**) The Commission shall publish on its website and shall update the list of received certificates under Paragraphs (1) and (4) and any such disclosed information shall be published for a period of at least 12 months.

(6) (Renumbered from Paragraph 5, supplemented, **SG No. 21/2012**) Where the Commission learns of any significant new factor, material mistake or inaccuracy in the prospectus, the Commission shall draw the attention of the competent authority of the host Member State to the need of a supplement to the prospectus and ESMA.

(7) (Renumbered from Paragraph 6, supplemented, **SG No. 21/2012**) Where the Commission finds that the issuer or the persons commissioned to carry out the offer to the public in the Republic of Bulgaria violate this Act or the instruments for the application thereof, or that the issuer breaches the obligations attaching thereto by reason of the fact that the securities are admitted to trading on a regulated market within the Republic of Bulgaria, the Commission shall notify the competent authority of the home Member State and ESMA.

(8) (Renumbered from Paragraph 7, supplemented, **SG No. 21/2012**) If, despite the measures taken by the competent authority of the home Member State and ESMA, or because such measures have proved inadequate, the issuer or the person commissioned to carry out the offer to the public in the Republic of Bulgaria persists in committing violations of this Act or of the instruments for the application thereof, the Commission may, after informing the competent authority of the home Member State, take the appropriate measures in order to protect investors. The Commission shall inform the European Commission and ESMA of the measures taken within seven days after the application of the said measures.

**Art. 92 e.** (New, SG, iss. 86/ 2006) (1) Where an offer to the public is made or admission to trading on a regulated market is sought only in the Republic of Bulgaria and the home member-state is the Republic of Bulgaria, the prospectus shall be drawn up in the Bulgarian language.

(2) Where an offer to the public is made or admission to trading on a regulated market is sought in one or more member-states, excluding the Republic of Bulgaria, and the home member-state is the Republic of Bulgaria the prospectus shall be drawn up in a language accepted by the competent authorities of those member states or in a language customary in the sphere of international finance, at the choice of the issuer, offeror or the person asking for admission of the securities to trading on a regulated market. For the purposes of the prospectus approval by the Commission, the prospectus shall be drawn up in the Bulgarian or English language, at the choice of the issuer, offeror or the person asking for admission of the securities to trading on a regulated market.

(3) Where an offer to the public is made or admission to trading on a regulated market is sought in more than one member-state, including the Republic of Bulgaria, and the home member-state is the Republic of Bulgaria, the prospectus shall be drawn up in the Bulgarian language. In such cases the prospectus shall be made available to the public also in a language accepted by the competent authorities of each host member state or in a language customary in the sphere of the international finance, at the choice of the issuer, offerer or the person asking for admission of the securities to trading on a regulated market.



(4) (Amended, **SG No. 103/2012**) Where admission to trading on a regulated market of non-equity securities whose denomination per unit amounts to at least the lev equivalent of EUR 100,000 is sought in one or more Member States, the prospectus shall be drawn up either in a language accepted by the competent authorities of the home and host Member States or in a language customary in the sphere of international finance, at the choice of the issuer, offerer or person asking for admission of the securities to trading on a regulated market.

**Art. 92 f.** (New, SG, iss. 86/ 2006) (1) Where the Republic of Bulgaria is a home member state of an issuer having its registered office in a third country, the Commission may approve a prospectus for an offer to the public or for admission to trading on a regulated market, drawn up in accordance with the legislation of a third country, provided that:

1. the prospectus has been drawn up in accordance with international standards set by international organisations of securities commissions, including the IOSCO disclosure standards;
2. the requirements to the information contained in the prospectus, including information of a financial nature, are analogues to the requirements under this law and its implementing instruments;

(2) In the case of offer to the public or admission to trading on a regulated market of securities, issued by an issuer incorporated in a third country, in a member-state other than the Republic of Bulgaria, and the home member-state is the Republic of Bulgaria, the requirements set out in Articles 93c and 93e shall apply.

**Art. 92 g.** (New, SG No. 86/2006) (1) (New, **SG No. 21/2012**) In the exercise of its powers and in performance of its functions under this Act and the instruments for the application thereof, the Commission shall cooperate with ESMA and shall provide it with information for the performance of its duties in accordance with the requirements of Regulation (EU) No 1095/2010.

(2) (Amended, SG No. 57/2007, renumbered from paragraph 1, amended, **SG No. 21/2012**) The Commission shall cooperate and exchange information with the relevant competent authorities of the other Member States when this is necessary for the implementation of the powers of the Commission and shall render assistance to the said authorities with a view to their performing their functions, in particular when an issuer has two or more home Member States and, respectively, competent authority because of the various classes of securities issued thereby, or where the confirmation of the prospectus has been transferred to the competent authority of another Member State according to Article 91 (7) herein. The Commission shall closely cooperate with the authorities referred to in Paragraph 1 when one or several of the said authorities require suspension or discontinuance of trading in particular securities traded in various Member States in order to ensure a level playing field between trading venues and protection of investors.

(3) (Amended, SG No. 57/2007, renumbered from paragraph 2, amended, **SG No. 21/2012**) Where the Republic of Bulgaria is a host Member State, the Commission may request the assistance of the competent authorities of the home Member State from the stage at which a specific case file is scrutinized, in particular in the cases where the case file concerns a new type or rare forms of securities. Where the Republic of Bulgaria is a home Member State, the Commission shall be obligated to render assistance to the competent authorities of the host Member State in the cases referred to in Paragraph 2.

(4) (Renumbered from Paragraph 3, **SG No. 21/2012**) The Commission may ask for information from the competent authority of the host Member State on any items specific to the capital market in that State. When approached by the competent authorities of the home Member State, the Commission shall be obligated to provide information on the Bulgarian market.

(5) (Renumbered from Paragraph 4, **SG No. 21/2012**) The Commission may consult with the regulated markets as necessary and, in particular, when making a decision on suspension or discontinuance of trading in particular securities.

(6) (New, **SG No. 21/2012**) Where the Commission has not received the requested information on a timely basis or where receipt of such information or cooperation is refused, the Commission may notify ESMA in order to ensure cooperation in accordance with Regulation (EU) No 1095/2010.

**Art. 92h.** (New, SG, iss. 86/ 2006) (1) To ensure compliance with the provisions of this chapter the Commission shall have the following powers besides those provided for in the other parts of this Act and its implementing instruments:

1. to require issuers, offerer or persons asking for admission to trading on a regulated market to include in the prospectus supplementary information, if necessary for investor protection;

2. to require issuers, offerer or persons asking for admission to trading on a regulated market, and the persons that control them or are controlled by them, to provide certain information and documents;

3. to require auditors, the members of the management and supervisory bodies and procurators of the issuers, offerers or persons asking for admission to trading on a regulated market, as well as the persons commissioned to carry out the offer to the public or ask for admission to trading on a regulated market, to provide certain information;

4. to suspend a public offer or admission to trading on a regulated market for a maximum of 10 consecutive working days on any single occasion if it has reasonable grounds for believing that the provisions of the law or its implementing instruments have been infringed;

5. to prohibit or suspend an advertisement for a maximum of 10 consecutive working days on any single occasion if it has reasonable grounds for believing that the provisions of this Act or its implementing instruments have been infringed;

6. to prohibit the carrying out of a public offer if it has reasonable grounds for believing that the provisions of this Act or its implementing instruments have been infringed or would be infringed;

7. to make public the fact that a specific issuer is failing to comply with its obligations under this Act or the instruments for the application thereof.

(2) (Amended and supplemented, **SG No. 103/2012**) The Commission may disclose to the public every coercive administrative measure applied and sanction imposed for infringement of the provisions of this Act or the instruments for the application thereof, unless such disclosure would seriously jeopardize the stability of the financial markets or cause disproportionate damage to the parties concerned.

**Art. 93.** (Amended, SG, iss. 61/2002, iss. 39/2005; repealed, issue 86/2006)

## **Division IV**

**(In effect from 3 July, 2007, SG, iss. 52/ 2007)**

**Art. 93a.** (New, SG, iss. 61/ 2002, am., iss.105/ 2006, repealed, SG, iss. 52, in effect as of 3 July 2007).

**Art. 94.** (Am. and suppl., SG, iss.61/ 2002, am., iss. 39/ 2005, am. and suppl., iss. 86/ 2006, am. iss.105/ 2006, repealed, SG, iss. 52, in effect as of 3 July 2007).

**Art. 95.** (Am., SG, iss. 61/ 2002, iss. 39 /2005, repealed, SG, iss. 52, in effect as of 3 July 2007).

**Art. 95a.**(New, SG, iss. 39/ 2005, repealed, SG, iss. 52, in effect as of 3 July 2007).

**Art. 96.** (Am., SG, iss. 61/ 2002, iss. 39/ 2005, repealed, SG, iss. 52, in effect as of 3 July 2007).

**Art. 97.** (Am., SG, iss. 61/ 2002, repealed, SG, iss. 39/ 2005).

**Art. 98.** (Am., SG, iss. 61/ 2002, iss. 39/ 2005; iss. 84/ 2006, repealed, SG, iss. 52, in effect as of 3 July 2007).

**Art. 98a.** (New, SG, iss. 61/ 2002, am., iss. 39/ 2005, repealed, SG, iss. 52, in effect as of 3 July 2007).

**Art. 99.** (Am. and suppl., SG, iss. 61/ 2002, am., iss. 39 /2005, iss. 86/ 2006, repealed SG, iss. 52, in effect as of 3 July 2007).

**Art. 100.** (Am. and suppl., SG, iss. 61/ 2002, am., iss. 8/ 2003, am., iss. 39/ 2005, repealed, SG, iss. 52/2007).

**Section V**  
**(New, SG No. 61/2002)**  
**Special Requirements upon Initial public offering of Bonds**  
**(Heading amended, SG No. 103/2012)**

**Art. 100a.** (1) (Supplemented, **SG No. 103/2012**) For admission of an initial public offering of covered bonds, the issuer of the said bonds shall be required to have concluded a contract with a bondholders' trustee. Issuers of covered bonds which have been offered under conditions other than those for public offering and which, according to the conditions of the issue, are to be admitted to trading on a regulated market of securities, shall enter into a contract with a bondholders' trustee within 7 days from the date of the first general bondholders' meeting. [Article 208](#) , [Article 209\(2\)](#) and [Articles 210 - 213 of the Commerce Act](#) shall not apply.

(2) (New, **SG No. 103/2012**) The trustee shall be appointed at the choice of the issuer. If the trustee is not specified in the proposal for subscription of bonds which have been offered under conditions other than those for public offering and which, according to the conditions of the issue, are to be admitted to trading on a regulated market of securities, the general bondholders' meeting shall approve one of the minimum two trustee nominations proposed by the issuer which shall be supported by draft contracts and the nominated persons' consent. The general bondholders' meeting shall also give its prior consent for a change of trustee.

(3) (Renumbered from Paragraph 2, **SG No. 103/2012**) The bondholders' trustee shall act on its own behalf in the cases specified in this Act and in the contract referred to in Paragraph 1.

(4) (Renumbered from Paragraph 3, **SG No. 103/2012**) The compensation of the trustee shall be for the account of the bond issuer.

(5) (Renumbered from Paragraph 4, **SG No. 103/2012**) The requirement of Paragraph 1 shall not apply in respect of any bonds issued under the [Mortgage Bonds Act](#).

(6) (Renumbered from Paragraph 5, **SG No. 103/2012**) The requirement of Paragraph 1 shall apply in respect of any debentures if so provided for in the resolution on the issuing of the bond loan under [Article 204 \(3\) of the Commerce Act](#).

(7) (Renumbered from Paragraph 6, supplemented, **SG No. 103/2012**) The holders of bonds of the same issue or class may resolve matters of mutual interest at a general meeting. Any

such general meeting shall be convened by the bondholders' trustee according to the procedure established by [Article 214 of the Commerce Act](#). The right to vote shall be exercised by the persons registered as bondholders with the Central Depository five days before the date of the general meeting.

**Art. 100b.** (1) (Supplemented, **SG No. 103/2012**) In the case of bonds which have been offered under conditions other than those for public offering and which, according to the conditions of the issue, are to be admitted to trading on a regulated market of securities, every prospectus for a bond issue and the proposal referred to in [Article 205\(2\) of the Commerce Act](#) must include:

1. the terms and conditions whereunder the bond issuer is obligated to repay the bond loan before maturity;

2. an obligation of the bond issuer to observe specific financial performance indicators until redemption of the bond loan, including a maximum value of the ratio of liabilities to assets according to the balance sheet and a minimum value of an interest coverage ratio;

3. the conditions which the bond issuer must fulfil for the issuing of new bond issues of the same class.

4. (New, **SG No. 103/2012**) the conditions and procedures for modifying the conditions under which the bonds were issued, including the requirements for a quorum and a majority needed for the general bondholders' meeting to adopt the changes.

(2) The interest coverage rate referred to in Item 2 of Paragraph 1 shall be calculated by adding the expenses on interest payable to the profit from ordinary activities and dividing the sum total by the expenses on interest payable.

(3) (Amended, SG No. 39/2005, **SG No. 103/2012**) In the cases where the bond issuer has not concluded a contract with a bondholders' trustee, the said issuer shall submit a quarterly report on the compliance with the bond loan terms and conditions to the bulletin of the regulated market on which the bonds are traded and to the Commission within thirty days after the end of each quarter. Issuers that deliver consolidated statements and have undertaken to comply with financial indicators on a consolidated basis shall submit the said report within sixty days after the end of each quarter. Any such report shall contain information regarding:

1. fulfilment of the bond issuer's obligations to the bondholders according to the terms and conditions of the issue, including observance of the specific financial performance indicators;

2. the spending of the proceeds from the bond loan;

3. other circumstances as shall be specified by ordinance.

**Art. 100c** (New, SG, iss. 61/ 2002) (1) The trustee of the bondholders must act in the best interest of the bondholders.

(2) Agreements that preclude or limit the trustee's liability to the bondholders in the cases of negligence shall be void.

(3) The trustee shall not be liable to the bondholders for damages inflicted on them, where his actions or failures to act were in compliance with a decision of the general meeting of shareholders, approved by a majority of ½ of the subscribed debt.

**Art. 100d.** (New, SG, iss. 61/2002) (1) A trustee of the bondholders may only be a commercial bank with a registered office in the country or a bank operating in the country via a branch licensed by the Bulgarian National Bank.

(2) Trustee of the bondholders may not be a commercial bank:

1. that is an underwriter of the bond issue or trustee for bonds of another class issued by the same issuer;

2. which controls directly or indirectly the issuer or is controlled directly or indirectly by the bond issuer;

3. (New, **SG No. 103/2012**) any commercial bank to which the issuer, or a party economically related to the issuer within the meaning of §1(1)(5) of the additional provisions of the Credit Institutions Act, has a conditional or unconditional obligation under a credit agreement or under a bank guarantee issued by that bank;

4. (Renumbered from Item 3, **SG No. 103/2012**) in other cases, where a material conflict exists or may arise between the interest of the bank or of a person controlling the said bank, and the interest of the bondholders.

(3) In the event that any of the circumstances under para. 2 come into being after the agreement under Art. 100a has been concluded, the trustee of the bondholders must forthwith notify the bond issuer and eliminate the inconsistency with the law within 30 days of the coming into being of the circumstance. When an inconsistency cannot be eliminated, the bond issuer shall be obligated to terminate the agreement with the trustee of the bondholders not later than 45 days after the coming into being of the inconsistency and conclude a new agreement under Art. 100a with another person. The trustee shall continue to fulfil his obligations to the bondholders until a new agreement is concluded.

(4) The provision of para. 3 shall also apply accordingly in cases when the license of the trustee of the bondholders to perform their activity is revoked, a decision was made for their voluntary liquidation or bankruptcy proceedings have been initiated against the trustee.

**Art. 100e.** (New, SG, iss. 61/ 2002) (1) the agreement under Art. 100a must define completely the rights and obligations of the trustee of the bondholders to the bond issuer, the obligations of the trustee to the bondholders as well as the obligations of the issuer to the trustee of the bondholders.

(2) The agreement under Art. 100a shall be a part of the prospectus for a bond issue.

**Art. 100f.** (New, SG, iss. 61/ 2002) (1) A bond issuer shall be obligated:

1. to provide to the trustee of the bondholders the information under Chapter Six “a”, within the respective terms;

2. (Amended, **SG No. 103/2012**) within 30 days after the end of each quarter, to furnish the bondholders' trustee with a report on the fulfilment of its obligations according to the terms and conditions of the bond issue, including the spending of the proceeds from the bond loan, the observance of the specific financial performance indicators, and the state of the collateral; Issuers that deliver consolidated statements and have undertaken to comply with financial indicators on a consolidated basis shall submit the said report within sixty days after the end of each quarter;

3. to notify the bondholders' trustee not later than the end of the next succeeding business day of:

(a) any changes in the collateral as pledged to secure the bond issue, including any material changes in the value of the property pledged;

3. to notify the trustee of the bondholders by the end of the following business day of:

a) all changes in the collateral put up for the bond issue including the material changes in the value of the property subject of the collateral;

(b) any breach of the obligation to observe the financial performance indicators as specified in the contract.

(c) (New, **SG No. 103/2012**) any circumstance that may have a negative impact on the fulfilment of the issuer's obligations related to the bond issue;

(d) (New, **SG No. 103/2012**) any interest or principal payment made in respect of the bonds issued, whereby the issuer shall furnish the relevant proof of the date and amount of the payments;

4. (New, **SG No. 103/2012**) subject to the conditions laid down in the contract, upon the request of the bank acting as trustee, to make available to it any other information specified in the contract or necessary for the fulfilment of that bank's obligations. If the contract is silent on the time limit for the submission of the information, it shall be made available within three business days from the date when the bank made its request for information.

(2) (Amended, SG No. 39/2005) The issuer shall furthermore submit the report referred to in Item 2 of Paragraph 1 to the Commission, as well as to the regulated securities market whereon the bonds are traded.

**Art. 100g.** (New, SG, iss. 61/ 2006) (1) A trustee of the bondholders shall be obligated:

1. (Amended, **SG No. 103/2012**) to analyze the issuer's financial statements within 14 days following their disclosure and to evaluate the impact of the regulated information disclosed by the issuer in respect of the circumstances influencing its financial position within 7 days from the disclosure date in terms of the issuer's ability to fulfil its obligations to bondholders;

2. (New, **SG No. 103/2012**) When establishing that the issuer's financial position has deteriorated, within three business days after the expiration of the time limit concerning the analysis under Item 1, to request information and evidence as to the measures taken to ensure the fulfilment of the issuer's obligations for the bond issue concerned;

3. (Amended, SG No. 39/2005, renumbered from Item 2, **SG No. 103/2012**) within thirty days after the submission of the report referred to in Article 100f(1)(2), or after the expiration of the time limit to do so-if the report was not timely submitted to furnish the regulated market on which the bonds are traded and the Commission with a report for the period lapsed, containing the information under Article 100b(3), as well as information regarding:

(a) the state of the collaterals of the bond issue, where such terms and conditions exist;

(b) the financial position of the bond issuer in terms of the ability to fulfil the obligations thereof to the bondholders;

(c) (New, **SG No. 103/2012**) the measures undertaken by the issuer according Item 2;

(d) (Renumbered from Littera c, **SG No. 103/2012**) the acts performed thereby in fulfilment of the obligations thereof;

(e) (Renumbered from Littera d, **SG No. 103/2012**) the existence or non-existence of circumstances covered under Article 100d (2) herein;

4. (Renumbered from Item 3, **SG No. 103/2012**) to verify regularly the availability and state of the collateral;

5. (Renumbered from Item 4, **SG No. 103/2012**) to reply in writing to any questions by the bondholders in connection with the bond issue.

6. (New, **SG No. 103/2012**) to monitor the timely transfers of the payments due in respect of the bond issue in the amount set;

7. (New, **SG No. 103/2012**) within 14 days after the expiration of the time limit to submit the report referred to in Article 100e(1)(2)-if the report was not timely submitted-to furnish the regulated market on which the bonds are traded and the Commission with information about it.

(2) Should the issuer fail to fulfil an obligation according to the terms and conditions of the bond issue, the bondholders' trustee shall be obligated:

1. (Amended, SG No. 39/2005) to cause the publication of a notice of the issuer's non-fulfilment and of the steps covered under Item 2 which the trustee takes, in the bulletin of the regulated market whereon the bonds are traded, and to provide the said notice to the Commission;

2. to take steps as shall be necessary for safeguarding the rights and interests of the bondholders, including:

(a) to demand from the bond issuer the provision of additional collateral to an amount as shall be necessary to guarantee the interests of the bondholders;

(b) to notify the bond issuer of the amount of the bond loan which becomes exigible in the event of overdue payment of a specific portion of the pecuniary obligations to the bondholders;

(c) to proceed with out-of-court execution against the collateral of the bond issue in the cases admissible by the law;

(d) to bring actions against the bond issuer;

(e) to petition the institution of bankruptcy proceedings against the bond issuer.

(3) (Supplemented, **SG No. 103/2012**) The trustee shall have the right to access to the register of bondholders whose interests the said trustee represents. The Central Depository shall make available the register of bondholders, upon the request of the trustee that represents them.

**Article 100h.** (New, SG No. 61/2002) (1) The claims of the bondholders may be secured by a pledge, a mortgage or in another manner, and the bond issue shall be named secured creditor.

(2) Business enterprises may not be pledged to secure the claims of bondholders.

(3) Solely first-ranking pledges and mortgages may be created in favour of the bondholders.

**Article 100i.** (New, SG No. 61/2002) (1) (Supplemented, **SG No. 103/2012**, in effect as of 28.03.2013) The creation of collateral shall be a condition precedent for the admission of an initial public offering of a bond issue. In the event of an unsuccessful initial public offering of a bond issue covered by collateral, as well as after paying the issuer's obligations under a bond issue covered by collateral, the trustee shall give its consent for the deregistration of the security interest within three days upon the request of the issuer or a third party that has provided the collateral.

(2) The requirement referred to in Paragraph 1 shall not apply where the collateral is property acquired on funds raised by the bond loan. Until acquisition of the said property, the funds raised shall be kept on a bank account in the name of the trustee. The trustee shall see to the creation of collateral according to the terms and conditions of the contract referred to in Article 100a herein.

(3) (Amended, **SG No. 103/2012**) At the time of creating collateral or, if it was created before the contract was concluded, immediately thereupon-and within the time limits set in the contract, but at least once a year, as well as upon the occurrence of events enabling the presumption that the collateral value has been decreased by at least 5 per cent, the bank acting as trustee shall commission, at the issuer's expense, appropriately qualified and experienced experts to determine the market value of the property pledged and mortgaged.

(4) The initial appraisal of the collateral referred to in Paragraph 1 shall be attached to the prospectus for the bond issue, and in the rest of the cases the appraisals shall be attached to the reports of the issuer on fulfilment of the obligations thereof under the loan.

## **Chapter Six “a”**

**(New, SG, issue 52 in effect as of 3 July 2007)**

### **DISCLOSURE OF INFORMATION**

#### **Division I**

#### **General Provisions**

**Art. 100j.** (New, SG No. 52/2007, in effect as of 3.07.2007)

(1) (Supplemented, **SG No. 103/2012**) This Chapter shall establish the requirements for disclosure of information by issuers for which the Republic of Bulgaria is a home country and whose securities are admitted to trading on a regulated market as well as by issuers who have conducted public offering of securities in the Republic of Bulgaria that have not been admitted to trading on a regulated market in a Member State.

(2) Within the meaning of this Chapter:

1. 'home country' shall be:

a) for an issuer of shares or debt securities with single nominal value of less than the lev equivalent of EUR 1,000 or equivalent amount in another currency in which the securities are denominated at the date of issue thereof:

aa) for an issuer from a Member State - the Member State where its registered office is located;

bb) (Amended, **SG No. 103/2012**) for an issuer from a third country - the Member State determined pursuant to Article 77x(1)(6)(c);

b) apart from the cases under "a", the Member State where the registered office of the issuer is located or in which its securities are admitted to trading on a regulated market, at the option of the issuer; the issuer may specify only one home country and its choice shall be valid for a period of no less than three years, unless the securities are already traded on a regulated market in the Republic of Bulgaria or in another Member State;

2. 'host country' shall be the Member State in which the securities are admitted to trading on a regulated market where this country is different from the home country;

3. 'securities issued on a continuous basis or periodically' shall be issues of debt securities of one and the same issuer, issued regularly, or at least two separate issues of securities of similar type and/or class;

4. 'debt securities' shall be bonds or other transferable securitized debts, except for securities equivalent to shares in companies, or such which upon conversion or exercise of the rights thereto entitle their holder to acquire shares or securities equivalent to shares in companies.

(3) The issuer who has chosen Republic of Bulgaria as the home country under the terms of paragraph 2, item 1, "b", shall be obligated to announce publicly its decision on the choice under the terms and procedure of Articles 100r and 100t.

**Art. 100k.** The provisions of this Chapter shall not apply to:

1. units of undertakings for collective investment which are not of closed type within the meaning of Art. 77y, para 1 item 8 and 9, or to units acquired or transferred within such undertakings for collective investment;

2. money market instruments with maturity shorter than 12 months.

**Art. 100 l.** (New, SG No. 52/2007, in effect as of 3.07.2007)

(1) (Amended, **SG No. 103/2012**) The reports, notifications and the other information that shall be made public under this Act must contain information as investors may need to make a reasoned investment decision. Any such reports, notifications and information may not contain untrue, misleading or deficient particulars.

(2) The management body of the issuer shall be responsible for the preparation and public disclosure of the financial statements.

(3) The members of the management body of the issuer as well as its procurator shall incur joint liability for any detriment as may be inflicted by reason of any untrue, misleading or deficient particulars in the reports, notifications and any other information disclosed under this Chapter. The persons referred to in [Article 32, paragraph 2 of the Accountancy Act](#) shall incur



joint liability with the persons referred to in the first sentence for any detriment as may be inflicted by any untrue, misleading or deficient particulars in the financial statements of the issuer, and the registered auditors shall incur joint liability with the said persons for any detriment as may be inflicted by the financial statements thereby audited.

## **Division II**

### **Disclosure of Regulated Information**

**Art. 100m.** (1) The issuer shall make public its annual financial statement concerning its activities within 90 days after the fiscal year's end.

(2) An issuer who is obligated to prepare a consolidated financial statement shall make public its annual consolidated financial statement about its activities within 120 days after the fiscal year's end.

(3) The issuer must ensure the annual financial statement and the annual consolidated financial statement about the activities to remain at the disposal of the public for a period not shorter than 5 years.

(4) The annual financial statement on the activities shall contain:

1. certified by a registered auditor financial statement under the Accountancy Act, as well as the auditor's report;

2. annual activity report;

3. programme for application of the internationally recognized good corporate governance standards, specified by the Deputy Chairman;

4. written statements by the responsible within the issuer persons, with their names and functions indicated, certifying that as far as they know:

a) the financial statement, drawn up according the applicable accounting standards, reflects correctly and fairly the information on the assets and liabilities, the financial situation and the profit or loss of the issuer and of the companies included in the consolidation;

b) the report on the activities contains a reliable review of the development and the results of the issuer's activities, as well as of the situation of the issuer and the companies, included in the consolidation, along with the major risks and uncertainties which it faces;

5. other information, laid down in an ordinance.

(5) Where the issuer is obligated to draw up a consolidated financial statement, the annual consolidated report on the activity shall be with the contents under para 4 item 1, 2, 4 and 5, and the financial statement shall be prepared according the International Accounting Standards and shall be submitted together with the annual audited financial statement of the parent undertaking, drawn up in consistence with the legislation of the home Member State of the parent undertaking.

(6) Where the issuer is not obligated to draw up a consolidated financial statement under para 5, the audited financial statement shall be prepared in compliance with the national legislation of its home Member State.

(7) The annual report on the activities shall include, beside the information under the Accountancy Act also information about:

1. the fulfilment of the programme for the application of the internationally recognized good corporate governance standards under para 4 item 3, and where there is no such programme available – about the reasons due to which it has not been prepared, as well as on compliance of

the operation of the issuer's management and supervisory bodies during the past year with these standards;

2. the reasons due to which the operation of the issuer's management and supervisory bodies was not in compliance with the programme, respectively with the standards under item 1, if such non-compliance exists;

3. the measures taken to overcome the reasons under item 2 and for fulfilment of the programme of good corporate governance;

4. revaluation of the programme and proposals for its change with the purpose of improving the application of the good corporate governance standards in the company;

5. other information, laid down in an ordinance.

**Art. 100n.** (1) The issuer shall make public its quarterly financial statement about its activity within 30 days after the end of each quarter.

(2) An issuer who is obligated to draw up a consolidated financial statement shall make public a quarterly consolidated financial statement of its operation within 60 days after the end of each quarter.

(3) The issuer must ensure the quarterly financial statement and the quarterly consolidated financial statement on the activity to remain available to the public for a period not less than 5 years.

(4) The quarterly financial report on the activity shall contain:

1. (Supplemented, **SG No. 103/2012**) a set of financial statements drawn up in accordance with the applicable accounting standards;

2. an interim report on the operation, containing information on important events that have occurred during the quarter and with accumulation from the beginning of the fiscal year till the end of the respective quarter and on their impact over the results in the financial statement, as well as description of the major risks and uncertainties, which the issuer faces during the remaining part of the fiscal year; in respect to issuers of equities the report must contain information about the concluded large transactions between related persons whose minimum content shall be laid down in an ordinance;

3. written statements by the responsible within the issuer persons, with indication of their names and functions, attesting that so far as they know:

a) the set of financial statements, drawn up according the applicable accounting standards, reflect correctly and fairly the information about the assets and liabilities, the financial situation and the profit or loss of the issuer, or of the companies included in the consolidation;

b) the interim report on the activities contains a trustworthy review of the information under item 2;

4. other information, as laid down in an ordinance.

(5) Where the issuer is obligated to draw up a consolidated financial statement, the consolidated quarterly financial statement on the activities shall be with the content under para 4, and the financial statement shall be prepared according the International Accounting Standards, applicable for the drawing up of interim reports.

(6) Where the issuer is not obligated to prepare an interim consolidated financial statement under para 5, the set of financial statements, in the cases when it has not been prepared according the International Accounting Standards, must contain at least a short-form balance sheet, a short-form income statement and selected explanatory appendices, whose content shall be laid down in an ordinance. The same principles of recognition and accounting shall be applied in the preparation of the short-form balance sheet and the short-form income statement as those applied in the preparation of the annual financial statement.

(7) If the interim financial statement has been certified by a registered auditor or it has undergone an auditor's review on conditions and with content, as laid down in an ordinance, the auditor's report, or the results of the review shall be made public along with the financial statement. If the financial statement is not certified or has not been reviewed, the issuer shall state this circumstance.

**Art.100 o.** (New, SG No. 52/2007, effective as of 3.07.2007) (1) (Supplemented, **SG No. 21/2012**) The requirements under Articles 100m and 100n shall not apply to issuers from a third country if the Commission deems that the law of such third country stipulates requirements equivalent to the requirements herein and the statutory instruments for application of this Act. The Commission shall notify ESMA of its judgement under the first sentence. The conditions where the Commission may deem the requirements of the law of the third country as equivalent to the requirements herein or the statutory instruments for application of this Act shall be laid down by ordinance.

(2) The information which the persons under para 1 are obligated to disclose according their national legislation, shall be disclosed under the conditions and procedures of Art. 100r and 100t.

(3) The persons under para 1 are obligated to disclose under the conditions and procedure of Art. 100s and 100u also the information which they disclose according their national legislation, including when it is not regulated, but could be of significance for the public in the Member States.

(4) The Commission shall post on its web page the states for which it considers that their legislation provides for requirements equivalent to the requirements under this Act and its implementing instruments.

**Art. 100p.** (1) The provisions of Art. 100m and Art. 100n shall not apply to:

1. The Republic of Bulgaria, regional or local authorities in the Republic of Bulgaria, public international organizations, a member of which is at least one Member State, the European Central Bank, Bulgarian National Bank and the central banks of the other Member States, regardless of whether issuers of equities or other securities;

2. (Amended, **SG No. 103/2012**) issuers of shares who issue only debt securities admitted to trading on the regulated market with a nominal value of no less than the lev equivalent of EUR 100,000 or in the cases of debt securities denominated in a currency other than euro, with a nominal value at the date of their issue of no less than the lev equivalent of EUR 100,000.

(2) The provisions of Article 100n shall not apply to banks whose shares are not admitted to trading on a regulated market and which have issued only debt securities issued by them on a continuous basis or periodically, provided that:

1. the total nominal value of the debt securities is lower than the lev equivalent of EUR 100,000,000;

2. have not published a prospectus.

(3) (New, **SG No. 103/2012**) In cases other than that referred to in Paragraph 1(2), the provisions of Articles 100m and 100n shall not apply to issuers of exclusively debt securities the denomination per unit of which is at least EUR 50,000 or, in the case of debt securities denominated in a currency other than euro, the value of such denomination per unit is, at the date of the issue, at least the lev equivalent of EUR 50,000 which were admitted to trading on a regulated market in the European Union before 31 December 2010.

**Art. 100q.** (New, SG No. 52/2007, in effect as of 3.07.2007)

(1) The issuer of securities other than shares shall disclose publicly without delay any changes in the rights of the holders of securities other than shares, including changes in the time

limits and conditions of such securities, which could affect indirectly such rights, resulting from a change in the conditions of the loan or the interest rate.

(2) The issuer of securities shall disclose publicly without delay the information about issuance of a new issue of debt securities and any related guarantees and collateral. This requirement shall not apply to international institutions or other similar organizations in which at least one Member State is a member thereof.

(3) (New, **SG No. 21/2012**) The requirements under Paragraphs (1) and (2) shall not apply to issuers from a third country and relevant application of Article 100o.

**Art. 100 r.** (New, SG No. 52/2007, in effect as of 3.07.2007)

(1) The issuer or the person who has requested, without the consent of the issuer, admission of the securities to trading on a regulated market shall disclose the regulated information to the Commission and to the public at the same time. The issuer who has conducted only public offering of securities shall disclose the information under the first sentence first on the territory of the Republic of Bulgaria.

(2) Paragraph 1 shall also apply to issuers whose securities are admitted to trading on a regulated market in the Republic of Bulgaria but are not admitted to trading on a regulated market in the home country. In this case the regulated information shall meet the minimum conditions of Directive 2004/109/EC of the European Parliament and of the Council on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC.

(3) The regulated information shall be disclosed to the public in such a manner so as to cover simultaneously as wide a circle of people as possible and in a non-discriminating manner. The issuer shall use a news agency or another media to ensure the efficient dissemination of the regulated information to the public in all Member States. The requirements as to the form and content of the regulated information as well as the conditions, methods and procedures for its disclosure shall be set out by ordinance.

(4) The issuer or the person who has requested admission of the securities to trading on a regulated market may not collect charges from investors for access to the regulated information.

**Art. 100s** (New, SG No. 52/2007, in effect as of 3.07.2007)

(1) The Commission shall create and keep centralized storage database of the regulated information received from issuers whose securities are admitted to trading on a regulated market and whose home country is the Republic of Bulgaria.

(2) The information under Paragraph 1 shall be made public and access to it shall be free of charge.

(3) The creation and keeping of centralized storage database of the regulated information, as well as the security requirements to the information, reliability of its sources, the time, procedure and manner of providing access to it shall be set out by ordinance.

**Art. 100t.** (New, SG No. 52/2007, in effect as of 3.07.2007)

(1) Where the securities are admitted to trading only on a regulated market in the Republic of Bulgaria and the Republic of Bulgaria is the home country, the regulated information shall be disclosed in Bulgarian. Where the securities are publicly offered on the territory of the Republic of Bulgaria the regulated information shall be disclosed in Bulgarian.

(2) Where the securities are admitted to trading on a regulated market in one or more Member States simultaneously, including the Republic of Bulgaria, and the Republic of Bulgaria is the home country, the regulated information shall be disclosed in Bulgarian and in a language adopted by the competent authority of such Member States, or in the customary language in the sphere of international finance, at the option of the issuer.

(3) Where the securities are admitted to trading on a regulated market in one or more Member States simultaneously, excluding the Republic of Bulgaria, and the Republic of Bulgaria is the home country, the regulated information shall be disclosed in a language adopted by the competent authority of such Member States, or in the customary language in the sphere of international finance, at the option of the issuer. For the purposes of the Commission's supervisory functions the information shall also be disclosed either in Bulgarian or in English, at the option of the issuer.

(4) Where the securities are admitted to trading on a regulated market without the consent of the issuer, the provisions under Paragraphs 1 - 3 shall apply to the person who has requested the securities to be admitted to trading on a regulated market.

(5) (Amended, **SG No. 103/2012**) In cases other than those referred to in paragraphs 1 - 4, where securities with a single nominal value of at least the lev equivalent of EUR 100,000 or debt securities with a nominal value in a currency other than euro of at least the lev equivalent of EUR 100,000, at the date of their issue, are admitted to trading on a regulated market in one or more Member States, the regulated information shall be disclosed in a language adopted by the home and the host Member States or in a customary language in the sphere of international finance, at the option of the issuer or of the person who has requested the securities to be admitted to trading on a regulated market.

(6) (New, **SG No. 103/2012**) The provision of Paragraph 5 shall also apply to debt securities the denomination per unit of which is at least the lev equivalent of EUR 50,000 or, in the case of debt securities denominated in a currency other than euro, the value of such denomination per unit is, at the date of the issue, at least the lev equivalent of EUR 50,000, which were admitted to trading on a regulated market in one or more Member States before 31 December 2010.

### **Section III**

#### **Requirements to issuers of bonds for provision of information to the holders of bonds and other debt securities**

**Article 100u.** (New, SG No. 52/2007, in effect as of 3.07.2007)

(1) The issuer of bonds shall ensure equal treatment of the bondholders enjoying equal status regarding all rights attaching to the bonds.

(2) The bondholders may be represented by a proxy with a power of attorney executed in accordance with the laws of the country in which the registered office of the issuer is located.

(3) The person under Paragraph 1 shall:

1. ensure all the necessary conditions and information so as to enable the bondholders to exercise their rights, as well as to guarantee the completeness of such information;

2. submit a copy of the power of attorney under Paragraph 2 on paper or electronically, where applicable, together with the materials for the general meeting or on request and after its convening;

3. specify at least one financial institution through which payments on the bonds shall be made; the types of financial institutions through which payments may be made shall be set out by ordinance.

(4) The issuer may use electronic means to provide information to the bondholders if the general meeting has passed a resolution thereof and subject to the following conditions:

1. use of electronic means is not contingent on the registered office or address of the bondholders or their proxies;

2. measures are taken for identification so as to ensure effective provision of the information to the bondholders;

3. the bondholders have expressly stated their written consent for providing the information electronically or within 14 days from receipt of a request from the issuer of such consent have not expressly objected thereof; at request of the bondholders the issuer shall also provide the information to them at all times on paper;

4. determination of the costs for the provision of information electronically does not prejudice the principle under Paragraph 1 for ensuring equal treatment.

(5) Paragraphs 1 - 4 shall apply mutatis mutandis to provision of information by issuers of other debt securities to their holders.

**Article 100v.** (New, SG No. 52/2007, in effect as of 3.07.2007)

(1) (Supplemented, **SG No. 103/2012**) The issuer of bonds shall send to the Commission the invitation under [Article 214, paragraph 1 of the Commerce Act](#) at least 15 days before the general meeting, and the minutes of the general bondholders' meeting within three business days afterwards. In addition to the information under [Article 223, paragraph 4 of the Commerce Act](#), the invitation for the general meeting shall include information about the right of the bondholders to participate in it.

(2) The issuer of the bonds shall notify the Commission of:

1. the payment of interest;

2. the decisions on conversion, exchange, subscription or cancellation of rights on the bonds and payments thereon.

(3) The obligation under paragraph 2 shall be performed by the end of the working day following the day of taking the decision, and where it is subject to entry in the commercial register, by the end of the working day following the day of coming of knowledge of the entry but no later than 7 days after the entry.

(4) (Amended, **SG No. 103/2012**) Where the invitation for the general meeting refers only to holders of bonds with single nominal value of at least the lev equivalent of EUR 100,000 or the equivalent amount of another currency in which the bonds are denominated at the date of their issue, the issuer of the bonds for whom the Republic of Bulgaria is a home country may take a decision for the general meeting to be held in any Member State, provided that all the necessary conditions and information are ensured in such Member State so as the bondholders be able to exercise their rights. In this case the issuer shall notify the Commission of its choice.

(5) (New, **SG No. 103/2012**) While complying with the requirements of Paragraph 4, the procedure set out therein shall also apply to holders of bonds the denomination per unit of which is at least the lev equivalent of EUR 50,000 or the equivalent amount in any other currency of denomination of the bonds at the date of the issue, which were admitted to trading on a regulated market in the European Union before 31 December 2010.

(6) (Renumbered from Paragraph 5, **SG No. 103/2012**) The Commission shall make public the information received through the register of public companies and other issuers of securities kept by it.

(7) (Renumbered from Paragraph 5, amended, **SG No. 103/2012**) Paragraphs 1 - 6 shall apply to issuers of other debt securities respectively.

**Article 100w.** (New, SG No. 52/2007, in effect as of 3.07.2007)

(1) (Supplemented, **SG No. 21/2012**) The requirements under this Section shall not apply to issuers from a third country if the Commission deems that the law of the third country in question lays down equivalent requirements to those stipulated herein and in the statutory instruments for application of this Act. The Commission shall notify ESMA of its judgement under the first sentence. The conditions under which the Commission may deem that the requirements of the law of the third country are equivalent to the requirements herein and the statutory instruments for application of this Act shall be set out by ordinance.

(2) The information that the persons under Paragraph 1 shall disclose according to national law shall be disclosed under the terms of Articles 100r and 100t.

(3) The persons under Paragraph 1 shall disclose under the terms of Articles 100r and 100t the information which they disclose under their national law and which may be of importance for the public in the Community, even if such information is not regulated information.

(4) The Commission shall publish on its website a list of the countries whose laws provide for requirements equivalent to the requirements herein and the statutory instruments for application of this Act.

## **Division IV**

### **Supervisory requirements**

**Art. 100x.** (1) The issuer is obligated to inform the Commission of:

1. changes in its articles of association;
2. changes in its management and supervisory bodies;
3. a decision for the company's transformation;
4. other circumstances, as laid down in an ordinance.

(2) The obligation under para 1 shall be fulfilled by the issuer by the end of the working day, following the day of decision-making or coming to know of the relevant circumstance, and when it is subject to entry in the commercial register – by the end of the working day following the day of coming to know of the entry, but not later than 7 days after the entry.

(3) The Commission shall make public the information received under para 1 through the kept by it register of public companies and other securities issuers.

**Art. 100y.** (1) The requirements to the form of the reports and the notifications under this Chapter, the way and procedure of their provision to the Commission, as well as to making the reports public shall be laid down in an ordinance.

(2) The circumstances subject to disclosure by an issuer in procedure of liquidation or bankruptcy shall be laid down in an ordinance.

(3) The issuer's obligations under this Chapter shall be terminated with the decision of the deputy chairman for its deletion from the register under Art. 30 para 1 item 3 of the Financial Supervision Commission Act.

(4) The conditions and procedure for filing in and deletion of issuers from the register under Art. 30 para 1 item 3 of the Financial Supervision Commission Act shall be laid down in an ordinance.

## **Division V**

### **Supervision and Cooperation**

**Art. 100z.** (1) To ensure compliance with the provisions of this Chapter, beside the envisaged in the other parts of the Act and its implementing instruments powers, the deputy chairman may:

1. require from the auditors, the issuer and from the persons, controlling it or which are controlled by it, to provide certain information or documents;

2. require from an issuer to make public the information under item 1 in a manner and within a term set by him;

3. publish, after submission of explanation by the issuer, the information under item 1 on his own initiative in the cases where the issuer or the persons controlling it or which are controlled by it have failed to perform their obligation under item 2;

4. require from the members of the management and supervisory bodies and the procurators of the issuer to provide certain information under this Chapter, and where needed – also additional information and documents;

5. cease the trade on a regulated market with certain securities for not more than 10 days, if he has sufficient grounds to consider that the provisions of this Chapter or its implementing instruments have been violated;

6. prohibit the carrying out of trade on a regulated market, if the provisions of this Chapter or its implementing instruments have been violated or there are enough grounds to consider that they have been violated;

7. obligate the issuer to take specific measures for the timely disclosure of information, so that to ensure public access to it simultaneously in all Member States where its securities have been admitted to trading;

8. inform the public that certain issuer does not comply with its obligations under this Chapter and its implementing instruments;

9. obligate the issuer within set by him sufficient term to remove the established deficiencies and other inconsistencies with the provisions of this Act or its implementing instruments, including with the International Accounting Standards, admitted in the financial statements, registers and other accounting documents.

(2) In the cases under para. 1, item 1 on the auditor shall not apply to restrictions on disclosure as provided by law, regulation or contract. The auditor is not responsible for the disclosure of information under par. 1, items 1 to the Commission and the Deputy Chairman.

(3) (New, **SG No. 103/2012**) The powers referred to in Paragraph 1, Items 1, 2, 4-7, and 9 shall be exercised by the Deputy Chairman as per the procedure set out in Article 213.

(4) (Renumbered from Paragraph 3, **SG No. 103/2012**) The Commission may disclose any coercive administrative measure taken or penalty imposed for infringement of the provisions of this Chapter and the instruments for its application, save where such disclosure would seriously jeopardise the stability of financial markets or cause disproportionate damage to the parties involved.

**Article 100z'.** (New, SG No. 52/2007, in effect 3.07.2007)

(1) The Commission shall cooperate and exchange information with relevant competent authorities of the other Member States, where this necessary for the purpose of carrying out its duties and shall render assistance in view of the exercise of their functions.



(2) (New, **SG No. 21/2012**) Where a request of the Commission for cooperation under Paragraph 1 is refused or where no timely actions have been taken upon such request, the Commission may notify ESMA in order to ensure cooperation in accordance with Regulation (EU) No 1095/2010.

(3) (New, **SG No. 103/2012**) The powers referred to in Paragraph 1, Items 1, 2, 4-7, and 9 shall be exercised by the Deputy Chairperson as per the procedure set out in Article 213.

(4) (Renumbered from Paragraph 3, **SG No. 103/2012**) The Commission may disclose any coercive administrative measure taken or penalty imposed for infringement of the provisions of this Chapter and the instruments for its application, save where such disclosure would seriously jeopardise the stability of financial markets or cause disproportionate damage to the parties involved.

(5) (Renumbered from Paragraph 4, **SG No. 21/2012**) Where the Commission is notified by the relevant competent authority of the host country of an issuer for whom the Republic of Bulgaria is a home country and who infringes the law of the Member State on whose territory its securities are admitted to trading, the Commission, the Deputy Chairperson respectively, shall apply relevant enforcement administrative measures.

## **Chapter Seven TRADING IN SECURITIES**

### **Section I General Dispositions (Repealed, SG No. 52/2007)**

**Article 101** (Amended, SG, No. 61/2002, No. 8/2003, amended and supplemented, No.39/2005, amended, No. 86/2006, repealed, No. 52/2007)

### **Section II Trading on Official Securities Market (Repealed, SG No. 52/2007)**

**Article 102** (Amended, SG, No. 61/2002, No. 86/2006, repealed, No. 52/2007)

**Article 103** (Amended, SG, No. 86/2006, repealed, No. 52/2007)

**Article 104** (Amended and supplemented, SG, No. 86/2006, No. 25/2007, repealed, No. 52/2007)

**Article 105** (Repealed, SG, No. 52/2007)

**Article 106** (Amended, SG, No. 86/2006, repealed, No. 52/2007)

**Article 107** (Amended, SG, No. 39/2005, No. 86/2006, repealed, No. 52/2007)

**Article 108** (Amended, SG, No. 39/2005, No. 86/2006, repealed, No. 52/2007)

**Section III**  
**Trading on unofficial securities market**  
**(Repealed, SG No. 52/2007)**

**Article 109** (Repealed, SG, No. 52/2007)

**Section IV**

**Settlement systems for transactions in financial instruments within the Meaning of**  
**Article 3 of the Markets in Financial Instruments Act**  
**(New, SG No. 31/2005, in effect as of 8.10.2005, title amended, SG No. 101/2010, in**  
**effect as of 30.06.2011)**

**Article 109a** (1) (Amended, SG No. 101/2010, in effect as of 30.06.2011, **SG No. 103/2012**) Systems ensuring settlement finality within the meaning of Article 78a of the Payment Services and Payment Systems Act (hereinafter referred to as 'systems') shall be established for the settlement of transactions in financial instruments within the meaning of Article 3 of the Markets in Financial Instruments Act according to a procedure established by statute.

(2) The Central Depository, the members thereof and other legal persons, designated in the rules and operating procedures of the system, shall be participants in a system referred to in Paragraph 1. The building and organizing of a system to register and service trading in government securities shall be regulated by a separate statutory instrument.

(3) (Amended, **SG No. 103/2012**) The rules and operating procedures of the system shall define the moment of settlement finality as a moment after which a book entry transfer order, entered into the system, may not be cancelled by a system participant or by a third party, nor can the execution of any such order be otherwise frustrated.

(4) (New, SG No. 101/2010, in effect as of 30.06.2011) The rules of [Chapter Five A of the Payment Services and Payment Systems Act](#) shall apply to the settlement systems for the transactions referred to in Paragraph 1 respectively.

**Article 109b** (New, SG No. 31/2005, in effect as of 8.10.2005, repealed, SG No. 101/2010, effective 30.06.2011)

**Article 109c** (New, SG No. 31/2005, in effect as of 8.10.2005, repealed, SG No. 101/2010, effective 30.06.2011)

**Chapter Eight**  
**PUBLIC COMPANY**  
**Division I**  
**General provisions**

**Art. 110.** (1) (Suppl., SG, iss. 23/ 2009, in effect as of 27 March 2009) A public company is a joint-stock company with a legal seat in the Republic of Bulgaria which:

1. has issued shares under the conditions of an initial public offering, or;

2. (Am., SG, iss. 8/ 2003, am., iss. 39/ 2005; iss. 86/ 2006) has entered in the register under Art. 30, para. (1), item 3 of the Financial Supervision Commission Act, an issue of shares with the purpose of trading on a regulated market, or

3. (New, SG, iss. 39/ 2005) which has more than 10 000 shareholders in the last day of two consecutive calendar years.

(2) (Am., SG, iss. 61/ 2002) Public companies are also those under Art. 122, para. (1).

(3) (Am., SG, iss. 8/ 2003; am. iss. 39/ 2005) A company under para. (1), item 1 becomes public after the entering of the company or the increase in its capital in the commercial register. The company must, in a 7 day period from the entry in the commercial register, submit papers for entering in the register under Art. 30, para. (1), item 3 of the Financial Supervision Commission Act.

(4) (New, SG, iss. 86/ 2006) A company under para. (1), item 2, becomes public from the moment of taking the decision for registration of the shares issue with the purpose of trading them on a regulated market.

(5) (New, SG, iss. 61/ 2002, repealed, iss. 86/ 2006 )

(6) (New, SG No. 61/2002, supplemented, **SG No. 103/2012**) Any company covered under Paragraph 1 shall be recorded as public in the Commercial Register. Any such company shall be obligated to declare that circumstance for recording in the Commercial Register within 7 days upon its occurrence.

(7) (Prev. para. (5), SG, iss. 61/ 2002, am., iss. 8/ 2003, am., iss. 39/ 2005) The Commission notifies in written form the company under para. (1) about its entering in the register under Art. 30, para. (1), item 3 of the Financial Supervision Commission Act, in 7 day period.

(8) (Prev. para. (6), am., SG, iss. 61/ 2002, am., iss. 8/ 2003, iss. 39/ 2005) the conditions and procedure for entry into and deletion from the register under Art. 30, para. 1, item 3 of the Financial Supervision Commission Act of the public companies are laid down in an ordinance.

(9) (Prev. para. (7), am., SG, iss. 61/ 2002) The persons who manage and represent the public company must:

1. (Am., SG, iss. 8/ 2003, am., iss. 39/ 2005; iss. 86 /2006) file for entry in the register under Art. 30 para 1 item 3 of the Financial Supervision Commission Act any following issue of shares within 7 days of entry into the commercial register;

2. (Amended, SG No. 8/2003, supplemented, SG No. 39/2005, amended, SG No. 86/2006, **SG No. 103/2012**) to apply for admission of each succeeding share issue to trading on any regulated market to which an issue of the same class was admitted, within seven days after recording in the register referred to in Item 3 of [Article 30 \(1\) of the Financial Supervision Commission Act](#).

**Art. 110a.** (New, SG, iss.39/ 2005, in effect as of 1 Jan. 2006 concerning the requirements to the public companies under Art. 94 para 1 and 2, Art. 95 and Art. 98a, repealed, iss. 86 in 2006 in effect as of 28 October 2006).

**Art. 110b.** (New, SG, iss. 52/ 2007, in effect as of 3 July 2007, suppl. iss. 23/2009 in effect as of 27 March 2009) The public company shall ensure equal treatment of shareholders in identical situation, including in relation to the participation and exercising of voting right in the company's general meeting..

**Art. 110c.** (New, SG, iss. 52/ 2007, in effect as of 3 July 2007) (1) (Previous Article 110c, **SG No. 103/2012**) Any public company shall ensure all the necessary conditions and information so as to enable the shareholders to exercise their rights, as well as to guarantee the integrity of this information.

(2) (New, **SG No. 103/2012**) Public companies shall create and maintain a website. Those that have not priorly been public shall fulfil their obligation to set up a website within three months after gaining the status of a public company.

**Art. 111.** (1) (Amended, SG No. 61/2002) Voting power in the General Meeting of any public company shall arise upon full payment of the issue price of each share and upon recording of the company or of the increase of capital thereof, as the case may be, in the Commercial Register.

(2) The capital of any (public) company may not be reduced by compulsory cancellation of shares.

(3) The shares in any company referred to in Paragraph 1 shall be dematerialized. Sentence two of [Article 185 \(2\) of the Commerce Act](#) shall not apply.

(4) (New, SG No. 61/2002) A public company may not issue preference shares entitling the holder to more than one vote or to extra portion of the residual distribution of the company's assets in the event of winding-up.

(5) (New, SG No. 61/2002) During any calendar year, a public company may not acquire more than 3 per cent of its own voting shares in the event of reduction of capital by cancellation of shares and repurchase save under the terms and according to the procedure of tender offering under Article 149B herein. In such a case, the requirements to holders of at least 5 per cent wishing to acquire more than one third of the voting shares shall not apply.

(6) (New, SG No. 61/2002, amended, SG No. 52/2007, in effect as of 3.07.2007) A public company shall be obligated to notify the Commission of the number of own shares which the said company will repurchase within the restriction referred to in Paragraph 5 and regarding the investment intermediary wherewith an order of the repurchase has been placed. Notification shall be made no later than the close of the working day preceding the date of the repurchase. The Commission shall make public the information received through the register of public companies and other issuers of securities kept by it.

(7) (New, SG No. 61/2002) Upon an offer to acquire its own non voting shares in the cases covered under Paragraph 5, any public company shall be obligated to repurchase the shares held by the shareholders who or which have accepted the offer in proportion to the capital stock held thereby prior to the purchase. In such a case, Article 149b herein shall not apply.

(8) (New, SG No. 52/2007, in effect as of as of 3.07.2007) A public company which acquires or transfers its own shares directly or through another person acting on own behalf but on the account of the public company, shall disclose information about the number of votes attaching to such shares, under the terms and procedure of Articles 100r and 100t forthwith, but no later than 4 working days after the acquisition or transfer thereof, where their number reaches, exceeds or falls below 5 or 10 per cent of the voting shares.

(9) (New, SG No. 52/2007, effective 3.07.2007) The voting rights shall be calculated on the basis of the total number of voting shares.

**Art. 111a.** (In effect as of 3 July 2007, SG, iss. 52/ 2007) (1) A public company is obligated to disclose under the conditions and the procedure of Art 100s and 100u all changes in the rights attaching to the separate classes of shares, including changes in the rights attaching to derivative financial instruments issued by it, which entitle to acquisition of shares of the company.

(2) The public company shall inform the Commission about any decision for the issuing of new shares, including also about decisions for distribution, subscription, cancellation or conversion of bonds into shares.

(3) The obligation under para 1 and 2 shall be fulfilled by the end of the business day following the day of the decision-making, and where it is subject to entry in the commercial

register – by the end of the business day, following the day of coming to know of the entry, but not later than 7 days after the entry.

(4) The Commission shall make public the received information by the register of public companies and other securities issuers published by it.

**Art. 112.** (Amended, SG No. 61/2002)

(1) Upon increase of capital of any public company, each shareholder shall have the right to acquire shares in proportion to the capital stock held thereby prior to the increase. Article 194 (4) and Article 196 (3) of the Commerce Act shall not apply.

(2) Upon increase of capital of any public company by issuing of new shares, rights as defined in Item 3 of § 1 herein shall be issued. One right shall be issued for each existing share.

(3) (New, **SG No. 103/2012**) The requirement set out in Paragraph 2 shall not apply to cases of increasing the capital of public companies in which only members of the management body and/or the supervisory body and/or its employees are eligible to participate. The capital of public companies may not be increased under the first sentence by more than 1 per cent in a given year, whereby no successive increases of capital exceeding 3 per cent of its amount may be made as per this procedure, regardless of the period lapsed between them, unless the capital was successfully increased meanwhile pursuant to Paragraph 2 by at least 10 per cent. Shares issued pursuant to the first sentence may not, at any time, exceed 5 per cent of the capital of the public company. Capital increase decisions under the first sentence may only be taken by the general shareholders' meeting of the public company.

(4) (Renumbered from Paragraph 3, **SG No. 103/2012**) The capital of a public company may not be increased by increase of the nominal value of previously issued shares, nor by conversion into shares of bonds which have not been issued as convertible.

(5) (Renumbered from Paragraph 3, **SG No. 103/2012**) Upon increase of the capital of a public company, the issue price of the new shares must be fully paid up, except upon increase of capital according to [Article 197 of the Commerce Act](#) , as well as through conversion of bonds into shares. Sentence two of [Article 188 \(1\) of the Commerce Act](#) shall not apply.

**Art. 112a.** (New, SG, issue 61/ 2002, am., iss. 39/ 2005, repealed, iss. 86/ 2006).

**Art. 112b.** (New, SG, iss. 61/ 2002) (1) (Am., SG, iss. 39/ 2005; iss. 86/2006) The decision to increase the capital of a public company shall indicate an investment intermediary, with capital not less than the capital provided for in Art. 8 para 1 from the Market in Financial Instruments Act., that will service the increase in the capital, as well as other necessary information on the issues of rights and shares. The company must send to the Commission, the regulated market, and the Central Depository the minutes with the decision for the increase in capital until the end of the working day following the day on which the general meeting was held or the day on which the meeting of the management board was held.

(2) (Am., SG, iss. 39/ 2005; iss. 86/ 2006) Right to participate in the increase in the capital shall have the persons who have acquired shares not later than 14 days after the date of the general meeting's decision to increase the capital, or when this decision is made by the management - the persons who have acquired shares not later than 7 days after the date of the publication of the announcement under Art. 92a para 1. On the next working day, the Central Depository shall open accounts for rights of the persons under the previous sentence, drawing on information from the book of shareholders.

(3) (Am., SG, iss. 86/ 2006) Upon receipt the decision of the General Meeting under para. 1, and when the decision to increase the capital was made by the management – after publishing the notice under Art. 92a para. 1, the regulated market where the shares are traded shall announce forthwith the final date for conclusion of transactions in them as a result of which the acquirer of

the shares shall have the right to participate in the capital increase. For the period during which the shares are transferred with the right to participate in the capital increase, the regulated market may apply special rules with regard to price restrictions for the orders or quotations placed and for the transactions concluded.

(4) (Am., SG, iss. 86/ 2006) the time limit for transfer of the rights may not be shorter than 14 days and longer than 30 days.

(5) (Am., SG, iss. 86/ 2006) the time limit for subscription for shares shall be at least 30 days. The beginning of the time limit for subscription for shares coincides with the beginning of the time limit for transfer of the rights. The time limit for subscription for shares shall expire at least 15 working days after the expiration of the time limit for transfer of the rights.

(6) (Am., SG, iss. 86 in 2006) the transfer of the rights shall be performed on a regulated market. The regulated market that has admitted to trading the shares in the public company must admit to trading the rights issued by the company.

(7) On the fifth working day after the expiration of the time limit for transfer of the rights, the public company shall offer, through the investment intermediary under para. 1, for sale on the regulated market under the terms of open auction the rights in exchange for which no shares of the new issue have been subscribed until the capital increase is entered in the commercial register. The company shall distribute the sum received from the sale of the rights that have not been exercised less the expenses on the sale proportionally among the holders of the rights.

(8) The sums received from the sale of rights shall be credited to a special account opened by the Central Depository and may not be used until the increase in the capital is entered in the commercial register.

(9) The public company shall organize the subscription in a way that can allow for remote subscription for shares through the Central Depository and its members.

(10) During the subscription in the beginning of every working day the Central Depository shall announce publicly information on the rights that were exercised by the end of the previous working day.

(11) Paragraphs 1 – 10 shall apply accordingly in the case of issue of warrants and convertible bonds.

(12) (Am., SG, iss. 39/ 2005) The public company shall notify the Commission, within 3 working days of the end of the subscription, of how the subscription was carried out and its results, including difficulties, arguments and others in the process of trading the rights and subscribing for the shares. The notification may not contain false or incomplete material information.

(13) (New, **SG No. 103/2012**) Public companies may issue rights in respect of shares subscribed in the period between the subscription completion and the issue of the new shares subscribed at the time of capital increase as per conditions and procedures determined by an ordinance. The capital increase prospectus shall specify the intentions of the public company to issue rights in respect of shares subscribed, the related risks, and the conditions and procedures concerning the issue and transfer of those shares.

**Art. 112c.** (New, SG No. 61/2002, amended, SG No. 34/2006, SG No. 86/2006, SG No. 52/2007, in effect as of 3.07.2007, SG No. 23/2009, **SG No. 103/2012**) Recording in the Commercial Register of the increase of capital of a public company shall be admissible solely subject to the condition of compliance with the provisions of this chapter. The company shall be obligated to present proofs that the requirements of Article 112(5), Article 112b(2),(8) and the first sentence of Article 112b(12) herein have been complied with or, where

the decision on increase of capital of the company has been made by the General Meeting, also the requirements of Article 115(4) herein.

**Art. 112d.** (New, SG, iss. 61/ 2002, am., iss. 67/ 2003, iss. 39/ 2005; iss. 86/ 2006) The Commission shall adopt an ordinance on the implementation of Art. 112b.

**Art. 112e.** (New, SG No. 52/2007, in effect as of 3.07.2007, supplemented, **SG No.103/2012**) Any public company shall disclose under the conditions of Articles 100r and 100t information about the total number of voting shares and the size of the capital at the end of the month no later than the 10th day of the month following that in which an increase or reduction occurred. The information shall be disclosed for every class of shares.

**Art. 113.** (1) (In effect as of 30.12.1999) (Am., SG, iss. 61/ 2002) the capital of a public company may not be increased in accordance with Art. 193, Art. 195 and Art. 196, para. (3) of the Commerce Act.

1. (Amended, **SG No. 103/2012**) to any bank, investment intermediary, insurance company or other company, where the increase of capital is necessary in order to implement a rehabilitation programme to align their capital adequacy with the requirements of the law or where a coercive administrative measure requiring an increase of their capital as per the procedure set out in [Article 195 of the Commerce Act](#) has been applied;

2. where the increase of capital according to the procedure established by Article 195 of the Commerce Act shall be necessary for merger by acquisition, tender offer for exchange of shares, or safeguarding the rights of the holders of warrants or convertible bonds.

**Art. 114.** (1) (Amended, SG No. 61/2002, **SG No. 103/2012**) Persons managing and representing a public company, including the representatives of any legal person that is a member of the public company's management body, may not-without being expressly empowered by the general meeting of the public company concerned-effect transactions as a result of which:

1. (Amended, **SG No. 103/2012**) the company acquires, transfers, receives or surrenders for use or furnishes as security in any form whatsoever any assets to a value exceeding:

(a) one third of the lower value of the assets according to the balance sheet of the said company as last audited or as last prepared;

(b) (Amended, **SG No. 103/2012**) 2 per cent of the lower value of the assets according to the balance sheet of the said company as last audited or as last prepared, where interested parties participate in the transactions;

2. (Amended, **SG No. 103/2012**) the company incurs obligations to a single person or to related parties to an aggregate value exceeding the value referred to in Littera (a) of Item 1 or, where the said obligations are incurred to interested parties or in favour of interested parties, to an aggregate value exceeding the value referred to in Littera (b) of Item 1;

3. (Amended, **SG No. 103/2012**) the receivables of the company from a single person or from related parties exceed the value referred to in Littera (a) of Item 1 or, where interested parties are debtors of the company, over 50 per cent of the value referred to in Littera (b) of Item 1.

4. (New, **SG No. 103/2012**) the company participates in the establishing or increasing of capital of a company or makes additional financial contributions to a company whose total assets value exceeds ten per cent of the lower value of the assets according to the public company's balance sheet, as last audited or as last prepared;

5. (New, **SG No. 103/2012**) the company participates in the establishing or increasing of the capital of other companies or makes additional financial contributions to companies whose total assets value is lower than the threshold referred to in Paragraph 4 if their total value within a given calendar year exceeds the value referred to in Item 1(a);

6. (New, **SG No. 103/2012**) the company's commercial enterprise is transferred, or rights, obligations or factual relations clustered as a commercial enterprise are transferred;

7. (New, **SG No. 103/2012**) the company transfers, grants the use of, or grants as collateral for a subsidiary assets whose total value exceeds ten per cent of the lower value of the assets according to the public company's balance sheet as last audited or as last prepared.

(2) (Amended, SG No. 61/2002, **SG No. 103/2012**) Any transactions of a public company involving the participation of interested parties, other than those covered under Paragraph 1, shall be subject to advance endorsement by the management body of the public company.

(3) (New, **SG No. 103/2012**) Persons managing and representing a non-public company which is a public company's subsidiary, including the representatives of any legal person that is a member of that company's management body, may not-without the prior approval of the public company's management body-make transactions as a result of which the subsidiary:

1. transfers, grants the use of, or provides as collateral, in any form, fixed assets or participates in the establishing or increasing of capital of a company or makes additional financial contributions to a company whose total assets value exceeds:

(a) one-third of the of the lower value of the assets according to the subsidiary's balance sheet as last audited or as last prepared;

(b) two per cent of the of the lower value of the assets according to the subsidiary's balance sheet as last audited or as last prepared, when the transactions involve the participation of interested parties;

2. participates in the establishing or increasing of the capital of a company or makes additional financial contributions to a company whose total assets value exceeds the thresholds referred to in Item 1.

(4) (New, SG No. 61/2002, renumbered from Paragraph 3, amended and supplemented, **SG No. 103/2012**) The value of the property acquired and received for use under Item 1 of Paragraph 1 shall be the agreed price, while the value of the property transferred, surrendered for use or furnished as security shall be the market price of the said property or its value according to the financial statement of the company as last audited, whichever is higher. The market price under the first sentence shall be the price determined by the valuation of an independent expert who is properly qualified and experienced. The value of the property that is subject to the transactions referred to in Paragraph 3 shall be the higher value specified in the subsidiary's balance sheet, as last audited or as last prepared. The value of the obligations and receivables referred to in Items 2 and 3 of Paragraph 1 shall include interest as agreed. Where a transaction covered under Paragraphs 1 and 3 entails securities admitted to trading on a regulated market, they shall be appraised at current market price in the case of acquisitions or at market price, in all other cases, if the market price is higher than the value specified in the company's balance sheet, as last audited.

(5) (New, SG No. 61/2002, renumbered from Paragraph 4, amended and supplemented, **SG No. 103/2012**) Any transactions, which separately fall below the thresholds set under Paragraph 1, Items 1-4, 6, and 7, as well as under Paragraph 3, but in aggregate lead to a change of property exceeding the said thresholds, shall be treated as a single whole if effected within a period of three calendar years and in favour of a single person or of related parties, or if a single person or related parties are parties to the transactions, as the case may be. In such cases, the act or the transaction whereby the thresholds under Paragraphs 1 and 3 are exceeded shall be subject to endorsement by the general shareholders' meeting, while in the case of transactions under Paragraph 3 the endorsement shall be given by the management body of the public company concerned.



(6) (New, SG No. 61/2002, renumbered from Paragraph 5, amended and supplemented, **SG No. 103/2012**) ‘Interested parties’ shall be the members of the management bodies and supervisory bodies of the public company, the representatives of legal persons that are members of such bodies, the managerial agent of the public company, as well as any persons holding, directly and/or indirectly, at least 25 per cent of the votes in the general meeting of the company or controlling the said company, while, in the case of transactions of a subsidiary, the term shall encompass the members of its management and supervisory bodies, the representatives of legal persons that are members of such bodies, the managerial agent of the subsidiary, as well as any persons holding, directly and/or indirectly, at least 25 per cent of the votes in the general meeting of the company other than those of the public company, as well as any parties related thereto when the are:

1. are a party, a representative of a party or an intermediary to the transaction, or the transactions or acts are effected in favour of the said persons; or
2. hold, directly and/or indirectly, at least 25 per cent of the votes in the general meeting, or control any legal person which is a party, a representative of a party or an intermediary to the transaction, or the transactions or acts are effected in favour of any such legal person;
3. are members of management bodies or supervisory bodies, representatives of legal persons, the members of such bodies, or managerial agents of any legal person referred to in Items 1 and 2.

(7) (New, SG No. 61/2002, renumbered from Paragraph 6, **SG No. 103/2012**) The receipt or surrender for use in any form whatsoever of fixed assets on the part of a public company must be effected under the terms and according to the procedure established by a contract of joint venture under Section III if the property:

1. is surrendered to a company holding, directly or indirectly, at least 25 per cent of the votes in the General Meeting of the public company, or controlling the public company, or is a party related thereto; and
2. serves to carry on the core business of the public company within the meaning of Article 126B (2) herein or of a substantial part of the said core business.

(8) (New, SG No. 61/2002, amended, SG No. 39/2005, renumbered from Paragraph 6, amended, **SG No. 103/2012**) Should the conditions referred to in Items 1 and 2 of Paragraph 7 occur after surrender of the property for use, the public company and the counterparty shall be obligated to take steps forthwith for conclusion of a contract of joint venture, including submission of an application to the Deputy Chairperson under Article 126c herein within one month.

(9) (New, SG No. 61/2002, renumbered from Paragraph 6, amended, **SG No. 103/2012**) The provision of Paragraphs 1 and 3 shall not apply in the case of:

1. transactions effected in the course of ordinary business activities of the company, inter alia upon conclusion of contracts of bank credit and furnishing of security, except where interested parties participate in the said transactions, excluding those referred to in Item 2;
2. transactions referred to in Paragraph 1(4) and (5) conducted in the course of ordinary business activities of the company, where the transaction is in favour of the subsidiary and does not exceed the threshold referred to Paragraph 1(1)(a);
3. extension of credit by a holding company and provision of deposits by a subsidiary on terms less favourable than the local market terms;
4. where there is a contract of joint venture under Section III of this Chapter.

(10) (New, SG No. 61/2002, renumbered from Paragraph 9, amended, **SG No. 103/2012**) ‘Ordinary business activities’, as referred to in Paragraph 9(1), shall be the totality of acts and

transactions effected by the company within the objects thereof and in conformity with the customary commercial practice, excluding any transactions and acts arising from contingency circumstances.

(11) (New, SG No. 39/2005, renumbered from Paragraph 10, amended, **SG No. 103/2012**) Any transactions effected in violation of Paragraphs 1 - 10 shall be void.

(12) (New, SG No. 86/2006, renumbered from Paragraph 11, amended, **SG No. 103/2012**) Where deposits are provided Paragraph 9(3), the holding company shall be obligated to notify the Commission within seven days.

**Art. 114a.** (New, SG, iss. 61/ 2002) (1) The management body shall present to the General Meeting a reasoned report on the expediency and terms and conditions of the transactions covered under Article 114 (1) herein. The said report shall be part of the materials provided to shareholders upon convocation of the General Meeting. The circumstances disclosable by the management body to the General Meeting shall be prescribed by ordinance.

(2) In the cases of acquisition or disposition of fixed assets referred to in Article 114 (1) herein, the General Meeting of the company shall pass a resolution by a majority of three quarters in value of the capital stock represented and, in the rest of the cases, by a simple majority.

(3) (New, **SG No. 103/2012**) The management body of the subsidiary shall furnish the management body of the public company with a request for approval under Article 114(3), with information concerning the appropriateness and fundamental conditions of the transaction, including the parties, subject, value, lifetime and participation of interested parties, as well as the relevant balance sheets underlying the judgment as to exceeding the applicable threshold under Article 114(3). If the disclosure of certain data about the transaction might cause material damage to the subsidiary, the data concerned shall not be included in the information under the first sentence, whereby a statement to this effect shall be made. The public company shall notify the Commission of such requests and shall submit the documents and information received within 4 days thereupon.

(4) (Renumbered from Paragraph 3, **SG No. 103/2012**) Upon passage of a decision under Article 114(1) herein, the interested parties shall not exercise their voting power. The members of the management body that are interested parties shall not take part in decision-making under Article 114(2) and (3) herein.

(5) (Renumbered from Paragraph 4, **SG No. 103/2012**) The transactions referred to in Item 1 of Article 114(1) and in Article 114(2) herein, wherein interested parties participate, may be effected solely at market price. Valuation shall be prepared by the management body or, in the cases of Littera (b) of Item 1 of Article 114(1), by appropriately qualified and experienced independent experts designated by the said management body.

(6) (Renumbered from Paragraph 4, amended, **SG No. 103/2012**) The decision referred to in Paragraph 4 shall specify the fundamental conditions of the transaction, including its lifetime, parties, subject and value, as well as in whose favour the transaction is effected. If the decision does not specify counterparty in the transaction, the calculations for the purposes of Article 114(1) and (3) shall be made while applying the thresholds for transactions that entail the participation of interested parties. The decision may abstain from specifying the transaction value provided that it refers to both a minimum amount and a maximum amount, whereby the calculation for the purposes of Article 114(1) and (3) shall be based on latter.

(7) (New, **SG No. 103/2012**) Public companies shall disclose, as per the conditions and procedures set out in Article 100r(1) and (3), transactions concluded under Article 114(3) within 7 days from the date when they came to the knowledge of the public company concerned.

**Art. 114b** (New, SG, iss. 61/ 2002) (1) (Am., SG, iss. 39/ 2005; iss. 86/ 2006) Members of the management and supervisory bodies of the public company, its procurator and the persons directly or indirectly holding at least 25 percent of the votes at the general meeting of the company or controlling the company, must state to the management board of the public company and to the Commission and the regulated market where the company's shares were admitted to trading information about:

1. the legal entities in which they hold directly or indirectly at least 25 per cent of the votes at the general meeting or which they control;

2. the legal entities in whose management and supervisory bodies they participate or whose procurators they are;

3. (amended, **SG No. 103/2012**) regarding any current and future transactions of which they are aware and in which, in their opinion, the said persons may be treated as interested parties.

(2) The members of the management and supervisory bodies of the public company and its procurator must disclose the respective circumstances under para 1 within 7 days of their election and the persons who hold directly or indirectly at least 25 per cent of the votes at the general meeting - within 7 days of their acquisition of the shares, respectively the control. The persons under the previous sentence must update the disclosing document within 7 days of coming into existence of the respective circumstances.

**Art. 115.** (1) The general meeting of a public company shall be held at its registered office. The regular general meeting shall be held until the end of the first half of the year after the end of the reporting year.

(2) (New, SG, iss. 52 /2007; am., iss. 23/ 2009 in effect as of 27 March 2009) Beside the information under Art. 223 para 4 of the Commercial Code, the invitation for the general meeting must also include information about:

1. the total number of shares and voting rights in the general meeting on the date of the decision for convening of the general meeting, including the total number of each class of shares, if the capital is divided into classes of shares, as well as the right of shareholders to participate in the general meeting;

2. the right of shareholders to include issues on the agenda of the general meeting and to make proposals for decisions on matters included in the general meeting's agenda and the deadline for exercising that right; the invitation may contain only the deadline in which these rights can be exercised, if it indicates the place on the company's web site, where there is more detailed information about these rights;

3. the shareholders' right to raise issues during the general meeting;

4. the rules of voting through a proxy, the model forms that are used for voting through a proxy and the ways in which the company shall be informed of authorizations made in an electronic way;

5. the rules of voting through correspondence or electronic means, where applicable;

6. the date under Art. 115b para 1 with indication that only the persons entered as shareholders on that date have the right to participate and vote at the general meeting;

7. the place and manner of receiving the written materials related to the agenda of the general meeting under Art. 224 of the Commercial Code;

8. the web site on which the information under para 5 is published.

(3) (New, SG, iss. 23/ 2009, in effect as of 27 March 2009) The voting rules under para 2 item 5 shall be adopted by the general meeting, and if the articles of association allow it – by the company's management body. The rules shall settle the requirements to the content of the model

form for voting, the ways of its receiving from the shareholders and the conditions for the shareholders' identification.

(4) (Amended, SG No. 61/2002, SG No. 34/2006, renumbered from Paragraph 2, SG No. 52/2007, renumbered from Paragraph 3, amended, SG No. 23/2009, **SG No. 103/2012**) The company shall be obligated to disclose the notice referred to in Paragraph 2 in the Commercial Register and to publish it under the terms and procedure of Article 100s, Paragraphs 1 and 3, at least thirty days prior to the opening of the General Meeting. A public company shall not collect any fees from its shareholders for invitation production and publication.

(5) (Am., SG, iss. 61/ 2002, am., iss. 39/ 2005; iss. 86/ 2006; prev. para 3; iss. 52/ 2007, prev. para 4; am., iss. 23/ 2009 in effect as of 27 March 2009) The invitation under para. 2 together with the materials for the General Meeting under Art. 224 of the Commerce Code shall be forwarded to the Commission within the term under para 4 and shall be posted on the company's web site for the period from its announcement according para 4 to the conclusion of the General Meeting. The information according to sentence one, posted on the public company's web site must be identical in content with the information provided to the general public.

(6) (New, SG, iss. 23/ 2009, in effect as of 27 March 2009) The public company shall publish under the procedure of para 5 also the model forms for voting through a proxy, or through correspondence, if applicable. If the model forms may not be published due to technical reasons, the company must indicate on its web site the way in which the model forms may be obtained on a paper carrier, where in such case, on request by the shareholder, the company shall forward the model forms by postal service at its expense.

(7) (New, SG, iss. 39/ 2005; am., SG, iss. 86/ 2006; prev. para 4, iss. 52/ 2007; prev. para 5, am. iss. 23/ 2009 in effect as of 27 March 2009) In the cases under Art. 223a of the Commercial Code, the shareholders shall submit to the Commission and to the public company at the latest on the next business day after the statement of the items at the commercial register, the materials under Art. 223a, para (4) of the Commercial Code. The public company shall update the invitation and publish it together with the written materials under the conditions and the procedure of Art. 100s para 1 and 3 forthwith, but not later than at the end of the business day following the day of receiving the notification for inclusion of the items on the agenda.

(8) (Repealed, SG, iss. 61/ 2002; new iss. 23/ 2009, in effect as of 27 March 2009) the public company may provide in its articles of association for a possibility the company's General Meeting to be held by using electronic means through one or more of the following forms:

1. broadcasting the General Meeting in real time;
2. bidirectional communications in real time allowing the shareholders to participate in the discussion and decision-making in the General Meeting remotely;
3. a mechanism of voting before or during the General Meeting, without it being necessary to authorize a person who is to participate personally in the General Meeting.

(9) (Repealed, SG, issue 61/2002; new iss. 23/ 2009, in effect as of 27 March 2009) The participation of the shareholders in the General Meeting by using electronic means according to para 8 shall be accounted for when determining the quorum, and the voting shall be indicated in the minutes of the General Meeting. To the minutes of the General Meeting shall be also attached a list of the persons who exercised their right to vote in the General Meeting through electronic means and of the number of the held shares, which shall be certified by the Chairman and the secretary of the General Meeting.

(10) (Repealed, SG, issue 61/2002; new iss. 23/ 2009, in effect as of 27 March 2009) The public company shall ensure the necessary measures for identification of the shareholders and the persons who represent them in their participation in the General Meeting by using electronic

means, and for security of the connection, insofar as necessary for the achievement of these objectives.

(11) (Amended, SG, issue 61/2002, prev. Art 4, iss. 39/ 2005; prev. para 5, iss. 52/ 2007; prev para 6, am. iss. 23/ 2009) The members of the management and supervisory bodies and the procurator of the company must answer correctly, exhaustively and to the point to questions asked by shareholders at the General Meeting regarding the economic and financial situation of the company and its commercial activity, except for circumstances that are considered inside information. Shareholders may ask such question regardless of whether they are related to the agenda.

(12) (Repealed, SG, issue 61/2002; new iss. 23/ 2009, in effect as of 27 March 2009) If there is no quorum, in the cases under Art. 227 para 1 and 2 of the Commercial Code a new meeting may be convened not earlier than 14 days thereafter and it shall be legitimate irrespective of the capital represented at it. The date of the new meeting may also be indicated in the invitation for the first meeting. On the agenda of the new meeting may not be included items under Art. 223a of the Commerce Act.

(13) (Repealed, SG, issue 61/2002).

**Art. 115a.** (In effect as of 3 July 2007, SG, iss. 52/ 2007) The public company may use electronic means for supplying information to the shareholders, provided that the General Meeting took such decision and the following conditions have been complied with:

1. the use of electronic means does not depend on the seat or address of the shareholders or the persons under Art. 146 para 1 item 1-8;

2. identification measures have been taken, in order the information to be really provided to the shareholders or the persons entitled to exercise the voting right or to determine its exercising.

3. the shareholders or the persons under Art. 146 para 1 item 1-5, entitled to acquire, transfer or exercise voting right, have expressly stated a written assent for the provision of information by electronic means, or within a 14-day period after receiving a request of a public company for such assent, have not stated an express refusal; on request of the persons under sentence one the public company must at any time provide the information to them also on a paper bearer;

4. the specifying of the expenditures, related to the provision of the information by electronic means shall not contradict the principle of ensuring equal treatment under Art. 110b.

**Art. 115b.** (New, SG, iss. 61/ 2002) (1) The right to vote shall be exercised by persons who were entered as shareholders in the Central Depository's registers 14 days prior to the date of the general meeting.

(2) (Suppl., SG, iss. 23/ 2009, in effect as of 27 March 2009) The Central Depository must provide the company with lists of shareholders under para. 1 and of the foreign entities under Art. 136 para 1 upon request by the person authorized to manage and represent the company.

(3) (Am., SG , iss. 52/ 2007, in effect as of 3 July 2007, repealed/ iss. 23/ 2009, in effect as of 27 March 2009).

(4) (New, SG, iss. 23/ 2009, in effect as of 27 March 2009) A public company may provide in its articles of association for a possibility the voting right to be exercised before the date of the General Meeting through correspondence, by using mail, including electronic mail, courier, or another technically possible way.

(5) (New, – SG, iss. 23/ 2009, in effect as of 27 March 2009) The voting through correspondence shall be valid if the vote is received by the company not later than the day preceding the date of the General Meeting. The shares of the persons who have voted through correspondence shall be accounted for in the determination of the quorum, and the voting shall be

indicated in the minutes of the General Meeting. To the minutes of the General Meeting shall be also attached a list of the persons who exercised their right to vote at the General Meeting by correspondence, and of the number of the held shares, which shall be certified by the Chairman and the secretary of the General Meeting.

(6) (New, SG, iss. 23/ 2009, in effect as of 27 March 2009) If the shareholder attends the General Meeting in person, the exercised by him/her voting right by correspondence shall be valid, unless the shareholder declares the contrary. In relation to the items on which the shareholder casts a vote at the General Meeting, the exercised by such shareholder voting right by correspondence shall drop off.

(7) (New, SG, iss. 23/ 2009, in effect as of 27 March 2009) The public company may raise requirements for establishment of the shareholder's quality and for voting by correspondence, which are necessary for ensuring the shareholders' identification and insofar as it conforms to the achievement of that objective.

**Art. 115c.** (New, SG, iss. 61/ 2002) (1) Entitled to receive dividend shall be persons who were entered as shareholders in the Central Depository's registers on the 14th day following the date of the general meeting which approved the annual financial statement and made a decision to distribute the profit. Art. 115b, para. 2 shall apply accordingly.

(2) (Am., SG, iss. 39/ 2005, am., iss. 52/ 2007) The company must immediately notify the Commission, the Central Depository and the regulated market about the decision of the General Meeting as to the type and amount of the dividend and about the dividend payment terms and procedure, including to indicate at least one financial institution through which the payments will be made. The types of financial institutions through which the payments may be effected shall be laid down in an ordinance.

(3) Upon receipt of a notification under para. 2, the regulated market on which the shares are traded shall immediately announce the final date for concluding share transactions enabling the purchaser to receive the dividend on these shares voted at the General Meeting.

(4) Until the end of the business days following the day of any notification under para. 2 and the final day for concluding transactions under para. 3, special rules may apply to the regulated securities market regarding the price limitations of orders or quotations and transactions concluded.

(5) The company must ensure that the dividend voted at the general meeting be paid to shareholders within 3 months after the general meeting has been held. All expenses related to the payment of the dividend shall be covered by the company.

(6) The payment shall be made with the assistance of the Central Depository. The procedure for the payment of dividends shall be established by an ordinance.

**Art. 115d.** (New, SG, iss. 23/ 2009, in effect as of 27 March 2009) (1) The shareholders in a public company have the right to authorize any natural or legal entity to participate and vote at the General Meeting on their behalf. Art. 220 para 1, sentence three of the Commerce Act shall not apply if the shareholder has expressly indicated the manner of voting for each of the items on the agenda.

(2) The proxy shall have the same rights to speak and to ask questions at the general meeting as the shareholder whom he/she represents.

(3) The proxy must exercise the right to vote in conformity with the instructions of the shareholder, contained in the power of attorney.

(4) A proxy may represent more than one shareholder at the General Meeting of the public company. In such case the proxy may vote in a different way under the shares held by the separate shareholders which the proxy represents.

(5) The authorization may be effected also by using electronic means. The public company must ensure at least one way of receiving powers of attorney through electronic means. It must publish on its web site the conditions and procedure for receiving powers of attorney by electronic means.

(6) The public company may raise requirements for the authorization, provision of a power of attorney to the company and the giving of instructions by a shareholder on the way of voting, if any, which requirements are necessary for identification of the shareholders and the proxy, or to ensure possibility for checking the content of the instructions, insofar as it conforms to the achievement of these objectives.

(7) The procedure under para 5 and 6 shall also apply in case of withdrawal of a power of attorney.

**Art. 116.** (1) (Am., SG, iss. 23/ 2009, in effect as of 27 March 2009) The written power of attorney to represent a shareholder at a public company's General Meeting must be given for a particular general meeting, it must be explicit and state as a minimum:

1. the data on the shareholder and the proxy;
2. the number of shares to which the power of attorney relates;
3. the agenda of the items proposed to be discussed;
4. the proposals for decisions on each of the items on the agenda;
5. the way of voting on each of the items, if applicable;
6. date and signature.

(2) (Repealed, SG, iss. 61/ 2002; new, iss. 23 in 2009, in effect as of 27 March 2009) In cases where the power of attorney does not indicate the way of voting on the individual items on the agenda, it must state that the proxy has the right to decide if and in what way to vote.

(3) The public company shall provide a sample form of the written power of attorney on a paper media or through electronic means, if applicable, together with the materials for the General Meeting, or on request after its convening.

(4) (Amended, SG No. 61/2002, renumbered from Paragraph 3 - SG No. 52/2007, effective 3.07.2007) Any sub-delegation of the rights referred to in Paragraph 1, as well as any proxy granted in breach of the rules established by Paragraphs (1) and (2), shall be void.

(5) (Renumbered from Paragraph 4 - SG No. 52/2007, effective 3.07.2007) Any solicitation of proxy from a shareholder or shareholders holding more than 5 per cent of the votes in the Shareholders' General Meeting of any public company must be inserted in a national daily newspaper or dispatched to each shareholder concerned. Any such solicitation shall contain at a minimum the following particulars:

1. the agenda of the matters proposed for consideration at the General Meeting, and the motions for resolutions thereon;
2. an invitation to the shareholders to provide instructions as to the manner of voting on the matters on the agenda;
3. a statement of the manner in which the solicitor will vote on each of the matters on the agenda, should the shareholder who or which accepts the solicitation fail to provide instructions as to the voting.

(6) The solicitor shall be obligated to vote at the General Meeting of the company in conformity with the instructions of the shareholders as stated in the proxy or, should no such instructions have been provided, in conformity with the statement referred to in Item 3 of Paragraph 5. The solicitor may depart from the instructions of the shareholders or from the statement of the solicitor as to the manner of voting, as the case may be, if:

(a) any circumstances have occurred which were not known at the time of making of the solicitation or of signing of the proxy by the shareholders;

(b) the solicitor has been unable to request in advance new instructions and/or to make a new statement, or has not received promptly new instructions from the shareholders;

(c) the departure is necessary for safeguarding the interests of the shareholders.

(7) (Amended, SG, issue 61/2002) The company may not require presentation of the proxies referred to in Paragraph 1 earlier than two business days before the day of the General Meeting. The company shall inform those present at the Shareholders' General Meeting of the proxies as received upon the opening of the General Meeting.

(8) (Amended, SG No. 61/2002, renumbered from Paragraph 7, SG No. 52/2007, in effect as of 3.07.2007) Should more than one proxy referred to in Paragraph 1 be presented as granted by one and the same shareholder, the proxy which has been granted later shall prevail.

(9) (Renumbered from Paragraph 8. SG No. 52/2007, in effect 3.07.2007) Unless the company receives written notice from a shareholder of withdrawal of any proxy prior to the opening of the General Meeting, any such proxy shall be deemed to be valid.

(10) (Renumbered from Paragraph 9, SG No. 52/2007, in effect 3.07.2007) If the shareholder attends the General Meeting in person, any proxy granted thereby and applicable to the said General Meeting shall be valid unless the said shareholder states otherwise. In respect of the matters on the agenda whereon the shareholder votes in person, the respective right of the proxy shall lapse.

(11) (Amended, SG No. 39/2005, renumbered from Paragraph 10, SG No. 52/2007, in effect as of 3.07.2007) The company shall be obligated to give the Commission notice of the exercise of voting power by proxy within seven days after the General Meeting.

(12) (New, SG No. 61/2002, renumbered from Paragraph 11, SG No. 52/2007, in effect as of 3.07.2007, repealed, SG No. 23/2009, in effect as of 27.03.2009).

Art. 116a. (New, SG, iss. 61/ 2002) (1) Any person, who at the time of election is under an effective sentence for offences against property, economic offences or offences against the financial system, the tax system or the social insurance system, committed in the Republic of Bulgaria or abroad, shall be ineligible to the management bodies and supervisory bodies of any public company unless rehabilitated.

(2) At least one third of the members of the Board of Directors or the supervisory board of a public company must be independent persons. An independent member of the board may not be:

1. an officer in the public company;
2. a shareholder who owns directly or through related persons at least 25 percent of the votes at the general meeting or is a person related to the company;
3. a person who has lasting trade relations with the public company;
4. a member of a management or supervisory body, procurator or officer in a company or another legal entity under items 2 and 3;
5. a person related to another member of a management or supervisory body of the public company.

(3) Persons who have been elected as members of the management or supervisory bodies with respect to whom the circumstances under para. 1 or 2 arise after their election must notify forthwith the management body of the public company. In this case, the persons shall stop performing their functions and shall not receive remuneration.

(4) (Supplemented, **SG No. 103/2012**) The candidate for elective office shall prove the non-existence of the circumstances covered under Paragraph 1 by means of a conviction status certificate, and the non-existence of the circumstances covered under Paragraph 2 by a



declaration. The documents referred to in the first sentence shall form part of the written material for the general meeting the agenda of which entails the election of members of the board of directors or supervisory board. The persons referred to in the first sentence shall confirm the truthfulness of the documents provided pursuant to the preceding sentence at the General Meeting to which their nominations have been put forward for election.

(5) (New, **SG No. 103/2012**) When electing independent members of the public company's board of directors or supervisory board, the capital presented to the general meeting shall include the shares held by persons referred to in Paragraph 2, Items 1-5 only if no other shareholders are present or represented at the General Meeting.

**Art. 116b.** (New, SG, iss. 61/ 2002) (1) Members of the management and supervisory bodies of a public company must:

1. perform their duties in due diligence in a manner they reasonably believe to be in the best interests of all company's shareholders, and by using only information that they reasonably believe is truthful and full;

2. be loyal to the company as they:

a) give priority to the company's interest over their own interest;

b) avoid any direct or indirect conflict between their own interest and the company's interest, and where such a conflict arises – disclose it in writing in due time and fully to the relevant body, and they do not participate and do not influence the other members of the board in making a decision in such cases;

c) do not disclose any non-public information about the company even after they are no longer members of the relevant bodies, until the relevant circumstances have been publicly disclosed by the company.

(2) The provision under para. 1 shall also apply to natural persons that represent legal entities – members of management and supervisory bodies of a company as well as to the procurators of a public company.

(3) (**New, SG No. 103/2012**) The members of the management body of public companies shall:

1. exercise ongoing control as to the observance of the requirements set out in Article 114(3) and Article 114a(3) in the course of business of the public company's subsidiaries; in connection with the obligation under the first sentence, the public company's representative shall make sure that the subsidiary will provide the relevant information, as well as information concerning all transactions concluded under Article 114(3) within 5 days after their execution date;

2. furnish the Commission with the minutes of the meeting of the public company's management body which reflects the endorsement decisions referred to in Article 114(2) and (3) within 4 days after the date of the meeting.

**Art. 116c.** (New, SG, iss. 61/ 2002) (1) (Supplemented, SG No. 21/2012) The public company shall adopt and apply a remuneration policy for its staff and the requirements to the remuneration policy and its disclosure shall be laid down in an ordinance. The compensations and tantiemes of the members of the management bodies and supervisory bodies of any public company, as well as the period wherefor they are payable, shall mandatorily be fixed by the General Meeting.

(2) The persons referred to in Paragraph 1 shall be obligated to furnish a managerial bond within seven days after the election thereof.

(3) The bond shall be furnished in Bulgarian lev. The amount of the bond shall be fixed by the Shareholders' General Meeting and may not be less than the three-month gross compensation of the persons referred to in Paragraph 1.

(4) The bond shall be blocked in favour of the company with a bank within the territory of Bulgaria. Interest accruing on the bonds blocked with a bank shall not be blocked and shall be withdrawable on demand by the bond furnisher.

(5) (New, **SG No. 103/2012**) Within 7 days from the date of furnishing the management bond, the persons referred to in Paragraph 1 shall provide the Commission with a document issued by the bank referred to in Paragraph 4 certifying that the bonds have been blocked in compliance with Paragraphs 2-4. The bank referred to in Paragraph 4 shall issue the document upon the request of the person who furnished the bond.

(6) (Renumbered from Paragraph 5, **SG No. 103/2012**) In the event of failure to furnish the bond within the prescribed time limit, the person affected shall not receive compensation as member of the relevant body until the full amount of the bond is furnished.

(7) (Renumbered from Paragraph 6, **SG No. 103/2012**) The bond shall be released:

1. in favour of the bond furnisher referred to in Paragraph 1: after the date of General Meeting resolution relieving the said furnisher from liability and after the said furnisher vacates office;

2. in favour of the company: in case the General Meeting has passed a resolution to this effect upon detection of detriment inflicted on the company.

(8) (Amended, SG No. 39/2005, renumbered from Paragraph 7, amended, **SG No. 103/2012**) The General Meeting may relieve from liability a member of a management bodies and supervisory body at a general meeting, provided there is an annual financial statement for the previous year adopted at an ordinary annual general meeting and an interim financial statement for the period commencing at the beginning of the current year and ending on the last day of the month preceding that when the notice of convocation of the General Meeting was promulgated, both certified by a registered auditor.

(9) (Renumbered from Paragraph 8, amended, **SG No. 103/2012**) Paragraphs 1-8 shall furthermore apply to managerial agents, with the powers of the General Meeting being executed by the Supervisory Board or by the Board of Directors, as the case may be. These bodies shall account to the General Meeting for the amount of compensations received, the bonds as fixed, and the extent of performance of the duties entrusted to the relevant person.

**Art. 116d** (New, SG, iss. 61/2002) (1) (Supplemented, **SG No. 103/2012**) The management body of public companies shall be obligated to appoint an investor relations director to serve under a of the employment. Companies that have not priorly been public shall fulfil their obligation referred to in the first sentence within three months after they gain the status of a public company. Upon terminating the employment contract investor relations director, the management body shall appoint a new investor relations director within 2 months thereafter.

(2) The investor relations director must be appropriately qualified and experienced to perform the duties thereof and may not be a member of a management body or supervisory body or a managerial agent of the public company.

(3) The investor relations director shall perform the following functions:

1. implement effective liaison between the management body of the company and the shareholders thereof and the persons who have expressed interest in investing in securities of the company, supplying them with information regarding the current financial position and state of economic affairs of the company, as well as with any other information whereto they are entitled by law in the capacity thereof as shareholders or investors;

2. be in charge of the dispatch, within the statutory time limit, of the materials on each General Meeting as convened to all shareholders who have requested to familiarize themselves with the said materials;

3. take and keep in custody accurate and full minutes of the meetings of the management body and supervisory body of the company;

4. (Amended, SG No. 39/2005) be in charge of the prompt dispatch of all required reports and notices of the company to the Commission, the regulated market whereon the securities of the company are traded, and the Central Depository;

5. keep a register of the materials dispatched under Items 2 and 4, as well as for the requests received and the information supplied under Item 1, describing the reasons in case any requested information has not been supplied.

(4) The investor relations director shall account for the performance thereof to the shareholders at the Annual General Meeting.

(5) The persons who manage the company shall be obligated to cooperate with the investor relations director, as well as to control the performance of functions covered under Paragraph 3.

(6) Article 116a (1) and Article 116b herein shall apply to the investor relations director.

**Art. 117.** (1) (New, SG, iss. 23/ 2009, in effect as of 27 March 2009) The results of the voting in the minutes of the General Meeting must include information on the number of shares on which actual votes were cast, what part of the capital they represented, the total number of the actually cast votes, the number of given votes “for” and “against”, and if necessary – the number of the abstaining, for each of the decisions on the agenda items.

(2) (Prev. Art. 117, am., SG, iss. 61/ 2002, iss. 39/ 2005; iss. 86/ 2006, prev. para 1, am. iss. 23/ 2009) The company shall forward to the Commission the minutes of the General Meeting within 3 working days after the meeting’s holding.

(2) (New, SG, iss. 61/ 2002, am., iss. 39/ 2005; prev. para 2; am., iss. 23/ 2009, in effect as of 27 March 2009) Within the term under para 2 the public company shall post the minutes of the General Meeting on its web site for a period not less than one year.

**Art. 118.** (1) The persons holding jointly or separately at least 5 per cent of the capital of a public company may bring before the court the company’s claims against third parties in case of inaction of the public company’s management bodies which jeopardises its interests. The company shall also be summoned as a party to the proceedings.

(2) (Am., SG, iss. 61/ 2002) the persons under para. 1 may:

1. bring a claim before the district court according to the company’s registered office for compensation of damage inflicted on the company as a result of the executive actions or inaction of the members of the management and supervisory bodies and of the company’s procurators;

2. request that the General Meeting or the District Court appoint controllers to examine the entire financial documentation of the company and to prepare a report of their findings;

3. request the District Court to convene a General Meeting or empower a representative to convene a General Meeting following an agenda specified by them.

4. (New, SG, iss. 23/ 2009, in effect as of 27 March 2009) ask for inclusion of items and propose decisions on already included items in the general meeting’s agenda according the procedure of Art. 223a of the Commerce Act.

(3) (New, SG, iss. 61/ 2002) the Court shall forthwith issue a judgment on any request under para. 2, item 2 and 3.

**Art. 118a.** (New, SG, iss. 61/ 2002) Any person, who controls a public company, as well as any other person who through their influence on the public company has persuaded a member of the company’s managing or supervisory bodies, or a procurator of the company, to act or to

refrain from action in a way that conflicts with the interests of the company, shall be jointly and severally liable for the damages done to the company. Art. 118, para. 2, item 1 shall apply accordingly.

**Art. 119.** (1) (Amended, **SG No. 103/2012**) Any company referred to in Article 110 (1) herein shall cease to be public as from the date of the decision of the Deputy Chairperson to deregister the said company from the register kept by the Commission, if:

1. (Amended, SG No. 61/2002) the General Meeting of the said company has passed a resolution on the expungement thereof by a majority of two-thirds in value of the capital stock represented and provided that:

(a) the number of shareholders was fewer than 50 persons fourteen days before the General Meeting, as well as on the last day of the two last succeeding calendar years, or

(b) the value of the assets of the company was less than BGN 200,000 according to the latest monthly balance sheet, as well as according to the two latest audited annual balance sheets;

2. (Repealed, SG No. 61/2002, new, **SG No. 103/2012**) the General Meeting of a company at which all shareholders were present has passed a unanimous decision on the deregistration of that company;

3. (Amended, SG No. 61/2002) a tender offering has been made under Article 149a herein and:

(a) the shareholders owning at least one-half of the total number of shares subject to the tender offer have accepted the tender offer, or

(b) (Amended, SG No. 52/2007, in effect as of 3.07.2007) the General Meeting of the company has passed a resolution on the expungement thereof by a majority of one-half in value of the capital stock represented; the capital stock represented shall exclude the shares which the tender offeror has acquired prior to registration with the Commission of the tender offer referred to in Article 149a (1) herein; the voting power of the tender offeror shall be limited to the shares acquired thereby as a result of the said tender offer and thereafter.

4. (New, SG No. 52/2007, in effect as of 3.07.2007) repurchase of all voting shares in the general meeting of the public company as per Article 157a is in place.

(2) (New, **SG No. 103/2012**) A company that has become public by way of division may not be deregistered on the grounds of Paragraph 1(2), unless those grounds also exist in respect of the converted public company.

(3) (Amended, SG No. 61/2002, renumbered from Paragraph 2, **SG No. 103/2012**) Any notice of convocation of a General Meeting referred to in Item 1 of Paragraph 1 must specify the reasoning of the draft resolution on expungement of the company.

(4) (New, SG No. 61/2002, renumbered from Paragraph 3, **SG No. 103/2012**) In the application on deregistration from the register kept by the Commission, the company shall cite the transactions and acts which have materially contributed to a fall of the number of shareholders and of the value of the assets of the company below the respective thresholds referred to in Item 1 of Paragraph 1. Article 91 herein shall apply accordingly.

(5) (New, SG No. 61/2002, amended, SG No. 39/2005, SG No. 52/2007, in effect 3.07.2007, renumbered from Paragraph 4, **SG No. 103/2012**) The Deputy Chairperson shall refuse to expunge in the register any public company which does not fulfil the conditions referred to in Item 1, 3 or 4 of Paragraph 1, inter alia where fulfilment of the said conditions has violated the law.

(6) (New, SG No. 61/2002, amended, SG No. 39/2005, renumbered from Paragraph 5, **SG No. 103/2012**) Upon the entry into force of the decision of the Deputy Chairperson on expungement of any public company in the register, the indication that the said company is

public shall be dropped from the Articles of Association thereof. Any such company shall be obligated to declare the said alteration for recording in the Commercial Register, as well as to present updated Articles of Association according to the procedure established by Article 174 (4) of the Commerce Act.

(7) (Renumbered from Paragraph 3, SG No. 61/2002, amended, SG No. 39/2005, renumbered from Paragraph 6, **SG No. 103/2012**) After a decision by the Deputy Chairperson on expungement in the register, the shares in the company may not be traded on a regulated securities market.

(8) (Renumbered from Paragraph 4, SG No. 61/2002, amended, SG No. 39/2005, renumbered from Paragraph 7, **SG No. 103/2012**) Any public company may be transformed into a limited liability company solely after a decision by the Deputy Chairperson on expungement in the register.

(9) (Repealed, SG No. 61/2002).

**Art. 120.** (Suppl., SG, iss. 61/ 2002; iss. 39/ 2005, am. iss. 52/ 2007; iss. 23/ 2009) Chapter Six “a”, Division IV shall apply to the public company, including the form, procedures and ways of providing the information under Art. 115, para. s 5 and 7 and Art. 117, as well as the public dissemination of this information.

**Art. 120a.** (New, SG, iss. 52/ 2007) (1) (Suppl., SG, iss. 23/ 2009 in effect as of 27 March 2009), Articles 110b, 110c, 111, para 8 and 9, 111a, 112e, 115, para 2 item 1, 115a, 115c, para 2 regarding the indication of financial institution and Art. 116, para 3 shall also apply to the issuers of shares from a third country, for which the Republic of Bulgaria is a home Member State according Art. 100j para 2 item 1.

(2) Supplemented, SG No. 21/2012) The requirements under paragraph 1 shall not apply to issuers from a third country for whom the Republic of Bulgaria is a home country if the Commission deems that the law of that country lays down requirements equivalent to the requirements herein and the statutory instruments for the application of this Act. The Commission shall notify ESMA of its judgement under the first sentence. The conditions under which the Commission may deem that the requirements of the law of that country are equivalent to the requirements herein and the statutory instruments for the application of this Act shall be set out by ordinance. (3) The information which the persons under para 1 must disclose according their national legislation shall be disclosed under the conditions and the procedure of Art. 100s and 100u.

(3) The information that the persons under Paragraph 1 shall disclose according to national law shall be disclosed under the terms of Articles 100r and 100t.

(4) The Commission shall publish on its website a list of the countries whose laws provide for requirements equivalent to the requirements herein and the statutory instruments for application of this Act.

**Art. 121.** The provisions of the Commerce Act shall apply to the cases which are not explicitly covered by the present division.

## **Division II Transformation**

**Art. 122.** (1) (Am., SG, iss. 39/ 2005) In cases of transformation under Chapter Sixteen of the Commerce Act, which involves at least one public company, the newly-established and the host company or companies, shall also be public.

(2) (Am., SG, iss. 61/ 2002, iss. 39/ 2005; iss. 34/2006) The entering of the transformation under para. 1 in the commercial register is allowed only after the submission of the deputy chairman's decision under Art. 124, para (1).

(3) (Am., SG, iss. 39/ 2005) In a 7 day period from the entering of the transformation in the commercial register, the

management bodies of the newly established or host company or companies are required to:

1. submit to the Commission papers for entering into the register under Art. 30, para (1), item 3 of the Financial Supervision Commission Act;

2. submit to the Central Depository papers for registration of their issues of shares and their allocation on accounts or the transfer of the shares.

(4) (Repealed, SG, iss. 39/ 2005).

(5) (Am., SG, iss. 61/ 2002, repealed, iss. 39/ 2005).

(6) (Repealed, SG, iss. 39/ 2005).

(7) (Repealed, SG, iss. 39/ 2005).

(8) (Repealed, SG, iss. 39/2005).

(9) (New, SG, iss. 61/ 2002, repealed, iss. 39/ 2005).

**Art. 123** (Am., SG, iss. 39/ 2005) (1) the contract or plan for transformation under Art. 262g of the Commercial Act, besides the particulars under Art. 262g of the Commerce Act must also contain:

1. the fair share price of any of the transforming companies, or a company, as well as the exchange ratio of shares in the transforming companies/company, against shares in the newly-established companies/company, or the host company, determined on a date which may not be earlier than 1 month before the date of the contract or plan for transformation;

2. justification of the price referred to in Item 1 on the basis of generally accepted valuation methods;

3. other measures, proposed to the shareholders with special rights and to the holders of securities other than shares, other than the rights under Art. 262g, para 2, item 8 of the Commerce Act, if such have been envisaged;

(2) The requirements for the contents of the rationale under para 1, item 2, including the application of valuation methods shall be laid down in an ordinance.

(3) The contract or plan for transformation under para 1 must be verified by an independent expert under Art.262j of the Commerce Act, included in a list, approved by the Deputy Chairperson.

**Art. 124.** (Amended and supplemented, SG No. 61/2002, amended, SG No. 39/2005)

(1) (Supplemented, **SG No. 103/2012**) The transformation agreement or plan, as well as the reports of the management body under Article 262i of the Commerce Act and of the auditor under Article 262l of the Commerce Act of each of the companies involved in the transformation, shall be approved by the Deputy Chairperson before taking the decision referred to in [Article 262n of the Commerce Act](#).

(2) The transforming companies, or the transforming company shall submit an application for approval and they shall enclose:

1. the contract or the plan for the transformation, satisfying the requirements of Art. 262f and 262g of the Commerce Act;

2. report of the management body of each of the transforming and the host companies under Art. 262i of the Commerce Act, stating also the grounds for which the transformation is needed;

3. report of the verifying expert under Art. 262l of the Commerce Act, respectively also under Art. 262u of the Commerce Act, as well as a declaration of the verifying expert that he is

not a related person to the companies participating in the transformation and has no other relations with them, that may arouse well-founded suspicions about his impartiality.

4. the annual financial statements under Art. 26, para 1 of the Accountancy Act and the performance reports of all transforming and host companies for the past three financial years, if there are any and they have not been filed with the Commission;

5. a balance sheet as of the last date of the month preceding the date of the contract or the plan for transformation;

6. the draft of new articles of association of each of the newly established companies, or draft amendments and supplements to the articles of association of each of the transforming and host companies;

7. copy of the application filed with the Central Depository under Art. 262x, para 5 of the Commerce Act;

8. any other documents set out in an ordinance.

(3) The balance sheet under para (2), item 5 must be prepared by applying the same accounting policy and form as of the last Annual Financial Statement.

**Art. 124a.** (New, SG, iss. 61/ 2002, repealed, SG, issue 39/ 2005).

**Art. 125** (Amended, SG No. 61/ 2002, SG No. 39/ 2005)

(1) (New, **SG No. 103/2012**) The Deputy Chairperson shall deliver a decision on the application referred to in Article 124(2) within 20 business days upon receiving it; the same time limit shall apply when additional information and documents are requested.

(2) (Previous Article 125, **SG No. 103/2012**) The Deputy Chairperson shall refuse to grant approval if the written materials covered under Article 124 (2) herein do not satisfy the requirements of the law, if the information contained therein is not presented in a way comprehensible to shareholders or does not disclose truthfully and fully the material circumstances of relevance to the making by shareholders of a reasoned decision on the proposed transformation, or if the interests of the shareholders are prejudiced in any other manner. Article 91 and Article 92 (2) and (3) herein shall apply accordingly.

**Art. 126** (Am. SG, iss. 39/2005) (1) Any shareholder who quitted the company according to Art. 263r of the Commerce Act shall have the right to receive the equivalence of the shares owned by him before the transformation at the price stated in the plan or in the contract for transformation. In this case, Art. 111, para 5 shall not apply.

(2) Within thirty days after the date of notice of termination of participation under [Article 263q of the Commerce Act](#), the new company and/or the acquiring company shall be obligated to buy out the shares held by the shareholders referred to in Paragraph 1.

**Art. 126a.** (New, SG, iss. 61/2002, repealed, issue 39/2005).

### **Division III** **(New – SG, iss. 61 in 2002)** **Common Enterprise Agreement**

**Art. 126b.** (New, SG, iss. 61/ 2002) (1) A common enterprise agreement obligates a public company to conduct its core business or a part of it in a common interest with another company which holds directly or indirectly at least 25 percent of the votes at the general meeting of the public company which controls the public company or is a person related to it.

(2) Core business under para. 1 shall be the totality of the company's legal and business actions and operations generating at least 25 percent of its revenues from goods sold or services rendered in accordance with the last audited annual financial report.

(3) A common enterprise shall be managed jointly by the management bodies of the companies that are parties to an agreement or independently by the management body of one of these companies, respectively by persons appointed by the management body.

(4) The persons under para 3 shall file with the Commission an annual and quarterly financial statement for the activity under Chapter Six "a", Division II, as well as other information, as laid down in an ordinance. The procedure, terms and manner of provision of the information according sentence one to the Commission, as well as of its public dissemination shall be laid down in an ordinance.

(5) (In effect as of 3 July 2007, SG, iss. 52/ 2007) The Commission shall make public the information received under para 1 through the register kept by it under Art. 30 para 1 of the Financial Supervision Commission Act.

(6) The distribution of profits and losses from the activity of a common enterprise shall be made in view of the assets and other forms of contribution with which each company participates in the common enterprise.

(7) An agreement must provide in complete details for the form and ways of contribution of each of the companies in the common enterprise, its activity, ways of management, and methods of distribution among the companies of the profits and losses of the common enterprise, as well as the terms and procedures for the termination of the agreement.

**Art. 126c.** (New, SG, iss. 61/ 2002) (1) The management body of each public company that is party to a common enterprise agreement shall draw up a written report containing the legal and economic rationale for the agreement, a valuation of the assets and the other forms of contribution with which each company participates in the common enterprise, as well as a rationale, on the basis of generally accepted valuation methods, of the fair price of the shares in the respective public company. Any requirements of the content of the rationale for the fair price, including requirements of the application of valuation methods, shall be set out in an ordinance.

(2) (Am., SG, iss. 39/ 2005) the report under para. 1 must be reviewed by not more than three independent experts with the necessary qualifications and experience approved by the Deputy Chairman upon proposal by the companies that are parties to the agreement. The experts shall draw up a written report for the shareholders. The costs of the expertise shall be covered by the companies.

(3) (Am., SG, iss. 39/ 2005) The expert shall draw up a report that indicates the methods for valuation of the forms of contribution of the parties to an agreement and for valuation of the fair price of the shares in the public company, to what degree these methods are appropriate, as well as any difficulties in the valuation if there are any. The report must also indicate other material circumstances that are important for the shareholders to make a reasoned decision on the draft agreement.

(4) (New, SG, iss. 39/ 2005) Any expert is entitled to obtain an access to information and written materials, relating to each of the companies participating in the common enterprise, which are connected with his task, as well as to carry on all needed check-ups.

**Art. 126d.** (New, SG, iss. 61/ 2002) (1) (Am., SG, iss. 39/ 2005) the draft common enterprise agreement and the reports under Art. 126c must be approved by the Deputy Chairman.

(2) (Am., SG, iss. 39 /2005, am., iss. 52/ 2007) Each public company that is party to a common enterprise agreement shall file with the Commission an application for approval and it shall enclose the documents under para. 1 and other documents laid down in an ordinance. The



Deputy Chairman shall render a decision on the application within thirty days of its filing and if there has been a request for elimination of incomplete details or irregularities or for the filing of additional information – within 14 days of the documents filed in addition.

(3) (New, SG, iss. 52/ 2007) On the grounds of the submitted documents the Deputy Chairman shall establish to what extent the requirements to the issue of the requested approval have been complied with. If the submitted data and documents are incomplete or irregular or additional information is needed or evidence of the data correctness, the Deputy Chairman shall forward a notice about the found out deficiencies and irregularities and/or for the required additional information and documents.

(4) (New, SG, iss. 52/2007) If the notice under para 3 is not accepted at the indicated by the applicant address for correspondence, the term for their submission shall start running from the placing of the notice on a specially designated for the purpose site in the Commission's building. The latter circumstance shall be certified by a report, drawn up by officials appointed on orders of the Commission's Chairman.

(5) (New, SG, iss. 52/ 2007) the applicant shall be informed in writing of the decision taken within a 7-day period.

(6) (Am., SG, iss. 39/ 2005) the Deputy Chairman shall issue a motivated refusal for approval only if the documents under para. 1 do not comply with the requirements of the law, if the information they contain is not presented in a way that is accessible to the shareholders or does not disclose appropriately and completely material circumstances that are important for the shareholders to make a reasoned decision on the draft agreement or if the interests of the shareholders in a public company that is party to a common enterprise agreement have been harmed in any other way.

**Art. 126e.** (New, SG, iss. 61/ 2002) (1) A common enterprise agreement shall become effective following an approval by the general meeting of each of the companies that are parties to the agreement. The decision of the general meeting shall be made by a majority of  $\frac{3}{4}$  of the represented capital.

(2) (Am., SG, iss. 8/ 2003, am., iss. 39/ 2005) The companies shall file the common enterprise agreement, the decisions of their General Meetings and the decision by the Deputy Chairman for its approval with the commercial register within 7 days of the agreement's effective date. Within this term, a public company that is party to an agreement shall also enter it for filing in the register under Art. 30, para. 1, item 3 of the Financial Supervision Commission Act.

(3) Any termination or rescission of a common enterprise agreement shall have a prospective effect. In such cases, para. 1 shall apply accordingly.

(4) Any further amendments to a common enterprise agreement shall be made in accordance with the provisions of this chapter.

**Art. 126f.** (New, SG, iss. 61/ 2002) (1) (am., SG, iss. 39/ 2005) Any shareholder in a public company that is party to a common enterprise agreement shall be entitled to request of the company to purchase all or a portion of the shares the person holds at the price indicated in the report of the company's management body which is approved by the Deputy Chairman, if the person voted against a decision of the General Meeting to approve the agreement or a further amendment to it. In this case, Art. 111, para. 5 shall not apply.

(2) Instead of purchase of shares, a common enterprise agreement may entitle the persons under para. 1 to request of the company to exchange all or a portion of their shares in the public company for shares in the company that is counter party to the agreement. In this case, the management body's report under Art. 126c must contain information about the rights associated

with the shares in the controlling company and a rationale, on the basis of generally accepted economic methods, of the fair price of the shares in the controlling company and their exchange ratio for shares in the public company.

(3) The persons under para. 1 must file with the respective public company a request for the buy-out or exchange of shares within thirty days of the date of the General Meeting.

(4) Within thirty days of the expiration of the term under the previous paragraph but not before the effective date of a common enterprise agreement, the public company must purchase the shares of shareholders who have made a request.

**Art. 126g.** (New, SG, iss. 61/ 2002) (1) The persons who manage a common enterprise must act in the interest of the parties to the agreement and their shareholders. Art. 116b shall apply accordingly.

(2) The persons under para. 1 shall be jointly and severally liable for any damage caused due to failure to perform their obligations in the management of a common enterprise to each company that is party to the common enterprise agreement.

(3) A person who through their influence on a manager of a common enterprise has made the manager act or refrain from action not in the interest of the parties to the agreement shall be jointly and severally liable for the damages caused.

(4) Persons holding together or separately at least 5 percent of the capital of a public company that is party to a common enterprise agreement may file a claim with the district court for the district where the company is incorporated for indemnity for damages caused to the public company by action or inaction of the persons under para. 2 and 3.

**Art. 126h.** (New, SG, iss. 61/ 2002) (1) Common enterprise agreements with international participation shall be subject to the provisions of this Division and the mandatory provisions of Bulgarian law.

(2) Parties to an agreement that are foreign persons as well as the foreign persons who manage a common enterprise must indicate a country representative and an address where summons, messages and other correspondence will be delivered.

## **Chapter Nine**

### **CENTRAL DEPOSITORY**

**Art. 127.** (1) (Amended, **SG No. 103/2012**) Issuing and disposition of dematerialized financial instruments shall take effect as from the registration thereof at the Central Depository.

(2) The Central Depository shall be a joint-stock company with a one-tier management system and the following objects:

1. (Amended, **SG No. 103/2012**) opening and maintenance of financial instruments accounts for securities referred to in Paragraph 1;

2. (Amended, **SG No. 103/2012**) registration of transactions in financial instruments referred to in Paragraph 1;

3. (Amended, **SG No. 103/2012**) maintenance of cash accounts and effecting of payments in connection with transactions in financial instruments referred to in Paragraph 1;

4. (Amended, **SG No. 103/2012**) administration of financial instruments, including maintenance of share registers for dematerialized shares and bonds;

5. (Amended, **SG No. 103/2012**) immobilizing financial instruments in the cases covered under Article 141(2) herein;

6. any other activities as may be specified in the ordinance provided for in Article 140 herein.

(3) The Central Depository may not carry out commercial transactions unless this is necessary for the pursuit of the activities under para. (2).

(4) (New, SG, iss. 52/ 2007) The Central Depository may not:

1. grant credits or secure receivables of third persons;

2. issue bonds;

3. receive credit on conditions, less favourable than the market ones for the country.

(5) (Renumbered from Paragraph 3, SG No. 52/2007, amended, SG No. 57/2011) The Central Depository shall form a Reserve Fund under the procedure of [Article 246 of the Commerce Act](#) and a Guarantee Fund under the procedure of Article 132.

(6) (Renumbered from Paragraph 5, SG No. 52/2007, repealed, SG No. 57/2011).

(7) The Central Depository must have qualified personnel, technical equipment and hardware and software necessary for the efficient and secure performance of its activities under para. (2).

(8) An arbitrage court is established with the Central Depository. The General Meeting of the Central Depository approves the rules of the arbitrage court and elects its Chairman and Deputy Chairman.

(9) The Central Depository shall not be terminated by resolution of the General Meeting. Bankruptcy proceedings may not be instituted for the Central Depository.

**Art. 128.** 1) The Central Depository shall issue solely registered shares entitling the holder to a single vote. The Central Depository may not issue preference shares.

(2) (Amended, SG No. 39/2005, SG No. 86/2006, SG No. 57/2011) The Ministry of Finance, the Bulgarian National Bank, banks, investment intermediaries and persons under Article 131, paragraphs 4 and 5 may be shareholders of the Central Depository.

(3) (New, SG No. 57/2011) Up to 10 percent of the capital of the Central Depository may be held by shareholders other than the persons under paragraph 2.

(4) (Amended, SG No. 39/2005, supplemented, SG No. 86/2006, renumbered from Paragraph 3, SG No. 57/2011) No single shareholder of the Central Depository may own more than 5 per cent of the shares therein, whether directly or through related persons. This restriction shall not apply in respect of the participating interest of the Ministry of Finance, the Bulgarian National Bank and the persons referred to in Items 4 and 5 of Article 131 (1) herein.

**Art. 129.** (1) (New, SG No. 86/2006, in effect as of 28.10.2006, amended, SG No. 57/2011) The members of the Board of Directors of the Central Depository must:

1. reside permanently in this country, when authorised to represent the Central Depository;

2. possess qualification and professional experience in the areas of activity, performed by the Central Depository, as well as higher education degree in economics, law, finance, banking or informatics;

3. have a clear criminal record;

4. not have been members of a management or control body or general partners in companies, dissolved due to bankruptcy, if unsatisfied creditors have remained;

5. not have been declared bankrupt or not be undergoing a bankruptcy procedure;

6. not be related parties within the meaning of this Act;

7. not be stripped of the right to hold a position of material responsibility.

(2) (New, SG No. 57/2011) The circumstances under paragraph 1, items 4-7 shall be certified by a declaration.

(3) (New, SG No. 57/2011) The requirements under paragraph 1 shall also apply to individuals, who are representing legal persons, members of the Board of Directors of the Central Depository, as well as to other individuals authorised to represent the Central Depository.

(4) (Renumbered from Paragraph 2 and supplemented, SG No. 39/2005, renumbered from Paragraph 1, SG No. 86/2006, effective as of 28.10.2006, renumbered from Paragraph 2, SG No. 57/2011) The Board of Directors of the Central Depository shall exercise the following powers:

1. (Supplemented, **SG No. 103/2012**) adopt Rules of Organization and Operation of the Central Depository containing the operational rules of the system ensuring settlement finality in respect of which the Central Depository acts as a system operator;

2. admit and expel members of the Central Depository;

3. organize and control payments on concluded transactions;

4. impose penalties on the members under terms and according to a procedure established by the ordinance provided for in Article 140 herein;

5. exercise any other rights as may be vested therein according to the law, the ordinance provided for in Article 140 herein, the Articles of Association and the Rules;

6. adopt decisions and issue orders in connection with the exercise of the rights thereof.

(5) (Renumbered from Paragraph 1 and amended, SG No. 39/2005, renumbered from Paragraph 2, SG No. 86/2006, in effect as of 28.10.2006, renumbered from Paragraph 3, SG No. 57/2011) Representatives of the Commission may likewise be present at the meetings of the Board of Directors.

**Art. 130.** (1) (Previous Article 130, SG No. 57/2011) The Rules of the Central Depository shall establish:

1. the terms and a procedure for the admission of members and for the suspension or expulsion thereof;

2. the terms and a procedure for the performance of the activities and provision of the services covered under Article 127 (2) herein;

3. the organization of internal controls;

4. the terms and a procedure for the imposition of penalties on the members of the Central Depository;

5. the terms and a procedure for disclosure of information on the services provided, the requirements for maintenance of the registers of the Central Depository, as well as verification of compliance therewith;

6. (amended, SG No. 57/2011) the terms and a procedure for raising of funds and management of the Guarantee fund provided for in Article 132 herein and for payment of damages from the said fund.

(2) (New, SG No. 57/2011) Amendments to the Rules of the Central Depository shall be introduced only following prior approval of the Deputy Chairperson. [Article 85, paragraphs 3 and 4 of the Markets in Financial Instruments Act](#) shall apply respectively.

**Art. 131.** (1) Members of the Central Depository may be:

1. banks;

2. investment intermediaries;

3. management companies;

4. (New, SG, iss. 52/ 2007) regulated markets, or market operators in the cases where they are entities other than regulated markets.

5. foreign depository and clearing institutions.

(2) No member of the Central Depository may have any priority before the other members in the process of operation of the central depository.

**Art. 132.** (1) With the Central Depository a Guarantee Fund shall operate for compensation of the damages stemming from the carrying out the business of the Central Depository.

(2) (Amended and supplemented, SG No. 57/2011) Each member of the Central Depository shall be obligated to pay an entrance and an annual contribution to an amount determined in the Rules referred to in Article 130 (1) herein. Other source for collecting resources for the said fund shall be deductions from revenue from the company activity under terms and procedure, specified by the Rules of the Central Depository, loans, donations, international aid etc.

(3) (Amended, SG No. 39/2005, **SG No. 103/2012**) The management of risks at the settlement of financial instruments shall be regulated by the ordinance provided for in Article 140 herein.

**Art. 133.** (1) (Amended, SG No. 39/2005, **SG No. 103/2012**) Each investor shall have the right to access to the registers of the Central Depository through a member of the said Depository solely in respect of the information concerning the financial instruments held by the said investor and transactions in financial instruments whereto the said investor is a party. The Central Depository or any member thereof may not refuse to provide the services referred to in the first sentence.

(2) (Amended, **SG No. 103/2012**) Members of the Board of Directors of the Central Depository, its employees and all other persons working for the Central Depository may not disclose unless authorized to do so, and use for the benefit of themselves or others facts and circumstances balances and transactions affecting the accounts for financial instruments, led by the Central Depository, which they have they have become aware in the course of their professional duties and obligations.

(3) Upon assumption of position or commencement of activity at the Central Depository, any person covered under Paragraph 2 shall sign a declaration, pledging to safeguard any secrets covered under Paragraph 2.

(4) The provision of Paragraph 2 shall furthermore apply to the cases where the said persons are off duty or have been suspended.

(5) (Amended, SG No. 39/2005, **SG No. 103/2012**) In addition to the Commission, the Deputy Chairman respectively, for the purposes of their control activities, the Central Depository may provide information about the balances and transactions in the accounts of financial instruments led by him, only:

1. with the consent of the members of the Central Depository or of the clients thereof, or  
2. (Amended, SG No. 52/2007) upon a court resolution issued under the terms and provisions of Art. 35, para. 6 and 7 of the Markets in Financial Instruments Act,

3. (New, SG. 52/ 2007, in effect as of 3.07.2007, amended No. 109/ 2007, issue 69, 2008, issue 93/ 2009, in effect as of 25.12.2009) upon written request to the Director of the National Investigation Service, the Chairman of the State Agency 'National Security' or the Secretary of the Ministry of Interior in relation to companies with more than 50 percent state and/or municipal interest;

4. (New, SG No. 52/2007, effective as of 3.07.2007) on a request from the Chief Prosecutor or his/her authorized deputy upon available data about organized criminal activity or money laundering.

**Art. 134.** 1) The Central Depository shall maintain an archive of all records, including erroneous and corrected entries, for an indeterminate duration.

(2) The Central Depository shall maintain at the Bulgarian National Bank a duplicate of the data base storing all records referred to in Paragraph 1.

(3) The ordinance provided for in Article 140 herein shall specify measures for prevention of loss of information from the registers of the Central Depository and suspension of the operation thereof in the event of an accident, natural disaster or other such emergency.

**Art. 135.** (1) (Amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005, amended, **SG No. 103/2012**) Any company issuing dematerialized financial instruments shall be obligated to register any such financial instruments at the Central Depository according to a procedure established by the Ordinance provided for in Article 140 herein. A registration of an issue of financial instruments at the Central Depository may be closed upon presentation of a decision by the Deputy Chairperson on expungement in the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act.

(2) The Central Depository may refuse registration where:

1. required data and information are missing, or these are not filed under the appropriate procedure;

2. specific items of the information are missing, or there are inaccuracies and controversies related to the data under item 1;

3. the balance of the accounts of the transferor or transferee is insufficient for the conclusion of the transaction within the settlement period, set by the rules of the central depository;

4. there are inconsistencies when the information submitted by the transferor and the transferee is compared;

5. there are prohibitions or restrictions as laid down by law;

6. there are other cases envisaged by the ordinance under Art. 140.

(3) In the cases under para. (2), items 1, 2 and 4 the central depository requires through its respective member the inaccuracies to be eliminated within a certain time limit and sends appropriate instructions in this respect. In the cases under para. (2), item 3 the transactions are completed in accordance with the procedures stipulated in the ordinance regarding the central depository.

**Art. 136.** (1) (Amended, SG No. 39/2005, SG No. 86/2006, SG No. 52/2007, **SG No. 103/2012**) In the register of the Central Depository there shall be recorded the names of the holders of dematerialized financial instruments, as well the names of the non-resident persons referred to in [Article 41 \(1\) of the Markets in Financial Instruments Act](#) herein who or which have acquired financial instruments acting in their own name but for the account of other non-resident persons.

(2) (Amended and supplemented, **SG No. 103/2012**) The Central Depository shall maintain the registers of shareholders of companies issuing dematerialized shares, as well as the registers of holders of other dematerialized financial instruments, according to a procedure established in the ordinance provided for in Article 140 herein. The Central Depository may also open and maintain other types of registers and accounts, if its Rules contain provisions to that effect, subject to requirements laid down in a regulation.

(3) (Amended, SG No. 39/2005, SG No. 52/2007, **SG No. 103/2012**) As to the creditors of the Central Depository, the investment intermediaries referred to in Item 1 of [Article 5 \(3\) of the Markets in Financial Instruments Act](#) herein and any other third parties, any financial instruments recorded in the Central Depository shall be deemed to be financial instruments owned by the holders thereof.

(4) The guarantee funds and any performance bonds given by the members of the Central Depository shall not be deemed to be rights of the Central Depository and of the members thereof as to the creditors thereof.

(5) (Amended, SG No. 39/2005, SG No. 52/2007, **SG No. 103/2012**) The distribution of interest, dividend, notifications and performance of other acts comprehended in the administration of financial instruments, as well as the relevant liabilities incurred by the public companies and the other issuers, by the Central Depository and the investment intermediaries referred to in Item 1 of [Article 5 \(3\) of the Markets in Financial Instruments Act](#) herein, shall be regulated by the ordinance provided for in Article 140 herein.

**Art. 137.** (1) (Amended, **SG No. 103/2012**) Issuing and disposition of dematerialized financial instruments shall be certified by a registration certificate. The terms and procedure for the issuing of a registration certificate for financial instruments or a registration certificate for a non-resident person referred to in Article 136 (1) herein as recorded in the register of the Central Depository shall be established in the ordinance provided for in Article 140 herein.

(2) (Amended, **SG No. 103/2012**) A statement of registration of financial instruments shall be issued to members of the Central Depository wherefor or wherethrough the recording referred to in Article 127 (1) herein has been effected. At the request of any holder of dematerialized financial instruments, the Central Depository shall issue thereto a certificate of ownership of financial instruments through a member of the Central Depository. The members of the Central Depository may not refuse to provide the service referred to in the second sentence to the clients thereof.

(3) (Amended, **SG No. 103/2012**) Any non-resident person referred to in Paragraph 2 may issue depository receipts to the non-resident clients thereof for any financial instruments acquired for the account of the said clients after the Central Depository has restricted the disposition of the said financial instruments within the country.

**Art. 138.** (1) (Amended, **SG No. 103/2012**) Acquisition of financial instruments on a regulated securities market by a bona fide party shall be valid regardless of whether the transferor owns the said securities.

(2) (Amended, **SG No. 103/2012**) Any transactions in financial instruments concluded and accepted for execution by the Central Depository shall be finalized according to the Rules of the Central Depository, irrespective of any contestations and presented claims. Exceptions shall be admissible in the cases specified in the ordinance provided for in Article 140 herein. Damages for detriments shall be regulated according to commercial and civil legislation.

(3) The procedure for correction of erroneous entries effected by the Central Depository shall be regulated by the ordinance provided for in Article 140 herein.

**Art. 139.** (1) (Am., SG, iss. 39/ 2005) The Commission and the Deputy Chairman shall control the activities of the Central Depository.

(2) (Am., SG, iss. 39/ 2005) The Central Depository must submit to the Commission an annual report not later than 31 March of the following year, as well as a 6-month report not later than 31 August of the current year.

(3) (Am., SG, iss. 39/ 2005) the reports under para. (2) shall contain data about the business of the Central Depository, the composition of shareholders and the members of the Central Depository, year-end financial statements in compliance with Art. 26, para. (1) of the Accountancy Act, certified by a registered auditor. The reports are prepared based on a template, approved by the Deputy Chairman.

(4) (Am., SG, iss. 39/ 2005) upon request, the Central Depository must submit to the Commission and the Deputy Chairman any other information and documents relating to its business.

(5) (Am., SG, iss. 39/ 2005) the Deputy Chairman performs field inspections and audits.

**Art. 140.** (Am., SG, iss. 61/ 2002, iss.67/ 2003, iss. 39/ 2005) The Commission shall issue an ordinance on the implementation of this Chapter.

## **Chapter Ten**

### **PUBLIC OFFERING IN THE REPUBLIC OF BULGARIA OF SECURITIES ISSUED BY NON-RESIDENT PERSONS. PUBLIC OFFERING ABROAD OF SECURITIES ISSUED BY RESIDENT PERSONS**

**Art. 141.** (1) (Am., SG, iss. 37/ 2004; iss. 86/ 2006) To the public offering in the country of securities, which are issued by persons having a registered office in third countries and which have not been publicly offered and are not admitted to trading on a regulated market in another member-state, the requirements of Chapters Six and Seven shall apply accordingly, and the existence of the following conditions is required:

1. the securities must satisfy the conditions laid down in this Act;
2. the issuer must have submitted evidence that he has complied with the law at the place of his registration;
3. the rights of the local investors must be guaranteed.

(2) Where the securities under the previous paragraph are materialised, they may be publicly offered after they are immobilised at the Central Depository.

(3) (Am., SG, iss. 39 /2005) Where so provided in an international treaty to which the Republic of Bulgaria is a party, the Commission may recognise the prospectus for securities published according to the law at the place of their issuance if the objectives of Art. 81 are achieved. In such case the Commission may require the issuer to provide additional information and documents necessary for the performance of its functions.

**Art. 142.** (1) (Am., SG, iss. 39/ 2005; iss. 86/2006) The Commission should be notified of any public offering in third countries of securities issued by residents.

(2) (Am., SG, iss. 39/ 2005; iss. 86/ 2006) When submitting the documents for public offering in a third country to the third country's relevant competent authority, the issuer or the offeror should present to the Commission:

1. the draft prospectus and other documents required by the foreign law;
2. (Am., SG, iss. 39/ 2005; iss. 86/ 2006) a declaration that he undertakes to provide the Commission with copies of all documents published or delivered in a third country in accordance with the foreign law;
3. other documents laid down in an ordinance.

**Art. 143.** (New, SG, iss. 37/ 2004) the entering into and/or execution of transactions pertaining to public offering under Art. 141 or Art. 142 shall comply with the requirements of the Foreign Exchange Act.

**Art. 144.** Chapters Six shall apply accordingly to the issues that are not explicitly covered by the present Chapter.



**Chapter Eleven**  
**DISCLOSURE OF PARTICIPATION AND TENDER OFFERING OF**  
**SECURITIES**  
**Division I**  
**Disclosure of participation**

**Art. 145.** (1) (Am., SG, iss. 61/ 2002, iss. 39/ 2005; iss. 86/ 2006, am., iss. 52/ 2007 in effect as of 3 July 2007) Any shareholder who acquires or transfers directly and/or according Art. 146 a voting right in the general meeting of a public company shall notify the Commission and the public company, where:

1. as a result of the acquisition or transfer his voting right reaches, exceeds or falls below 5 per cent or a figure multiple of 5 per cent, from the number of votes in the company's general meeting;

2. his voting right reaches, exceeds or falls below the thresholds under item 1 as a result of events, which lead to changes in the total number of voting rights on the basis of the information disclosed according Art. 112e.

(2) The voting rights shall be calculated on the basis of the total number of voting shares, irrespective of whether a restriction has been imposed on the exercising of the voting right. The calculation shall be made for every separate class of shares.

(3) Where the reaching or exceeding of the thresholds under para 1 is as a result of direct acquisition or transfer of voting shares, the obligation under para 1 shall arise also for the Central Depository. The form, content and procedure for making the notification shall be laid down in an ordinance.

(4) Paragraph 1 shall not apply to voting rights, related to:

1. shares acquired only with the purpose of performing clearing and settlement within the normal settlement cycle, which may not be longer than 3 business days after the conclusion of the transaction;

2. shares held by custodians in that capacity, and provided that they may exercise the voting rights related to the shares only on the client's orders given in written or electronic form.

(5) A notification shall not be required from a market-maker, acting in that capacity, whose voting right reaches, exceeds or falls below 5 per cent of the votes in the company's General Meeting, provided that he:

1. has been authorized to pursue the business of investment intermediary according Art. 3 of Council Directive 93/22/EEC on investment services in the securities field;

2. does not participate in the management of the company and does not exercise influence on the company for the purchase of shares or for the maintenance of their prices.

**Art. 146.** (Amended, SG No. 86/2006, SG No. 52/2007, in effect as of 3.07.2007)

(1) The obligation under Article 145, Paragraph 1 shall furthermore apply to a person who has the right to acquire, transfer or exercise the voting rights in the general meeting of a public company in one or more of the following cases:

1. voting rights held by a third party with whom the person has entered into agreement on pursuit of a long-term common policy on the management of the company through joint exercise of the voting rights held by them;

2. voting rights held by a third party with whom the person has entered into agreement on a temporary transfer of the voting rights;

3. voting rights attaching to shares provided as security to the person, provided that the latter may control the voting rights and has expressly stated its intention to exercise them;

4. voting rights attaching to shares provided for use by the person;

5. voting rights held or which may be exercised under items 1 - 4 by a company controlled by the person;

6. voting rights attaching to shares deposited with the person, which rights the person may exercise at its discretion without special instructions by the shareholders;

7. voting rights held by third parties on their behalf but on the account of the person;

8. (Amended, **SG No. 103/2012**) voting rights that the person may exercise in its capacity as representative where the person may exercise them at his discretion, without special instructions by the shareholders.

(2) (Amended, SG No. 77/2011) The voting rights of the parent undertaking of a management company shall not be added to the voting rights of the management company, attaching to shares included in a portfolio managed by it pursuant to Art. 86, para. 2, item 1 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act, provided that the management company exercises the voting rights independently from the parent undertaking.

(3) The voting rights of the parent undertaking of an investment intermediary who has been granted authorization for carrying on activity under Article 3 of Council Directive 93/22/EEC on the investment services in the securities field shall not be added to the voting rights of the investment intermediary, attaching to shares included in an individual portfolio managed by it under [§ 1, item 7 of the supplementary provisions of the Markets in Financial Instruments Act](#), provided that:

1. the investment intermediary is authorized to manage an individual portfolio under [Article 5, Paragraph 2, item 4 of the Markets in Financial Instruments Act](#);

2. (amended, SG No. 77/2011) the investment intermediary may exercise the voting rights attaching to the shares only on instruction given in writing or electronically, or shall guarantee that the individual portfolio is managed separately from the other services and under conditions equivalent to the conditions under Council Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ, L 302/32 of 17 November 2009), hereinafter referred to as 'Directive 2009/65/EC' by applying appropriate measures;

3. the investment intermediary exercises its voting rights independently from the parent undertaking.

(4) Paragraphs 2 and 3 shall not apply in cases where the parent undertaking or another company controlled by the parent undertaking has invested in voting shares included in an individual portfolio managed by the management company or the investment intermediary and the management company, as the case may be, and the investment intermediary has not the right to exercise the voting rights at its own discretion but only in accordance with direct or indirect instructions given to it by the parent undertaking or another company controlled by the parent undertaking.

(5) (Amended, SG No. 77/2011) Paragraphs 2 - 4 shall also apply to companies whose registered office is in a third country for which an authorization would be required under Council Art. 6 of Directive 2009/65/EC or for management of individual portfolio under item 3 of Section

"A" of the annex to Council Directive 93/22/EEC on investment services in the securities field if they had a registered office in a Member State, or in the cases of investment intermediary, if its head office was located in a Member State provided that equivalent requirements are complied with for independent exercise of the voting rights or in portfolio management as management company or investment intermediary, as the case may be. The conditions where the requirements are considered equivalent shall be set out in ordinance.

**Art. 147.** (Am., SG, iss. 52/ 2007 in effect as of 3 July 2007) the requirements of Art. 145 and Art. 146 para 1 item 3 shall not apply for shares, provided to or by the European Central Bank, the Bulgarian National Bank or the central banks of the other Member States in the fulfilment of their functions in pursuance of the monetary policy, including shares provided to or by them as a collateral in report transactions or similar agreements for ensuring liquidity for the purposes of the monetary policy or within a payment system, if the transactions are entered into for a short period of time and the voting rights attaching to the shares are not exercised.”

**Art. 148.** (Am., SG, iss. 52 in 2007 in effect as of 3 July 2007) (1) The notification under Art. 145 para 1 and Art. 146 para 1 shall contain at least:

1. number of votes as a result of the change;
2. the controlled persons, through whom the person exercises the voting rights, if applicable;
3. the date on which the voting rights of the persons have reached, exceeded or fallen below the thresholds under Art. 145 para 1;
4. data about the shareholder, irrespective of whether he is entitled to exercise the voting rights according Art. 146 para 1, and about the persons entitled to exercise the voting right for the shareholder’s account.

(2) The notification shall be made in the Bulgarian language or in a language customary in the field of international finances. The public company shall not be obligated to provide a translation of the notification in a language, accepted by the Commission or the other competent authorities.

(3) The obligation for notification under Art. 145 para 1 and Art. 146 para 1 shall be fulfilled immediately, and not later than 4 working days after the day following the day in which the shareholder or the person under Art. 146 para 1:

1. becomes aware of the acquisition, transfer or the option to exercise his voting rights under Article 146 or on which, depending on the specific circumstances, he should have become aware of, regardless of the date on which the acquisition or transfer was carried out or the option for exercise of the voting rights arose;
2. has been notified of the occurrence of the events under Article 145, Paragraph 1, item 2.

(4) The notification obligation under Art. 145 para 3 shall be performed latest by the end of the day following the shares acquisition or transfer.

(5) The requirement under para 1 shall not apply to the entity, for which the notification obligation has been fulfilled by its parent undertaking or where the parent undertaking itself is a controlled company – by its parent undertaking.

(6) To the notification shall be attached a written statement for the availability of the circumstances under Art. 145 and/or Art. 146.

(7) The form and procedure of making the notification, as well as the additional requirements to its content, the cases in which it is considered that the person must have learnt of the acquisition and transfer, the conditions in which it is considered that the exercising of the votes, or the portfolio management by the management company and the investment intermediary are independent, as well as the measures for exercising control for compliance with the

conditions for exemption from the obligations for notification under this Division, shall be laid down in an ordinance.

**Art. 148a.** (1) The notification obligation under Art. 145 shall also relate to persons holding directly or indirectly financial instruments, entitling them to acquire on their own initiative and on the grounds of a written contract, voting shares in the public company's general meeting.

(2) The types of financial instruments under para 1, the procedure of making the notification, the nature of the contract, the contents, term and form of the notification, as well as the other requirements in connection with the notification's forwarding shall be laid down in an ordinance.

**Art. 148b.** A public company must disclose to the general public in accordance with Art. 100s the information provided with the notifications of the persons under Art. 145 and 146 within three working days after it is informed of it.

**Art. 148c.** (1) To ensure compliance with the provisions of this Division, beside the powers envisaged in the other parts of the Act and its implementing instruments, the Deputy Chairman may:

1. require from the public company, Central Depository, shareholders, the persons who possess other financial instruments and the persons under Art. 146 and Art. 148a, to provide certain information and documents:

2. require from the public company to make public the information under item 1 in a manner and within a term, determined by him/her;

3. publish the information under item 1 on his own initiative in the cases when the public company has failed to fulfil its obligation under item 2 and after presentation of an explanation by the company;

4. require from the Central Depository, the shareholders and the persons who possess other financial instruments, as well as the persons under Art. 146 and 148a, to provide the information under this Division, and where needed – also additional information and documents;

5. inform the public that a given public company, shareholder or a person, who possesses other financial instruments, or the person under Art. 146 or 148a, does not comply with its obligations under this Division or its implementing instruments.

(2) (Supplemented, **SG No. 103/2012**) The Commission may disclose any coercive administrative measure taken or penalty imposed for infringement of the provisions of this Section and the instruments for its application, save where such disclosure would seriously jeopardise the stability of financial markets or cause disproportionate damage to the parties involved.

**Art. 148d.** (New, SG No. 52/2007, effective as of 3.07.2007)

(1) The Commission shall cooperate and exchange information with the relevant competent authorities of the other Member States where this necessary for the purpose of carrying out its duties under this Section and shall render assistance in view of the exercise of their functions.

(2) (New, **SG No. 21/2012**) Where a request of the Commission for cooperation under Paragraph 1 is refused or where no timely actions have been taken upon such request, the Commission may notify ESMA in order to ensure cooperation in accordance with Regulation (EU) No 1095/2010.

(3) (Renumbered from Paragraph 2, supplemented, **SG No. 21/2012**) Where the Republic of Bulgaria is a host country and the Commission establishes that an issuer, shareholder or holder of other financial instruments or the person under Article 146 infringes this Act and the statutory instruments for its application it shall notify the competent authority in the home country and ESMA thereof.

(4) (Renumbered from Paragraph 3, supplemented, **SG No. 21/2012**) If, despite the measures taken by the competent authority in the home country or where such measures prove inadequate, the issuer, the shareholder or the holder of other financial instruments or the person under Article 146 persists in infringing this Act or the statutory instruments for its application, the Commission may, after informing the competent authority of the home country, take all the appropriate measures in order to protect investors. The Commission shall notify the European Commission and ESMA of the measures taken within 7 days after their implementation.

(5) (Renumbered from Paragraph 4, **SG No. 21/2012**) Where the Commission is notified by the relevant competent authority of the host country within the meaning of Article 100j, paragraph 2, item 2 that a public company, shareholder or holder of other financial instruments or the person under Article 146 infringes the law of the relevant Member State, the Commission, the Deputy Chairperson respectively, shall apply relevant enforcement administrative measures.

**Art. 148e.** (1) This Division also applies to the issuers from a third country, whose shares have been admitted to trading on a regulated market, for which the Republic of Bulgaria is a home Member State within the meaning of Art. 100j para 2 item 1.

(2) In the cases under Art. 145 para 1 item 2, when the issuer is from a third country, the notification shall be made upon the occurrence of equivalent events, which result in changes of the total number of voting rights.

(3) (Supplemented, **SG No. 21/2012**) The requirements of Article 148b for the term for disclosure shall not apply to the persons under paragraph 1 if the Commission considers that the law of that country lays down equivalent requirements. The Commission shall notify ESMA of its judgement under sentence one. The conditions under which the Commission may consider that the requirements of the law of the third country are equivalent to the requirements of Article 148b shall be set out by ordinance.

(4) The Commission shall post on its web site the states for which it considers that their legislations provide for requirements, equivalent to the requirements under Art. 148b.

**Art. 148f.** The provisions of this Division shall not apply to:

1. units of undertakings for collective investment, which are not of closed type within the meaning of Art. 77y para 1 item 8 and 9, or to units, acquired or transferred within such undertakings for collective investment;

2. money market instruments with a maturity shorter than 12 months.”

48. (In effect as of 3 July, 2007, SG, iss. 52/, 2007) In Chapter Eleven Division II shall be established Art. 148g and 148h.

**Art. 148g.** (New, SG No. 52/2007, in effect as of 3.07.2007, amended, **SG No. 103/2012**) Within the meaning of this Section, ‘related parties’ shall be the persons who on the basis of an agreement, either express or tacit, either oral or written, aim either at acquiring control of the offeree company or at frustrating the successful outcome of a tender offering. The persons controlled by another person within the meaning of §1, item 44 of the supplementary provisions shall be considered related parties with that person or among themselves, as well as with the persons with whom the controlling party is related under §1 (13)(c) and (d) of the supplementary provisions. Related parties shall also be any persons referred to in §1 (13)(c) and (d) of the supplementary provisions.

**Art. 148h.** This Division shall not apply to tender offers about:

1. securities issued by companies whose objective is collective investment of cash, raised by public offering of units, which acts on the principle of risk spreading and on request of the unit holders, directly or indirectly, redeems its units at price, based on their net asset value;

2. shares, issued by the central banks of the Member States.

## **Division II**

### **Tender offer to buy and exchange shares**

**Art. 149.** (1) (Amended, SG No. 61/2002, **SG No. 103/2012**) Any person that acquires, directly or through related parties, more than one-third of the votes in the General Meeting of a public company in which nobody-neither independently nor jointly with other persons-holds, directly or through related parties, more than 50 per cent of the votes in the General Meeting, shall, within fourteen days from the acquisition date or, when the threshold has been exceeded due to a conversion or withdrawal of shares, within one month upon registering the conversion or capital decrease with the Commercial Register:

1. (Amended, SG No. 39/2005) acting according to Article 151 herein, register with the Commission a tender offer to the rest of the voting shareholders for purchase of the shares thereof and/or for exchange of the said shares for shares which will be issued by the offeror for this purpose; or

2. (Amended, **SG No. 103/2012**) transfer the requisite number of shares so as to hold, whether directly or through related parties, less than one-third of the votes in the General Meeting.

(2) The provisions of Paragraph 1 shall furthermore apply:

1. (Amended, **SG No. 103/2012**) in respect of persons that jointly hold more than one-third of the voting shares and that have concluded an agreement in writing on implementation of a common policy for management of the company concerned through joint exercise of the voting power thereby held;

2. (Amended, **SG No. 103/2012**) where other persons hold, for the account of any person referred to in Paragraph 1, voting shares and the aggregate voting power carried by the said shares exceeds one-third of all votes in the General Meeting.

(3) (Amended, SG No. 52/2007, in effect as of 3.07.2007) Upon acquisition through related parties, as well as in the cases referred to in Item 1 of Paragraph 2, the tender offerer shall be the person holding the largest number of the aggregate number of votes held, and in the cases referred to in Item 2 of Paragraph 2, the offerer shall be the person for the account whereof the shares are held.

(4) (Amended, SG No. 39/2005) In the cases covered under Paragraph 2, the offerer shall be obligated to register a tender offer with the Commission within fourteen days after conclusion of the agreement or after acquisition of the shares for the account of the person referred to in Paragraph 1, as the case may be.

(5) Until publication of the tender offer according to the procedure established by Article 154 herein or until transfer of the shares, as the case may be, no person covered under Paragraphs (1) and (2) shall have the right to exercise the voting power thereof in the General Meeting.

(6) (Amended, SG No. 61/2002, **SG No. 103/2012**) The obligation referred to in Paragraph 1(1) shall also arise in respect of any person that acquires-directly, through related parties, or indirectly under Paragraph 2-more than 50 per cent of the votes in the General Meeting of a public company, as well as in respect of any person that acquires-directly, through related parties, or indirectly under Paragraph 2 - more than two-thirds of the votes in the General Meeting of a public company, unless the person concerned transfers the requisite number of shares within fourteen days from the acquisition date so as to hold, whether directly, through related parties or

indirectly under Paragraph 2, less than 50 per cent or less than two-thirds of the votes. Paragraphs 3, 4 and 5 shall apply accordingly.

(7) (Amended, SG No. 61/2002, **SG No. 103/2012**) If a person simultaneously exceeds more than one of the thresholds referred to in Paragraphs 1 and 6 or, upon exceeding the lowest threshold, exceeds another threshold set out in Paragraph 6 within the time limit referred to in Paragraph 1, that person shall register a single tender offer. The tender offer registration time limit shall be the period that would expire first, if an obligation arose to file separate tender offers upon exceeding each threshold.

(8) (Amended, SG No. 61/2002, **SG No. 103/2012**) Any person that holds-directly, through related parties, and/or indirectly under Paragraph 2-more than one-third of the votes in the General Meeting of a public company but no more than two-thirds, may not acquire, even through related parties or indirectly under Paragraph 2, voting shares, within a given year, which exceed three per cent of the total number of shares in the company, unless that acquisition results from a tender offer under Article 149b. Paragraph 5 shall apply accordingly. In the case of violating the requirement referred to in the first sentence, the voting rights shall be restricted according to Paragraph 5 until the publication of a tender offer under Article 149b. The obligation laid down in the first sentence shall not arise in respect of persons that exceed the threshold as a result of a capital increase entailing the issue of rights.

(9) (New, **SG No. 103/2012**) The obligation laid down in Paragraphs 6 or 8, respectively, shall not arise in respect of persons that, within a year before exceeding a threshold under Paragraph 6 or Paragraph 8, made a tender offer under Paragraph 1, a tender offer under Paragraph 6 in the case of exceeding the threshold of 50 per cent of the votes in the public company's General Meeting, or a tender offer under Article 149b, whereby the offer was addressed to all shareholders, the price was determined according to Article 150(7) and the tender offer resulted in the person's acquiring more than 50 per cent of the votes in the public company's General Meeting. The same shall apply in respect of persons that have exceeded a threshold under Paragraph 6 or Paragraph 8, respectively, as a result of the aforementioned tender offer.

(10) (New, **SG No. 103/2012**) The obligation laid down in Paragraph 1 shall not arise in respect of persons that have exceeded the threshold set out therein a result of a tender offer under Article 149b which complies with the requirements.

(11) (New, **SG No. 103/2012**) The obligation laid down in Paragraph 6 in the case of exceeding the threshold of two-thirds of the votes in the public company's General Meeting shall not arise in respect of persons that have exceeded the threshold as a result of a capital increase entailing the issue of rights, unless the person concerned held more than 50 per cent of the votes in the public company's General Meeting before the capital increase.

(12) (Amended, SG No. 61/2002, SG No. 52/2007, renumbered from Paragraph 9, **SG No. 103/2012**) The persons referred to in Paragraphs 1, 2, 6 and 8 shall be obligated to effect the tender offering through an investment intermediary thereby authorized, using the opportunities for remote acceptance of the tender offer through the Central Depository. The investment intermediary must possess capital to an amount not less than the amount provided for in [Article 8 \(1\) of the Markets in Financial Instruments Act](#) herein.

**Art.149a.** (New, SG No. 61/2002)

(1) (Amended, SG No. 52/2007, in effect as of 3.07.2007, **SG No. 103/2012**) Any person, who or which acquires, whether directly, through related parties or indirectly in the cases covered under Article 149 (2) herein, more than 90 per cent of the votes in the General Meeting of any public company, shall have the right to register a tender offer for purchase of the shares held by the rest of the shareholders. Article 149(3), (4) and (12) herein shall apply accordingly.

(2) (Amended, SG No. 39/2005) If any person referred to in Paragraph 1 fails to register a tender offer within fourteen days after the acquisition of the number of shares referred to in Paragraph 1, the said person shall be obligated to notify the shareholders, the regulated market and the Commission of the intentions thereof to register a tender offer at least three months in advance. The said person shall be obligated to notify forthwith the shareholders, the regulated market and the Commission in case the intentions regarding a tender offer are abandoned, citing the reasons for such abandonment.

(3) (New, SG No. 52/2007, in effect as of 3.07.2007, amended, **SG No. 103/2012**) If the person referred to in Article 149, Paragraph 1 and/or Paragraph 6 acquires-within the period referred to in Article 149(1) and set pursuant to Article 149(7), if necessary, directly, through related parties, or indirectly under Article 149(2)-more than 90 per cent of the votes in the public company's general meeting, that person may exercise the right under Paragraph 1 by registering one tender offer while fulfilling its obligation under Article 149, Paragraph 1 and/or Paragraph 6.

(4) (Amended, SG No. 39/2005, renumbered from Paragraph 3, SG No. 52/2007, in effect as of 3.07.2007) The Commission may refuse publication of a tender offer referred to in Paragraph 1 if the offeror has breached the requirement established by Article 149 (8) herein within the last twenty-four months.

(5) (Renumbered from Paragraph 4, SG No. 52/2007, in effect as of 3.07.2007, amended, **SG No. 103/2012**) Upon expiration of the time limit under Article 152(1) or Article 153(1), respectively, if the Commission has not issued a prohibition within the said time limit, as well as fourteen days upon expiration of the time limit for acceptance of the tender offer, the person referred to in Paragraph 1 shall be obligated to purchase, upon request, the shares held by each shareholder. In such a case, Article 150 (6) herein shall apply accordingly.

**Article 149b** (New, SG No. 61/2002) (1) (Amended, SG No. 39/2005, SG No. 52/2007, in effect as of 3.07.2007, **SG No. 103/2012**) Any person holding at least 5 per cent of the votes in the General Meeting of any public company and seeking to acquire, whether directly, through connected persons or indirectly in the cases covered under Article 149 (2) herein, more than one-third of the votes in the General Meeting of the said company, may publish a tender offer for purchase or for exchange of shares to all voting shareholders after advance confirmation of a draft tender offer by the Commission. Article 149 (3), (4) and (12) herein shall apply accordingly.

(2) The offerer referred to in Paragraph 1 shall be obligated to purchase or to exchange, as the case may be, all voting shares held by any shareholder who or which has accepted the offer. Should the number of voting shares deposited on the part of all shareholders who or which have accepted the offer exceed the total quantity of shares under the tender offer, the offeror shall purchase or exchange shares from each of the accepting shareholders in proportion to the shares deposited thereby.

(3) The person referred to in Paragraph 1 may set a minimum number of shares to be offered thereto for acquisition as precondition for validity of the specific offer.

(4) (Amended, SG No. 39/2005) The Commission may suspend trading in shares in the company whereof the shares are subject to the tender offer if this is necessary with a view to the principles covered under Article 150 (1) herein.

**Art. 150.** (1) Tender offering shall be effected in accordance with the following principles:

1. (supplemented, SG No. 52/2007, in effect as of 3.07.2007) ensuring equal treatment of the shareholders enjoying equal status in the company subject to tender offer and protection of the other shareholders upon acquiring control of the company;

2. (supplemented, SG No. 52/2007, in effect as of 3.07.2007) allowing sufficient time and providing sufficient information to the shareholders of the company as may be needed for an



informed assessment of the offer and for making a reasoned decision regarding acceptance of the said offer. In the giving of an opinion on the tender offer the management body of the offeree company shall give its opinion on the consequences from accepting the tender offer on the employees, the conditions of the contracts of employment and the place of carrying on activity;

3. (amended, SG No. 52/2007, in effect as of 3.07.2007) the management bodies acting in the best interest of the company as a whole, without preventing the shareholders from the possibility to take decision on the substance of the tender offer;

4. not admitting market manipulation in the securities of the company subject to tender offer, as well as in other companies affected by the tender offering.

5. (New, SG No. 52/2007, in effect as of 3.07.2007) making a tender offer only after providing opportunity for full payment or exchange, as the case may be, of the shares to the shareholders who have accepted the offer;

6. (New, SG No. 52/2007, in effect as of 3.07.2007) the company that is the subject of tender offer shall not be placed in a situation which inhibits its activity for an unjustifiably long period of time.

(2) (Supplemented, SG No. 61/2002) Any offer referred to in Article 149 (1), (6) and (8), Article 149A and Article 149B herein must contain the following information:

1. (Amended, SG No. 52/2007, in effect as of 3.07.2007) the name or business name, registered office and address of the tender offerer and of the investment intermediary thereby authorized;

2. (New, SG No. 52/2007, in effect as of 3.07.2007) the shares or the class of shares, as the case may be, for which the tender offer refers;

3. (Supplemented, SG No. 61/2002, renumbered from Item 2, SG No. 52/2007, in effect as of 3.07.2007) the number of voting shares which the offerer does not hold and is obligated to seek or seeks to acquire;

4. (Amended, SG No. 39/2005, renumbered from Item 3, SG No. 52/2007, in effect as of 3.07.2007) the proposed price per share issued by the company subject to tender offer and/or the ratio of exchange of such shares for shares referred to in Item 1 of Article 149 (1) herein, the issue price, and particulars of the rights attaching to the said shares;

5. (New, SG No. 52/2007, in effect as of 3.07.2007) the compensation for the rights of the shareholders which may be restricted under the terms of Article 151a, Paragraph 4, including the procedure and manner of its payment and the methods of its setting;

6. (Renumbered from Item 4, SG No. 52/2007, in effect as of 3.07.2007) information concerning the types and number of shares which the offerer holds, whether directly or through connected persons, as well as under the terms referred to in Article 149 (2) herein, in the company subject to tender offer;

7. (Renumbered from Item 5, SG No. 52/2007, in effect as of 3.07.2007) the time limit for acceptance of the offer;

8. (Supplemented, SG No. 61/2002, renumbered from Item 6, SG No. 52/2007, in effect as of 3.07.2007) the terms and conditions whereunder the offerer shall finance the acquisition of the shares and proof of availability of the resources necessary for the purchase or of the securities necessary for exchange;

9. (Renumbered from Item 7, amended, SG No. 52/2007, in effect as of 3.07.2007) the intentions of the offeror regarding the future operation of the company subject to tender offer and of the offerer - legal person to the extent the latter is affected by the tender offer, regarding retention of the members of the management bodies and the staff of the said companies, including material changes in the terms and conditions of the contracts of employment and in

particular the strategic plans of the offeror for the two companies and for the likely repercussions of the offer on the employees and the locations of the companies's places of business;

10. (Renumbered from Item 8, SG No. 52/2007, in effect as of 3.07.2007) the time limit for fulfilment of obligations upon acceptance of the tender offer;

11. (Renumbered from Item 9, SG No. 52/2007, in effect as of 3.07.2007) the particulars covered under Article 82 (1) herein, where an exchange of shares is furthermore offered;

12. (New, SG No. 52/2007, in effect as of 3.07.2007) applicable law to the contracts between the offeror and the shareholders upon acceptance of the tender offer and the competent court;

13. (Amended, SG No. 39/2005, renumbered from Item 10, SG No. 52/2007, in effect as of 3.07.2007) any other particulars and documents as may be prescribed by ordinance or as may be requested by the Commission according to the procedure established by Article 152 (1) herein.

(3) (Amended, SG No. 61/2002, SG No. 39/2005, SG No. 52/2007, in effect as of 3.07.2007) Any tender offer referred to in Article 149a herein must indicate that upon expiry of the time limit for acceptance of the said offer the company may cease to be public even if the condition referred to in Item 1 of Article 119 (1) herein is not fulfilled, as well as whether the offeror intends to apply for expungement of the company in the register of the Commission. Items 3 and 11 of Paragraph 2 shall not apply to any such tender offer.

(4) (Amended, SG No. 61/2002, **SG No. 103/2012**) Any tender offer shall be signed by the offeror and by the investment intermediary referred to in Article 149 (12) herein, who shall declare that the said offer conforms to the requirements of this Act.

(5) The offeror and the signing investment intermediary shall incur joint liability for any detriment as may be inflicted by reason of any untrue, misleading or deficient particulars in the tender offer.

(6) (Amended, SG No. 61/2002, SG No. 52/2007, in effect as of 3.07.2007) Any tender offer referred to in Article 149 (1) and (6) herein and in Article 149a herein shall include a justification of the proposed price or of the proposed rate of exchange referred to in Item 4 of Article 150 (2) herein, as the case may be. The said justification shall name the fair price per share in the company, calculated proceeding from generally accepted valuation methods. The requirements to the contents of the justification, including the application of valuation methods, shall be established by ordinance.

(7) (Amended, SG No. 61/2002) The price of the tender offer or the rate of exchange referred to in Article 149(1) and (6) or Article 149a, as the case may be, may not be lower than the highest value between:

1. (Amended, SG No. 52/2007, in effect as of 3.07.2007) the fair price of the share as named in the justification referred to in Paragraph 6;

2. (Amended, SG No. 52/2007, in effect as of 3.07.2007, supplemented, **SG No. 103/2012**) the average weighted market price of the shares during the last three months before the registration of the offer or before the date on which, at the latest, the obligation under Article 149(1) or (6) should have been fulfilled if the tender offer had not been registered prior to the said date and that price is higher than the average weighted market price of the shares during the last three months before the registration of the offer;

3. (New, SG No. 52/2007, in effect as of 3.07.2007, supplemented, **SG No. 103/2012**) the highest price per share paid by the offeror, the persons related to him or the persons under Article 149, paragraph 2 during the last 6 months before the registration of the offer or before the date on which, at the latest, the obligation under Article 149(1) or (6) should have been fulfilled if the tender offer had not been registered prior to the said date and that price is higher than the highest

price per share paid by the same persons during the last 6 months before the registration of the offer; in the cases where the price of the shares cannot be determined in accordance with the preceding sentence, it shall be determined as the last issue value or the last price paid by the tender offeror, whichever is higher.

(8) (New, SG No. 61/2002, supplemented, SG No. 52/2007, in effect as of 3.07.2007) The price of any tender offers referred to in Article 149 (8) herein, as well as in Article 149b herein, may not be lower than the average weighted market price of the shares during the three last preceding months or, where no such market price exists, the highest price per share paid by the offeror, by the persons related to him or by the persons under Article 149, paragraph 2 during the six months last preceding the registration of the offer. The tender offeror may justify the price proposed thereby according to Paragraph 6.

(9) (New, **SG No. 103/2012**) In order to calculate the highest price per share paid by the offeror, the offeror's related parties, or the persons referred to in Article 149(2) in the case of shares acquired when increasing the capital, the issue price of each new share shall be increased by the highest price paid by the offeror, the offeror's related parties, or the persons referred to in Article 149(2) for obtaining the rights to participate in the capital increase, if such rights have been bought by the offeror, the offeror's related parties, or the persons referred to in Article 149(2).

(10) (New, SG No. 52/2007, in effect as of 3.07.2007, renumbered from Paragraph 9, **SG No. 103/2012**) if until expiry of the term of the tender offer the tender offeror acquires directly, through related parties or indirectly under Article 149, paragraph 2 voting shares in the general meeting of the offeree company at a price higher than that offered in the tender offer the tender offeror shall increase the offered price to such higher price. In this case the purchase of the shares shall be effected at the higher price in respect of all shareholders who have accepted the offer before or after the increase.

(11) (Renumbered from Paragraph 8, SG No. 61/2002, renumbered from Paragraph 9, SG No. 52/2007, in effect as of 3.07.2007, renumbered from Paragraph 10, **SG No. 103/2012**) Any offer for exchange of shares must mandatorily state an alternative option for purchase of the voting shares held by the rest of the shareholders.

(12) (Renumbered from Paragraph 9, SG No. 61/2002, renumbered from Paragraph 10, amended and supplemented, SG No. 52/2007, in effect as of 3.07.2007, renumbered from Paragraph 11, **SG No. 103/2012**) The time limit referred to in Item 7 of Paragraph 2 may not be shorter than twenty-eight days and longer than seventy days after the publication date of the tender offer save in the cases of competitive tender offer made where the term of the tender offer shall be extended until expiry of the term for acceptance of the competitive tender offer.

**Art. 151.** (1) (Amended, SG No. 61/2002, SG No. 39/2005, **SG No. 103/2012**) Tender offers shall be registered with the Commission and may be published unless the Commission issues a temporary prohibition [against such publication] within 20 business days. Any failure of the Commission to deliver a decision within the time limits referred to in the first sentence shall be presumed as tacit confirmation of the tender offer concerned.

(2) (New, SG, 52, in effect as of 3 July 2007) paragraph 1 shall not apply to a tender offer for acquisition and/or exchange of voting shares of a company, which is with a head office in a Member State and whose shares have been admitted to trading on a regulated market in the Republic of Bulgaria, which was subject to such approval and was approved by a Member State's competent authority. In such case the Commission may require from the tender offeror to prepare a translation of the tender offer, as well as to include additional information therein, which is specific for the market in the Republic of Bulgaria and relates to the conditions for the tender

offer acceptance, the obtaining of the shares' price or their exchange value, as well as to the fees due in connection with them.

(3) (Am., SG, iss. 39 in 2005, iss. 86/ 2006, prev. item 2, am. and suppl., iss. 52/ 2007) On the day of registering under para. (1), the tender offerer is obliged to present the offer to the management body of the company, whose shares are subject to the tender, to the representatives of its officials or to the officials, when there are no such representatives, as well as to the regulated market, on which the shares of the company are admitted to trading. In the notification it should be clearly indicated, that the Commission has not yet expressed an opinion with regard to the offer.

(4) (New, SG No. 52/2007, in effect as of 3.07.2007, supplemented, **SG No. 103/2012**) The management body of the offeree company shall submit the tender offer to the representatives of its employees or, where there are no such representatives, to the employees themselves and shall immediately disclose the information about the offer received and the conditions fulfilled thereof as per the procedure set out in Article 100r.

(5) (Amended, SG, issue 61/ 2002, iss. 39/ 2005, prev. item 3, am. iss. 52, in effect as of 3 July 2007) The company's management body within 7 days of receiving the offer, shall present in the Commission, to the offerer and to the representatives of the officials or to the officials when there are no such representatives, a reasoned opinion on the offered deal, including about the consequences of the tender offer acceptance on the company and the officials and about the strategic plans of the offerer for the company – subject of the tender offer and their eventual impact on the officials and the venue of operation, as indicated in the tender offer according Art. 150 para 2 item 9. The opinion shall also contain information about the availability of eventual agreements on the exercising of the voting rights attaching to the shares of the company – subject of the tender offer, insofar as the management body is aware of it, as well as data about the number of shares in the company, owned by the members of its management body and whether they intend to accept the proposal. Where the management body of the company – subject of a tender offer receives within the term under sentence one an opinion of the officials' representatives about the tender offer's impact over the officials, this opinion shall be attached to the management board's opinion.

(6) (Prev. item 4, am., SG, iss. 52, in effect as of 3 July 2007) After receiving the offer under para 3 until the publishing of the results of the tender offer, or its termination, the management body of the company – subject of the tender offer may not carry out activities, with the exception of searching for a competitive tender offer, whose main objective is the frustration of the tender offer acceptance or creation of considerable difficulties or substantial additional expenditures for the offeror, such as issue of shares or entering into transactions, which would result in significant change in the company's property, unless the activities are performed with the preliminary approval of the General Meeting of the company – subject of the tender offer.

(7) (New, SG 52, in effect as of 3 July 2007) The General Meeting shall also approve any decision of the management body for taking actions under para 6, made before the tender offer's receiving, which has not been realized in part or in whole, and which is not a part of the normal activities of the company and may frustrate the acceptance of the tender offer.

**Art. 151a.** (New, SG 52, in effect as of 3 July 2007) (1) All restrictions on the transfer of voting shares, provided for in the articles of association of the company – subject of a tender offer, in agreements between the company – subject of a tender offer and the shareholders, or in agreements among the shareholders shall not apply in respect to the tender offerer within the term for the tender offer acceptance.

(2) Restrictions on the voting right, envisaged in the articles of association of the company – subject of a tender offer, in agreements between the company – subject of the tender offer and the shareholders or in agreements among the shareholders, shall not apply in decision-making by the General Meeting on taking actions under Art. 151 para 6 and 7.

(3) Where as a result of a tender offer, the offerer acquires more than 75 per cent of the votes in the public company's General Meeting, the restrictions under para 1 and 2 shall not apply, as well as the shareholders' exclusive rights related to election or removal of management bodies' members, envisaged in the articles of association of the company – subject of a tender offer.

(4) The offerer shall pay compensation to the shareholders for the restriction of their rights under para 1-3. The conditions and procedure for payment of the compensation shall be determined by the offeror and indicated in the tender offer. Disputes in relation to the set amount of compensation shall be settled through the general procedure.

(5) Paragraphs 2 and 3 shall not apply to shares, where the limitations in the voting right are compensated by an additional dividend or other pecuniary payments.

(6) Paragraphs 1-4 shall not apply about the special rights of the state, connected with its participation in the company – subject of a tender offer.

**Art. 152.** (1) (Amended, SG No. 61/2002, SG No. 39/2005, supplemented, SG No. 52/2007, in effect as of 3.07.2007, amended, **SG No. 103/2012**) Should the documents submitted be found invalid or should any additional information or evidence authenticating the particulars be required, within 20 business days after registration of the offer the Commission shall issue a temporary prohibition against publication of the said offer and shall transmit a communication specifying the deficiencies and non-conformities found or the additional information and evidence required. In respect of any tender offer referred to in Article 149b herein, the time limit referred to in the first sentence shall be seven business days.

(2) (New, SG, iss. 61/ 2002) the notifications regarding the proceedings under para. 1 may also be made by registered letter with delivery receipt, by telex, telefax, telegram, or electronic mail. The notifications and announcements by registered letter with delivery receipt or by telegram are certified by a notification of their delivery, by telefax are certified in writing by the officer who has carried it out as well as with the receipt confirmation, by telex - via a written confirmation that the notification was sent and by electronic mail – with an electronic copy of the announcement sent.

(3) (New, SG, issue. 61/ 2002. am., iss 8/ 2003, am., iss. 39/ 2005) If the notifications regarding the proceedings under para. 1 are not accepted at the addresses given by the entities or the address, telex number or fax number entered in the relevant register specified in Art. 30, para. 1 of the Financial Supervision Commission Act, the notifications shall be deemed made after they have been put up at a specially assigned location in the Commission building. This circumstance shall be certified in a statement drawn up by officials chosen with an order of the Commission's chairman.

(4) (Renumbered from Paragraph 2 and amended, SG No. 61/2002, **SG No. 103/2012**) The person shall rectify the deficiencies or non-conformities as indicated or shall submit the additional information and documents, as required, within 20 business days after receipt of a communication to this effect. Article 151(3) shall apply to revised tender offers.

**Art. 153.** (1) (Amended, SG No. 61/2002, SG No. 39/2005, **SG No. 103/2012**) If the Commission fails to issue a final prohibition against the publication of an offer within 20 business days after receiving the documents required, the offerer may publish the said offer.

(2) (Am., SG, iss. 61/ 2002, am., iss. 39/ 2005) The Commission may impose a reasoned prohibition under para. (1) only if the offer and the enclosures thereto do not satisfy the requirements of this law and of its implementing instruments or the interests of the shareholders are in any other way harmed. Art. 152, para. 2 and 3 shall apply accordingly.

(3) (New, SG, iss. 61/ 2002, am., iss. 39/ 2005) The Commission may issue a final prohibition on the offer under Art. 149b only if there are material omissions in the circumstances under Art. 150, para. 2. Art. 152, para. 2 and 3 shall apply accordingly.

(4) (Prev. para. (3) – SG, iss. 61/ 2002, am. iss. 39/ 2005) The Commission shall not be liable for the truthfulness of the particulars contained in the offer.

(5) (Prev. para. (4), SG, iss. 61/ 2002, am., iss. 39/ 2005) The Commission may terminate the tender offer before the time for accepting the offer elapses, if before and during or after its publishing the requirements of this law and of its implementing instruments are violated. Acceptance of such offer by the shareholders prior to termination will have no effect.

(6) Where the Commission has issued a final prohibition under Paragraph 1 or has terminated the tender offering under Paragraph 5, the effect of the prohibition referred to in Article 149 (5) herein shall be revived until publication of a successive tender offer.

**Art. 154** (1) (Amended and supplemented, SG No. 52/2007, in effect as of 3.07.2007, **SG No. 103/2012**) Within three days upon the expiration of the time limit referred to in Article 151(1) or Article 153(1), as the case may be, the offerer shall publish the tender offer and the opinion of the company's management body regarding the acquisition, if any such opinion has been given, in two national daily newspapers and shall also submit the said documents in their final revision to the public company and the regulated market on which the shares have been admitted to trading. Within the time limit under the first sentence, the offeror shall make the tender offer to representatives of its employees and to the representatives of the employees of the offeree company or, where there are no such representatives, to the employees themselves. The public company, the investment intermediary referred to in Article 149(12) and the regulated market on which the public company's shares have been admitted to trading shall disclose the tender offer and the opinion of the public company's management body on their websites until the expiration of the time limit for acceptance of the said offer, while the public company shall make a disclosure as per the procedure set out in Article 100r(3). An ordinance may prescribe additional requirements to communication of the information under the first sentence.

(2) The advertisements and publications with respect to the offer should indicate the issue of the central daily newspaper under para. (1) and the date of the publication.

(3) (New, SG, issue 52 in effect as of 3 July 2007) In case that the shares of the company – subject of a tender offer have been admitted to trading also on a regulated market in another Member State, the offeror must within the term under para 1 submit the tender offer at the disposal of the shareholders in the states where its shares have been admitted to trading. On request by the competent authority of a Member State, the tender offeror must prepare a translation of the tender offer in the language, accepted by the relevant competent authority, as well as include additional information which is specific for the relevant market and relates to the conditions for the tender offer acceptance, the obtaining of the shares' price or their exchange value, or to the fees due in connection with them.

**Art. 155.** (1) (Am., SG, iss. 61/ 2002, am., iss. 39/2005) Except for the case of a tender offer under Art. 149b, the offeror may not withdraw the offer after it is published. Exception can be made only when the offer cannot be executed for reasons beyond the control of the offeror, the time for its acceptance has not expired, and when the Commission agrees thereto. In these cases Art. 151, para. s (1) and (3), Art. 152 and Art. 153 are applied accordingly. Within 7 days of the

notification of the granted by the Commission agreement the offeror will publish a notice of withdrawal in two central daily newspapers.

(2) A withdrawal of the tender offer under para. (1) reinstates the effect of the prohibition under Art. 149, para. (5) till the publishing of a subsequent offer.

(3) (Am., SG, iss. 39/ 2005) The Commission shall immediately notify of the withdrawal of the offer the regulated market, the investment intermediary or the central depository, where the certification documents of the shares are deposited. Within three days of the receipt of the notification the investment intermediary or the central depository ensures a return of the certification documents to those shareholders who have accepted the offer.

(4) (Amended, SG No. 61/2002, SG No. 39/2005, SG No. 52/2007, in effect as of 3.07.2007, **SG No. 103/2012**) The offeror may extend the time limit for acceptance of the offer within the maximum admissible period referred to in Article 150 (12) herein, as well as increase the proposed price per share. In such a case, the purchase of shares shall be effected at the higher price in respect of all shareholders who or which have accepted the offer, whether before or after the increase. The offeror may introduce other alterations in the offer as well, subject to approval by the Commission.

(5) (Amended, SG, iss. 39/ 2005, am. iss. 52, in effect as of 3 July 2007) The amendments under para. (4) Should be registered with the Commission and published immediately in two central daily newspapers, if within three working days the Commission does not issue a prohibition. Art. 151, para. (3), Art. 152 and Art. 153 are applied accordingly.

**Art. 156.** (1) (Am., SG, iss. 61/ 2002, am. iss. 52, in effect as of 3 July 2007 ) The offer is accepted by means of explicit written statement and by deposition of the certification documents of the shares with an investment intermediary or with the central depository, and by undertaking other necessary steps with respect to the transfer. The acceptance of the offer may be withdrawn before the expiration of the time limit under Art. 150, para. (2), item 7, or the extended time limit under Art. 155, para. (4), respectively.

(2) (Am., iss. 52, in effect as of 3 July 2007) The transaction shall be considered to be entered into at the moment of expiration of the time limit under Art. 150, para. (2), item 7 or the extended time limit under Art. 155, para. (4), respectively.

(3) Payment of the price or exchange of the shares shall be made within 7 working days after the transaction is entered into in conformity with para. (1).

(4) The rights attached to shares, which form the subject of the offer, shall pass to the offeror upon registration of the transfer of the shares at the central depository.

**Art. 157.** (Am., SG, iss. 39/ 2005, am., iss. 52, in effect as of 3 July 2007) Upon the expiration of the time limit for acceptance of the proposal the offeror shall immediately publish the result of the tender offer in accordance with Art. 154 and shall notify the Commission and the regulated market accordingly.

**Art. 157a.** (New – SG, iss. 52, in effect as of 3 July 2007) (1) (Amended, **SG No. 103/2012**) A person who as a result of a tender offering made to all voting shareholders acquires directly, through related parties or indirectly in the cases under Article 149, paragraph 2 at least 95 per cent of the votes in the general meeting of a public company shall have the right, within three months of the term of the tender offer, to repurchase the voting shares out of the remaining shareholders. Article 149, Paragraphs 3, 4 and 12 herein shall apply mutatis mutandis.

(2) The proposal for purchase shall be approved by the Commission.

(3) The price offered by the person under para 1 must be at least equal to the price:

1. offered under the tender offer, whereby the threshold under para 1 is reached, when the making of the tender offer was obligatory;

2. offered under the tender offer, whereby the threshold under para 1 is reached, when the making of the tender offer was voluntary and provided that the person under para 1 has acquired not less than 90 per cent of the voting shares proposed by this tender offer;

3. fixed according Art. 150 para 6 and 7 - in the other cases.

(4) For the issuing of an approval, the person under para 1 shall file with the Commission a purchase offer, which shall contain the data under Art. 150 para 2 item 1-4, 6, 8, 10, 12 and 13. Article 150 para 4 and 5 shall apply accordingly.

(5) The Commission shall pronounce within 14 days after receiving the application for the issue of an approval. Articles 152 and 153 shall apply accordingly.

(6) Within 3 days after the issue of the approval, the person under para 1 shall present the offer to the company and the regulated market, on which the company's shares have been admitted to trading and shall publish it according Art. 154.

(7) (Amended, **SG No. 103/2012**) The transfer of shares and the payment of the price shall be made simultaneously, within 7 business days from the publication date of the proposal.

**Art. 157b.** (New, SG, iss. 52, in effect as of 3 July 2007) (1) Any shareholder shall have the right to require from the person who has acquired directly, through related persons or indirectly in the cases under Art. 149 para 2, at least 95 per cent of the votes in a public company's General Meeting as a result of a tender offer, to buy his voting shares within 3 months after the deadline of the tender offer. The request has to be in writing and to contain data about the shareholder and the owned by him shares. In this case Art. 157a para 3 shall apply accordingly.

(2) The person under para 1 shall purchase the shares within 30 days after receiving the request.

**Art. 157c.** (New SG, iss. 52, in effect as of 3 July 2007) (1) The Commission shall exercise supervision over the tender offers when the company – subject of a tender offer is with a registered office in the Republic of Bulgaria and the issued by it shares are admitted to trading on a regulated market in the Republic of Bulgaria or in a third country.

(2) The Commission shall exercise supervision over the tender offer also in the cases where the shares of the company-subject of a tender offer have been admitted to trading on a regulated market in the Republic of Bulgaria, but have not been admitted to trading on a regulated market in its home Member State.

(3) Where the shares of the company – subject of a tender offer under para 2, have been admitted to trading on a regulated market in the Republic of Bulgaria and in another Member State, the supervision over the tender offer shall be exercised by the Commission if the company's shares have been first admitted to trading on a regulated market in the Republic of Bulgaria.

(4) Where the shares of the company – subject of a tender offer under para 2 have been admitted to trading on a regulated market in the Republic of Bulgaria and in another Member State simultaneously, the supervision over the tender offer shall be exercised by the Commission, if the company has indicated it as a competent authority which is to carry out the supervision over the tender offer. The company shall inform of its decision the Commission and the competent authorities of the other Member States in which the company's shares have been admitted to trading on a regulated market, as well as the relevant regulated markets on the first day of trading.

(5) The Commission shall make public the decision under para 4, whereby it has been assigned to exercise supervision over the tender offer.

(6) This Act or the statutory instruments for its application shall apply to the cases under Paragraph 2 - 4 on the issues regarding the price and/or the stock exchange value of the tender offer, the decision of the offerer on making a tender offer, the contents of the tender offer and its



publication, and to issues regarding the information to be provided to the employees of the offeree company and company law, including the cases wherein an obligation arises for making a tender offer and wherein this obligation is not applied, as well as the circumstances wherein the offeree company may take actions that could frustrate the tender offering the law of the Member State where the registered office of the offeree company is located shall apply.

**Art. 157d.** (New, SG, iss. 52, in effect as of 3 July 2007) (1) The Commission shall cooperate and exchange information with the competent authorities of the other Member States, especially in the cases under Art. 157c, para 2-4.

(2) Competent authorities of the other Member States are the authorities who exercise supervision over the tender offers, the markets of securities and other financial instruments and the trading on these markets.

(3) The Commission may request from the competent authorities of the other Member States assistance for the handing over of certain document with a view to enforcement of issued by it warrants in relation to a tender offer, as well as some actions with a view to establishment of committed or alleged breaches of this Act and its implementing instruments.

(4) On request of a Member State's competent authority, the Commission shall serve certain documents with a view to enforcement of issued by it acts in relation to a tender offer, as well as other actions with a view to establishment of committed or alleged breaches of the legislation of the relevant Member State concerning tender offers.

**Art. 157e.** (New, SG, iss. 61/ 2002, prev. item 157a, iss. 52, in effect as of 3 July 2007) (1) (Am., SG, iss. 67/ 2003, iss. 39/ 2005) The Commission shall adopt an ordinance on the application of this division.

(2) In accordance with the aims of this law, the ordinance specified in para. 1 may determine other types of securities, apart from shares, that may be subject to tender offers, exceptions to the obligation for registration and/or publication of a tender offer, terms and procedures for placing a competitive tender offer, for withdrawing a tender offer, as well as additional terms and procedures for carrying out tender offers, and the purchase of voting shares under Art. 157a and 157b.

## **Chapter Twelve** **UNFAIR TRADE** **(Heading amended – SG, issue 84/2006)**

**Art. 158.** (1) (Am., SG, iss. 61/ 2002, repealed, iss. 84/ 2006).

**Art. 159.** (Am., SG, iss. 39/ 2005, repealed, iss. 86/ 2006).

**Art. 160.** (Repealed, SG, iss. 84/ 2006).

**Art. 161.** (New, SG, iss. 61 /2002, repealed, iss. 84/ 2006).

**Art. 161a.** (New, SG, iss. 61/2002, am., iss. 84/ 2006, repealed, iss. 52/ 2007).

**Art. 162.** (Am., SG, iss. 61/ 2002; iss. 84/ 2006, repealed, iss. 52/ 2007).

**Art. 163.** (Am., SG, iss. 67/ 2003, iss. 39/ 2005; repealed, iss. 84/ 2006).

**Title Four**  
**(Repealed, SG No. 77/2011)**  
**INVESTMENT COMPANIES AND COMMON FUNDS**

**(Heading supplemented, SG No. 39/2005)**

**Chapter Thirteen**  
**(Repealed, SG No. 77/2011)**  
**GENERAL DISPOSITIONS**

**Art. 164** (Amended and supplemented, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 164a** (New, SG No. 39/2005, supplemented, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 164b** (New, SG No. 86/2006, supplemented, SG No. 52/2007, repealed, SG No. 77/2011).

**Art. 165** (Supplemented, SG No. 39/2005, repealed, SG No. 77/2011).

**Art. 166** (Amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 167** (Amended, SG No. 52/2007, repealed, SG No. 77/2011).

**Art. 168** (Amended, SG No. 52/2007, repealed, SG No. 77/2011).

**Art. 169** (Repealed, SG No. 77/2011).

**Art. 170** (Amended, SG No. 39/2005, repealed, SG No. 77/2011).

**Art. 171** (Amended and supplemented, SG No. 39/2005, repealed, SG No. 86/2006).

**Art. 172** (Supplemented, SG No. 39/2005, amended, SG No. 52/2007, in effect as of 3.07.2007, repealed, SG No. 77/2011).

**Art. 173** (Amended and supplemented, SG No. 39/2005, SG No. 59/2006, amended, SG No. 86/2006, SG No. 52/2007, in effect as of 3.07.2007, SG No. 67/2008, repealed, SG No. 77/2011).

**Art. 174** (Amended, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 175** (Amended, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 176** (Amended and supplemented, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 177** (Amended and supplemented, SG No. 39/2005, SG No. 86/2006, SG No. 52/2007, repealed, SG No. 77/2011).

**Art. 177a** (New, SG No. 39/2005, amended and supplemented, SG No. 86/2006, amended, SG No. 52/2007, in effect as of 3.07.2007, repealed, SG No. 77/2011).

**Art. 178** (Amended, SG No. 39/2005, supplemented, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 179** (Amended, SG No. 39/2005, SG No. 52/2007, in effect as of 3.07.2007, repealed, SG No. 77/2011).

**Chapter Fourteen**  
**ISSUING AND WITHDRAWAL OF A LICENSE FOR AN INVESTMENT**  
**COMPANY**  
**AND AUTHORIZATION FOR ORGANIZATION AND MANAGEMENT OF**  
**CONTRACTUAL FUND.**

**(Heading amended, SG, issue 39/ 2005, issue 52, in effect as of 3 July 2007)**

**Art. 180.** (Amended and supplemented, SG No. 39/2005, SG No. 86/2006, amended, SG No. 25/2007, amended and supplemented, SG No. 52/2007, repealed, SG No. 77/2011).

**Art. 181.** (Amended and supplemented, SG No. 39/2005, SG No. 86/2006, amended, SG No. 25/2007, repealed, SG No. 77/2011).

**Art. 182** (Supplemented, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 183** (Amended and supplemented, SG No. 39/2005, amended, SG No. 34/2006, repealed, SG No. 77/2011).

**Art. 184** (Amended, SG No. 39/2005, repealed, SG No. 77/2011).

**Art. 185** (Amended and supplemented, SG No. 39/2005, amended, SG No. 52/2007, repealed, SG No. 77/2011).

**Chapter Fifteen**  
**PUBLIC OFFERING OF SHARES IN INVESTMENT COMPANIES**  
**AND UNITS IN CONTRACTUAL FUNDS**

**(Heading, amended, SG, issue 39/ 2005)**

**Art. 186** (Amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 187** (Amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006, SG No. 52/2007, in effect as of 3.07.2007, repealed, SG No. 77/2011).

**Art. 187a** (New, SG No. 61/2002, amended, SG No. 86/2006, SG No. 105/2006, repealed, SG No. 77/2011).

**Art. 188** (Amended and supplemented, SG No. 39/2005, repealed, SG No. 77/2011).

**Art. 189** (Supplemented, SG No. 39/2005, amended, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 190** (Amended, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 191** (Amended, SG No. 39/2005, amended and supplemented, SG No. 52/2007, in effect as of 3.07.2007, repealed, SG No. 77/2011).

**Chapter Sixteen**  
**OPEN-END INVESTMENT COMPANY AND CONTRACTUAL FUND**  
**(Heading amended, SG, issue 39/ 2005)**

**Art. 192** (Amended and supplemented, SG No. 39/2005, amended, SG No. 34/2006, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 193** (Amended, SG No. 39/2005, amended and supplemented, SG No. 86/2006, amended, SG No. 52/2007, in effect as of 3.07.2007, repealed, SG No. 77/2011).

**Art. 194** (Repealed, SG No. 77/2011).

**Art. 195** (Amended, SG No. 61/2002, amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006, SG No. 25/2007, SG No. 52/2007, repealed, SG No. 77/2011).

**Art. 196** (Supplemented, SG No. 61/2002, amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006, SG No. 52/2007, repealed, SG No. 77/2011).

**Art. 197** (Amended, SG No. 39/2005, supplemented, SG No. 86/2006, amended, SG No. 52/2007, repealed, SG No. 77/2011).

**Art. 197a** (New, SG No. 39/2005, amended, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 197b** (New, SG No. 86/2006, repealed, SG No. 77/2011).

## **Chapter Seventeen (Repealed, SG No. 77/2011)**

### **INVESTMENT COMPANY OF CLOSED-ENDED TYPE**

**Art. 198** (Amended, SG No. 39/2005, repealed, SG No. 77/2011).

**Art. 199** (Repealed, SG No. 77/2011).

**Art. 200** (Amended, SG No. 39/2005, SG No. 86/2006, SG No. 52/2007, repealed, SG No. 77/2011).

**Art. 201** (Amended, SG No. 61/2002, amended and supplemented, SG No. 39/2005, SG No. 86/2006, SG No. 52/2007, repealed, SG No. 77/2011).

## **Chapter Eighteen (Repealed, SG No. 77/2011) MANAGEMENT COMPANIES**

### **Section I**

#### **(Repealed, SG No. 77/2011) General Dispositions**

**Art. 202** (Supplemented, SG No. 61/2002, amended and supplemented, SG No. 39/2005, SG No. 86/2006, amended, SG No. 52/2007, in effect as of 3.07.2007, repealed, SG No. 77/2011).

**Art. 203** (Amended and supplemented, SG No. 39/2005, SG No. 86/2006, amended, SG No. 52/2007, repealed, SG No. 77/2011).

**Section II**  
**(Repealed, SG No. 77/2011)**  
**Issuing and Revocation of Licence**

**Division II**  
**Issuance and withdrawal of a license**

**Art. 204** (Amended and supplemented, SG No. 39/2005, SG No. 86/2006, amended, SG No. 25/2007, SG No. 52/2007, in effect as of 3.07.2007, supplemented, SG No. 43/2010, repealed, SG No. 77/2011).

**Art. 205** (Amended and supplemented, SG No. 39/2005, SG No. 86/2006, amended, SG No. 25/2007, SG No. 52/2007, amended and supplemented, SG No. 43/2010, repealed, SG No. 77/2011).

**Art. 206** (Amended and supplemented, SG No. 39/2005, supplemented, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 207** (Amended, SG No. 39/2005, SG No. 34/2006, repealed, SG No. 77/2011).

**Art. 208** (Amended, SG No. 39/2005, SG No. 52/2007, repealed, SG No. 77/2011)

**Art. 209** (Amended, SG No. 39/2005, SG No. 52/2007, repealed, SG No. 77/2011).

**Section III**  
**(Repealed, SG No. 77/2011)**  
**Requirements to the Business of Management Companies**

**Art. 210** (Amended and supplemented, SG No. 39/2005, SG No. 86/2006, amended, SG No. 86/2006, SG No. 52/2007, SG No. 24/2009, in effect as of 31.03.2009, repealed, SG No. 77/2011).

**Art. 211** (Supplemented, SG No. 39/2005, repealed, SG No. 77/2011).

## **Chapter Eighteen A**

**(New, SG No. 39/2005, in effect as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, repealed, SG No. 77/2011)**

### **CONDUCT OF BUSINESS BY MANAGEMENT COMPANIES IN A MEMBER STATE.**

#### **CONDUCT OF BUSINESS IN THE REPUBLIC OF BULGARIA BY MANAGEMENT COMPANIES WITH REGISTERED OFFICE IN A MEMBER STATE.**

##### **PUBLIC OFFERING OF UNITS OF COLLECTIVE INVESTMENT SCHEMES IN THE REPUBLIC OF BULGARIA**

**(Heading amended, SG No. 86/2006)**

### **Section I**

**(Repealed, SG No. 77/2011)**

#### **Conduct of Business by Management Companies in a Member State**

**(Heading amended, SG No. 86/2006)**

**Art. 211a** (New, SG No. 39/2005, in effect as of 1.01.2007, amended and supplemented, SG No. 86/2006, amended, SG No. 52/2007, repealed, SG No. 77/2011).

**Art. 211b** (New, SG No. 39/2005, in effect as of 1.01.2007, repealed, SG No. 77/2011).

**Art. 211c** (New, SG No. 39/2005, in effect as of 1.01.2007, amended, SG No. 86/2006, repealed, SG No. 77/2011).

### **Section II**

**(Repealed, SG No. 77/2011)**

#### **Conduct of Business in the Republic of Bulgaria by Management Companies with Registered Office in a Member State**

**(Heading amended, SG No. 86/2006)**

**Art. 211d** (New, SG No. 39/2005, in effect 1.01.2007, amended and supplemented, SG No. 86/2006, amended, SG No. 52/2007, effective as of 3.07.2007, repealed, SG No. 77/2011).

**Art. 211e** (New, SG No. 39/2005, in effect as of 1.01.2007, amended and supplemented, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 211f** (New, SG No. 39/2005, in effect as of 1.01.2007, amended, SG No. 86/2006, SG No. 52/2007, repealed, SG No. 77/2011).

**Art. 211g** (New, SG No. 39/2005, in effect as of 1.01.2007, amended, SG No. 86/2006, repealed, SG No. 77/2011).

**Section III**  
**(Repealed, SG No. 77/2011)**  
**Public Offering in the Republic of Bulgaria of Units of Non-Resident**  
**Collective Investment Schemes with Registered Office in a Member State**

**(Heading amended, SG No. 86/2006)**

**Art. 211h** (New, SG No. 39/2005, in effect as of 1.01.2007, amended, SG No. 86/2006, SG No. 52/2007, in effect as of 3.07.2007, repealed, SG No. 77/2011).

**Art. 211i** (New, SG No. 39/2005, in effect as of 1.01.2007, amended and supplemented, SG No. 86/2006, repealed, SG No. 77/2011).

**Art. 211j** (New, SG No. 39/2005, in effect as of 1.01.2007, amended, SG No. 86/2006, SG No. 52/2007, in effect as of 3.07.2007, repealed, SG No. 77/2011).

**Section IV**  
**(Repealed, SG No. 77/2011)**  
**Public Offering in the Republic of Bulgaria of Units of Collective**  
**Investment Schemes Originating in Third Countries**

**(Heading amended, SG No. 86/2006)**

**Art. 211k** (New, SG No. 39/2005, in effect as of 1.01.2007, amended, SG No. 86/2006, repealed, SG No. 77/2011).

**Title Five**  
**COERCIVE ADMINISTRATIVE MEASURES AND ADMINISTRATIVE**  
**PENALTY LIABILITY**

**Chapter Nineteen**  
**COERCIVE ADMINISTRATIVE MEASURES**

**Art. 212.** (1) (Am., SG, iss. 39 /2005, am., iss. 52/ 2007) When it is established that supervised persons, their employees, persons performing managerial functions under a contract or entering into transactions for the account of supervised persons, as well as persons holding 10 or more than 10 per cent of the votes in the general assembly of the supervised persons, have carried out or carry out activities in contravention of this law, its implementing instruments, approved by the deputy chairman, decisions of the Commission or the deputy chairman, as well as where the exercising of control activity by the Commission or the deputy chairman is prevented or the interests of investors are jeopardized, the Commission, respectively the deputy chairman may:

1. oblige them to take specific measures needed to prevent and remove the offences, their prejudicial effects or the threat to the interests of investors, within a time limit set by the Commission;

2. convene, with an agenda determined by the Commission, a general assembly and/or schedule a meeting of the governing or supervisory bodies of the persons supervised by the Commission in view of passing resolutions on the measures to be taken;

3. (Am., SG, iss. 61/ 2002) inform the public of any activities that jeopardize investors' interests;

4. (Am., SG, iss. 86/ 2006) suspend, for a period of 10 consecutive working days or definitively, the sale or the carrying out of transactions in certain securities;

5. refuse to give a confirmation for the prospectus of a new issue of securities;

6. (Am., SG, iss. 39/ 2005) order in writing a supervised person to remove one or more persons authorised to manage and represent the corresponding person and divest such person of his managerial and representation rights until his removal;

7. appoint quaestors in the cases provided for in this law;

8. (Am., SG, iss. 39/ 2005) appoint a registered auditor who should conduct a financial or other audit of a supervised person, in accordance with requirements set by the deputy chairman. The expenses shall be covered by the audited person;

9. (New, SG, iss. 39/ 2005) take a decision for temporary suspension of the redemption of shares of an open-end investment company, or units of mutual funds.

(2) (New, SG, iss. 61/ 2002, am., iss. 39/ 2005) A coercive administrative measure shall also be the revocation of licenses to carry out activities, provided for in this law, except in the cases where a person has explicitly renounced the license issued.

(3) (Prev. para. 2, SG, iss. 61/ 2002) The measures under para. (1), item 6 shall not apply to public companies and to the issuers of securities.

(4) (Renumbered from Paragraph 3, SG No. 61/2002, amended, SG No. 39/2005, SG No. 52/2007) Should the Deputy Chairman establish that any bank carries on the business thereof in violation of this Act or of the instruments for the application thereof, the said Deputy Chairman may apply the measures under Item 1 of Paragraph 1, recommend that the Commission apply the measures under Item 1 of Paragraph 1, as well as recommend that the Bulgarian National Bank apply the measures under [Article 103, Paragraph 2 of the Credit Institutions Act](#). The Bulgarian National Bank shall be obligated to notify the said Deputy Chairman of the decision thereof within one month after the date of receipt of the said Deputy Chairman recommendation. (5) Prev. para. 4 – SG, iss. 61/ 2002, am. iss. 39/ 2005) The Deputy Chairman may propose to the Bulgarian National Bank to withdraw a bank's license only if the corresponding entity systematically violates the provisions of this law or of its implementing instruments.

(6) Repealed, SG, iss. 52/ 2007)

(7) Prev. para. 6, SG, iss. 61/ 2002, am., iss. 39/ 2005; iss. 34/ 2006) Upon request from the Commission, respectively the Deputy Chairman, the Registry Agency shall enter in the Commercial Register the circumstances, respectively shall announce the acts under para. (1).

(8) (New, SG No. 43/2010, repealed, SG No. 103/2012).

(9) (New, SG No. 43/2010, repealed, SG No. 103/2012).

**Art. 213.** (1) (Amended, SG No. 39/2005, supplemented, SG No. 43/2010, amended, **SG No. 103/2012**) Proceedings for application of coercive administrative measures shall be initiated by the Deputy Chairman and, in the cases referred to in Items 5, 6 and 7 of Article 212(1), any such proceedings shall be initiated by the Commission.

(2) Any notifications or communications in the proceedings referred to in Paragraph 1 may be effected by means of registered mail with advice of delivery, telegraph, by telephone, teleprinter or facsimile machine. Where effected by means of registered mail with advice of delivery or by telegraph, notification or communication shall be certified by an advice of



delivery, where effected by means of telephone, notification or communication shall be certified in writing by the notifying or communicating office holder, and where effected by means of teleprinter or facsimile machine, notification or communication shall be certified by confirmation in writing of a message sent.

(3) (Amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005) Should any notification or communication in the proceedings referred to in Paragraph 1 be not received at the address, telephone, telex or facsimile number as named by the persons or as recorded in the requisite register referred to in [Article 30 \(1\) of the Financial Supervision Commission Act](#) , the said notification or communication shall be presumed effected by posting thereof on a notice board expressly provided therefor on the premises of the Deputy Chairperson. Any such posting shall be attested by a memorandum drawn up by officers appointed by an order of the said Deputy Chairperson.

(4) (Amended, SG No. 39/2005, supplemented, SG No. 43/2010, amended, **SG No. 103/2012**) The coercive administrative measures referred to in Items 1 through 4 incl., 8 and 9 of Article 212 (1), as well as in Article 212 (9) herein shall be applied by a reasoned decision in writing of the Deputy Chairman, and the coercive administrative measures referred to in Items 5, 6 and 7 of Article 212(1) shall be applied by a reasoned decision in writing of the Deputy Chairman, which shall be communicated to the party concerned within seven days after the making of the said decision.

**Art. 214.** (1) (Repealed, SG, iss. 39/ 2005).

(2) (Am., SG, iss. 61/ 2002, am., iss. 39/ 2005) The decision to apply a coercive administrative measure shall be subject to immediate enforcement, regardless of whether it has been appealed against.

**Art. 215.** (Am., SG, iss. 86/ 2006) Unless special rules are provided for in the present Chapter, the relevant provisions of the Administrative Procedure Code shall apply.

## **Chapter Twenty** **(Repealed, SG No. 77/2011)** **CONSERVATOR**

**Art. 216** (Amended, SG No. 39/2005, SG No. 52/2007, repealed, SG No. 77/2011).

**Art. 217** (Amended, SG No. 39/2005, SG No. 52/2007, repealed, SG No. 77/2011).

**Article 218** (Amended, SG No. 39/2005, repealed, SG No. 77/2011).

**Article 219** (Repealed, SG No. 77/2011).

**Article 220** (Amended, SG No. 39/2005, repealed, SG No. 77/2011).

## **Chapter Twenty-One** **ADMINISTRATIVE LIABILITY AND PENALTY PAYMENTS**

**Art. 221.** (1) (Amended, SG No. 61/2002, SG No. 8/2003, SG No. 39/2005) Any [natural] person, who shall commit or who shall suffer another to commit a violation of:

1. (Amended, SG No. 52/2007, in relation to the replacement, in effect as of 3.07.2007, SG No. 77/2011, **SG No. 103/2012**) Article 100x, (1) and (2), Article 114b, (2), herein or of the

statutory instruments for application of this Act, shall be liable to a fine of BGN 500 or more, but not exceeding BGN 1,000;

2. (Amended, SG No. 84/2006, amended and supplemented, SG No. 86/2006, amended, SG No. 25/2007, amended, SG No. 52/2007, in relation to the replacement, effective as of 3.07.2007, SG No. 23/2009, SG No. 77/2011, **SG No. 103/2012**) Article 77b(4); Article 77f(7); Article 81(1); Article 84(2), (3) and (4); Article 8 (5); Article 86(2) and (3); Article 89(3); Article 92a(2), (5), (6) and the first sentence of Article 92a(7); Article 92d(1), (3) and (4); Article 100a(2); Article 100f; Article 100g(3); Article 100i; Article 100j(3); Article 100m; 100n; Article 100o(2) and (3); Article 100q; Article 100r; Article 100u(3) and (5); Article 100v(1), (2), (3), (5) and (6); Article 100w(2) and (3); the second sentence of Article 110(6) and Article 110(9); Article 110c; the first and the second sentence of Article 111(6); Article 111 (1) - (3); Article 112b(12); the first and the second sentence of Article 115(1) and Article 115(2), (4), (5), (6), (7) and (9); Article 115b(2) and (5); Article 115c(2) and (3); Article 115d(3), (5) and (7); Article 116(3), (5) - (7) and (11); Article 116 ; Article 116c(2), (4) and (5); Article 117; Article 120 (1) - (3); Article 122(3); Article 142; Article 151(3) - (6); Article 151 (4); Article 154(1) and (3); Article 155(5); Article 157; and Article 157 (7) shall be liable to a fine of BGN 1,000 or more but not exceeding BGN 2,000;

3. (Amended, SG No. 86/2006, SG No. 52/2007, in relation to the replacement, in effect as of 3.07.2007, SG No. 77/2011, **SG No. 103/2012**) Article 77 (3) and (4); Article 77d; Article 77m(1), (2), (4) and (12); Article 77p; Article 77w; Article 80(1) and (3); Article 85(1) and (2); the second sentence of Article 89(1) and Article 89(2) and (4); the second sentence of Article 92 (7) and Article 92 (8); Article 92c(2) and (5); Article 100a(1), (4), (6) and (7); Article 100g(1) and (2); Article 110(3); Article 111(2), (5), (7) and 8; the first sentence of Article 112b(3) and Article 112b(8); Article 112e; Article 115c(5); Article 116b; Article 116d(1), (3) and (5); the second sentence of Article 119(6) and Article 119(7) and (8); Article 126(2); Article 126f(4); Article 126g(1) Article 127(3) and (4); the second sentence of Article 133(1) and Article 133(3); Article 135(1); Article 141(1) and (2); Article 145(1) and (3); Article 146(1); Article 148(1) - (4) and (6); Article 148 (1); Article 148b; Article 148c(1); Article 149(5); and §7(2) and §10(5) of the Transitional and Final Provisions shall be liable to a fine of BGN 3,000 or more but not exceeding BGN 5,000;

4. (Amended and supplemented, SG No. 86/2006, amended, SG No. 52/2007, in relation to the replacement, in effect as of 3.07.2007, SG No. 23/2009, SG No. 57/2011, SG No. 77/2011, **SG No. 103/2012**) Article 78(1), (2) and (3); Article 79(2); Article 100l(1) and (2); Article 100d(2), (3) and (4); Article 114(2) and (12); Article 114 (1), (3) and (6); Article 114b(1); Article 115(11); Article 126b(4); Article 128(4); Article 134(1) and 2; Article 139(2) and (4); Article 149(1), (2), (6) and (8); Article 149 (2), (3) and (5); Article 149b(2); Article 150(10); Article 157b(2), and §8 of the Transitional and Final Provisions shall be liable to a fine of BGN 7,000 or more but not exceeding BGN 10,000.

5. (New, SG No. 43/2010) Regulation 1060/2009 shall be liable to a fine of BGN 10,000 or more but not exceeding BGN 20,000.

(2) (New, SG No. 61/2002) In the event of a repeated violation covered under Paragraph 1, the offender will be liable to a fine in an amount as follows:

1. (Amended, **SG No. 103/2012**) for any violations covered under Item 1 of Paragraph 1: BGN 1000 or more but not exceeding BGN 2,000;

2. for any violations covered under Item 2 of Paragraph 1: BGN 2,000 or more but not exceeding BGN 5,000;

3. for any violations covered under Item 3 of Paragraph 1: BGN 5,000 or more but not exceeding BGN 10,000;

4. for any violations covered under Item 4 of Paragraph 1: BGN 10,000 or more but not exceeding BGN 20,000.

5. (New, SG No. 43/2010) for any violations covered under Item 5 of Paragraph 1: BGN 20,000 or more but not exceeding BGN 30,000;

(3) (Renumbered from Paragraph 2 and amended, SG No. 61/2002, supplemented, SG No. 39/2005, repealed, **SG No. 103/2012**).

(4) (Renumbered from Paragraph 3 and amended, SG No. 61/2002, amended and supplemented, **SG No. 103/2012**) Any [natural] person, who shall solicit or who shall suffer another to solicit cash resources and/or other property rights, save under terms and according to a procedure established by another statute, by means of notices (advertising actions) to more than 150 persons or to an unrestricted circle of persons, made inter alia through the mass communication media, without complying with the requirements of this Act and of the instruments issued for the application thereof, will be liable to a fine of BGN 5,000 or more but not exceeding BGN 50,000, unless the act constitutes a criminal offence, while in the case of a repeated violation the fine shall range from BGN 50,000 to BGN 100,000.

(5) (Repealed, renumbered from Paragraph 4 and amended, SG No. 61/2002, amended, SG No. 8/2003, SG No. 39/2005, SG No. 84/2006, SG No. 52/2007, SG No. 77/2011, amended and supplemented, **SG No. 103/2012**) Anyone who commits or who suffers another to commit a violation of Article 77o(2) and (3), Article 114(1), (3), (7) and (8), Article 114a(4) and (5), Article 126c, Article 133(2) and (4) shall be liable to a fine of BGN 20,000 or more but not exceeding BGN 50,000, unless the act constitutes a criminal offence, while in the case of a repeated violation the fine shall range from BGN 50,000 to BGN 100,000.

(6) (New, SG No. 61/2002, supplemented, SG No. 43/2010, amended and supplemented, **SG No. 103/2012**) In the event of non-compliance with a coercive administrative measure applied under Items 1, 2, 4, 6 and 8 of Article 212(1), the offenders and the sufferers shall be liable to a fine of BGN 5,000 or more but not exceeding BGN 20,000, while in the case of a repeated violation the fine shall range from BGN 10,000 to BGN 50,000.

(7) (New, SG No. 61/2002, amended, **SG No. 103/2012**) The abettors, aiders and harbourers shall likewise be penalized in the cases referred to in Paragraphs (4) and (5), with due consideration for the nature and degree of the participation thereof.

(8) (New, SG No. 61/2002) For any violation covered under Paragraphs (1) through (6) incl., any legal person or sole trader shall be liable to a pecuniary penalty in amounts as follows:

1. (Amended, **SG No. 103/2012**) for any violations covered under Item 1 of Paragraph 1: BGN 500 or more but not exceeding BGN 2,000 and, for a repeated violation, BGN 2,000 or more but not exceeding BGN 5,000;

2. for any violations covered under Item 2 of Paragraph 1: BGN 2,000 or more but not exceeding BGN 5,000 and, for a repeated violation, BGN 5,000 or more but not exceeding BGN 10,000;

3. for any violations covered under Item 3 of Paragraph 1: BGN 5,000 or more but not exceeding BGN 10,000 and, for a repeated violation, BGN 10,000 or more but not exceeding BGN 20,000;

4. for any violations covered under Item 4 of Paragraph 1: BGN 10,000 or more but not exceeding BGN 20,000 and, for a repeated violation, BGN 20,000 or more but not exceeding BGN 50,000;

5. (New, SG No. 43/2010) for any violations covered under Item 5 of Paragraph 1: BGN 20,000 or more but not exceeding BGN 30,000 and, for a repeated violation, BGN 30,000 or more but not exceeding BGN 40,000;

6. (Renumbered from Item 5, SG No. 43/2010, amended, **SG No. 103/2012**) for any violations covered under Paragraphs (4) and (5): BGN 50,000 or more but not exceeding BGN 100,000 and, for a repeated violation, BGN 100,000 or more but not exceeding BGN 200,000;

7. (Renumbered from Item 6, SG No. 43/2010, supplemented, **SG No. 103/2012**) for any violations covered under Paragraph 6): BGN 10,000 or more but not exceeding BGN 50,000, while in the case of a repeated violation the fine shall range from BGN 20,000 to BGN 100,000.

(9) (New, SG No. 61/2002) The provisions of Paragraphs (1) through (8) incl. shall furthermore apply to any transactions and acts covered under Paragraph 1A herein, effected and performed in violation of Chapters Three, Five and Nine herein.

(10) (Renumbered from Paragraph 6 and supplemented, SG No. 61/2002) The proceeds from any wrongfully performed activities shall be confiscated to the extent to which the said proceeds cannot be restituted to the person aggrieved.

## **ADDITIONAL PROVISIONS** **(Heading amended – SG, issue 61/ 2002)**

§ 1. For the purposes of this Act:

1. 'Investor' means:

a) a person who, for his own account exposes to risk money or other property rights by means of acquiring, holding and transferring securities without possessing the qualification and experience needed for that purpose (non-professional investor);

b) (Repealed, SG, iss. / 2007);

(c) (Supplemented, SG No. 39/2005, amended, SG No. 77/2011) a bank which does not operate as an investment intermediary, an collective investment scheme and closed-end investment company, an insurance company, a pension fund or another corporation whereof the objects require the acquisition, holding and transfer of securities (institutional investor).

2. (Am., SG, iss. 61/ 2002; iss. 86/ 2006, iss. 52/ 2007) 'Financial instruments' shall be the financial instruments within the meaning of Art. 3 of the Markets in Financial Instruments Act;

3. 'Rights' means securities giving the right to subscribe for a given number of shares in relation to a resolution passed for increase in the capital of a public company.

4. 'Warrant' means a security which expresses the right to subscribe for a given number of securities at a price fixed in advance before the expiration of a fixed time limit.

5. (Amended, SG No. 86/2006, repealed, SG No. 52/2007, new, **SG No. 103/2012**) 'Rights in respect of shares subscribed' shall mean securities issued on the basis of shares subscribed when exercising rights in the case of a capital increase of a public company.

6. (New, SG, iss. 86/ 2006 repealed, iss. 52/ 2007)

7. (New, SG, iss. 86/ 2006 repealed, iss. 52/ 2007)

8. (New, SG, iss. 61/ 2002) 'Bulgarian depository receipts' means securities issued in the country that give rights derivative of the rights under other (basic) securities, where the rights under the basic securities are exercised to the benefit of the derivatives holders.

9. (Prev. it. 8, SG, iss. 61/ 2002, am., iss. 52/ 2007) ‘Issuer’ means a legal entity, which issues or offers to issue securities. In the cases of depository receipts for securities, the issuer shall be the person, which issued the underlying securities.

10. (New, **SG No. 103/2012**) ‘A public company's subsidiary’ shall be a company in which the public company exercises control within the meaning of Item 14.

11. (Renumbered from Item 9, SG No. 61/2002, renumbered from Item 10, **SG No. 103/2012**) ‘Subscription’ shall be an unconditional and irrevocable expression of will to acquire securities in a process of issuing and to pay the issue price thereof.

12. (Renumbered from Item 10, SG No. 61/2002, renumbered from Item 11, **SG No. 103/2012**) ‘Underwriting’ shall be in effect where, according to a contract with the issuer, an investment intermediary subscribes or undertakes to subscribe for its own account for part or all securities of a single issue in a process of issuing and to offer the said issue for primary distribution to the public.

13. (Renumbered from Item 11, SG No. 61/2002, renumbered from Item 12, **SG No. 103/2012**) ‘Related parties’ shall comprehend:

(a) (Amended, SG No. 39/2005) any two persons, of whom one controls the other person or a subsidiary thereof;

(b) any number of persons whereof the activity is controlled by a third party;

(c) any number of persons who jointly control a third party;

(d) (Amended, SG No. 39/2005) spouses, lineal relatives up to any degree and collateral relatives up to the fourth degree of consanguinity, and relatives by marriage up to the fourth degree of affinity inclusive.

14. (Renumbered from Item 12 and amended, SG No. 61/2002, renumbered from Item 13, **SG No. 103/2012**) ‘Control’ shall be in effect where a person:

(a) holds, inter alia through a subsidiary or by virtue of an agreement entered into with another person, more than 50 per cent of the number of votes in the General Meeting of a company or another legal person; or

(b) (supplemented, SG No. 39/2005) may designate, whether directly or indirectly, more than one-half of the members of the management body or the supervisory body of a legal person; or

(c) may in any other way exert decisive influence on decision making in connection with the business of a legal person.

15. (Renumbered from Item 13, SG No. 61/2002, renumbered from Item 14, **SG No. 103/2012**) ‘Clearing’ shall be the mutual offsetting of counterclaims between parties to transactions in securities.

16. (Renumbered from Item 14, SG No. 61/2002, renumbered from Item 15, **SG No. 103/2012**) ‘Settlement’ shall be the discharge of obligations arising from a transaction in securities to register the said securities on a securities account held by the transferee with the Central Depository and to pay for the said securities.

17. (Renumbered from Item 15, SG No. 61/2002, repealed, SG No. 52/2007, effective 3.07.2007, renumbered from Item 14, **SG No. 103/2012**).

18. (Renumbered from Item 16, SG No. 61/2002, renumbered from Item 14, **SG No. 103/2012**) ‘Systematic violation’ shall be in effect where three or more administrative violations of the Act or of the instruments for the application thereof have been committed within a single year.

19. (Renumbered from Item 18, SG No. 61/2002, repealed, SG No. 52/2007, in effect as of 3.07.2007).

20. (Prev. it. 19, SG, iss. 61/ 2002) ‘Balance-sheet value of one share’ means the quotient arrived at by dividing the value of the own capital according to the balance-sheet by the number of shares issued;

21. (Prev. it. 20, SG, iss. 61/ 2002) ‘Administration of securities’ means carrying out, by virtue of a contract with a public company or issuer of debt securities, and for their account, acts relating to the exercise of rights attaching to securities, such as distribution of dividends, interest, principal, rights, securities free of charge, effecting and controlling of payments relating to securities, dissemination of reports and information about general meetings and other acts relating to those listed above.

22. (Prev. it. 21 – SG, iss. 61/ 2002, iss. 39/ 2005) ‘Net asset value’ is the sum of the market value or, where there is no market value, the balance-sheet value of the securities in the portfolio of an investment company, or the value calculated by principles and methods approved by the deputy chairman, the balance-sheet value of the claims for interest and dividends on those securities, the funds on bank accounts and in cash and other assets, reduced by the value calculated by principles and methods approved by the deputy chairman or by the balance-sheet value of the liabilities for management, for loans received, etc.

23. (New, SG, iss. 61/ 2002) ‘A national daily’ shall be a newspaper published every working day and distributed throughout the whole country.

24. (New, SG, iss. 61/ 2002) A ‘repeated’ offence shall be an offence committed within a year of the effective date of the penal order penalizing the offender for an offence of the same kind.

25. (New, SG, iss. 61/ 2002) ‘Market price’ shall be the cash for which an asset may be sold as of the moment of valuation in a direct transaction between a buyer and a seller who are informed, independent and willing to conclude the transaction.

26. (Am., SG, iss. 39/ 2005, am. iss. 86/ 2006) ‘Collective investment scheme’ shall be an undertaking organized as an investment company, fund of contractual type or unit trust, which invests cash, raised through offering of units, in securities and money market instruments in the sense of Art. 164b, as well as in other liquid financial assets under Art. 195 and which acts on the principle of risk diversification and on request of the shareholders, respectively the owners of units, redeems its units at price based on its net asset value.

27. (New, SG, iss. 86/ 2006) ‘Money market instruments’ are instruments, which are usually dealt in on the money market, such as short-term government securities (treasury bills), certificates of deposit and commercial papers with the exception of payment instruments;

28. (New, SG, iss. 86/ 2006) ‘Certificate of deposit’ is a commercial paper, issued by a bank against fixed money deposit;

29. (New, SG, iss. 86/ 2006) ‘Depository receipts’ are securities, which are issued based on securities of an issuer registered in another state and giving the right to their holders to exercise the rights, attached to the underlying securities.

30. (New, SG, iss. 86/ 2006) ‘Depository receipts for shares’ are securities expressing the right of their owner to receive an income from the issuer in amount, depending on the amount of the earnings of the issuer from the shares of another issuer and the right to exchange the receipts for shares.

31. (New, SG, iss. 86/ 2006) ‘Units of collective investment undertakings’ are financial instruments issued by a collective investment undertaking, which express the rights of their owners over the assets of the collective investment undertaking;

32. (New, SG, iss. 86/ 2006) ‘Offerer’ is a person, which offers publicly securities, of which he is not an issuer.

33. (New, SG, iss. 86/ 2006) ‘Person asking for admission of securities to trading on a regulated market’ is a person which for his own account files and application for admission of securities to trading on a regulated market.

34. (New, SG, iss. 86/ 2006) ‘Offset transaction’ means a transaction, with which reversing of already existing transaction is executed with the purpose for its closing.

35. (New, SG, iss. 86/ 2006) ‘Member-state’ means a state, which is a member of the European Union or another state, which belongs to the European Economic Area;

36. (New, SG, iss. 86/ 2006) ‘Third country’ is a country, which is not a member-state within the meaning of item 35.

37. (New, SG, iss. 86/ 2006) ‘Branch of a management company’ is a place of business activity, which is no personified part of the management company and offers services for which the management company has obtained license;

38. (New, SG, iss. 86/ 2006) ‘Related persons’ within the meaning of Title III, Chapter Five and Title IV are two or more natural or legal persons, related:

a) by participation which represents holding directly or through control of 20 or more than 20 per cent of the votes in the general meeting or of the capital of a single company;

b) by relation of control between the parent undertaking and the subsidiary, as well as by similar relations between every natural or legal person and a undertaking, and any subsidiary of a subsidiary shall also be considered as subsidiary of the parent undertaking, which is at the head of those undertakings;

c) by relations of control lastingly with one and the same person.

39. (New, SG, iss. 86/ 2006) ‘Control’ in the sense of item 38 exists where one entity (the parent undertaking):

a) holds more than a half of the votes at the general meeting of another legal entity (subsidiary); or

b) may appoint more than a half of the members of the governing or the control body of another legal entity (subsidiary) and is at the same time a shareholder or a partner in such entity; or

c) is entitled to exercise a decisive influence on a legal entity (subsidiary) by virtue of a concluded with such entity contract or of its basic instrument or articles of association, if this is admissible according the legislation, applicable to the subsidiary, or;

d) is a shareholder or a partner in a company, and:

aa) more than a half of the members of the management or control body of such legal entity (subsidiary), which performed the relevant functions in the preceding and current fiscal year and until the time of preparation of the consolidated financial statements, have been appointed only as a result of the exercising of his/her voting right; or

bb) who controls independently or by virtue of a contract with other shareholders or partners in such legal entity (subsidiary) more than half of the votes in the general meeting of this legal entity; or

e) may otherwise exercise a decisive influence over the decision-taking in relation to the operation of another legal entity (subsidiary). In the cases under letters “a” and “b” and “d” to the votes of the controlling entity shall be added also the votes of its subsidiaries over which it exercises control, as well as the votes of persons, acting in their own name, but for its account or for the account of its subsidiary.

41. ‘Regulated information’ shall be the information which is required to be disclosed by the issuer or the person that has requested without the issuer’s consent admission of the securities to trading on a regulated market, according Chapter Six “a”, Division II, Chapter Eleven,

Division I and under Art. 12 of the Law on Measures Against Market Abuse with Financial Instruments Act and its implementing instruments.

42. 'Electronic means' means devices for electronic processing, including for digital compressing, storage and transfer of data via cable, radio waves and optical or other electromagnetic means.

43. 'Shareholder' within the meaning of Chapter Eight and Chapter Eleven, Division I shall be a person, who directly or indirectly owns:

- a) issuer's shares on his behalf and for his account;
- b) issuer's shares on his behalf but for the account of another person;
- c) depository receipts, in which case the owners of the depository receipts are considered shareholders of the underlying shares, for which the depository receipts were issued.

44. 'Controlled company' within the meaning of Chapter Six "a" and Chapter Eleven, Division I shall be a company in which one entity:

a) holds, including through a subsidiary, more than a half of the votes at the General Meeting;

b) is entitled to appoint more than a half of the members of the governing or the control body and is at the same time a shareholder or a partner in such entity; in the case under sentence one, to the votes of the controlled entity shall be also added the votes of the companies over which it exercises control, as well as the votes of the persons who act on their behalf but for its account or for the account of controlled by it entity;

c) is a shareholder or a partner, and controls independently by virtue of agreement with other shareholders or partners in such legal entity, more than a half of the votes in the General Meeting;

d) is entitled to exercise or actually exercises a decisive influence over the company.

45. 'Market maker' means a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against his proprietary capital at prices defined by him;

47. 'Tender offer' means a public offering, made by the tender offerer at his discretion, or by virtue of this Act, for the purchase and/or exchange of all or a part of the voting shares in the general meeting of a public company, the result of which or the objective of which is acquisition of voting shares at the general meeting of the company – subject of a tender offer, over the envisaged in the law thresholds for making a tender offer.

48. 'Company – subject of a tender offer' means a company whose shares are subject of a tender offer.

49. 'Tender offerer' means a natural person or a legal entity, making a tender offer.

**§ 1a.** (New, SG, iss. 61/ 2002) To transactions and activities with compensation notes and housing compensation notes under the Law on Compensation of Owners of Nationalized Property as well as to registered compensation vouchers under the Law on Ownership and Use of Farm Land and the Law on Restoration of Ownership over Forests and Land in the Forestry Reserve, Chapters Three, Five and Nine shall apply accordingly.

**§ 1b.** (New, SG, iss. 86/ 2006, am., iss. 52 /2007) The provisions of Title Three, Chapter Nine shall apply accordingly also to financial instruments.

**§ 1c.** (New, SG, iss. 86/ 2006) This Act implements the provisions of:

1. (Repealed, SG No. 77/2011).
2. (Repealed, SG, iss. 52/ 2007).
3. Directive 97/9/EC of the European Parliament and of the Council on investor-compensation schemes.



4. Directive 2004/39/EC of the European Parliament and of the Council on Markets in Financial Instruments, amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and on repealing Council Directive 93/22/EEC.

5. (Repealed, SG, iss. 52/ 2007).

6. (New, SG, iss. 52, in effect as of 3 July 2007) Directive 2004/109/EC of the European Parliament and of the Council on harmonization of transparency requirements in relation to information about the issuers, whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC.

7. (New, SG, iss. 52, in effect as of 3 July 2007) Directive 2004/25/EC of the European Parliament and of the Council on takeover bids.

8. (New, SG, iss. 23/ 2009, in effect as of 27 March 2009) Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (OJ, L 184/17 from 14 July 2007).

9. (New, SG No. 21/2012) Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 98/26/EC, 2002/87/EC, 2003/6/EC, 2003/41/EC, 2003/71/EC, 2004/39/EC, 2004/109/EC, 2005/60/EC, 2006/48/EC, 2006/49/EC and 2009/65/EC in respect of the powers of the European Supervisory Authority (European Banking Authority), the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (OJ, L 331/120 of 15 December 2010).

10. (New, **SG No. 103/2012**) Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (OJ, L 327/1 of 11 December 2010).

## **TRANSITIONAL AND FINAL PROVISIONS**

§ 2. This Act shall supersede the Securities, Stock Exchanges and Investment Companies Act (promulgated in the State Gazette No. 63 of 1995; amended in Nos. 68 and 85 of 1996, No. 52 and 94 of 1997, No. 42, 52 and 127 of 1998, No. 29 of 1999).

§ 3. (1) The ordinances adopted by the Council of Ministers for implementation of the repealed Securities, Stock Exchanges and Investment Companies Act shall preserve their effect , unless the former ordinances contradict this law.

(2) (Am., SG, iss. 61/ 2002) The ordinance issued by the Minister of Finance and the Bulgarian National Bank on the grounds of Art. 91, para. (4) of the repealed Securities, Stock Exchanges and Investment Companies Act shall preserve its validity to the extent to which it is not contrary to this law. Amendments and supplements to the ordinance shall be made by The Council of Ministers.

§ 4. Upon entry into force of the Act the ‘The Securities and Stock Exchanges Commission’ under the repealed Securities, Stock Exchanges and Investment Companies Act is renamed ‘Bulgarian National Securities Commission’. The Chairman, the Vice-chairman and the members of the Securities and Stock Exchanges Commission preserve their rights until expiration of their term in office.

§ 5. (1) The licenses, confirmations and approvals issued in accordance with the repealed Securities, Stock Exchanges and Investment Companies Act remain valid and the persons who

have obtained the above and the banks which have obtained license to carry out transactions under Art. 1, para. (2), item 4 of the Law on Banks, must bring their organisation and activities in conformity with the requirements of this law within three months as from its entry into force.

(2) The persons authorized to perform activities under Art. 129, para. (1), item 2 of the repealed and under Art. 1, para. (2), item 7 of the Law on Banks, shall terminate the performance of these activities upon the enactment of the regulation of Art. 168, para. (1) of this Act.

(3) The investment companies into which privatisation funds have re-organized their business must bring their assets in conformity with the requirements of Arts 195 and 196, and of Art. 201, respectively, within one year as from the entry into force of this Act.

(4) Existing investment companies must bring their capital in conformity with the minimum amount under Art. 166, paras (1) or (2) within one year as from the entry into force of this Act.

(5) (In effect as of 30.12.1999) The companies whose securities were traded in accordance with § 2a of the repealed Securities, Stock Exchanges and Investment Companies Act without a prospectus on the official market of a stock exchange can be traded without a prospectus in accordance with Art. 102, para. (3) up to six months after entry into force of this law.

§ 6. The active proceedings on issuance of licenses, confirmations and approvals in accordance with the repealed Securities, Stock Exchanges and Investment Companies Act shall continue under this Act. Where necessary the Deputy Chairman in charge of Investment Activity Supervision Division shall specify a deadline for the affected persons to bring their organisation and activities in compliance with the regulations of this Act.

§ 7. (1) The companies under Art. 83a, para. (1) of the repealed Securities, Stock Exchanges and Investment Companies Act are public companies until they are deleted from the register of the Deputy Chairman in charge of Investment Activity Supervision Division under the procedure of Art. 119 of this Act.

(2) The companies under Art. 83a, para. (1), item 2 of the repealed Securities, Stock Exchanges and Investment Companies Act which, at the moment of entry into force of this Act, are not registered with the Deputy Chairman in charge of the Investment Activity Supervision Division, shall file, within 14 days as from the entry into force of this Act, documents for registration as determined by the Deputy Chairman in charge of Investment Activity Supervision Division. The registration is conducted according to the conditions and procedure set by this Act.

§ 8. Until the Deputy Chairman in charge of Investment Activity Supervision Division gives an approval under Art. 46, trading in securities not accepted on the official market of a stock exchange shall only take place on a stock exchange under the conditions and procedure laid down in the stock exchange rules. Art. 44, para. (4) does not apply in this case.

§ 9. Existing non-public companies which have issued dematerialised securities must, within three months as from the entry into force of this Act, register them at the Central Depository or pass a resolution on their conversion into materialised securities.

§ 10. (1) The provisions of this Act concerning public offering and trading in securities shall not apply to:

1. (Am., SG, iss. 61/ 2002) sale of shares in the cases of privatization, except where the sale is effected over a stock exchange or under the conditions of tender offering;

2. sale of shares indirectly owned by the state through the Bank Consolidation Company or through a holding which is controlled by the state, except if the sales is done on a regulated securities market;

(2) (Am., SG, 28/ 2002, iss. 61/ 2002) Buyers of shares in privatization transactions and transactions with Bank Consolidation Company – AD Sofia shall not have an obligation under Art. 149, para. 1 if they are over the threshold of 50 percent of the votes at the General Meeting

of a public company through such transaction, just as no obligation under Art. 149, para. 6 arises if they exceed the threshold of 2/3 of the votes through such transaction. The exception under the previous sentence shall not apply if a transaction was concluded on a stock exchange.

(3) Article 113 shall not apply in the cases where as at the time of entry into force of this law, an existing privatization agreement explicitly provides for the capital of the company to be increased as stipulated in Art. 195 of the Commerce Act in favour of the buyer's side in the agreement. In such cases the company shall notify, within 14 days as from the entry into force of this law, the Deputy Chairman in charge of Investment Activity Supervision Division and the regulated securities market, if shares issued by the company have been accepted for trading, about the existence of such an agreement.

(4) (Repealed SG, issue 28/ 2002).

(5) (Am., SG, iss. 28/2002, iss. 61/ 2002) The issues of shares for which it has been decided to be sold partially or in total as stipulated in Art. 32, para. (1), item 4 of the Privatization and Post-privatization Control Law, are dematerialized and Art. 185, para. (2), second sentence of the Commerce Act does not apply to those shares, and it is not necessary for the changes to be embedded in the Articles of Association of the companies. The general meeting of a company that is no longer public may decide to convert its shares into materialized shares and to include terms for their conversion in the charter.

(6) (New, SG, iss. 61/ 2002) The restrictions under Art. 111, para. 4 about the issue of preferred shares by a public company shall not apply in cases of privatization of companies of national importance when the preferred shares are held by the State.

§10a. (New, SG, iss. 31/ 2003) (1) In the cases of privatization according Art. 32, para 1, item 1 of the Privatization and Post-Privatization Control Act of a state-owned holding less than 50 percent of the capital, a tender offer under Art. 149a may be announced also in case that the offeror owns below 90 per cent, but not less than 2/3 of the votes in the General Meeting of the company, the required majority under Art. 119, para 1, Item 3 in this case being three fourths.

(2) The tender offer under para 1 can be made not earlier than the expiry of 12 months after the sale's conclusion.

§10b. (1) Where on the day of coming into effect of Art. 157c, the voting shares of the company – subject of a tender offer according Art. 157c para 1 item 2 have been admitted to trading simultaneously on a regulated market in the Republic of Bulgaria and in another Member State, the Commission and the competent authorities of such Member States shall determine jointly which of them shall exercise the supervision over the tender offer, within 4 weeks of its coming into effect. If the competent authorities of the Member States fail to determine which of them shall exercise supervision on the tender offer, the company – subject of a tender offer shall assign that authority in the first day of trading, following the expiration of the term under sentence one.

(2) The Commission shall make public the decision under para 1 whereby it has been assigned to exercise supervision over the tender offer.

§ 11. (Am., SG, iss. 8/2003) Existing persons under Art. 133, para. (2) shall sign the corresponding declarations within 14 days as from the entry into force of this Act.

§ 12. The Law on Banks (published, State Gazette, issue 52 of 1997; supplemented, issue 15, 21, 52, 70 and 89/ 1998; issue 54 and 103/ 1999) is amended and supplemented as follows:

1. In Art. 1, para. (2):

a) item 4 is modified as follows: '4. transactions under Art. 54, para. (1) of the Public Offering of Securities Act;'

b) item 7 is repealed.

2. In Art. 1, para. (5), item 6 is modified as follows:

‘6. transactions under Art. 54, para. (1) of the Public Offering of Securities Act’

3. In Art. 16, the following amendments are made:

a) In para. (3) the words ‘and 7’ are deleted and the words ‘The Securities, Stock Exchanges and Investment Companies Act’ are replaced with the words ‘The on Public Offering of Securities Act’;

b) para. (4) is added: ‘(4) Before passing a decision on the application for transactions under Art. 1, para. (2), item 4, the Central Bank takes into consideration the written opinion of the Bulgarian National Securities Commission, if it is filed within a month from filing a written inquiry by the Central Bank in the Commission.’

§ 13. The Commerce Act (published, State Gazette, issue 48/ 1991; amended and supplemented issue 25/ 1992; issues 61 and 103/ 1993; issue 63/ 1994; issue 63/ 1995; issues 42, 59, 83, 86 and 104/ 1996; issues 58, 100 and 124/ 1997; issues 52 and 70/ 1998; issues 33, 42, 64, 81, 90 and 103/ 1999) is amended and supplemented as follows:

1. In Art. 119, a new para. (3) is inserted:

‘(3) In order to enter in the Commercial Register the conduct of business operations of an investment intermediary, as well as other activities for which a separate law provides to be carried on with a license from a state authority, the corresponding license must be submitted.’

2. In Art. 174, a new para. (3) is inserted:

‘(3) A requisite authorization shall have to be presented for recording in the Commercial Register of the conduct of banking and insurance business, business of a stock exchange, investment intermediary, management company and any other business whereof the conduct is subject to authorization by a state body as required by a separate statute.’

3. Para. (3) of Art. 187a is deleted.

4. Art. 187b is amended as follows: ‘Dematerialised shares’

Art. 187b. A joint stock company may also issue dematerialised registered shares. The issuing and managing of dematerialised shares shall be governed by procedure laid down by law.

5. In Art. 192, a new para. (7) is inserted:

‘(7) An approval of a prospectus shall have to be presented for recording of any increase of capital by subscription, save in the cases where no such prospectus is required by the law.’

6. Art. 204, paragraphs (1) and (2) are amended as follows:

‘(1) No joint-stock company may issue bonds earlier than two years after the recording thereof in the Commercial Register and unless two Annual Financial Statements have been approved by the General Meeting.

(2) The requirement under para. (1) does not relate to bonds issued or guaranteed by banks and by the state’.

§ 14. In Art. 32, para. (2) of the Administrative Violations and Penalties Act (Published, State Gazette, issue 92/ 1969; amended and supplemented issue 54/ 1978; issue 28/ 1982; issues 28 and 101/ 1983; issue 89/ 1986; issue 24/ 1987; issue 94/ 1990; issue 105/ 1991; issue 59/1992; issue 102/ 1995; issue 12 and 110/ 1996; issues 11, 15, 59, 85 and 89/ 1998; issue 51 and 67/ 1999) the words ‘or by the application of the Public Offering of Securities Act’ are added after the word ‘legislation’.

§ 15. The Privatisation Funds Act (Published, State Gazette, issue 1 of 1996; amended and supplemented, issues 68 and 85 of 1996; issues 39 and 52 of 1998) is amended and supplemented as follows:

1. In Art. 2, para. (1), the words ‘The Securities and Stock Exchanges Commission’ are replaced with ‘Bulgarian National Securities Commission’.

2. Wherever mentioned in this law, the words ‘Securities, Stock Exchanges and Investment Companies Act’ are replaced with ‘Public Offering of Securities Act’.

§ 16. (1) (Am., SG, iss. 67/ 2003) The Financial Supervision Commission adopts ordinances on the implementation of this Act.

(2) (Am., SG, iss. 67/ 2003) Upon the Commission’s proposal, the Financial Supervision Commission adopts ordinances on:

1. the conditions and procedures for sale of securities not owned by the transferor;

2. the requirements to securities acquired by investors for the first time and not under the conditions of initial public offering, as well as requirements to transactions with the said securities;

3. preferential investment requirements, including investment in real estate, compared to the requirements set in Art. 175, Art. 195, Art. 196 and Art. 201 with an effective period of up to five years as from the entry into force of this Act.

4. (Am., SG, iss. 61/ 2002) the conditions and procedures for restitution to the injured persons of income unlawfully acquired pursuant to Art. 221, para. 10.

5. (New, SG, iss. 61/ 2002) the conditions and procedures for issuing, transfer and cancellation of Bulgarian depository receipts under §1, item 8 and the requirements to the issuers thereof.

(3) (Repealed, SG, iss. 93/ 2002)

§ 17. (1) (Amended, SG No. 8/2003) This Act shall enter into force one month after the date of promulgation thereof in the State Gazette with the exception of the provision under Article 168 (1) herein, which shall enter into force six months after the entry of this Act into force. The provisions under Article 18 (4) and Item 1 of Article 68 (1) herein shall have a retroactive effect as from the 1st day of January 1999. The provisions under Article 113 and § 5 (5) herein shall enter into force on the date of promulgation of this Act in the State Gazette.

(2) The regulated securities markets licensed by the Bulgarian National Securities Commission (a stock exchange and an over-the-counter market) shall submit the Rules and Regulations for the operation thereof conforming to the requirements of this Act to the Deputy Chairperson in charge of the Investment Activity Supervision Department for endorsement within three months after the entry of this Act into force.

## **TRANSITIONAL AND FINAL PROVISIONS of the Law on Amendment and Supplement to the Public Offering of Securities Act (SG, issue 61/ 2002)**

§ 91. (1) The provisions of this Act for an increase in the capital of a public company shall not apply if the decision of the General Meeting to increase the capital is made before the effective date of this Act but not more than one year before this date and the subscription for shares begins not later than 6 months of the effective date of this Act.

(2) The provisions of the law for deletion of public companies under Art. 119 of the the Public Offering of Securities Act shall not apply if the application for deletion with the attached necessary documents is filed with the Commission before the effective date of this Act.

(3) The obligation to make a tender offering for persons who have acquired more than 2/3 of the votes at the general meeting shall not arise for the persons who have acquired the votes before the effective date of this Act.

(4) In cases of pre-existing proceedings regarding tender offers, the Commission, if necessary, shall determine a term within which the persons must make them compliant with the provisions of this Act.

§ 92. Public companies shall be obligated to amend their charters and their Boards of Directors, respectively their supervisory boards, in compliance with the law at the first general meeting held after effective date of the Act.

§ 93. (1) The terms, content and form of declaring the circumstances under Art. 145, para. 1 and 2 shall be set out in a decision of the Commission until the respective ordinance is adopted under Art. 145, para. 5.

(2) The Commission shall make the decision under para. 1 within 14 days of the effective date of this Act and shall make it public through a news agency and its web page.

(3) The persons who, as of the effective date of this Act, can under the terms of Art. 148 exercise 5 percent and more of the votes at the general meeting of a company whose shares are listed on a regulated market, shall be obligated, within 3 months of the expiration of the term under para. 2, to make a notification under Art. 145, para. 1 and 2 and declare the respective circumstances to the Commission. For failure to fulfil this obligation, the persons shall be liable under Art. 221, para. 5 of this Act.

§ 94. The requirements for the application of valuation methods under Art. 122, para. 9, Art. 126c and Art. 150, para. 6 shall be laid down in a decision of the Commission until the respective ordinance is adopted.

§ 95. Throughout this Act:

1. The words 'accounting reports' and 'the accounting reports' shall be replaced respectively with 'financial statements' and 'the financial statements'.

2. the words 'certified by a certified public accountant or a specialized audit firm' and 'certified by a certified public accountant or by a specialized audit firm' shall be replaced with 'audited by a registered auditor'.

3. The words 'certified by a certified public accountant' shall be replaced with 'audited by a registered auditor'.

4. The phrase 'Art. 40, para. 1 of the Accountancy Act' shall be replaced with 'Art. 26, para. 1 of the Accountancy Act'

**TRANSITIONAL AND FINAL PROVISIONS  
of the Financial Supervision Commission Act  
(SG, issue 8/ 2003, in effect as of 1 March, 2003)**

.....  
§ 5. The secondary regulations adopted with regard to implementation of the Public Offering of Securities Act, the Insurance Act, the Mandatory Social Insurance Code, the Health Insurance Act, the Supplementary Voluntary Pension Insurance Act, the Act on Protection against Unemployment and Promotion of Employment shall keep their validity to the extent the same are not in conflict with this Act.  
.....

§ 8. The following amendments are made to the Public Offering of Securities Act (published in the State Gazette, Issue 114/ 1999; as amended in Issues 63 and 92 /2000, issues 28, 61,93, and 101 /2002):

.....  
2. Articles 9, 10, 11, 12, 13, 14, 15, 16, 16(a), 17, 18 and 19 and references to them in the Act are repealed.

3. Everywhere in the Act the word „commission” shall be replaced by „the Vice Chairman in charge of the Investment Activity Supervision Department ,, with the exception of Chapter Two, Chapter Three, Sections II and IV, Chapter Five, Section II, Chapter Six, Section III, Chapter Seven, Section I, Chapter Eleven, Section II, Chapter Fourteen, Chapter Fifteen and Chapter Eighteen, Section II, where the word „commission” shall be replaced by „the Financial Supervision Commission”.

**ADDITIONAL PROVISIONS**  
**of the Law on Amendment and Supplement to the**  
**Law on Public Offering of Securities**  
**(SG, issue 39/ 2005)**

.....  
§ 134. In Art. 29, Art. 36, Art. 40 para (3), Art.90, Art. 92, Art. 93 para. s (1), (6) and (7), Art. 112d, Art. 140, Art. 149 Para (1) Item 1 and para (4), Art. 149a para. s (2) and (3), Art. 149b, para. s (1) and (4), Art. 151, para. s (1), (2) and (3), Art. 157, Art. 157a, para (1), Art. 163 and Art. 209 the words ‘the Financial Supervision Commission’ are replaced with the ‘the Commission’.

§ 135. In Art. 51 para. s (1) and (2), Art. 83, Art. 100 para (3), Art. 107 para (3), Art. 108 para (1), Art. 112a para (3) sentence 2, Art. 119, para. s (4), (5), (6) and (7), Art. 126f para (1), Art. 135 para (1), Art. 197 para (2), Art. 222 para (1) and § 1, item 22 of the Additional Provisions the words ‘Deputy Chairman, in charge of the Investment Activity Supervision Division’ and ‘the Deputy Chairman, in charge of the Investment Activity Supervision Division’ are replaced with the ‘Deputy Chairman’ and ‘the Deputy Chairman’ respectively.

§ 136. In Art. 44 para (2), Art. 47, Art. 51 para (3), Art. 52, Art. 76, Art. 78 para (2), Art. 79a para (2), Art. 84 para. s (1), (2) and (3), Art. 85 para. s (1) and (2), Art. 87, Art. 88, Art. 95 para (1), Art. 96, Art. 100 para (1), Art. 100b para (3), Art. 100f para (2), Art. 100g para (1) item 2 and para (2) item 1, Art. 107 para (2), Art. 112a para (3) sentence 1, Art. 114b para (1), Art. 115b para (2), Art. 116 para (10), Art. 116d para (3) item 4, Art. 141 para (3), Art. 142 everywhere, Art. 145 para. s (1), (4) and (6), Art. 193 para (9) everywhere, Art. 217 para 3 everywhere, Art. 218 para. s (1), (5), (6) and (7) and Art. 220 para (3) the words ‘Deputy Chairman in charge of the Investment Activity Supervision Division’ are replace with the ‘Commission’ and ‘the Deputy Chairman in charge of the Investment Activity Supervision Division’ are replaced with the ‘Commission’.

§ 137. Everywhere in Chapter Three, Divisions I and II, Chapter Four, Chapter Five, Divisions I and II, Chapter Fourteen, Chapter Eighteen, Divisions I and II the words ‘authorization’ and ‘the authorization’ are replaced with ‘license’ and ‘the license’ respectively.

## TRANSITIONAL AND FINAL PROVISIONS

§ 138. By 31 January, 2006 the investment intermediaries must file an application for the issue of a new license to pursue the business of investment intermediary in compliance with the services and activities under Art. 54, para. s (2) and (3), which they intend to carry out.

§ 139. The existing investment intermediaries, management companies and banks shall within 6 months after the coming into effect of this Act, register the issued by them registered shares or temporary certificates as dematerialized at the Central Depository.

§ 140. (1) The existing management companies shall bring their capital in compliance with the minimum amount under Art. 203, para (1) by 1 January, 2006. (2) By 31 January, 2006 the management companies must file an application for the issue of a new license to pursue the business of management company in compliance with the services under Art. 202, para. s (1) and (2), which they intend to carry out.

§ 141 (1) Public are also these companies, which at the last day of the preceding two calendar years before the coming into effect of this Act had over 10 000 shareholders.

(2) The companies under para (1) shall bring their activity in compliance with the requirements of this Act within a 6-month period of the coming into effect of this Act.

(3) Within the term under para (2) the company must declare for entry in the Commission's register the shares or temporary certificates issued by it and within a 7-day period of the entry in the register, to ask for their admittance for trading on a regulated market.

§ 142 (1) The members of the Management Board of the Compensation Fund for Investors in Securities shall be elected within three months after the entry of this Act into force, and the term of office thereof shall begin to run from the entry of this Act into force.

(2) The members of the first complement of the Management Board of the Compensation Fund for Investors in Securities, composed according to this Act, shall be elected for the following term of office:

1. the Chairperson: for five years;
2. the Deputy Chairperson: for four years;
3. the other members: for three years.

§ 143. The level of cover provided for under [Article 77d \(1\) \(of the Public Offering of Securities Act\)](#) is hereby fixed as follows:

1. until 31st December 2006: BGN 12,000;
2. from 1st January to 31st December 2007: BGN 24,000;
3. from 1st January 2008 to 31st December 2009: BGN 30,000;
4. from 1st January 2010: BGN 40,000.

§ 144 (1) The investment intermediaries, which at the time of the Law's coming into effect have a license (authorization) granted to them for pursuing business, must make an entry contribution to the Fund for Compensation of Investors in Securities within one month from the appointment of the members of the first membership of the Fund's Management Board.

(2) The persons under para 1 are obliged to make an annual premium contribution in the Fund for Compensation of Investors in Securities for year 2005 by 31 January, 2006. The annual premium contribution for 2005 shall be at the rate of 0,5 percent of the total cash amount and 0,1 per cent of the total amount of the other client's assets for the last quarter of 2005, determined on an average monthly basis.

.....  
.....



§ 153. The sub-statutory acts, envisaged in this Act shall be issued within 6-month period of its coming into effect.

§ 154. The provisions of § 17, 18 and 19, as well as any references to the amended by them provisions shall become effective as of 1st January, 2006, except for the requirement to pay up the whole capital within a 14-day period of receiving the notification under Art. 63, para (2).

§ 155. The provision of § 52 in relation to the requirements for the public companies under Art. 94, para. s (1) and (2), Art. 95 and Art. 98a shall come in force as of 1st January, 2006.

§ 156 (1) The provisions of § 34 and § 126 shall become effective as of the date of coming into force of the Treaty of the Republic of Bulgaria's accession to the European Union.

(2) Until the coming into effect of the provisions under para 1, a foreign collective investment scheme, with a registered office in or whose management company is with a registered office in a member-state of the European Union or in some other state belonging to the European Economic Area, may offer publicly its securities in the Republic of Bulgaria while complying with the provisions of Art. 211k, para. s (1) and (3).

(3) The foreign collective investment schemes which at the time of the coming into force of this Law offer publicly their securities in the Republic of Bulgaria are mandated to bring their activity in compliance with Art. 211k, para. s (1) and (3), within 9 months after the coming into effect of this Act.

LAW on Amendments to the Commercial Register Act  
(SG, iss. 80 in 2006, in effect as of 3 Oct. 2006)

§1. In §56 of the Transitional and Final Provisions the words '1 October, 2006' shall be replaced with '1 July, 2007'.

TRANSITIONAL AND FINAL PROVISIONS  
to the Law on Amendment and Supplement of the Public Offering of Securities Act  
(SG, iss. 86, in effect as of 1 January 2007)

§ 147. The existing procedures for the issue of approval of prospectus shall continue under the provisions of this Act. The Commission shall set a time-limit for the interested persons to comply with the provisions of this Act.

§ 148. For year 2006 the investment intermediaries – banks shall pay the contribution under Art. 77m para 2 in the Fund for Compensation of Investors in Securities within the term and under the procedure of Art. 77m para 4.

.....  
§ 150. This Act comes into effect as of 1 January 2007, except for § 8, § 9, § 38, § 40 – 42, § 74, § 84 and § 104, item 3, which come into force three days after the promulgation of the Act in State Gazette.

TRANSITIONAL AND FINAL PROVISIONS to the Markets in Financial Instruments Act  
(SG, iss. 52/ 2007, in effect as of 1.11.2007)

.....  
§ 7. In the Public Offering of Securities Act (New, SG, iss. 114/1999; am., iss. 63 and 92/2000, iss. 28, 61, 93 and 101/ 2002, iss. 8, 31, 67 and 71/ 2003, iss. 37/ 2004, iss. 19, 31, 39, 103 and 105/ 2005, iss. 30, 33, 34, 59, 63, 84, 86 and 105/ 2006, iss. 25/ 2007) the following amendments are made:  
.....

17. Everywhere in Chapter Five, Section IV the words ‘securities’, ‘in securities’ and ‘the securities’ shall be replaced with ‘financial instruments’, ‘in financial instruments’ and ‘the financial instruments’.

.....  
§ 26. The statutory instruments for the application of the Public Offering of Securities Act adopted until entry into force of this Act shall apply to the extent they do not conflict it.

§ 27. (1) This Act comes into effect from 1 November 2007, except for § 7 , items 6, 7, 8, 18, 19, 22 - 24, 26 - 28, 30 - 40, item 44, letter "б", item 47, 48, item 49, letter "а", items 50 - 62, 67, 68, 70, 71, 72, 75, 76, 77, item 83, "а" and "d", item 85, letter "а", items 91, 93, 94, item 98, letter "а", sub-letter "aa", sentence two, sub-letter "bb", sentence two regarding the exchange, sub-letter "cc", sentence two regarding the exchange, and sub-letter "dd", sentence two regarding the exchange, item 99, letter "d" и "e", item 101, letter "b" and item 102, § 8 , § 9 , item 4, letter "а", item 5 and 7, § 14, item 1 and § 19 , which come into force three days after the promulgation of the Law in State Gazette.

(2) Paragraph 7, items 6, 7 and 8 shall apply until 1st November 2007.

(\* ) Law on Amendment and Supplement of the Law on Commercial Register  
(SG, iss. 53 from 2007, in effect as of 30.06.2007)

§ 1. In § 56 of the transitional and final provisions the words ‘1 July 2007’ are replaced with ‘1 January 2008’.