

# Rules and Regulations of Bulgarian Stock Exchange - Sofia

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## TABLE OF CONTENTS

<b>Part I.....</b>	<b>6</b>
<b>General Provisions and Exchange Membership .....</b>	<b>6</b>
<b>Chapter I.....</b>	<b>6</b>
<b>Principles and Objectives of Exchange Operation.....</b>	<b>6</b>
<b>Chapter II.....</b>	<b>7</b>
<b>Markets Organised by the Exchange.....</b>	<b>7</b>
<b>Chapter III.....</b>	<b>8</b>
<b>Governance and Organisation of the Exchange .....</b>	<b>8</b>
Section I.....	8
Organisational Structure of the Exchange .....	8
Section II .....	8
Governance of the Exchange.....	8
Section III.....	10
Commission as of Art. 26 (2) of the POSA .....	10
<b>Chapter IV .....</b>	<b>12</b>
<b>Membership in the Exchange.....</b>	<b>12</b>
Section I.....	12
Terms and Procedures for Admitting Members .....	12
Section II .....	18
Disclosure of Information.....	18
Section III.....	19
Suspension from Exchange Trading and Membership Termination .....	19
Section IV.....	20
Terms and Procedures for Admitting Brokers to Exchange Trading.....	20
Section V .....	22
Obligations of the Members and Requirements to their Advertising Activity. Terms and Procedures for Disclosure and Usage of Insider Information and Prohibition of Unfair Trading and Manipulation of the Financial Instruments Market .....	22
Section VI.....	32
Liabilities of the Exchange for Use of Facilities and Equipment .....	32

<b>Part II</b> .....	<b>32</b>
<b><i>Listing of Financial Instruments. Suspension and Termination from Trading</i></b> .....	<b>32</b>
<b>Chapter I</b> .....	<b>32</b>
<b>Listing of Financial Instruments</b> .....	<b>32</b>
Section I .....	32
General Terms .....	32
Section II .....	33
Terms and Procedures for Listing of Financial Instruments on Official Market .....	33
Section III .....	40
Disclosure of Information about the Listed Issues of Financial Instruments .....	40
Section IV .....	41
Suspension of Trading in Listed Financial Instruments. Termination of Listing .....	41
Section V .....	44
Transfer of Issues between Market Segments and Markets .....	44
<b>Part III</b> .....	<b>45</b>
<b><i>Rules for Trading on the Official Market and Organisation of Internal Control on the Exchange Trading</i></b> .....	<b>45</b>
<b>Chapter I</b> .....	<b>46</b>
<b>General Conditions</b> .....	<b>46</b>
Section I .....	46
Trading Sessions .....	46
Section II .....	49
Exchange Orders .....	49
Section III .....	50
Trading Mechanism. Market (Trading) Lots .....	50
<b>Chapter II</b> .....	<b>58</b>
<b>Clearing and Settlement of Financial Instruments Transactions</b> .....	<b>58</b>
Section I .....	58
General Conditions .....	58
Section II .....	60
Procedures for Transactions Settlement .....	60
Section III .....	65
Payment Guarantee .....	65
Section IV .....	67
Non-conformity of Members. Systematic Non-conformity .....	67
<b>Part IV</b> .....	<b>67</b>
<b><i>Terms and Procedures for Imposing Sanctions on Exchange Members and Brokers. Types of Sanctions. Exchange Arbitration</i></b> .....	<b>67</b>
<b>Chapter I</b> .....	<b>68</b>
<b>Terms and Procedures for Imposing Sanctions on Exchange Members and Brokers</b> ..	<b>68</b>
<b>Chapter II</b> .....	<b>70</b>
<b>Sanctions</b> .....	<b>70</b>
<b>Chapter III</b> .....	<b>73</b>
<b>Exchange Arbitration</b> .....	<b>73</b>
<b>Part V</b> .....	<b>73</b>
<b><i>Content, Terms and Procedures for Dissemination of Information by the Exchange</i></b> ..	<b>73</b>

<b>Part VI</b> .....	74
<b>Tariff of Fees for Services Provided on the Official Market</b> .....	74
<b>Part VII</b> .....	76
<b>Rules for Organisation of Unofficial Market by the Exchange</b> .....	76
<b>Chapter I</b> .....	76
<b>General Conditions</b> .....	76
<b>Chapter II</b> .....	77
<b>Rules for Trading on the Unofficial Market</b> .....	77
Section I.....	77
Requirements to Investment Intermediaries on Transaction Execution on Unofficial Market.....	77
Section II .....	78
Conditions, Procedures and Terms for Registration of Investment Intermediaries as Participants on the Unofficial Market .....	78
Section III .....	79
Conditions, Procedures and Terms for a Temporary Suspension or Final Termination of Investment Intermediaries from Participation in Trading on the Unofficial Market.....	79
Section IV .....	80
Procedures and Requirements for Trading through the System. ....	80
Clearing and Settlement .....	80
Section V .....	87
Organisation of Control on Trading on the Unofficial Market .....	87
Section VI.....	87
Conditions, Procedures and Terms for Persons Not Participating in Trading to Receive Direct Access to Quotations/Offers, Executed Transactions in Financial instruments and Other Market Information.....	87
Section VII .....	87
Procedure for Settling of Disputes Connected to Execution of Financial Instruments Transactions on the Unofficial Market .....	87
Section VIII .....	88
Terms and Procedures for Imposing Sanctions on the Participants on the Unofficial Market and Their Brokers.....	88
Section IX.....	88
Tariff of Fees for Services on Unofficial Market .....	88
<b>Chapter III</b> .....	90
<b>Disclosure of Information Regarding Unofficial Market</b> .....	90
<b>Supplementary Provisions</b> .....	90
<b>Transitional and Final Provisions</b> .....	93
<b>Annex 1</b> .....	99
<b>Rules for Execution of Block Transactions on the Equity Markets</b> .....	99
<b>Annex 2</b> .....	100
<b>Rules for Listing of Issues, Execution and Settlement of Transactions on the Privatisation Market</b> .....	100
<b>Annex 3</b> .....	107
<b>Rules for Listing of Issues, Execution and Settlement of Transactions on the IPO Market</b> .....	107
<b>Annex 4</b> .....	111

<i>Rules for Tender Offering for Redemption of Shares through the Exchange.....</i>	<i>111</i>
<i>Annex 5.....</i>	<i>113</i>
<i>Rules for Listing of Issues, Execution and.....</i>	<i>113</i>
<i>Settlement of Government Securities Transactions on the Exchange.....</i>	<i>113</i>
<i>Annex 6.....</i>	<i>115</i>
<i>Rules for Trading in Compensation Instruments on the BSE-Sofia.....</i>	<i>115</i>
<i>Annex 7.....</i>	<i>118</i>
<i>Rules for Registration and Trading in Rights upon Capital Increase of a Public Company.....</i>	<i>118</i>
<i>Annex 8.....</i>	<i>121</i>
<i>Rules for Technical Performance of Remote Public Auctions .....</i>	<i>121</i>
<i>Annex 9.....</i>	<i>125</i>
<i>Rules for Organisation and Performance of Centralised Public Auctions .....</i>	<i>125</i>
<i>Annex 10.....</i>	<i>130</i>
<i>Rules for Performance of Initial Sale by Underwriter and Trading in Rights in Terms of Initial Increase of the Capital of a Special Investment Purpose Company .....</i>	<i>130</i>
<i>Annex 11.....</i>	<i>135</i>
<i>Rules for Performance of Public Offering of Large Volumes of Shares .....</i>	<i>135</i>
<i>Annex 12.....</i>	<i>139</i>
<i>Rules for Margin Purchases and Short Sales.....</i>	<i>139</i>
<i>Annex 13.....</i>	<i>142</i>
<i>Rules for Registration and Performance of Activity as Market-Maker.....</i>	<i>142</i>

## **Abbreviations used:**

<b>POSA</b>	Public Offering of Securities Act
<b>MFIA</b>	Markets in Financial Instruments Act
<b>MMAFIA</b>	Measures Against Market Abuse With Financial Instruments Act
<b>CIA</b>	Credit Institutions Act
<b>PPCA</b>	Privatisation and Post-privatisation Control Act
<b>CIA</b>	Compensation Instruments Act
<b>CA</b>	Commercial Act
<b>SSC</b>	State Securities Commission
<b>FSC</b>	Financial Supervision Commission
<b>FSCA</b>	Financial Supervision Commission Act
<b>BNB</b>	Bulgarian National Bank
<b>CD</b>	Central Depository
<b>GS</b>	Government Securities
<b>Rules and Regulations</b>	Rules & Regulations of Bulgarian Stock Exchange-Sofia
<b>The Exchange</b>	Bulgarian Stock Exchange - Sofia
<b>The Board</b>	Board of Directors of Bulgarian Stock Exchange-Sofia
<b>The Commission</b>	Commission as of Art. 26 (2) of the POSA
<b>Instruction 19-12002</b>	Instruction 19-12002 of Bulgarian National Bank and Central Depository for Execution of Payments on Transactions in Dematerialised Securities
<b>NBC</b>	National Branch Classifier
<b>The System</b>	System for Exchange Trading
<b>The Fund</b>	Guarantee Fund of the Exchange as of Art. 116
<b>ACB</b>	Association of the Commercial Banks
<b>BALII</b>	Bulgarian Association of the Licensed Investment Intermediaries
<b>BGN</b>	Bulgarian National Currency
<b>NACE</b>	Classification of Economic Activities in the European Union
<b>Ordinance No 2</b>	Ordinance No 1 of September 17, 2003 on the prospectuses in the case of public offering of securities and on the disclosure of information by the public companies and other issuers of securities
<b>Ordinance No 5</b>	Ordinance No 5 of December 12, 2002 on the terms and procedures for acquisition, repayment and trading in Government Securities
<b>Ordinance No 16</b>	Ordinance No 1 of July 7, 2004 on the conditions and procedure for execution of margin purchases, short sales and lending of securities
<b>Ordinance No 35</b>	Ordinance No 35 of October 17, 2006 on the capital adequacy and liquidity of investment intermediaries
<b>Ordinance No 38</b>	Ordinance No 38 of July 25, 2007 on the requirements to the activities of investment intermediaries

# **Part I**

## **General Provisions and Exchange Membership**

### **Chapter I**

#### **Principles and Objectives of Exchange Operation**

**Art. 1.** (Amend. 06.12.2001) (1) These Rules and Regulations shall govern the organisation of the Official and Unofficial Markets of Financial Instruments of Bulgarian Stock Exchange-Sofia, hereinafter called “the Exchange”, as well as:

1. Organisational structure and management of the Exchange;
2. Terms and procedures for admitting of financial instruments to trading, respectively their suspension or final termination from trading;
3. Terms and procedures for admitting members, respectively suspension or termination of their participation in the Exchange trading;
4. Terms and procedures for admitting brokers to the Exchange trading;
5. Types of Exchange markets, respectively terms and procedures for execution of transactions on each of them;
6. Principles and methods of Exchange trading;
7. Procedures for execution of transactions and terms for clearing and settlement;
8. Organisation of internal control and control over observance of the provisions of these Rules and Regulations, of the orders and decisions of the Board with reference to the exercise of its powers, of the POSA and the statutory instruments regulating its implementation by the issuers, members and their brokers and employees;
9. Terms and procedures for imposing sanctions on Exchange members and brokers;
10. Terms and procedures for detection of insider dealing and prevention from unfair trading and manipulation of the financial instruments market;
11. Contents, terms and procedures for dissemination of Exchange information regarding:
  - Financial instruments admitted to trading, respectively their suspension or final termination from trading;
  - Data about issuers, whose financial instruments have been admitted to trading;
  - Transactions executed;
  - Admission of members, respectively suspension or termination of their participation in the Exchange trading, as well as information about the sanctions imposed;
  - Information about the brokers admitted to trading and the sanctions imposed on them;
12. Fees for Exchange services.

(2) The organisation of IPO market, privatisation market and forward market of financial instruments by the Exchange shall be governed by the terms and procedures defined in separate Annexes to these Rules and Regulations.

(3) (Amend. 20.02.2006) The Board of the Exchange shall adopt amendments and supplements to these Rules and Regulations, which shall be approved by the Deputy-Chair of the Financial Supervision Commission, manager of the Investment Activity Supervision Department, in compliance with the POSA provisions.

### **Principles of Operation of the Exchange**

**Art. 2.** (Amend. 20.02.2006) The Exchange shall operate in compliance with the following principles:

1. (Amend. 20.02.2006) Ensuring equal terms for participation in the trading in financial instruments to all Exchange members and their clients;
2. (Amend. 20.02.2006) Ensuring equal access to the market information to all Exchange members and their clients;
3. (Amend. 20.02.2006) Application of unified rules for exchange trading, conclusion and execution of trades in financial instruments;
4. Irrevocability of the executed trades in financial instruments;
5. Ensuring complete transparency regarding the pricing of the financial instruments listed on the Exchange;
6. Immediate announcement of the market information about the trades executed.

## **Chapter II**

### **Markets Organised by the Exchange**

(Amend. 06.12.2001)

**Art. 3.** (Amend. 06.12.2001, 20.02.2006, 24.03.2006, 05.12.2007) (1) The Official Market of financial instruments organised by the Exchange is a regulated market of financial instruments, which concentrates through a single trading system the supply and demand of financial instruments complied with the minimal requirements specified in these Rules and Regulations and thus enables:

1. Execution of trades in these financial instruments at market prices;
2. Attaining liquidity of the financial instruments;
3. Centralised dissemination of the market information.

(2) (Amend. 20.02.2006) The Official Market of the Exchange shall include:

1. **“Market of Equities”**, which in accordance with the quantity and quality criteria of these Rules and Regulations regarding issuers and their issues, shall be divided as follows:

- “Market A”;
- “Market B”;
2. **“Market of Bonds”** shall include the following segments:
  - “Government Securities”;
  - “Municipal Bonds”;
  - “Corporate Bonds”.

(3) The Unofficial Market of financial instruments organised by the Exchange shall be a regulated market of financial instruments, which operates grounded on rules for admission of financial instruments to trading and for disclosure of information specified in these Rules and Regulations.

(4) (Amend. 20.02.2006, Amend. 24.03.2006) The Unofficial Market shall be divided into the following market segments in accordance with the financial instruments type:

1. (Amend. 24.03.2006) Unofficial Market of Equities, “A” segment;
2. (Amend. 24.03.2006) Unofficial Market of Equities, “B” segment;
3. (Amend. 24.03.2006) Unofficial Market of Bonds;
4. (New, 24.03.2006) Unofficial Market of Other Dematerialised Financial instruments within the meaning of the POSA;
5. (New, 20.02.2006, Repealed 24.03.2006).

(5) The Exchange shall also organise an “**IPO Market**” to execute an initial public offering (IPO) of financial instruments in conformity with the requirements of the POSA.

(6) (Repealed, 05.12.2007)

(7) (Amend. 20.02.2006) When legally allowed and in view of the performance of a specific type of trade, the Exchange shall be entitled to define methods for execution of trades in financial instruments, registered on the Exchange market segments, which differ from the standard ones specified within these Rules and Regulations. These methods shall be settled within Annexes to these Rules and Regulations and could be set apart into separate markets.

## **Chapter III Governance and Organisation of the Exchange**

### **Section I Organisational Structure of the Exchange**

**Art. 4.** (Amend. 20.02.2006) (1) The following bodies shall govern the operation of the Exchange:

1. Board of Directors;
2. Executive Director of the Exchange;
3. (Repealed, 20.02.2006).

(2) The activities of the bodies as of par. (1) shall be assisted by:

1. Specialised Directions;
2. Secretariat.

(3) Arbitration Court shall operate to the Exchange.

### **Section II Governance of the Exchange**

#### **Board of Directors**



**Art. 5.** (Amend. 29.05.2003, 26.04.2006, 05.12.2007) (1) The Exchange shall be governed by the Board of Directors.

(2) (Amend. 05.12.2007) The Board shall perform its activities in accordance with the applicable legislation, the Statutes of the Exchange and these Rules and Regulations.

(3) (Amend. 29.05.2003, 20.02.2006, 05.12.2007) The Board shall:

1. Adopt, amend and supple the Rules and Regulations of the Exchange and the Rules and Regulations of the Arbitration Court;
2. Ensure the obedience of the law, the Statute and the Rules and Regulations of the Exchange by all the participants in the exchange trading;
3. Admit financial instruments to trading, suspend or terminate the trading of certain issues of financial instruments pursuant to the terms and procedures of these Rules and Regulations;
4. Admit members and their brokers to the Exchange floor and either suspend or terminate their participation in the exchange trading pursuant to the terms and procedures of these Rules and Regulations;
5. Stipulate the terms and procedures for execution of transactions on the Exchange, ensure the legal and proper organisation of the Exchange trading and price quotations announcement;
6. Regulate the Exchange activities regarding its participation in the national clearing and settlement system, established by the Exchange, the Central Depository, "Bankservice" AD, Bulgarian National Bank (BNB) and the commercial banks, whereat the members have accounts to administrate the transactions in financial instruments under a special management regime in compliance with Instruction 19-12002;
7. (Amend. 20.02.2006, 05.12.2007) Impose sanctions on the members and brokers in case of violation of the provisions of POSA, MFIA, MMAFIA, the statutory instruments regulating their implementation, the BSE Rules and Regulations as well as of the orders and decisions of the Board issued in connection with the exercise of its powers;
8. (Repealed, 20.02.2006);
9. Set terms for the members to access and use the Exchange facilities and equipment;
10. Set requirements to the members' technical supply to guarantee execution and settlement of the transactions;
11. Govern the Guarantee Fund of the Exchange;
12. (Amend. 20.02.2006) Adopt obligatory orders and decisions to be met by the participants in the Exchange trading with reference to the Exchange's activities or with the implementation of these Rules and Regulations;
13. (Amend. 05.12.2007) Determine the procedure for registration and participation of the applicants in the increase of the Exchange's capital;
14. Exercise all other rights established by the law, the Statute and these Rules and Regulations.

(4) The Board shall take decisions and issue instructions in connection with the exercise of its powers.

(5) (Amend. 26.04.2006) Within 3 (three) working days, the Exchange shall inform the FSC about the adopted obligatory orders and decisions as of par. (3), item 12.

(6) Par. (5) shall apply also to the taken decisions about suspension or termination of the members or their brokers from exchange trading, about delisting of financial instruments issues, about sanctions imposed including the grounds for a certain decision taken as well as the objections of the persons if any.

### **The Executive Director**

**Art. 6.** (Amend. 20.02.2006, 05.12.2006, 05.12.2007) (1) The Executive Director of the Exchange shall:

1. Organise the implementation of the Board's decisions, regarding the Exchange's activities;
2. Represent the Board before the rest bodies of the Exchange and all third parties in relation to the Exchange's activities;
3. Carry out, in co-operation with the rest Exchange's bodies, the operational management and control over the Exchange's activities;
4. Exercise other powers, defined by these Rules and Regulations or pursuant to a Board's decision.

(2) (Amend. 20.02.2006, 05.12.2006, 05.12.2007) The Board of Directors of the Exchange shall be entitled to authorise another person about partial or overall exercise of the powers of the Executive Director as of par. (1). This person shall comply with the requirements as per Art. 77 (1) of the MFIA and be approved by the Deputy-Chair of the Financial Supervision Commission, Head of the Investment Activity Supervision Department.

### **Co-ordination of Decisions**

**Art. 7.** (Amend. 20.02.2006) (1) On the grounds of Art. 26 (2) of the POSA, the Board shall co-ordinate with the Commission, consistent of representatives of the shareholders, of the Exchange members and of the brokers, all its decisions concerning:

1. Listing of financial instruments and suspension or termination from trading of certain issues of financial instruments within the terms and procedures of these Rules and Regulations;
2. Admission of Exchange members, suspension or termination of membership pursuant to the terms and procedures of these Rules and Regulations;
3. Imposing sanctions on members and brokers upon violation of the POSA and the statutory instruments regulating its implementation, these Rules and Regulations, as well as the orders and decisions of the Board, issued in connection with the exercise of its powers.

(2) (New, 20.02.2006) When taking a decision, the Board of Directors shall not be committed to the standpoint of the Commission as of par. (1).

## **Section III Commission as of Art. 26 (2) of the POSA**

## **Status of the Commission**

**Art. 8.** The Commission as of Art. 26 (2) of the POSA shall be a collective body to the Exchange.

## **Members of the Commission**

**Art. 9.** (Amend. 20.02.2006, 26.04.2006) (1) The Commission shall consist of 5 (five) members, natural persons.

(2) (Amend. 26.04.2006) The members of the Commission shall be elected by the General Meeting with a simple majority decision of the present shareholders upon nominations made by the shareholders and by the organisations uniting investment intermediaries, commercial banks and stock brokers:

1. (Amend. 20.02.2006, Repealed, 26.04.2006);
2. (Repealed, 26.04.2006);
3. (Repealed, 26.04.2006);
4. (Repealed, 26.04.2006).

**Art. 10.** At its first meeting the Commission shall elect a Chairperson for the term of one year.

## **Mandate**

**Art. 11.** (1) All Commission members shall be elected or designated to serve for a term of one year but not shorter than the period till the next regular General Meeting of the Exchange's shareholders and may be re-elected for an unlimited number of terms. The early dismissal of Commission members shall be effected in the manner established for their election.

## **Meetings of the Commission**

**Art. 12.** (1) The Commission shall consider and take decisions on matters within its power at meetings, which may be open or closed.

(2) The Commission meetings shall be considered rightful if more than the half of its members attend in person.

**Art. 13.** The Chair of the Commission shall call its meetings in a written notice, which might alternatively be sent by fax or e-mail to all Commission members, after a notice by the Executive Director, that the agenda of the forthcoming meeting of the Board includes matters as of Art. 7.

**Art. 14.** (Amend. 20.02.2006) The Commission shall notify the Board in writing of the outcome of its meetings within 7 (seven) days following the date on which the decision has been taken, except in cases pursuant to Art.15 (5).

## **Decisions of the Commission**

**Art. 15.** (1) The Commission shall examine the applications and the attached documents pursuant to the requirements of these Rules and Regulations.

(2) The Commission shall receive from the respective Department of the Exchange all documentation pursuant to par. 1 necessary for making a decision as of par. (3). The Commission shall be entitled to require any additional information or documents it may deem needful to reach its decision.

(3) The Commission shall make a decision at its first meeting after the submission of all required documents, circumstances and facts as of par. (1), excluding cases as of the second sentence of par. (2) when the Commission shall make its decision at the first meeting after the submission of all additional data and documents.

(4) The Commission shall notify the Board about the decisions taken by the end of the day following the day, on which the decision has been made, excluding the cases pursuant to par. (5).

(5) In order to co-ordinate the decisions pursuant to the requirements of these Rules and Regulations, the meetings of the Commission may be held jointly with the Board's meetings. In such cases common records shall be kept, in which the joint decisions of the Board and the Commission shall be registered.

(6) (Repealed, 20.02.2006)

### **Chairperson of the Commission**

**Art. 16.** The Chairperson of the Commission shall:

1. Organise and manage the work of the Commission;
2. Represent the Commission before the Board;
3. Organise the notification of the Board about the Commission's decisions;
4. Carry out other authorities, defined by these Rules and Regulations or by the Board.

### **Majority**

**Art. 17.** (1) The Commission shall make its decisions by open voting and a simple majority.

(2) The Commission shall keep records for every meeting.

## **Chapter IV Membership in the Exchange**

### **Section I Terms and Procedures for Admitting Members**

**Art. 18.** (Amend. 20.02.2006, 26.04.2006, 09.02.2007, 05.12.2007) (1) Exchange Members shall be banks and investment intermediaries admitted to execute transactions in financial instruments on the Exchange under the terms and procedures of these Rules and Regulations.

(2) Eligible to apply for Exchange Members shall be entities, which conform to the requirements listed below:

1. (Amend. 20.02.2006, 05.12.2007) To be investment intermediaries, which have been licensed within the terms and procedures of the MFIA to provide investment services and perform investment activities as per Art. 5 (2) and (3) of the MFIA by way of occupation, as well as banks, which by way of occupation provide one or more investment services and/or perform one or more investment activities, which have been licensed to provide such services and activities by Bulgarian National Bank;
2. To be members of the CD or to have an effective agreement with a CD member;
3. To be in possession of the minimum required number of shares of the Exchange's capital, defined in its Statute;
4. To have entered into effective employment or service agreement with at least one broker.

(3) (Amend. 09.02.2007, 05.12.2007) A foreign person from a Member State shall be admitted as a member of the Exchange if compliant with the requirements of par. (2), items 2-4, the MFIA, the Investment Promotion Act and all other enactment regulating its activity in the Republic of Bulgaria as well as with the requirements of these Rules and Regulations.

(4) (Amend. 26.04.2006) Eligible to become members of the Exchange shall be investment intermediaries, seated in a country-member of the European Union or in any other country belonging to the European economic space, such that might carry out activity in the Republic of Bulgaria within the terms and procedures of Section IIB of Chapter V of the POSA.

### **Associated Membership**

**Art. 19.** (Amend. 09.02.2007, 05.12.2007) (1) Associated membership shall be allowed provided the full amount of the stock capital of the Exchange has been subscribed.

(2) (Amend. 05.12.2007) Eligible to apply for associated membership shall be the persons as per Art.18 (2), item 1 and par. (3), who meet the requirements of these Rules and Regulations, except for the requirements of Art. 18 (2), item 3.

(3) (Repealed, 09.02.2007)

(4) (Repealed, 09.02.2007)

(5) (Amend. 09.02.2007) By acquisition of shares of the capital of the Exchange and fulfilling the minimum required number of shares, the associated member shall gain

the status of a regular member, except if the Board has decided to require additional data or documents which the associated member should submit.

(6) The associated and regular members shall be entitled to equal access to the market information and to equal conditions for participation in the exchange trading.

(7) Regarding the procedure for admission of associated members, the provisions of Art. 20 shall apply.

### **Procedures for Admitting Members**

**Art. 20.** (Amend. 20.02.2006, 26.04.2006, 09.02.2007, 05.12.2007) (1) Applicants for Exchange members shall file a standard application form to the Board, signed by a person with representative authorities.

(2) (Amend. 26.04.2006, 09.02.2007) Local persons applying for members shall attach to the application as of par. (1) the following documents:

1. (Amend. 26.04.2006) Certified copy of the Statutes, respectively of the Articles of Association;

2. (Amend. 09.02.2007) Certified copy of the decision for entry into the commercial register, a certificate for valid incorporation in court, a copy of the certificate issued by the National Statistical Institute with a statistical BULSTAT code included;

3. (Amend. 09.02.2007) Copy of the license by the FSC to carry out activities as an investment intermediary, and if a bank – a copy of the license by the Bulgarian National Bank to act as a banking institution and a certificate verifying the entry into the investment intermediaries register of the FSC.

4. (Repealed, 26.04.2006);

5. Information on the natural and legal persons, members of the management and supervisory bodies of the applicant company;

6. (Amend. 20.02.2006, Repealed 05.06.2006);

7. Copy of the membership agreement with the Central Depository or of an agreement with a CD member;

8. (Amend. 26.04.2006) Document certifying that the applicant has an effective employment or service agreement with at least one broker, plus a power of attorney authorising the broker to represent the applicant at the Exchange sessions and to execute transactions on its behalf;

9. (Repealed, 26.04.2006);

10. (Amend. 26.04.2006, Repealed 05.06.2006);

11. Certificate, issued by the Central Depository, giving evidence that the investment intermediary is a shareholder of the Exchange and that the minimum number of shares required for membership is blocked.

12. (Repealed 05.06.2006);

13. (Amend. 26.04.2006, Repealed 05.06.2006).

(3) (Amend. 09.02.2007, 05.12.2007) Foreign persons from Member State applying for members shall attach to the application as of par. (1) the following documents:

1. Certified copy of the Statutes, respectively of the Articles of Association;

2. Certificate giving evidence of the status of the legal entity;

3. (Amend. 05.12.2007) Copy of the license(s) issued by the Competent Authority in the Member State where the investment intermediary has been licensed as well as a copy of the notification as per Art. 65 (1) of the MFIA or document certifying the expiration of the term as per Art. 65 (1);
4. Information on the natural and legal persons, members of the management and supervisory bodies of the applicant company;
5. Copy of the membership agreement with the Central Depository or of an agreement with a CD member;
6. Document certifying that the applicant has an effective agreement with at least one natural person - broker, plus a power of attorney authorising the broker to represent the applicant at the Exchange sessions and to execute transactions on its behalf;
7. Certificate, issued by the Central Depository, giving evidence that the investment intermediary is a shareholder of the Exchange and that the minimum number of shares required for membership is blocked, or a copy of the receipt for payment of the fee as per Art. 136 (1), item 2 when the person applies for membership under the terms of Art. 19.

(4) (New, 09.02.2007) All documents as of Art. 29 shall be attached to the application form as per par. (1).

(5) (New, 05.12.2007) The Exchange shall check if the requirements as per Art. 66 of the MFIA have been abided by.

### **Membership Decisions**

**Art. 21.** (Amend. 05.06.2006, 09.02.2007, 05.12.2007) (1) Based on the application form and the attached documents and after co-ordination with the Commission, the Board determines if the provisions of these Rules and Regulations for admission of new members have been abided by. If the submitted information and documents are incomplete or invalid, or additional information and proof of the authenticity of the presented data are needful, the Board shall issue a note that the data are incomplete and invalid, or that additional information and documents are required.

(2) Within thirty 30 (thirty) days as of the receipt of the application for membership, and in case additional information and documents have been required – as of their submission, the Board shall announce the decision concerning the application.

(3) After co-ordination with the Commission, the Board shall not grant membership to the applicant if:

1. Provisions of the normative by-laws or the requirements of these Rules and Regulations have not been abided by;
2. Applicant has presented invalid data or documents with false content.

(4) In the cases as of par. (3), the Board might reject to admit a member only if the applicant has failed to correct the incomplete or invalid data or failed to present the required additional information and documents within the established term, which should not be shorter than 10 (ten) days.

(5) In case of rejection to admit a member, the Board shall issue its motivation in writing.

(6) The rejection of the Board to admit a member might be contested before the Arbitrary Court with the Exchange and under the terms set up in the Court's Rules and Regulations.

(7) The applicant shall be informed in writing about the Board's decision within three 3 (three) days following its taking.

(8) The Board's decision for admission as a member shall be published in the Exchange Bulletin.

(9) (New, 05.06.2006, Amend. 09.02.2007, 05.12.2007) Within 5 (five) days following the receipt of the notification as per par. (7), the person admitted as an Exchange Member shall submit to the Exchange:

1. (Amend. 05.12.2007) Data about the persons, who have qualified participation in the applicant company, as well as about the number of their votes in the General Meeting of the applicant company;
2. (Amend. 09.02.2007, 05.12.2007) For investment intermediaries licensed by the Financial Supervision Commission - copies of the internal rules pursuant to Ordinance No 38 certified by the persons empowered to act as representatives. For investment intermediaries licensed by the regulator in a Member State – a copy of internal rules for operation certified by the persons empowered to act as representatives.
3. Data about the persons, who will be authorised to administrate the accounts pursuant to Art. 100;
4. Information about any imposed administrative sanctions and/or administrative measures of compulsion with reference to the activity, related to financial instruments, of the members of the applicant's management or governing bodies or of its employees throughout the current year or the previous one.

### **Membership Agreement**

**Art. 22.** (1) (Amend. 20.02.2006) An applicant company shall be considered a member of the Exchange as from the moment of enforcement of the membership agreement. The newly admitted member shall sign such agreement with the Exchange within 10 (ten) working days following the receipt of notification about the Board's decision as per Art. 21 (7), which has considered the application favourably.

(2) (Amend. 29.05.2003) A member shall be entitled to execute transactions in financial instruments through the trading system but having submitted:

1. Document certifying that an initial deposit in the Exchange's Guarantee Fund has been paid;
2. Document evidencing that an account for administrating of financial instruments transactions under a special management regime in compliance with Instruction 19-12002 has been opened in a commercial bank in the member's name;



3. Document by the Central Depository evidencing the compliance of the member's activities with Instruction 19-12002.

### **Membership Fees**

**Art. 23.** (1) (Amend. 09.02.2007) Members shall pay membership fees within 10 (ten) days following the beginning of the respective month in pursuance with Art. 136 (1), item 3.

(2) Associated members shall not pay membership fees pursuant to par. (1), but shall pay annual fees for associated membership.

(3) Membership fees shall be defined in the Tariff for fees of the Exchange services, which is an inseparable part of these Rules and Regulations.

### **Register of Exchange Members**

**Art. 24.** (Amend. 20.02.2006, 26.04.2006, 09.02.2007, 05.12.2007) (1) The Exchange shall keep up-to-date register of members containing the following minimum data:

1. Appellation, legal form and organisational structure of the company;
2. Amount of the stock capital and number of shares, respectively units;
3. Number, docket, register, volume and page of the company's incorporation with the Commercial Register;
4. (Amend. 20.02.2006) Number of entry in the BULSTAT registry;
5. (Amend. 20.02.2006, 26.04.2006, 05.12.2007) FSC's decision for granting licence for performance of services and activities as per Art. 5 (2) and (3) of the MFIA, but if a bank – the date and number of the decision of Bulgarian National Bank for granting licence for performance of bank activity, including execution of deals as per Art. 2 (2), items 8-11 of the CIA;
6. (Amend. 20.02.2006) Data about the persons who hold, directly or via related persons, 10 or over 10 per cent of the votes in the General Meeting of the applicant company, or being in a position to control it, as well as the respective number of the votes held;
7. Data about the management bodies and their members;
8. Three full names and personal identification number (PIN) of the persons exercising representative powers;
9. Information concerning suspension or termination of a member from exchange trading;
10. (Amend. 26.04.2006) Data about any administrative sanctions and/or administrative measures of compulsion imposed by FSC or by BNB on the banks performing activity as investment intermediaries;
11. Information about the status of the member – regular or associated;
12. Other information defined by a Board's decision.

(2) (Amend. 09.02.2007) The Exchange shall maintain up-to-date register of the foreign persons from a Member State – members of the Exchange in compliance with the applicable standards of the country, in which they have been licensed. The data shall be determined by the Board with a specific decision regarding each case.

(3) (Amend. 09.02.2007) The data necessary for maintenance of the register shall be taken from the application form, from the FSC's register or directly from the members.

(4) (Amend. 09.02.2007) The Exchange shall keep a special register of the members, whose membership in the Exchange has been terminated.

(5) (Amend. 09.02.2007) The register under par. (4) shall be stored on a magnetic or optical-magnetic disc and on a hard copy for a period not less than 50 (fifty) years following the date of the membership termination and the register under par. (1) – following the date of entry of the data.

(6) (Amend. 09.02.2007) The documents described in this section shall be stored for a period of 5 (five) years following the date of the membership termination.

(7) (New, 09.02.2007) Since a membership agreement has been signed, the Exchange shall inform about the admission of a new Exchange member, including an associated one, through its bulletin and shall enter the new member into the register under par. (1). The appellation of all registered members shall be exposed in a visible and accessible place in the Exchange's premises.

## **Section II Disclosure of Information**

**Art. 25.** (1) (Amend. 20.02.2006, 26.04.2006, 09.02.2007, 05.12.2007) Every member shall notify the Exchange in writing about changes in the circumstances, subject to entry into the register as per Art. 24 (1) and (2), as well as about occurrence or change of any circumstance that could substantially influence its business activity, the activity of other members or of the Exchange including:

1. (Amend. 09.02.2007, 05.12.2007) All cases, when the member is obligated to inform the FSC, with reference to violations of the provisional regulations of Ordinance 35 or the Competent Authority in the Member State where the investment intermediary has been licensed regarding its capital adequacy and liquidity;

2. Transformation of the company of the Exchange member;

3. Opening up bankruptcy proceedings against the company;

4. Decision for termination of the company;

5. (Repealed, 26.04.2006);

6. (Amend. 26.04.2006, 09.02.2007) Imposing of administrative sanctions and/or administrative measures of compulsion by FSC, by BNB on the banks performing activity as investment intermediaries or by the Competent Authority in the Member State where the investment intermediary has been licensed.

(2) (Amend. 20.02.2006) The Exchange member shall fulfil its obligation to notify as of par. (1) within 7 (seven) days following the decision taken by the competent authority but when the circumstance should be registered – as from the respective entry. In case of an imposed measure of compulsion, the notification obligation shall be fulfilled by the member within 7 (seven) days following the date of delivery of the decision of the respective authority for imposing the measure.

(3) (Amend. 20.02.2006, 09.02.2007) Every member shall inform the Exchange in writing about the results of examinations carried out by the FSC within 7 (seven) days following the delivery of the Certifying protocol as of Art. 19 (6) of the FSCA if any violations have been stated. Members – foreign persons from a Member State, shall inform the Exchange in writing within 7 (seven) days following the delivery of the Certifying protocol of the performed examination issued by the Competent Authority in the Member State where the investment intermediary has been licensed.

(4) (New, 20.02.2006, Amend. 05.12.2007) The Exchange shall be entitled to require, respectively the members shall be obligated to present, any other information needful for the surveillance on their activities, in pursuance with the provisions of the MFIA, these Rules and Regulations, the requirements to the Exchange trading or in order to ensure protection of the investors' interest.

### **Section III**

#### **Suspension from Exchange Trading and Membership Termination**

##### **Suspension of a Member from Exchange Trading**

**Art. 26** (Amend. 11.03.2005) The Board shall be empowered to suspend a member from exchange trading in the cases and within the terms and procedures pursuant to Part IV, Chapters I and II of these Rules and Regulations.

##### **Membership Termination**

**Art. 27.** (Amend. 09.03.2004, 11.03.2005, 20.02.2006, 26.04.2006, 09.02.2007)  
(1) Membership shall be terminated:

1. If the member is not any more compliant with the membership requirements pursuant to these Rules and Regulations;

2. (Amend. 20.02.2006, 09.02.2007) Upon revocation of the license for performance of investment services and activities by the FSC, of the license by BNB or of the license(s) issued by the Competent Authority in the Member State where the investment intermediary has been licensed;

3. Upon submission of false information or hiding facts in the filed membership application, which has served as grounds for its admission as Exchange member;

4. (Amend. 20.02.2006, Repealed, 26.04.2006);

5. (Amend. 20.02.2006, Repealed, 26.04.2006);

6. Upon covering the liabilities of a member by the Guarantee Fund;

7. Upon a written request by the member for membership termination presented 3 (three) months in advance;

8. (Amend. 11.03.2005) In the cases of imposing the sanction “final termination of a member from Exchange trading”

(2) No member shall be allowed to terminate his membership pursuant to par. (1), item 7 without fulfilling all its liabilities to the other members and to the Exchange.

(3) The termination of membership shall not entail repayment of the member's liabilities to other members and to the Exchange itself.

(4) In case the member does not fulfil its liabilities to the Exchange and to the other members, the liabilities shall be settled at the expense of the Guarantee Fund. The receivables of other members shall be treated with priority over the receivables of the Exchange.

(5) (Amend. 11.03.2005) Within 3 (three) days following the decision, the member shall be informed in writing, excluding the cases as of par. (1), item 8 when the provisions of Part IV, Chapters I and II shall apply.

## **Section IV**

### **Terms and Procedures for Admitting Brokers to Exchange Trading**

#### **Terms of Admission to Trading**

**Art. 28.** (Amend. 09.02.2007) To participate in trading on the Exchange shall be admitted only brokers, who have:

1. (Amend. 09.02.2007) Obtained legal capacity by the FSC or by the Competent Authority in the Member State where the broker has been licensed /if such license needed pursuant to the local legislation/ to execute transactions in financial instruments;

2. Effective employment or service agreement with a member of the Exchange;

3. Been authorised to execute transactions in financial instruments on the Exchange on behalf of the member;

4. (Repealed, 09.02.2007).

#### **Procedure for Admitting Brokers to Trading**

**Art. 29.** (Amend. 20.02.2006, 26.04.2006, 05.06.2006, 09.02.2007) (1) For the purpose of admitting brokers to Exchange trading, the Exchange member shall file a standard application form to the Board.

(2) (Amend. 09.02.2007) Local persons shall attach the following documents to the application as of par. (1):

1. Document evidencing that an effective employment or service agreement has been concluded between the natural person and the Exchange member;

2. Power of attorney for representation of the member, indicating the term of the representative authority;

3. Certificate of legal capacity issued by the FSC;

4. Court reference;

5. Two (2) passport-size colour photographs;

6. Curriculum Vitae (CV), including three full names of the candidate, the personal identification number, educational background, qualifications, record of employment, professional experience, passport data, address, phone and fax numbers;

7. (New, 09.02.2007) Declaration that the person has become acquainted with the Exchange trading system principles of operation and with these Rules and Regulations and shall become acquainted with all their subsequent amendments.

(3) (Amend. 09.02.2007) Foreign persons from a Member State shall attach the following documents to the application as of par. (1):

1. Document evidencing that an effective employment or service agreement has been concluded between the natural person and the Exchange member;
2. Power of attorney for representation of the member, indicating the term of the representative authority;
3. Certificate of legal capacity issued by the Competent Authority in the Member State where the broker has been licensed /if any/;
4. Document evidencing that the person has not been convicted of intentional indictable offence;
5. Two (2) colour photographs;
6. Curriculum Vitae (CV) including three full names of the candidate, educational background, qualifications, record of employment, professional experience, address, phone and fax numbers;
7. Declaration that the person has become acquainted with the Exchange trading system principles of operation and with these Rules and Regulations and shall become acquainted with all their subsequent amendments.

(4) (Amend. 09.02.2007) Before their admission to trading, the Board shall be entitled to require additional information and documents related to the rights and obligations of brokers on the execution and settlement of exchange transactions.

(5) (Amend. 05.06.2006, 09.02.2007) Within 15 (fifteen) days following the date of submission of the application, respectively of submission of the additional information, the Board shall make a decision.

(6) (Amend. 26.04.2006, 09.02.2007) The Board shall reject to admit a broker to trading if:

1. The requirements of Art. 28 have not been abided by;
2. The requested additional information and documents under par. (3) have not been provided within the term defined by the Board, which shall not be shorter than 10 (ten) days;
3. The applicant has submitted untruthful information or documents with false content;
4. (Repealed, 09.02.2007);
5. (New, 26.04.2006, Amend. 09.02.2007) The person applying for broker has a contract of employment with more than one Exchange members.

(7) (Amend. 09.02.2007) The Board shall issue in writing the reasons regarding its decision to reject the admission to trading.

(8) (Amend. 09.02.2007) Within 3 (three) days the applicant shall be informed in writing about the decision of the Board.

(9) (Amend. 20.02.2006, 09.02.2007) Brokers shall be admitted to trade after payment of the respective fee for maintenance of one remote trading terminal in accordance with the Tariff of Service Fees collected by the Exchange. The fee shall be paid within 7 (seven) days following the date of notification about the Board's decision.

(10) (Repealed, 20.02.2006)

### **Register of Brokers**

**Art. 30** (1) All brokers shall be registered into a special Register of Brokers.

(2) Circumstances to be recorded into the register as of par. (1) shall be defined by the Board. The time period, for which the brokers have been authorised by their employer (principal) to represent him on the Exchange, shall also be recorded.

(3) Within 7 (seven) days following the entry of a new broker into the Register of Brokers, the Exchange shall notify the other participants about the record through the Exchange Bulletin. The names of all registered brokers shall be prominently advertised on a visible and accessible place on the Exchange premises.

(4) An official registration number shall be assigned to every person entered into the Register of Brokers whereby he shall participate in the trading sessions.

(5) The Exchange shall issue an identification card to every person listed in the Register of Brokers. This card shall only be valid for the certain named broker to whom it has been issued.

### **Procedures for Suspension or Termination of a Broker from Exchange Trading**

**Art. 31.** (1) (Amend. 11.03.2005, 09.02.2007) The Board shall be entitled to suspend a broker from Exchange trading in the cases and within the terms and procedures pursuant to Part IV, Chapters I and II of these Rules and Regulations.

(2) (Amend. 11.03.2005, 09.02.2007) Broker's access to trading shall be terminated without a decision of the Board in the following cases:

1. Upon termination of the broker's employment or services agreement with the respective member;
2. (Amend. 11.03.2005) Upon expiry of the validity term of his power of attorney or upon withdrawal of the authorisation by the Exchange member to execute transactions in financial instruments on the Exchange;
3. (Amend. 09.02.2007) Upon revocation of his legal capacity to execute transactions in financial instruments by the FSC or by the Competent Authority in the Member State where the broker has been licensed.

(3) The Exchange shall publish the decisions and the circumstances pursuant to the foregoing paragraphs in the Exchange Bulletin.

## **Section V**

### **Obligations of the Members and Requirements to their Advertising Activity. Terms and Procedures for Disclosure and Usage of Insider Information and Prohibition of Unfair Trading and Manipulation of the Financial Instruments Market**

## **Obligations of the Exchange Members**

**Art. 32.** (Amend. 05.12.2007) Exchange members shall be obligated to obey the requirements of the POSA, MFIA and MMAFIA and the statutory instruments for their implementation, these Rules and Regulations, the orders and decisions of the Board as per Art. 5 (3), item 12 and par. (4) of these Rules and Regulations, as well as the membership agreement signed with the Exchange.

## **General Principles of Behaviour**

**Art. 33** (1) Members, their managing bodies and other persons that manage and/or represent the members, brokers and other employees of the members shall be obligated to carry out their activity in compliance with the principles of fair business practice and ethics in relations with their customers and other members.

(2) Persons pursuant to par. (1) should act in a way that best protects the customer's interests.

(3) (Repealed, 11.03.2005)

(4) (Repealed, 11.03.2005)

(5) Persons pursuant to par. (1) shall not use the Exchange's equipment and premises in a way different than the purpose for which the same have been granted to be used. In case of access to technical equipment or information, forbidden for Exchange members, the latter shall be obligated to notify the Exchange immediately.

## **Liabilities on payments between the members and their clients**

**Art. 33a.** (New, 22.04.2003, Amend. 19.05.2004, 05.12.2007) (1) Payments between the Exchange members and their clients in connection with orders for trades or trades executed on BSE-Sofia shall be performed under the abidance of the provisions of the POSA, the MFIA, the MMAFIA and the statutory instruments for their implementation and in compliance with the provisions of par. (2) and (3).

(2) All payments surmounting BGN 5,000 (five thousand) shall be executed via bank transfer.

(3) (Amend. 05.12.2007) In the cases pursuant to par. (2):

1. (Amend. 05.12.2007) Payments shall be mandatory made through the bank account of the Exchange member or through the bank account of the client, which has been explicitly specified by the client to the Exchange member, including in the case of single-sided trades;
2. Cash transfers shall always be executed between the bank account of the Exchange member and a bank account of the client or an analytical cash account of the client to the member's bank account for clients defined as of item 3 or item 4.

3. Cash transfers to clients related to transactions executed on the Exchange shall be settled not later than three working days following the settlement of the respective transaction in the Central Depository.
4. Client's bank account (including all requisites needed for a bank transfer), to which payments for Exchange transactions shall be executed, shall be specified in the written contract between the client and the Exchange member or in the order given by the client. The previous clause shall not apply if in the contract between the client and the Exchange member or in the client's order it is specified that the client's cash receivables shall be deposited and kept in his own analytical cash account at the Exchange member's.
5. In case of authorisation, the Exchange member shall require the submission of a power of attorney attested by notary in which:
  - The principal's bank account (including all requisites needed for a bank transfer) to which payments shall be executed to be explicitly specified; or
  - It has been explicitly specified that the client's cash receivables shall be deposited and kept into his own analytical cash account at the Exchange member's.

### **General Prohibitions**

**Art. 34.** (Amend. 11.03.2005, 26.04.2006, 05.12.2007) Persons pursuant to Art. 33 (1) shall not be allowed to:

1. (Amend. 26.04.2006) Use funds or financial instruments of clients for purposes not related to the activity, which the Exchange member performs for their account, excluding the cases provided for in Ordinance No 16 of the FSC;
2. (Repealed, 11.03.2005)
3. (Amend. 26.04.2006) Deviate from the given order unless obviously the discrepancy is for the benefit of the client;
4. (Repealed, 26.04.2006);
5. (Amend. 26.04.2006) Present false information, including about the price or value of the financial instruments, the issuer or the property obligations arising from transactions in financial instruments;
6. (Repealed, 26.04.2006);
7. (Repealed, 26.04.2006);
8. (Amend. 26.04.2006) To perform actions leading to impossibility for taking good care of the client's interests, for treating equally and fair all clients of the Exchange member and for execution of trades in financial instruments for the account of clients within the best terms;
9. (Repealed, 11.03.2005)
10. (Amend. 26.04.2006, 05.12.2007) Disclose, unless authorised to do so, and use for own or other party's advantage any facts or circumstances about balances or operations on the cash or on the financial instruments accounts of the member's clients, nor any other facts or circumstances considered trade secret, which they have learned at the time of exercise of their official and professional duties, except for the cases provided by the law;
11. Mix funds or financial instruments of the member with those of the clients;
12. (Amend. 26.04.2006) Perform their activity in a way, which threatens the interests of the member's clients or the stock market stability.



## **Priority of Customer's Orders**

**Art. 35** (1) (Amend. 20.02.2006) Persons as per Art. 33 (1) shall not have the right to:

1. (Amend. 20.02.2006) Execute transactions in financial instruments for their own account for the time during which the company, where they work, has an unfulfilled market order for these financial instruments for the account of a client;
2. Buy financial instruments for their own account at a price lower than the price at which they or the company, where they work, have an unfulfilled limit order for the purchase of these financial instruments for the account of a client;
3. Sell financial instruments for their own account at a price higher than the price at which they or the company, where they work, have an unfulfilled limit order for the sale of these financial instruments for the account of a client.

(2) Regulations under par. (1) shall not apply:

1. When the unfulfilled client's order is for a volume less than the market lot for the respective financial instruments; or
2. To any negotiated purchase or sale of financial instruments, performed on a client's order, where the price presented to the client is no more than 5% higher when buying and not less than 5% lower when selling than the Exchange's official weighted average price for the transactions of the day preceding the day of carrying out the contracted transaction.

**Art. 36.** Prior to the execution of a transaction recommended to a client, who is not an investment intermediary, broker, professional or institutional investor, the Exchange member should be familiar with the following:

1. Financial state of the client;
2. Investment goals of the client; and
3. Any other information, which appropriate in relation to the recommendation making to the specific client.

## **Surveillance and Internal Control**

**Art. 37.** (Amend. 05.12.2007) Every member shall establish and maintain rules for surveillance on the activities of all its employees, engaged in the financial instruments trading, in compliance with the requirements of the effective legislation.

## **Investigation and Private Activities of the Members' Employees**

**Art. 38** (1) Members shall be obligated to keep personal files with the whole available information about their employees engaged in the financial instruments trading, including the sanctions imposed on the employees.

(2) The Exchange shall be entitled to require at any time the name, obligations and other information about persons under the foregoing paragraph, in connection with

the control executed by the Exchange for the observance of the requirements of these Rules and Regulations.

### **Client Complaints**

**Art. 39** (1) Every person, who considers that an Exchange member has violated the law or these Rules and Regulations, will be entitled to file a written complaint against the Exchange member.

(2) Members shall keep a copy of the Statutes of the Exchange and of these Rules and Regulations, as well as of all amendments and supplements to them, in each office, where they have officials employed and working with clients on financial instruments transactions. These documents shall be available for every client who asks to review them.

### **Relations between Members and Exchange Employees and other Members**

**Art. 40** (Amend. 26.04.2006) Exchange members shall not enter contractual relations with Exchange employees or employees of other Exchange members, in result of which workforce or employment result are provided.

**Art. 40a.** (New, 29.06.2004) Exchange employees shall not:

1. Participate in the managing and controlling bodies of Exchange Members or of companies admitted for exchange trading, neither be their procurators nor any kind of representatives at all
2. Make public comments such to recommend or to state expectations anyhow related to exchange trading, including in contacts with brokers and representatives of the Exchange Members
3. Disclose nor take advantage of any information obtained due to implementation of their work duties
4. Make statements, comments, publications, media appearances, seminar participation nor any other public appearance that could lead up to conflict of interests.

**Art. 40b.** (New, 11.08.2006, Amend. 15.09.2006) (1) Every employee of the Exchange shall be obligated to disclose in writing to the Board of Directors any commercial, financial or other business interest that concerns the interest of BSE-Sofia or the interest of an Exchange Member.

(2) Exchange employees shall be obligated when performing their duties to put the interest of BSE-Sofia over their personal interest.

(3) Exchange employees shall not take part in the discussion, preparing, taking and implementation of decisions regarding matters, which they or their family members have commercial, financial or any other business interest to.

### **Advertising Activity of Exchange Members**

**Art. 41.** (Amend. 20.02.2006) Prior to being used, every advertisement text or commercial literature shall be approved by a person of the Internal Control Department of the Exchange member.

**Art. 42.** Members shall be obligated to keep for a period of 3 (three) years a separate register with all advertisements and commercial literature, including names of the persons that prepared and approved these.

**Art. 43.** (Amend. 20.02.2006, 26.04.2006) Reporting about advertising activity of the members:

(1) (Amend. 20.02.2006) Members shall submit to the Exchange their advertising materials and commercial literature within 10 (ten) days after their first publishing (use).

(2) In case the content of an advertisement or commercial literature of a member is in violation with the provisions of these Rules and Regulations, the Board shall impose sanctions under the procedures of these Rules and Regulations.

(3) (Amend. 26.04.2006) Obligation for submission of the materials pursuant to par. (1) shall not apply in the following cases:

1. When the advertisement or the commercial literature are related to a change in the name of the member, management bodies, seat and registered office, telephone, owners, firm logo or company transformation;
2. When the advertisement or commercial literature do not contain anything else but information about the member and its quotations;
3. When the advertisement or commercial literature contain only a list of the products and services offered by the member.

**Art. 44.** General requirements related to the advertising activities and commercial literature of the members:

(1) The advertising and commercial literature of the members shall be based on the principles of fair and goodwill relations, on a true estimation of the facts, related to the certain financial instruments, business estimations of the members or services offered by them. Abbreviation of facts and data in the advertisement or commercial literature of the members shall not be allowed, if omission of these could be misleading.

(2) Inputting of exaggerated, ungrounded or misleading information in the advertisement and the commercial literature of the members shall not be allowed.

(3) Par. (1) and (2) will be applied to members and persons related to them. Also in cases of sponsorship or participation in seminars, forums, radio and TV broadcastings, or other public events that cannot be determined as advertisements or commercial literature.

**Art. 45.** (Amend. 11.03.2005, 20.02.2006, 26.04.2006) Specific requirements:

(1) The advertisement and commercial literature of the members should obligatory contain the appellation of the member;

(2) The commercial literature of members shall contain the name of the person or the company that prepared the material, if the company is not one and the same with the member. Besides, if the information is not updated, it shall have the date of its first publication or its first use;

(3) The advertising or the commercial literature of members containing recommendations shall disclose the current information about the price of the financial instruments as of the date of preparing the recommendation;

(4) (Amend. 20.02.2006) In the cases pursuant to par. (3) members shall be obligated to disclose whether they have open short and/or long positions in the specific financial instruments;

(5) (Amend. 20.02.2006) In the cases pursuant to par. (3) members shall be obligated to disclose whether they or members of their governing bodies own options, rights or warrants for purchase of some of the financial instruments of the issuer, whose specific financial instruments have been recommended;

(6) Members shall be obligated to present upon request any other additional information supporting the recommendation pursuant to par. (3);

(7) The advertising and commercial literature of members shall not contain promises about specific results, exaggerations, unfounded statements or prognoses for future events, which are unfounded or are not clearly determined as prognoses;

(8) Investment advice by members to a certain client shall clearly declare that:

1. It may be not applicable to other clients;
2. It does not guarantee future result or success;
3. If the investment advice is paid, that it is a paid investment advice;
4. If the investment advice contains technical aspects related to investments in financial instruments, the person who has prepared it has the relevant experience and expertise.

(9) If in the distributed by the members reports, analyses or other services there is information that they are distributed free of charge, the members shall not have the right to request payment or expect whatever obligations against receipt.

(10) (New, 11.03.2005) If the distributed by the members reports, analyses and others have been prepared upon the request of a third party, they shall contain information about this third party as well as the remuneration of the Exchange Member.

(11) Members shall not have the right to advertise or declare performance of analyses and prognoses that exceed their real capabilities.

(12) (New, 11.03.2005, Amend. 26.04.2006) Members shall not have the right to open positions in financial instruments before the public announcement of analyses and prognoses, which contain recommendation for opening such position in the respective financial instruments, from the moment of creation of the respective recommendation till the moment of its public announcement.

(13) Advertising and commercial literature of members shall not contain warning statements or conditions (hedge clauses), if they are misleading or do not match the content of the material.

(14) Advertising and commercial literature of the members shall not refer to the Exchange or any other state regulatory body if this referral can be understood as approval or encouragement made by the Exchange or the state regulatory body.

(15) Statistical charts, tables, graphs and other illustrations used from members in their advertising and commercial literature shall disclose the source of information, if not prepared by them.

### **Prohibition for Market Manipulation**

**Art. 46.** (Amend. 11.03.2005, 20.02.2006, 26.04.2006) Members and their employees shall not have the right:

(1) (Amend. 26.04.2006) On their own or jointly with other persons, to enter orders or execute trades on the Exchange such that could create false impression about active demand, supply or trading of the respective financial instruments;

(2) To carry out trades or a sequence of trades on the Exchange, such that do not entail change of titles.

(3) (Amend. 26.04.2006) On their own or jointly with other persons, to carry out transactions in financial instruments, which increase or decrease the price of these financial instruments and could mislead other persons to buy or sell these financial instruments.

(4) (Amend. 20.02.2006) On their own or jointly with other persons, to execute a sequence of trades for the purchase or sale of financial instruments for the purpose to stable or determine a low or high price limit for these financial instruments, unless certain Exchange members, on their own or jointly with their clients, have been authorised by the issuer or another holder to execute transactions in financial instruments for the purpose to stable their price, and also provided:

1. (New, 20.02.2006) The stabilisation shall be performed in respect to the price of newly-listed financial instruments if so provided in an approved by the FSC prospectus for public offering of financial instruments;
2. (New, 20.02.2006) The stabilisation shall be performed for no longer than 30 calendar days following the first quotation date of the respective financial instruments and the price of the trades shall not be higher than the launching price;
3. (New, 20.02.2006) The Exchange member authorised to perform the stabilisation shall have preliminarily notified the Exchange and FSC about this authorisation, the financial instruments – subject to the authorisation, its purpose, initial and final dates as well as about the fact that the stabilisation could be suspended anytime or not performed at all;
4. (New, 20.02.2006) By the end of the fifth working day, the Exchange member shall present to the Exchange a report about its trades executed

within the five-day period for the purpose of stabilisation, specifying the number and price of the financial instruments, subject to these trades;

5. (New, 20.02.2006) Within 7 days following the final date of the stabilisation period, the Exchange member shall present to the Exchange and FSC a report specifying whether any stabilisation trades have been executed; the dates of the first and last such trade; the price range of the trades and the respective daily volume of financial instruments for each day of execution of such trades.

(5) (Amend. 20.02.2006, 26.04.2006) On their own or jointly with other persons, to enter orders for financial instruments or execute transactions on the Exchange, such that increase or decrease the price of these financial instruments, and the purpose of these actions is:

1. (Repealed, 26.04.2006);
2. To reach a price level preliminarily negotiated with one or more persons; or
3. (New, 20.02.2006) To gain benefit from a prior executed short sale or margin purchase of certain financial instruments.

(6) (Repealed, 26.04.2006).

**Art. 46a.** (New, 11.03.2005, Amend. 20.02.2006, 26.04.2006) Members and their employees shall not have the right, directly or indirectly:

(1) (Amend. 26.04.2006) To distribute any kind of untrue, exaggerated or misleading information about financial instruments listed on the Exchange, neither to keep specific facts related to these financial instruments only to themselves, when through these actions or inaction they could influence the price of the financial instruments or mislead other persons to buy or sell the respective financial instruments;

(2) To perform actions or behave in a way of deliberately misleading third parties;

(3) (Repealed, 20.02.2006)

#### **Prior Selling or Purchase of Financial Instruments If Information about Forthcoming Package Transactions (Front -Running) Is Available**

**Art. 47.** (Amend. 11.03.2005) (1) Members and their employees shall be prohibited from entering of orders or executing of transactions in financial instruments when they have information about a forthcoming package transaction with these financial instruments, which is not public and could substantially influence the price;

(2) The prohibition as of par. (1) shall also apply to orders and transactions in derivative financial instruments, which price depends on the price of the financial instruments subject to the respective package transaction.

(3) Package transaction shall be a transaction of not less than 10,000 financial instruments or of financial instruments with not less than BGN 10,000 market value, regardless of the exchange market.

(4) The prohibition as of par. (1) shall apply respectively to the clients of the members.

### **Prohibition for Trading with Insider Information**

**Art. 48.** (Amend. 11.03.2005, 05.12.2007) (1) The members and the persons, who act on their behalf or for their account, as well as the persons, who work for them on an employment or on a service contract and have permanent or incidental access to insider information, such that relates to the issuer directly or indirectly, and their employees, when they are insiders within the meaning of the MMAFIA, shall be prohibited from:

1. (Amend. 05.12.2007) Acquiring or transferring for their own or for a third person's account financial instruments, about which they have insider information within the meaning of the MMAFIA;
2. (Amend. 05.12.2007) Disclosing insider information within the meaning of the MMAFIA to other persons that are not qualified as insiders, without the permission of the General Meeting of the company, to which the insider information relates;
3. (Amend. 05.12.2007) Recommending to third parties, based on the insider information that they have within the meaning of the MMAFIA, to acquire or transfer, for their own or for third person's account, the financial instruments, to which the insider information relates.

(2) (Repealed, 05.12.2007)

(3) (Amend. 05.12.2007) Members and their employees shall be obligated to require from their clients, when transactions in financial instruments on the Exchange are concerned, declarations whether they have insider information within the meaning of the MMAFIA.

### **Conflict of Interests**

**Art. 49.** (Amend. 11.08.2006, 15.09.2006, 24.10.2006) (1) Exchange members shall undertake all necessary and possible measures, provided for in the effective Rules for internal organisation, to avoid potential conflict of interests between the Exchange member and its clients as well as among the clients themselves, and if the conflict is unavoidable – to treat the clients fairly and disclose information.

(2) (Amend. 11.08.2006, 15.09.2006, 24.10.2006) In the cases as of par. (1) the members shall be obligated to notify the Exchange in writing about the aroused conflict of interests. The notification shall be made within (3) three days following the rise of conflict and shall contain the effective Rules for internal organisation as attachment. The Exchange shall decide if the procedure for resolving of a conflict of interests, provided for in the effective Rules for internal organisation, has been observed and shall be entitled to request additional information. If the procedure has not been observed, the Exchange shall notify the FSC about the breach.

(3) (New, 11.08.2006) If a conflict of interests arises between Exchange members, the members shall be obligated to notify the Exchange immediately in writing

about the conflict. After receipt of the notification, the Executive Director of the Exchange shall initiate proceedings to resolve the conflict.

## **Section VI**

### **Liabilities of the Exchange for Use of Facilities and Equipment**

**Art. 50.** The Exchange shall not be liable, except in cases of its employee's intent or negligence, for any damages caused to the members upon the use of the granted facilities and equipment of the Exchange.

## **Part II**

### **Listing of Financial Instruments. Suspension and Termination from Trading**

#### **Chapter I**

#### **Listing of Financial Instruments**

##### **Section I**

##### **General Terms**

**Art. 51.** (Amend. 27.11.2000, 20.02.2006, 26.04.2006, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008) (1)<sup>1</sup> Transactions in financial instruments, admitted to trading on any of the markets organised by the Exchange, shall be executed on the Exchange only through the trading system of the Exchange by entering bids and asks or market-maker quotations. These transactions shall be settled in compliance with Chapter II of Part III.

(2)<sup>2</sup> (Amend. 20.02.2006, 26.04.2006, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008) Information about transactions in issues of shares admitted to trading, executed out of the Exchange, may be disclosed by the transacting parties after registration of the respective transactions in the trading system of the Exchange or in another appropriate way.

(3)<sup>3</sup> (Amend. 20.02.2006, Repealed, 05.12.2007 as the repeal shall become effective since 01.07.2008).

(4) (Amend. 20.02.2006) Issuer of financial instruments, or an Exchange member authorised to represent such issuer, shall apply for listing on the Official or Unofficial Market with the total amount of the respective issue.

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<sup>1</sup> Effective by 01.07.2008: "(1) Transactions in securities, listed on any of the Exchange markets, shall be executed through the trading system of the Exchange only or shall be compulsorily registered in the trading system of the Exchange in compliance with the provisions of these Rules and Regulations."

<sup>2</sup> Effective by 01.07.2008: "(2) Transactions as of par. (1) shall be settled in compliance with Chapter II of Part III."

<sup>3</sup> Effective by 01.07.2008: "(3) Restrictions as of par. (1) and (2) shall not apply to transactions in Government Securities."



(5) (Amend. 20.02.2006) Issuer of financial instruments, or an Exchange member authorised to represent such issuer, shall apply for listing on the Official or Unofficial Market for each new issue of financial instruments under the same terms and procedures as if it were the initial one.

(6) For registration of increase in the amount of an issue already listed, the issuer, or an Exchange member authorised to represent the issuer, shall sign an Annex to the listing agreement. The issuer shall pay an initial listing fee, calculated on the grounds of the capitalisation of the increase and pursuant to the Tariff of fees on Exchange services.

(7) Initial public offering of financial instruments on the Official Market shall be performed only if the requirements of Art. 80 of the POSA have been met.

(8) (Amend. 20.02.2006) Listing on the Official Market of financial instruments, issued by foreign entities, shall be performed only if the provisions of Chapter X of the POSA have been abided by.

## **Section II**

### **Terms and Procedures for Listing of Financial Instruments on Official Market**

#### **General Requirements for Listing of Financial Instruments on Official Market**

**Art. 52.** (1) (Amend. 20.02.2006, 24.10.2006) Eligible for listing and trading on the Official Market shall be issues compliant with the following requirements:

1. To be dematerialised or duly taken out of circulation and registered at the Central Depository, or at any other depository institution, entitled by the law;
2. Their transfer is neither conditional, nor limited;
3. (Repealed, 20.02.2006);
4. (Repealed, 20.02.2006);
5. (Amend. 20.02.2006) There are no bankruptcy, nor liquidation proceedings initiated against the issuer;
6. (Amend. 20.02.2006) The issuer is not in the process of transformation;
7. (Amend. 20.02.2006) Both issues and respective issuers comply with all the conditions and requirements of the POSA regarding trading in financial instruments on the Official Market.

(2) (Amend. 15.09.2006, 24.10.2006) Besides the requirements as of par. (1), debt securities issues shall meet the following additional conditions:

1. To entitle full rights for obtaining interests due;
2. To be payable on maturity;
3. (New, 15.09.2006) Accrued interest to be defined or definable on a daily basis;
4. (New, 15.09.2006, Amend. 24.10.2006) Interest payments and amortisation payments on the principal, if such provided, to be made on preliminarily fixed dates. If any of these dates occurs to be non-working day for the Central Depository, the respective payment shall be made on the following working one;

5. (New, 15.09.2006) Not to provide conditions on the payment of the interest nor of the principal due;
6. (New, 15.09.2006) Interest payments to be made once, twice, three, four, six or twelve times per annum;
7. (New, 15.09.2006) Number of months between two interest payments to be the same for the whole term of the debenture loan;
8. (New, 15.09.2006) To be denominated in Bulgarian leva (BGN) or in foreign currency, for which BNB announces an exchange rate every working day.

**Art. 53.** (Amend. 20.02.2006) The Exchange shall be obliged to list on the Official Market Government Securities, which comply with the requirements as of Art. 3 of the POSA, within the terms and procedures of these Rules and Regulations.

### **Additional Requirements for Listing on “Market of Equities”**

**Art. 54** (Amend. 20.02.2006, 26.04.2006) (1) Eligible to apply for listing on “Market A” shall only be an issue of shares, which complies with the following additional requirements:

1. (Amend. 20.02.2006, Amend. 26.04.2006) To have been traded for 1 (one) year at least on “Market B” or for 2 (two) years at least on the Unofficial Market of Equities, segment “A” or “B”;
2. The issuer has completed at least 5 (five) fiscal years;
3. At least 1,000 (one thousand) shareholders own shares of the issue;
4. At least 25 (twenty-five) per cent of the issue is held by minority shareholders;
5. The market capitalisation of the issue (i.e. the number of the issued shares multiplied by their market price) is not less than BGN 40 (forty) million;
6. The average monthly value traded in this issue on the Exchange for the last 6 (six) months is not less than BGN 200,000 (two hundred thousand);
7. The average monthly volume traded in this issue on the Exchange for the last 6 (six) months is not less than 20,000 (twenty thousand) shares;
8. The average monthly number of Exchange transactions in this issue for the last 6 (six) months is not less than 200 (two hundred) trades;
9. The issuer has registered profits in at least 3 (three) of the last 5 (five) fiscal years;
10. The issuer has assumed and provided its obligation to carry out its activity in conformity with the corporate governance principles, stipulated in the Corporate Governance Code, prepared or adopted by the Exchange.

(2) (Amend. 20.02.2006, 26.04.2006) Eligible to apply for listing on “Market B” shall only be an issue of shares, which complies with the following additional requirements:

1. (Amend. 20.02.2006, 26.04.2006) To have been traded for 1 (one) year at least on the Unofficial Market of Equities, segment “A” or “B”;
2. The issuer has completed at least 5 (five) fiscal years;
3. At least 500 (five hundred) shareholders own shares of this issue;
4. At least 10 (ten) per cent of the issue is held by minority shareholders;
5. The market capitalisation of the issue (i.e. the number of the issued shares multiplied by their market price) is not less than BGN 20 (twenty) million;

6. The average monthly value traded in this issue on the Exchange for the last 6 (six) months is not less than BGN 100,000 (a hundred thousand);
7. The average monthly volume traded in this issue on the Exchange for the last 6 (six) months is not less than 10,000 (ten thousand) shares;
8. The average monthly number of Exchange transactions in this issue for the last 6 (six) months is not less than 100 (a hundred) trades;
9. The issuer has registered profits in at least 2 (two) of the last 5 (five) fiscal years;
10. The issuer has assumed and provided its obligation to carry out its activity in conformity with the corporate governance principles, stipulated in the Corporate Governance Code, prepared or adopted by the Exchange.

(3) (Amend. 20.02.2006) For listing of issues of shares of open-end investment companies, the requirements as of par. (1), items 6, 7 and 8, respectively as of par. (2), items 6, 7 and 8 shall apply but double lower.

(4) (Amend. 20.02.2006) If a certain issue complies with neither the requirements under par. (1), items 6, 7 and 8, nor under par. (2), items 6, 7 and 8, nor under par. (3) when an open-end investment company is concerned, then the issue shall be listed on the respective market segment only if the issuer has signed an agreement with an Exchange member to provide minimum liquidity of the issue in compliance with the market-makers rules, arranged with an Annex to these Rules and Regulations. The term of the agreement shall not be less than a year.

(5) (Amend. 20.02.2006) The Board shall be entitled to list on the Official Market an issue, which is not compliant with the requirement under par. (1), items 1, 3-8, respectively under par. (2), items 1, 3-8, only if:

1. The size of equity of the issuer is not less than the equal value of BGN 40 (forty) million when applying for “Market A”, respectively not less than the equal value of BGN 20 (twenty) million when applying for “Market B”;
2. The Board has assessed the availability of enough pre-conditions for keen investors interest to the issue;
3. The issuer has signed the agreement as of par. (4) with an Exchange member;
4. If the issue is not compliant with the requirement as of par. (1), item 4, or as of par. (2), item 4 respectively, the trading shall start only with the performance of an initial auction (up to special rules adopted by the Board) for sale of the respective number of shares to cover the shortage to the mentioned requirements.

(6) (Amend. 20.02.2006) In the cases as of par. (5), the respective issue shall be set under supervision for a 3-month period within the terms of Art. 68 as from the moment of its listing.

(7) (New, 20.02.2006) When prior to the first quotation date the issuer or a holder of financial instruments has negotiated one or more trades for sale at a certain price, not later than the first quotation date, the issuer or an investment intermediary, authorised by the issuer or by the holder of financial instruments, shall file to the Exchange the following documents in addition to the ones as per Art. 58:

1. Declaration by the offeror of the shares that the possibility for performance of this negotiation has been disclosed in an approved by the FSC prospectus for public offering of shares;
2. Detailed description of the method used for determination of the price of the negotiated trades, if not specified in the prospectus for public offering;
3. Declaration by the offeror of the shares about availability of such negotiation, specifying at least each one of the buyers, the type, number and price of the negotiated financial instruments as well as the date of negotiation.

(8) (New, 20.02.2006) Trades as per par. (7) shall be registered in the System within 2 days following the first quotation date.

(9) (New, 20.02.2006) Transfer of financial instruments bought for the purpose of stabilisation shall be registered in the system, if performed in compliance with Art. 46 (4), items 1-4 by an Exchange member and/or its clients, to the person, who has authorised them to perform the stabilisation, including the case of transfer of bought upon stabilisation financial instruments by the client, performed the stabilisation, to the Exchange member, provided the Exchange member shall immediately afterwards transfer the financial instruments to the issuer, respectively to the holder of financial instruments. The Exchange member shall declare to the Exchange the availability of these terms. The trades shall be registered in the system within 2 days following the end of stabilisation.

#### **Additional Requirements for Listing on “Market of Bonds”**

**Art. 55.** (Amend. 20.02.2006) (1) The Exchange shall list on the “Government Securities” segment only securities that are dematerialised and freely transferable. The terms and procedures for listing of government securities on the “Government Securities” segment are defined in an Annex to these Rules and Regulations.

(2) (Amend. 20.02.2006) Eligible to apply for listing on the “Municipal Bonds” segment shall only be an issue, which meets the following additional requirements:

1. The nominal value of the issue is not less than the equal value of BGN 5,000,000 (five million);
2. The time remaining to the bonds’ maturity is not less than 1 (one) year;
3. The volume of the issue is not less than 5,000 (five thousand) bonds;
4. The nominal value per bond of the issue is not less than the equal value of BGN 1,000 (one thousand);
5. At least 50 (fifty) persons hold bonds of the issue;
6. Item 5 shall not apply if the issuer has signed an agreement with an Exchange member for provision of minimum liquidity in compliance with the market-makers rules, arranged with an Annex to these Rules and Regulations, and the term of this agreement is not less than a year.

(3) (Amend. 20.02.2006) Eligible to apply for listing on the “Corporate Bonds” segment shall only be an issue, which meets the following additional requirements:

1. The time remaining to the bonds’ maturity is not less than 1 (one) year;
2. The nominal value of the issue is not less than the equal value of BGN 5,000,000 (five million);

3. The volume of the issue is not less than 5,000 (five thousand) bonds;
4. The nominal value per bond of the issue is not less than the equal value of BGN 1,000 (one thousand);
5. At least 50 (fifty) persons hold bonds of the issue;
6. Item 5 shall not apply if the issuer has signed an agreement with an Exchange member for provision of minimum liquidity in compliance with the market-makers rules, arranged with an Annex to these Rules and Regulations, and the term of this agreement is not less than a year.

**Art. 56.** The terms and procedures for listing of issues on the “IPO Market” are defined in an Annex to these Rules and Regulations.

**Art. 57.** The terms and procedures for listing issues on the “Privatisation Market” are defined in an Annex to these Rules and Regulations.

**Art. 57a.** (New, 20.02.2006, Amend. 26.04.2006, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>4</sup> When calculating the traded value or the number of transactions in financial instruments in the cases as per Art. 54, only the trades executed in pursuance with Art. 51 (1) shall be taken into consideration.

#### **Procedures for Listing of Financial Instruments on the Official Market**

**Art. 58.** (Amend. 20.02.2006, 26.04.2006, 05.06.2006, 05.12.2007) (1) For listing of financial instruments on Official Market, the issuer or an Exchange member, authorised by the issuer, or a third person, who wishes the financial instruments to be admitted to trading, shall submit a standard application form.

(2) (Amend. 20.02.2006, 26.04.2006, 05.12.2007) The following documents shall be attached to the application form:

1. (Amend. 26.04.2006, 05.12.2007) Out of the cases as per Art. 79 (4) of the POSA, endorsed by the FSC or by the respective competent authority in the sending Member State prospectus for public offering and admission to trading on a regulated market (on hard and soft copies), as well as certified by the applicant copies of the documents, evidencing the fulfilment of the obligation as per Art 78 (1) of the POSA, of the decision for endorsement of the prospectus and of the announcement for the public offering of the financial instruments;
2. (Amend. 20.02.2006, 26.04.2006) Certified copy of the FSC’s decision for entry into the registers as of Art. 30 (1), item 3 and/or 4 of the FSCA, if not included in the decision as of item 1;
3. (Amend. 20.02.2006) Document issued by the Central Depository certifying that the issue has been registered there;
4. (Amend. 20.02.2006, Repealed, 26.04.2006);

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<sup>4</sup> Effective by 01.07.2008: "**Art. 57a.** (New, 20.02.2006, Amend. 26.04.2006) For the purposes of calculation of the traded value and of the number of the securities transactions in the cases as of Art. 54, the block trades and any other registration trades (just registered with the System of Trading) shall be disregarded."

5. (Amend. 20.02.2006) Soft copies of the annual financial statements of the issuer for the last five years as well as the complete audit reports to them (if the issuer prepares consolidated statements, they shall be filed respectively);
6. (Amend. 20.02.2006) Document certifying the ISIN code of the issue;
7. (Amend. 20.02.2006) Declaration about listing of financial instruments of the issuer on another regulated market, if any;
8. (Amend. 20.02.2006) Motivated first quotation price in the cases as of Art. 54 (5);
9. (Amend. 20.02.2006) Document issued by the Central Depository certifying the circumstances as of Art. 54 regarding the number of shareholders and the number of shares held by them;
10. (Amend. 20.02.2006, 05.06.2006, 05.12.2007) Certificate for valid incorporation (except for the cases of an issuer in process of incorporation or an issuer of municipal bonds), respectively a document certifying the statute of the issuer in the respective sending Member State;
11. (Amend. 20.02.2006) Certified copy of the agreement signed with an Exchange member as of Art. 54 (4) or as of Art. 55 (2), item 6 or as of Art. 55 (3), item 6;
12. (Amend. 20.02.2006) Document certifying the payment of the listing fee as of the Tariff of the Exchange;
13. (Amend. 20.02.2006, 05.12.2007) Document certifying the number of the issuer as of the NACE classification, respectively a document certifying the industry (sector) definition of the issuer in the respective sending Member State;
14. (New, 20.02.2006) Any other documents and agreements certifying the fulfilment of the specific listing requirements of the market applied for, in compliance with the provisions of Art. 54 and Art. 55.
15. (New, 05.12.2007) In the cases as per Art. 79 (4) of the POSA, certified copy of the documents as of Art. 79 (4), items 3-6, as well as of the announcement for the public offering of the financial instruments.

(3) (Amend. 20.02.2006, 26.04.2006, Repealed, 05.12.2007)

1. (Amend. 20.02.2006, Repealed, 05.12.2007);
2. (Amend. 20.02.2006, 26.04.2006, Repealed, 05.12.2007);
3. (Amend. 20.02.2006, 26.04.2006, Repealed, 05.12.2007);
4. (Amend. 20.02.2006, 26.04.2006, Repealed, 05.12.2007).

(4) (New, 20.02.2006, Amend. 26.04.2006, Repealed, 05.12.2007).

(5) (New, 20.02.2006, Amend. 26.04.2006) Documents pursuant to Art. 58 (2), items 3, 5, 6 and 13, when they have been submitted to the Exchange before filing of the application as of par. (1), might not be attached to the application.

**Art. 59.** (Amend. 20.02.2006) The provisions of Art. 58 shall not apply for listing of Government Securities. The procedures for listing of Government Securities shall be settled within an Annex to these Rules and Regulations.

(2) (Repealed, 20.02.2006)

(3) (Repealed, 20.02.2006)

(4) (Repealed, 20.02.2006)

### **Making a Decision for Listing**

**Art. 60.** (Amend. 20.02.2006, 26.04.2006) (1) On the grounds of the filed application form and the documents attached, the Board shall determine if the requirements for the listing of the issue have been fulfilled. If the filed information and documents are incomplete or invalid, and if additional information and proof for authenticity of the data are needed, the Board shall notify the applicant about the incomplete or invalid documents or about the required additional information and documents.

(2) The Board, after consultation with the Commission, shall issue a resolution within 30 (thirty) days as of the receipt of the application and in case of additional data or documents required – as of their submission.

(3) Each listed issue shall be identified by unique Exchange (BSE) code.

(4) (Amend. 26.04.2006) The Board shall refuse listing if:

1. (Amend. 26.04.2006) They define that the application or the attached documents are incomplete and/or contain inaccurate and/or misleading information;

2. (Amend. 26.04.2006) They define that the issue does not comply with the criteria and requirements for listing on the Official Market, stipulated in these Rules and Regulations;

3. (Amend. 26.04.2006) The applicant has submitted false data or documents with false content;

4. (Amend. 26.04.2006) The requirements of the POSA and the statutory instruments regulating its implementation or of these Rules and Regulations have not been abided by.

(5) (Amend. 26.04.2006) In the cases pursuant to par. (4), items 1 or 2 or 4, the Board shall refuse to list the issue only if the applicant has failed to correct the stated irregularities and inconsistencies or failed to submit the required additional data and documents within the defined term, which shall not be shorter than 30 (thirty) days.

(6) (Amend. 20.02.2006) The Board shall issue in writing its reasons for refusal of listing. 90 (ninety) per cent of the fee paid pursuant to Art. 58 (2), item 12 shall be refunded to the applicant within 7 (seven) days following its advice of a respective bank account. The remainder of 10 (ten) per cent shall be withheld to cover the expenses of the Exchange for consideration of the listing application.

(7) The Board shall notify the applicant about its decision in writing within 10 (ten) days.

(8) The decision of the Board regarding the approval of the application for listing shall be published in the Exchange Bulletin.

### **Listing Agreement**

**Art. 61.** (Amend. 20.02.2006, 26.04.2006) (1) The issuer or the Exchange member duly authorised to represent the issuer shall sign a listing agreement with the Exchange within 10 (ten) days following the receipt of notification about the Board's decision by virtue of which the listing application of the person has been approved.

(2) (Amend. 26.04.2006) In case the listing agreement has not been signed within the term pursuant to par. (1), the Board shall be entitled to revoke its decision as of Art. 60 (8). In such case, the issuer shall be entitled to re-apply for listing but not earlier than three months following the date of revocation of the Board's decision.

**Art. 62.** (1) (Amend. 20.02.2006) The issue shall be considered listed upon announcement in the Exchange Bulletin about its first quotation date, which shall be defined in the agreement as of Art. 61 (1).

(2) (Repealed, 20.02.2006)

### **Proceedings for Registration of Increase in the Amount of a Listed Issue**

**Art. 62a.** (New, 20.02.2006, Amend. 26.04.2006) (1) For registration of increase in the amount of an issue already listed on the Exchange, a standard application form shall be filed along with the following attachments:

1. (Repealed, 26.04.2006);
2. Copy of the decision of the FSC for entry of the increase in the registers as of Art. 30 (1), item 3 of the FSCA;
3. Valid certificate issued by the Central Depository about the amount of the listed issue.

(2) The Board shall pronounce its decision for registration of increase in the amount of an already listed issue within 14 (fourteen) days following the filing of the application as of par. (1). The decision of the Board shall be announced in the Exchange Bulletin within 1 (one) working day following the date of its taking. Within the same term the Exchange shall send notifications to the issuer, the FSC and the Central Depository.

(3) The increase shall be considered registered for trading upon announcement in the Exchange Bulletin about its first quotation date, which shall be defined within an Annex to the listing agreement as of Art. 51 (6).

(4) Till the first quotation date as of the foregoing paragraph, trading in financial instruments of the increase in the amount of the issue shall be forbidden.

## **Section III**

### **Disclosure of Information about the Listed Issues of Financial Instruments**

**Art. 63.** (Amend. 20.02.2006, 26.04.2006, 05.12.2007) (1) Issuer, whose financial instruments have been listed on the Official Market, shall be obligated to submit to the Exchange any data, documents, reports and other information, in any case and within the same time limits, when pursuant to the provisions of the POSA and the



statutory instruments regulating its implementation, the issuer is obligated to submit them to the FSC.

- (2) (Repealed, 20.02.2006)
- (3) (Repealed, 20.02.2006)
- (4) (Repealed, 20.02.2006)
- (5) (Repealed, 20.02.2006)

(6) (Amend. 05.12.2007) The Exchange shall be entitled to require by the issuers of financial instruments any information needful for performance of the exchange trading or for protection of the investors' interest.

(7) (Amend. 20.02.2006) The Exchange shall maintain the information pursuant to paragraphs (1) and (6) in the register as of Art. 66.

(8) (Amend. 20.02.2006, 05.12.2007) The Exchange shall be entitled to organise the collection of the information as of paragraphs (1) and (6) electronically via the system as per Art. 43 of Ordinance No 2 and to publish it in an appropriate way.

(9) (Amend. 20.02.2006, Repealed, 26.04.2006)

(10) (Amend. 05.12.2007) Persons authorised by the Board shall be entitled to attend the annual and the extraordinary General Meetings of issuers, whose financial instruments have been listed on the Exchange.

#### **Section IV**

##### **Suspension of Trading in Listed Financial Instruments. Termination of Listing**

**Art. 64.** (Amend. 20.02.2006, 26.04.2006, 05.12.2007) (1) The Board, within the terms of Art. 91 of the MFIA, shall be entitled to take a decision for suspension of the trading in issues admitted to trading on the Official Market in the following cases:

1. (Repealed, 20.02.2006);
2. (Amend. 20.02.2006, 26.04.2006) Occurrence of an event related to the financial instruments or to their issuers, which might influence the price of the financial instruments;
3. Procedure for transformation of the issuing company has been initiated;
4. Issuer has failed to fulfil its obligation to disclose information pursuant to Section III of this Chapter;
5. Issuer has failed to pay the annual fee for maintenance of listing or the fee for registration of the increase in the amount of the issue within the terms stipulated by these Rules and Regulations and by the listing agreement with the Exchange;
6. (Repealed, 20.02.2006).

(2) (Amend. 20.02.2006) In the cases as of par. (1), items 2 through 4, the Executive Director of the Exchange shall be entitled to make a decision to suspend the trading in issues listed on the Official Market for a period not longer than 3 (three) working days. The Director of Trading shall be entitled to make the suspension decision as of this paragraph but for the timeframe of one trading session.

(3) The Exchange shall immediately inform the FSC about the decision under par. (1) and (2). The notification could be made also by fax or electronically.

(4) (Amend. 20.02.2006) The Exchange shall inform the issuer about the decision under par. (1) and (2) within 7 (seven) days.

(5) Since the reasons for the suspension have become invalid, the trading shall be resumed upon decision of the Board, and in the cases pursuant to par. (2) - upon decision of the Executive Director, respectively of the Director of Trading, unless otherwise specified in the respective suspension decision.

(6) The decisions under par. (1) and (2) shall be published in the Exchange Bulletin.

(7) (Amend. 20.02.2006) The suspension of trading for a period longer than 3 (three) working days in the cases pursuant to par. (1), item 2, shall be allowed only with a permission by the Deputy-Chair of the Financial Supervision Commission, Head of the Investment Activity Supervision Department.

### **Termination of Listing**

**Art. 65.** (Amend. 20.02.2006, 26.04.2006, 05.12.2007) (1) The Board, within the terms of Art. 91 of the MFIA, shall be entitled to take a decision for final termination of the listing of financial instruments admitted to trading on the Official Market if:

1. The issuer or the issue of financial instruments no longer comply with the requirements of the POSA and the statutory instruments regulating its implementation regarding the public offering and trading of financial instruments;
2. (Repealed, 20.02.2006);
3. (Repealed, 20.02.2006);
4. The issuer or an authorised by the issuer Exchange member has filed an application for termination of listing;
5. (Amend. 20.02.2006) After expiry of the term of supervision pursuant to Art. 68, the issue does not comply with the requirements of the Official Market;
6. The issuer has failed to pay the annual fee for maintenance of listing or the fee for registration of the increase in the amount of the issue within the term defined by the Board or in the listing agreement with the Exchange;
7. (Repealed, 20.02.2006).

(1a) (New, 20.02.2006) Listing of a bond issue shall be terminated upon an order of the Director of Trading, without any decision of the Board, 5 (five) working days before the maturity of the issue. If in the endorsed by the FSC prospectus for public offering there has been provided a termination term, different from 5 (five) working days, then that term shall respectively apply.

(1b) (New, 20.02.2006) In the cases pursuant to par. (1), item 1, having officially learned about the respective circumstance, the Executive Director or the Director of Trading shall immediately suspend the trading of the respective issue until

the Board pronounces its decision for final termination. In these cases, Art. 64 (2) and (7) shall not apply.

(2) (Repealed, 26.04.2006)

(3) (Amend. 20.02.2006) Within 7 (seven) days the Exchange shall notify the issuer and the FSC about the decision as of par. (1) in writing.

(4) (Amend. 20.02.2006) The decision pursuant to par. (1), (1a) and (1b) shall be published in the Exchange Bulletin.

(5) (Amend. 26.04.2006) Except for the case under par. (1), item 4, the issuer or the Exchange member authorised to represent the issuer shall be entitled to appeal before the Board against the decision as of par. (1) within 14 (fourteen) days following the receipt of notification.

(6) The Board shall pronounce a decision on the complaint within 30 (thirty) days following its filing.

(7) A representative of the party concerned shall be entitled to attend the meeting of the Board, at which the complaint shall be discussed. This right shall be exercised only if it has been expressly requested at the time of filing of the complaint as of par. (5).

(8) In the cases pursuant to par. (7), the Exchange shall notify the party concerned, in writing, about the time and date of the respective meeting of the Board at least three days before its performance.

(9) With the decision pursuant to par. (6), the Board shall confirm or cancel its decision as of par. (1).

(10) The decision of the Board as of par. (6) shall be final and shall be published in the Exchange Bulletin.

### **Register of Issuers and their Issues Listed on the Official Market**

**Art. 66** (Amend. 20.02.2006, 26.04.2006) (1) The Exchange shall keep a current register of issuers and their issues listed on the Official Market. The register shall contain the following information:

1. (Amend. 20.02.2006, 26.04.2006) Data about the issuer: appellation; seat of business; registered office; Bulstat number; size of capital; number of the company file, docket, register, volume and page of the company's incorporation into the Commercial Registry; the appellations/names of the persons, who are obliged to disclose their shareholdings pursuant to Art. 145 connected with Art. 148 of the POSA; data about the management and supervisory bodies;

2. Data about the financial instruments: date of issuing; ISIN code of the issue; type of financial instruments; number and nominal value; terms of issuing; rights entitled by the financial instruments; dividends distributed and interest;

3. For debt securities: maturity date; dates of interest and principal amount payments as well as method of their calculation, but for debt securities with other

sources of yield – way of calculation of the yield and maturity of the payments; grace period for repayment of the principal or exercise of other rights; information about any financial security and guarantees;

4. (Amend. 26.04.2006) Financial-accounting data: quarterly and annual financial statements;

5. (Amend. 26.04.2006) Other information related to the issuer or to the issue of financial instruments, as defined by decision of the Board.

(2) The Exchange shall enter into a special register all issues of financial instruments, which listing has been terminated.

(3) The register pursuant to par. (1) shall be kept on a soft copy for at least 50 (fifty) years as from the date of termination of the listing of the respective financial instruments and the register as of par. (2) – as from the date of entry of the data.

(4) The documents under this Section shall be kept up to 10 (ten) years as from the date of termination of the listing of the financial instruments on the Official Market.

(5) (Amend. 20.02.2006) The Exchange shall publish in the Exchange Bulletin the information about the entry of a new issue into the register as of par. (1) by the end of the first working day following the entry.

## **Section V**

### **Transfer of Issues between Market Segments and Markets**

**Art. 67.** The Exchange shall be entitled to set an issue under supervision or to transfer an issue from one market segment to another, or from one market to another, in conformity with the requirements and procedures of these Rules and Regulations.

#### **Period of Supervision**

**Art. 68.** (Amend. 27.11.2000, 20.02.2006) (1) Issuers and their issues listed on the Official Market shall be compliant all the time with the following requirements:

1. On Official Market of Equities, “Market A” – Art. 54 (1), items 3 through 10;
2. On Official Market of Equities, “Market B” – Art. 54 (2), items 3 through 10;
3. On Official Market of Bonds, “Municipal Bonds” Segment – Art. 55 (2), item 5 or 6;
4. On Official Market of Bonds, “Corporate Bonds” Segment – Art. 55 (3), item 1 and item 5 or 6.

(2) (Amend. 20.02.2006) For conformity to the requirements as of par. (1), every issuer shall be entitled to sign an agreement with one or several Exchange members to provide minimum liquidity of the respective issue in compliance with these Rules and Regulations and the Rules for market makers of the Exchange.

(3) (Amend. 20.02.2006) In case of consideration that an issue listed on the Official Market no longer conforms to the requirements as of par. (1), before making a

decision pursuant to Art. 65, the Board shall be entitled to decide to set such an issue of financial instruments under supervision for a period up to 3 (three) months.

(4) (New, 20.02.2006) The Exchange shall publish the decision under par. (3) in the Exchange Bulletin and it shall be effective from the day following the date of publication. The publication shall be made by the end of the first working day following the date of decision of the Board.

(5) (New, 20.02.2006) The Exchange shall inform in writing the FSC and the issuer, whose issue has been set under supervision, within 7 (seven) days following the effective date of the decision under par. (3).

### **Transfer of Issues from a Certain Market Segment to Another Segment, respectively from a Certain Market to Another Market**

**Art. 69.** (Amend. 27.11.2000, 20.02.2006) (1) If after expiry of the term pursuant to Art. 68 (3) the issue does not comply with the requirements as of Art. 68 (1), the Board shall take a decision to transfer it to a lower market segment, which the issue conforms to, respectively to the Unofficial Market.

(2) (Amend. 20.02.2006) Within 1 (one) working day following the decision as of par. (1), the Exchange shall publish in the Exchange Bulletin information regarding the transfer under the foregoing paragraph and shall send a notification to the FSC and to the issuer.

(3) The listing of an issue on the Official Market shall be terminated right upon the Board's decision to transfer it on the Unofficial Market.

(4) (Amend. 20.02.2006) Upon an application by the issuer or by an Exchange member authorised to represent the issuer, the Board shall be entitled to decide, after verifying that the provisions of these Rules and Regulations have been abided by, to transfer an issue of shares from "Market B" to "Market A" or an issue of financial instruments from Unofficial Market to Official Market. Par. (2) shall apply respectively.

(5) In case of transferring issues from one market segment to another or from one market to another, the Exchange shall not collect additional fees, unless a transfer from Unofficial to Official Market is carried out, when fees for listing on the Official Market are due according to the Tariff on the fees collected by the Exchange.

**Art. 69a.** (New, 20.02.2006) Upon adjudication of the issuer into liquidation or bankruptcy, the Board shall take a decision to transfer the respective issue to the Unofficial Market.

## **Part III**

### **Rules for Trading on the Official Market and Organisation of Internal Control on the Exchange Trading**

## **Chapter I General Conditions**

### **Section I Trading Sessions**

**Art. 70.** (1) The Exchange shall grant to its members and their clients equal access to the market information and equal conditions for participation in the trading session.

(2) Trading on the Exchange's Official Market shall be either present and/or remote.

**Art. 71.** (1) The trading session is the official working time during which members announce their orders and execute transactions on the Exchange floor.

(2) The Board shall ensure the lawful and proper conduct of the exchange trading and price quotations announcement.

(3) The frequency and duration of the trading sessions on the Exchange shall be prescribed by the Board. The Exchange shall be obligated to have at least one trading session per week.

(4) Information concerning the schedule and duration of trading sessions shall be published in the Exchange Bulletin not later than 10 (ten) days prior to the date on which the Board's decision comes into effect.

(5) Exchange members shall be represented on the trading sessions by brokers admitted in accordance with the procedures of these Rules and Regulations. Each broker who participates in the trading sessions shall be identified by a procedure established by the Board.

(6) (Amend. 29.05.2003) The realisation of financial instruments transactions executed on the Official Market is carried out through the national clearing and settlement system, established by the Bulgarian Stock Exchange-Sofia, the Central Depository AD, "Bankservice" AD, the Bulgarian National Bank and the commercial banks where the participants have current accounts as of Art. 22 (1), item 2.

#### **Conducting a Trading Session**

**Art. 72.** (1). Trading sessions shall be conducted by the Director of Trading and nominated Exchange employees.

(2) The Board shall approve the list of Exchange employees proposed by the Director of Trading, who shall be entitled to act as co-ordinators of trading sessions.

#### **Director of Trading**

**Art. 73.** (1) The Director of Trading shall organise and control the conduct of the sessions and the Exchange trading until the transactions have been settled.

(2) The Director of Trading shall be entitled to:

1. Appoint a Speaker (Chairperson) for each trading session;
2. Suspend trading with one or more issues of financial instruments in the course of a trading session for no longer than one exchange session;
3. Remove a broker from a trading session due to violations of the procedures or of the provisions of these Rules and Regulations;
4. Resolve any disagreements or disputes between brokers during the sessions, with regard to the continuation of normal trading sessions.

(3) The Director of Trading shall forthwith notify the Board of any decision for suspension of a financial instruments issue from trading throughout a session, or for removal of a broker from trading.

### **Co-ordinators**

**Art. 74.** (1) Co-ordinators shall monitor the trading in the course of each session and shall ensure compliance with the requirements of these Rules and Regulations.

(2) Co-ordinators shall monitor the price quotations of the admitted and listed issues of financial instruments in order to protect the investors' interest from unusual and unduly change in prices.

(3) During trading sessions the co-ordinators shall control the observance of the business procedures by the brokers and shall:

1. Inform forthwith the Director of Trading about the existence of circumstances leading to a necessity of suspension of an issue from trading or about violation of the provisions of these Rules and Regulations and the procedures for trading thereto by brokers.

2. Ensure compliance with the trading rules as provided for in these Rules and Regulations.

### **The Speaker of Trading Sessions**

**Art. 75.** (Amend. 20.02.2006) (1) The Speaker shall organise the conduct of trading sessions by opening and closing of the trading sessions, opening and closing of trading in different types of financial instruments in conformity with the requirements of these Rules and Regulations.

(2) The Speaker shall organise the closing of trading sessions in compliance with the procedures of these Rules and Regulations.

(3) The Speaker shall be responsible to correct and eliminate, in compliance with the procedures of these Rules and Regulations, the errors and non-conformities admitted during trading sessions.

(4) (Amend. 20.02.2006) In case of impossibility for the Director of Trading to take a decision as of Art. 73 (2), items 2, 3 and 4, the Speaker of the trading session shall be entitled to take such a decision and notify forthwith the Director of Trading.

(5) A broker disagreeing with the decisions of the Speaker of the trading session or of the Director of Trading shall be entitled to submit to the Board a formal objection in writing.

### **Control**

**Art. 77** (Amend. 26.04.2006) (1) The internal control on the exchange trading, the control on the members and brokers and the control on the observance of the requirements for disclosure of information shall be performed by the Director of Trading, Surveillance Director and their employees.

(2) To prevent any market manipulation and use of insider information, after closing each trading session, a verification of the transactions executed shall be carried out.

(3) The control pursuant to par. (2) shall include examination over:

1. Orders entered out of the price limits;
2. Execution of transactions close to or out of the price limits;
3. Neglect of a client's interest;
4. Transactions or orders, doubtful of violating the prohibitions on use of insider information, unfair trading and manipulation of the market pursuant to Part I, Chapter IV, Section V of these Rules and Regulations.

(4) The control under the foregoing paragraph might also be executed in real time, through an automatic system.

(5) (Amend. 26.04.2006) Exchange employees shall be obligated to keep the trade secrets of the Exchange members and brokers, which have been disclosed to them in connection with the performance of their duties.

**Art. 78.** (Amend. 05.06.2006) The Surveillance Director shall report to the Board about all cases when Exchange members, brokers or issuers of financial instruments listed on the Exchange have failed to timely disclose information pursuant to the requirements of these Rules and Regulations.

**Art. 79.** (Supplement, 11.03.2005, Amend. 05.12.2007) (1) The Exchange shall be entitled to carry out examinations on its members to ensure compliance with the requirements of these Rules and Regulations, the POSA, the MFIA, the MMAFIA and the statutory instruments regulating their implementation.

(2) The examinations under the foregoing paragraph shall be carried out upon order of the Executive Director.



(3) (Supplement, 11.03.2005) In the course of an examination, originals and copies of documents, data and written explanations by the members and their brokers may be required relating to the subject of the examination.

(4) (Amend. 11.03.2005) Exchange members and their employees shall be obligated to fully co-operate with the persons who carry out the examination.

(5) (New, 11.03.2005) Any rejection to present originals and copies of documents and data shall be grounded by the exchange member in a written form within the term granted to present the respective documents.

(6) (New, 11.03.2005) The rejection of the member to present originals and copies of documents and data as well as its motives shall be reported to the Executive Director of the Exchange by the Surveillance Director in a written form.

(7) (New, 11.03.2005) The Executive Director shall take a decision regarding the respective rejection whereas he will be entitled to sustain or overrule the motives of the examined exchange member.

(8) (New, 11.03.2005) Provided the decision of the Executive Director as of par. (7) has overruled the motives for the rejection, the examined exchange member shall be obligated to present the requested data and documents immediately.

**Art. 80** (Amend. 11.03.2005, 07.04.2005, 05.12.2007) (1) The examinations as of Art. 79 (1) shall be concluded with a statement of findings, prepared in two identical copies, signed by the authorised Exchange employees, and one of the copies shall be given to the exchange member under examination. The representative of the exchange member shall receive and sign the statement in the office of the Exchange. Members who disagree with the findings shall submit a motivated written objection within 7 (seven) days following the date of receipt of the statement.

(2) (Amend. 11.03.2005) In case of a stated violation against the provisions of these Rules and Regulations, once the term as of par. (1) has expired, the Exchange shall open up proceedings for sanction imposing.

(3) (New, 11.03.2005, Amend. 05.12.2007) In case of a stated violation of only the POSA, the MFIA, the MMAFIA or of the statutory instruments regulating their implementation, the Exchange shall inform the FSC thereof within a 3-day period as from the moment of finding.

(4) (New, 11.03.2005) If a doubt for a violation against the Law on Measures against Money Laundry or the tax legislation arise, the Exchange shall inform the relevant State body.

## **Section II Exchange Orders**

### **Types of Orders**

**Art. 81.** (Amend. 18.06.2002) (1) The following types of orders shall be permissible on the Exchange:

1. **Limit orders** – orders to buy or sell certain amounts of financial instruments at a specified limit price;
2. **Market orders** - orders to buy or sell certain amounts of financial instruments at the best price on the exchange market at the moment of entering the order into the Exchange trading system. Market orders do not quote price.

(2) Orders under par. (1) shall be executed partially or be of the “all-or-none” type.

(3) Limit orders can be of the following types:

1. **Good ‘til cancelled** – orders that are being transferred from one trading session to the next until cancelled, but for a period not longer than 14 consecutive sessions;
2. **One-session orders** (fill or kill) – orders valid for one session only and not valid for the next one if not executed;
3. **Immediate** – orders valid at the moment of entry, which shall be immediately cancelled if not executed.

(4) Transactions on the “IPO Market” and tender offers for the purchase of shares shall be executed only by limit orders, which might be realised partially. The foregoing sentence is not applicable to transactions of government securities, which shall be regulated by an Annex to these Rules and Regulations.

(5) (Repealed 18.06.2002)

(6) Market orders shall be immediate.

### **Order Requisites**

**Art. 82.** Each order shall contain:

1. Unique number of the order;
2. Exact time of entry of the order into the trading system;
3. Exchange code of the issue;
4. Type of the order;
5. Number of financial instruments;
6. ID of the Exchange member and the broker;
7. Pricing conditions;
8. Validity terms;
9. Conditions for purchase/sale of a specified amount of financial instruments;
10. Statement whether the order is for own or for a client’s account;
11. Exact time of cancellation;
12. Identification of the reason for cancellation.

## **Section III Trading Mechanism. Market (Trading) Lots**

**Art. 83.** (1) The Board shall establish minimum market lots for shares, corporate and municipal bonds separately. The Exchange shall inform the participants in the exchange trading about every change in the market lots by announcing the date as of which the new lots shall be considered the minimum-sized units for the regular exchange orders.

(2) Market lots for financial instruments issued or guaranteed by the Government or by the Bulgarian National Bank shall be established in conformity with the specific rules and provisions of the statutory instruments regulating the legal status of such financial instruments and the supplementary Rules for Government Securities Trading, described in Annex to these Rules and Regulations.

### **Transactions in Odd Lots**

**Art. 84.** (1) Odd lots of different clients may be compiled into market lots only with the prior consent of each client.

(2) Members shall not be entitled to execute transactions in odd lots for their own account, except in cases when it is impossible to compile clients' odd lots into market lots.

(3) Members shall not accept orders by one and the same client for several odd lots regarding the same financial instruments, provided they could be compiled into a market lot.

### **Minimum Price Quotation Variation**

**Art. 85.** (Amend. 15.09.2006, 01.03.2007) (1) "Bid" and "ask" orders shall be entered with a minimum price quotation variation with an allowance of three digits right to the decimal point, except for the cases in which otherwise provided by these Rules and Regulation and the Annexes thereto.

(2) (New, 15.09.2006) Price of "bid" and "ask" orders for bonds shall not include the interest accrued as from the date of the last interest payment till the time of entry of the order.

(3) (New, 15.09.2006) Price of the orders as of par. (2) shall be entered as percentage of the nominal value per market lot.

(4) (New, 15.09.2006, Amend. 24.10.2006) Total value of trades executed in result of matching of bids and offers shall equal the multiplication of the number of the market lots, subject to the trade, and the unit price, rounded with an allowance of BGN 0.01.

(5) (New, 15.09.2006) Regardless of the quoting currency of the orders, all trades shall be settled in BGN to the exchange rate of BNB valid for the respective session.

### **Procedures for Trading Sessions Conduct**

**Art. 86.** (Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008) (1) Trading sessions shall be opened and closed by the Speaker through the System.

(2) Trading in financial instruments shall be carried out parallel (simultaneously) on all segments and markets of the Exchange.

(3) Trading sessions shall be closed by 2:00 p.m.

(4) (Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>5</sup> The Board shall be entitled to set a time-period, longer than the trading session, for disclosure of trades as per Art. 51 (2).

### **Trading Method**

**Art. 87.** (Amend. 27.11.2000, 20.02.2006, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008) (1) Continuous auction (continuous trading) shall be adopted as a trading method on the Equity Market and on the "Corporate Bonds" and "Municipal Bonds" segments of the Bond Market. It shall be based on:

1. Direct entry of orders with specific requisites via brokers' terminals;  
2. Parallel trading of financial instruments on the respective market;  
3. Placing and matching orders by the trading system in the following sequence:

- Checking the accuracy of the requisites of each order entered;
- Placing orders by "price" priority;
- Placing orders with the same "price" priority by "time" priority;
- Matching counter orders, if in terms for transaction, and registration of a trade, as in case of a partially executed order, the remaining part shall be considered an order with the same priority as the initial one.

(2) The system shall register transactions provided:

1. Orders are counter (bid vs. ask);
2. Ask is made at an equal or lower price than the price of the bid, or one of the orders is market, while the other is limit;
3. Matching orders shall fulfil the conditions for the specified amount of financial instruments.

(3) The price, at which a transaction between two orders shall be registered, shall equal the price of this one, which has been entered earlier.

(4) Connection between brokers and their offices and clients in the course of trading sessions shall be carried out in a way established by the Board.

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<sup>5</sup> Effective by 01.07.2008: "(4) In case of remote trading, the Board shall be entitled to set a period of time after 2:00 p.m. on the day "T", when transactions in securities to be executed. The trades executed after 2:00 p.m. shall be registered by the Exchange on the next working day, when the procedure for settlement of these transactions begins."

(5) The Board shall be entitled to define other trading methods on the Equity Market and on the “Corporate Bonds” and “Municipal Bonds” segments of the Bond Market in Annexes to these Rules and Regulations.

(6) (Amend. 20.02.2006, 05.12.2007) Exchange Members shall be obligated to register in the System transactions in financial instruments admitted to trading, such that have been directly and preliminarily concluded by the parties and administered by them in their capacity of registration agents as per Art. 56 (1), item 1 of Ordinance No 38. Upon the registration of these transactions in the System, the following minimum information shall be announced:

1. Exchange code of the issue;
2. Exchange code of the registration agent who is an Exchange Member;
3. Indicator, proving that the registration agent administrates the transaction for its clients’ account;
4. Amount of the financial instruments, object to transaction;
5. Unit price per market lot of the financial instruments – if the character of transaction does not allow price definition, then the open price (close price as of the last session) of the respective financial instruments shall be announced in the System.
6. Total value of the transaction.

(7) (Amend. 20.02.2006, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>6</sup> Exchange members, investment intermediaries authorised pursuant to Art. Art. 149, 149a and 149b of the POSA to administrate a tender offer, provided the tender offer is not performed through the Exchange, may disclose information about the trades executed in result of the accepted tender offer in pursuance with Art. 51 (2).

(8) (Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>7</sup> Information about executed REPO trades in financial instruments may be disclosed in pursuance with Art. 51 (2).

(9) Methods for trading on the rest exchange markets as well as the method for execution of a tender offer for redemption of shares on the Exchange shall be defined in Annexes to these Rules and Regulations.

### **Priorities**

**Art. 88.** (1) Trading on the Exchange shall be carried out in correspondence with the following priorities:

1. Price;
2. Time.

(2) Price priority shall mean:

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<sup>6</sup> Effective by 01.07.2008: "(7) Exchange members, investment intermediaries authorised pursuant to Art. Art. 149, 149a and 149b of the POSA to administrate a tender offer, provided the tender is not carried out on the Exchange, shall be obligated to register the trades executed in result of the accepted tender offer into the System. In this case, the total amount of securities, for which the tender offer has been accepted, as well as the total value of all trades, shall be announced in the System."

1. Priority of market orders over limit orders – market orders are matched at the best counter price at the moment; therefore, once entered into the System, they shall have the highest price priority;
  2. Priority of bids made at higher prices, respectively of offers made at lower price.
- (3) Time priority shall mean priority of orders entered earlier.

### **Single-sided Transactions**

**Art. 89.** Single-sided transaction shall be prohibited if upon its execution, no real transfer of financial instruments is carried out.

### **“All-or-none” Type of Transactions**

**Art. 90.** The System allows for “all-or-none” orders to be executed under the following conditions:

1. “All-or-None” orders may be executed with more than one matching order, when their amount exactly equals the amount for which the “All or None” was made;
2. In case of two matching “All-or-None” orders, transactions may be executed only if, for the time being, no matching order with any of the two has been entered with a higher price priority;
3. If the condition under item 2 is not abided by, the two matching “All-or-None” orders shall be detained until a possibility for their execution as of items 1 or 2 arises.

### **Block Transactions**

**Art. 91.** (Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>8</sup>.

### **Tender Offer for Purchase of Shares**

**Art. 92.** (1) The System allows execution of tender offer for redemption of shares pursuant to Chapter XI, Section II of the POSA.

(2) Tender offer for redemption of shares shall be executed in compliance with the terms and procedures defined in the Annex to these Rules and Regulations.

### **Open Price**

**Art. 93.** (Amend. 27.11.2000, 20.02.2006, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>9</sup> (1) Open price for a trading

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<sup>7</sup> Effective by 01.07.2008: "(8) REPO transactions in securities shall be executed on the Exchange within the terms and procedures provided for block transactions."

<sup>8</sup> Effective by 01.07.2008: "**Art. 91.** The System allows execution of block transactions only in listed issues of shares and within the terms and procedures defined in Annex to these Rules and Regulations."

<sup>9</sup> Effective by 01.07.2008: "**Art. 93.** (Amend. 27.11.2000, 20.02.2006) (1) Open price for a trading session shall be the weighted average price of all trades in certain security, executed during the session, on which the respective issue has been last traded, but disregarding block transactions, REPO

session shall be the weighted average price of all trades in certain issue of financial instruments, executed during the session, on which the respective issue has been last traded. When calculating the weighted-average price, only the trades, executed in pursuance with Art. 51 (1), shall be taken into consideration. The price of the executed transactions shall be weighted with the respective amount of the financial instruments transacted.

(2) The open price for the trading session on the first quotation date of a newly listed issue shall equal the motivated price per financial instruments for launching of the respective issue to Exchange trading, adopted by the Board within the terms and procedures of these Rules and Regulations.

### **Price Deviations Limits and Fluctuation of Prices on the Equity Market**

**Art. 94.** (Supplement, 12.12.2002, Amend. 11.03.2005, Amend. 20.02.2006) (1) The allowable deviations of prices of securities listed on the Equity Market shall be +/- 15% in respect to the open price of the trading session.

(2) The value of the deviation limit as of par. (1) shall be calculated in BGN and shall be rounded to the second decimal according to the following rule:

- If the third figure after the decimal is up to 4 (four) including - it shall be rounded to the smaller number;
- If the third figure after the decimal is 5 (five) or over 5 (five) - it shall be rounded to the bigger number.

(3) When the deviation pursuant to par. (1) is less than the minimum price variation, par. (1) and (2) shall not apply; in these cases the price deviations shall equal the minimum price variation.

(4) (New 12.12.2002) After calculation of the open price for the next trading session the brokers shall be obligated immediately to cancel their orders valid until cancellation, which are set out of the allowable limits as of par. (1) and (3).

(5) (New 12.12.2002, Amend. 20.02.2006) The System shall allow entering of orders and execution of transactions out of the allowable limits as of par. (1) and (3) but not out of the allowable limits defined in par. (12). The brokers shall be forbidden to enter orders with prices set out of the allowable limits as of par. (1) and (3) with validity until cancellation.

(6) (New 12.12.2002) The Board of Directors of the BSE-Sofia shall be entitled to take a decision about official deletion by the Exchange of all orders with prices set out of the allowable limits as of par. (1) and (3) after the calculation of the open price for the next trading session. The Board's decision shall not relieve brokers from their duty pursuant to par. (4).

(7) Before enter an order as of par. (5), the broker shall be obligated to justify it.

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transactions, transactions pursuant to registration agency, transactions executed on the "Privatisation Market" as well as transactions executed as a result of a tender offer for redemption of shares. The price of the executed transactions shall be weighted with the respective amount of the securities transacted."

(8) The reasons under par. (7) shall be presented electronically through the System.

(9) (Amend. 11.03.2005) The following circumstances may serve as reasons pursuant to par. (7) without violating the provisions of these Rules and Regulations only if public information thereto is available:

**1. Circumstances regarding issues of securities:**

- Payment of interest, dividends and other security related earnings;
- Redemption of securities when the offered price has been set out of the current price limits;
- Tender offer for redemption of securities when the offered price has been set out of the current price limits;
- Reduction in the nominal value of securities;
- Capital increase at the expense of funds of the issuing company through distribution of new shares among the shareholders by capitalisation of the company's profits or reserves;
- Increase in the capital of the issuing company through issuance of new shares (new issue).

**2. Procedures or proceedings declared to be commenced or concluded regarding:**

- Merger, consolidation, split or splitting-off of the issuing company;
- Bankruptcy (insolvency);
- Liquidation;
- Restraint on real estate, distraint on movable property and receivables, blocking of bank accounts.

**3. Privatisation procedures or transactions:**

- Public offering of State-owned shares pursuant to Art. 32 (1), item 1 of the PPCA in compliance with the procedures adopted by the Board, when the unit price per share in BGN has been set by the State out of the current price limits, including the cases of privatisation for payments in compensation instruments;
- Executed privatisation transaction pursuant to Art. 32 (1), items 2-5 of the PPCA, when the unit price of a share of that transaction has been out of the current price limits.

**4. Other:**

- Natural disasters directly affecting the activity of the issuing company such as fire, floods, hailstorm, explosion, etc.
- Under a decision of the Director of Trading to cancel the price limits within the terms of par. (13);
- Revoking/issuing of a license to the issuing company to perform certain specific activities or produce;
- Lack of transactions in securities of a certain issue for a period longer than 20 (twenty) consecutive trading sessions.



(10) (Amend. 11.03.2005) Public information about circumstances under par. (9) shall be considered available when:

1. Information thereto has been published in the official Exchange Bulletin; or
2. (Repealed, 11.03.2005)
3. They have been promulgated in the State Gazette.

(11) (Amend. 20.02.2006) Entry of orders and executing of transactions out of the price limits as of par. (1) or (3), using one and the same reason as per par. (9), shall be allowed for the period following the occurrence of the respective circumstance till the end of the first trading session, on which one or several trades are executed.

(12) (Amend. 11.03.2005) Brokers shall be forbidden to enter orders at prices, which deviate by more than + /- 50% in respect to the opening price of the trading session, regardless of the specified reason as of par. (9).

(13) (Amend. 11.03.2005) The Director of Trading shall be entitled to decide to cancel the limits as of par. (1) and/or (12) within the timeframe of one trading session in the following cases:

1. Availability of substantial facts and circumstances, which could lead to deviation of the market price by more than + /- 15% in respect to the opening price of the trading session.
2. Lack of transactions in securities of a certain issue for a long enough period and after receipt of a grounded request from an Exchange member, provided substantial facts and circumstances, which could lead to deviation of the market price by more than + /- 50% in respect to the opening price of the trading session, have occurred within that period.

(14) (Amend. 11.03.2005) The Exchange shall publish the decision as of par. (13) in the Exchange bulletin. If the decision has been taken in the course of the trading session or just before its beginning, the trading in securities of the respective issue shall be temporarily suspended for 30 minutes in compliance with Art. 64 (2).

(15) (New, 11.03.2005, Amend. 20.02.2006) The provisions of the foregoing paragraphs shall not apply till the end of the first trading session, on which one or several trades with a newly listed issue on the Official Market are executed, provided that issue has not been traded on the Unofficial Market beforehand.

### **Execution of Transactions**

**Art. 95.** (1) A transaction shall be considered executed at the moment it is registered by the System in the register of executed transactions.

(2) After the transaction has been entered into the register pursuant to par. (1), the Exchange members shall receive a confirmation whether orders entered by their brokers have been executed in full or partially.

(3) Executed transactions shall be considered final and object to settlement; and their settlement shall be postponed only in such exceptional cases as provided by these Rules and Regulation and the Annexes thereto.

## **Temporary Suspension of Execution of Transactions**

**Art. 96.** (Amend. 20.02.2006) (1) The Board shall be entitled to take a decision for temporary suspension of entry of orders and execution of transactions on the Official Market in case of one of the following events:

1. Technical problems in the trading system or in the technical equipment maintained by the Exchange as a whole, break down in the national telecommunication or technical networks, emergency situations that endanger the regular exchange trading or in case of a risk of any such situation to arise.
2. Major national or international crises (strikes, riots, martial law or natural disasters) or other events of a similar character that may endanger or make impossible the execution of the stock market transactions.

(2) The Exchange shall inform forthwith the FSC about its decisions under the foregoing paragraph.

(3) Settlement of the executed transactions may be postponed in the cases pursuant to par. (1).

(4) (New, 20.02.2006) The Executive Director of the Exchange shall be entitled to take the decision as of par. (1) for a period not longer than one working day. Par. (2) shall apply respectively.

## **Information about Prices and Volumes of the Exchange Transactions**

**Art. 97.** (1) The Exchange shall maintain a system for registration of the requisites of all orders entered into the System and the trades executed in each financial instrument.

(2) During trading sessions all brokers shall have at their disposal all the information available regarding the prices and volumes of the orders entered and transactions executed.

(3) The Exchange shall also provide information about corrected because of errors or non-conformities trades executed on the previous trading session.

## **Chapter II Clearing and Settlement of Financial Instruments Transactions**

### **Section I General Conditions**

#### **Settled Transaction**

**Art. 98.** (Amend. 27.11.2000) (1) Each transaction executed on the Exchange shall be considered settled after execution of transfer of financial instruments and correspondent payment by the parties of the transaction. These operations shall be

certified by an act of registration of the transaction, issued by the Central Depository or by another depository institution, allowed by the law.

(2) Transactions under Art. 87 (6), (7) and (8) shall be settled in compliance with the general provisions of these Rules and Regulations.

### **Range and Duration of Operations for Transaction Settlement**

**Art. 99.** (Amend. 29.05.2003) (1) Operations related to a transaction settlement shall begin immediately after the registration of the transaction on the Exchange or after the end of the trading session, depending on the method of trading, and shall end with the registration of the settled transaction.

(2) (Amend. 29.05.2003) Duration of the operations related to settlement of an exchange transaction shall be 2 (two) days following the day of its execution, whereas the day of execution of the transaction shall be marked with “T”, and the following days with “T+1” and “T+2” respectively.

(3) The Board shall be entitled to change the duration of the operations for settlement of the exchange transactions with certain types of financial instruments or for a certain stock market segments by Annex to these Rules and Regulations.

### **Members’ Obligations for Settlement of Transactions**

**Art. 100.** Each member of the Exchange shall be obligated to:

1. Settle its transactions executed for its own or for clients’ accounts in compliance with the procedures and within the time frame specified in these Rules and Regulations;

2. Open and maintain special accounts in commercial banks to arrange payments on transactions in financial instruments;

3. Open and maintain a special account in a commercial bank specified by the Exchange in order to settle payments on the member’s liabilities to the Exchange;

4. Open and maintain accounts with the Central Depository for holding and transferring of its own or clients’ dematerialised financial instruments.

### **Settlement Method**

**Art. 101.** (Amend. 05.12.2007) (1) The method of settlement of transactions executed on the Exchange shall be defined as “delivery of financial instruments vs. payment”. The transfer of financial instruments and the relevant payment shall be performed simultaneously and reciprocally.

(2) Simultaneous transfer of financial instruments vs. relevant payment shall mean that the buyer’s financial instruments account and the seller’s cash account shall be endorsed on the same day.

(3) Reciprocal transfer of financial instruments vs. relevant payment shall mean that payment without transfer of financial instruments or vice versa shall be impossible.

(4) (Amend. 05.12.2007) The method of settlement of transactions executed on the Exchange might differ from the one pursuant to par. (1) only in the cases provided for by the law and specified in Annexes to these Rules and Regulations.

### **Payments**

**Art. 102.** (Amend. 22.04.2003, 05.12.2007) Payments related to settlement of transactions executed on the Exchange, as well as payments of members' liabilities to the Exchange related to transactions in financial instruments, shall be non-cash payments, except in the cases provided for in Art. 101 (4).

(2) The Exchange members who are contractors upon transactions executed on the Exchange shall execute the payments on settlement of the respective transactions only through their special bank accounts in compliance with the Central Depository Rules and Regulations.

(3) (Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>10</sup>

### **Members' Financial Responsibility**

**Art. 103.** Every member shall be financially liable to the Exchange for the settlement of transactions, to which the member is a party, as well as to the persons, with whom the transactions have been executed.

### **Organisation of Settlement**

**Art. 104.** (1) Transfers of financial instruments and organisation of payments upon settlement of financial instruments transactions shall be carried out by the Central Depository, excluding the cases pursuant to Art. 101 (4).

(2) The Exchange and the Central Depository shall develop procedures for exchange of information related to settlement of transactions.

### **Unification of Documents**

**Art. 105.** To facilitate the stock market activity the Exchange shall develop standard forms and formats for submission of needful information by all members on hard and soft copy or electronically.

## **Section II Procedures for Transactions Settlement**

### **Trading Session Results**

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<sup>10</sup> Effective by 01.07.2008: "(3) Exceptions to the provision of par. (2) shall be only allowed for single-sided block transactions with shares when in the respective sale contract for the block transaction it has been specified that the payment shall be directly executed from the buyer to the seller without the Exchange member's mediation"

**Art. 106.** (Amend. 15.09.2006) After the end of each trading session, the Speaker or the co-ordinator of the session shall deliver to each member general information about the transactions executed on the respective day on a hard copy or respectively on a soft copy or electronically as beforehand agreed. The information shall contain:

1. Code of each transaction;
2. Codes of the orders matched in the respective transaction;
3. Codes of the parties to each transaction;
4. Code of each financial instrument;
5. Number of the market (trading) lots;
6. Unit price;
7. (New, 15.09.2006) Interest accrued from the date of the last interest payment till the date of settlement of the respective transaction (for trades in corporate or municipal bonds)
8. Total value of each transaction;
9. Total value of all transactions;
10. Weighted-average open price; low, high and weighted-average price throughout the session; percentage change of the price in respect of the last session when a transaction in the respective financial instrument has been executed.

#### **Errors and Inaccuracies**

**Art. 107.** (Amend. 20.02.2006) (1) The Board shall adopt proceedings for correction of errors and inaccuracies omitted in the course of trading session.

(2) In case of errors and inaccuracies made, brokers shall notify the Director of Trading, and by 2:30 p.m. on the day of execution of the transaction shall send the following documents:

1. Application for a transaction correction – compliant to a sample form adopted by the Board;
2. (Repealed, 20.02.2006);
3. Other documents specified by the Director of Trading.

(3) (New, 20.02.2006) Only correction of the requisite for which account the transaction has been executed shall be allowed.

(4) (New, 20.02.2006) Regardless of par. (3), transactions marked as short sales shall also be allowed for correction into ordinary ones, when with the security, subject to transaction, short sales are not allowed to execute.

**Art. 108.** (1) Exchange members shall be obligated to check whether the received information about the results from the trading session contains any errors or inaccuracies compared to their journals immediately after execution of a transaction by the System.

(2) Upon the written consent by the Director of Trading, the Speaker (Chairperson) of the session shall correct the errors and inaccuracies made during the trading session, in accordance with the procedures of Art. 107, by 3:00 p.m. on the day of the transaction execution.

**Art. 109.** (1) (Amend. 20.02.2006) Corrections of errors as per Art. 107 (3) might be applied for and executed on the day following the day of transaction execution at latest. Corrections of errors as per Art. 107 (4) might be applied for by the end of the trading session on which the transactions have been executed at latest.

(2) In the cases pursuant to par. (1), the Director of Trading shall notify the Central Depository about the correction made. The written notification shall contain:

1. Number of transaction;
2. Exchange code of the company;
3. Exchange code of the ask-broker;
4. Exchange code of the bid-broker;
5. Number of financial instruments;
6. Unit price;
7. For whose account the offer has been executed;
8. For whose account the bid has been executed;
9. Description of the correction made.

(3) The notification under the foregoing paragraph shall be considered received since a letter of confirmation has been sent by the Central Depository to the Director of Trading.

(4) A copy of the corrected report pursuant to Art. 110 (6) shall be kept with the Trading & Surveillance Department.

**Art. 109a** (New, 10.04.2007, Amend. 17.05.2007, 27.06.2007) (1) Trades, executed in result of undisputable errors of brokers made upon entry of the orders into the System, might be cancelled with a decision of the Board of Directors taken at its first attendance meeting following the receipt of the application as per par. (2).

(2) (Amend. 17.05.2007, 27.06.2007) For cancellation of trades as per par. (1), the respective Exchange member shall file to the Exchange a standard application form not later than 3:00 p.m. on the date of execution of the respective trade. The Exchange shall immediately announce the availability of the filed application to the other participants via the System and/or on its web-site. The application shall contain the following attachments:

1. Document certifying the consent of the counter party in transaction to cancel the trade;
2. Declaration that there is no order entered with parameters equal to the parameters of the order entered by mistake;
3. Explanation about the reasons and circumstances that have lead to the entry of the order with wrong parameters;
4. Unconditional consent of the Exchange member to meet in full all potential claims that could arise against the Exchange related to the cancellation of the trade;
5. (New, 17.05.2007) Standard declaration form by the applicant and by the counter party in transaction that they are aware of and accept the terms and conditions of the procedure for trade cancellation, including the possibility the respective trade not to be cancelled;

6. (New, 27.06.2007) Copy of the submitted client order, which afterwards has been entered by the broker with mistaken parameters.

(3) (Amend. 17.05.2007) The Exchange, in writing including by fax or in any other electronic way, shall notify the Exchange members, parties in the transaction, about the decision of the Board of Directors as per par. (1) not later than 4:00 p.m. on the date of its taking. The decision shall be final and shall come into force immediately.

(4) The cancellation of a trade, pursuant to a decision as of par. (3), shall lead to dropping out of the liability as per Art. 100, item 1, of the members - parties in the respective transaction.

(5) The cancellation of a trade, pursuant to a decision as of par. (3), when the trade has been concluded violating the provisions of Art. 46, 47 and 48, shall not lead to dropping out of the reason for imposing of a sanction.

### **Report on Transactions**

**Art. 110.** (Amend. 29.05.2003, 15.09.2006, 17.05.2007) (1) Having corrected errors and inaccuracies, the Speaker or the co-ordinators of the session shall submit to each member an individual report about the trades executed by him on the respective day on a hard copy or respectively on a soft copy or electronically as beforehand agreed. With the submission of the report the trading session shall be considered closed. The report shall include the following information:

1. Code of the transaction;
2. Exact time of execution of the transaction;
3. Codes of the orders matched in the respective transaction;
4. Codes of the parties to the transaction;
5. Code of the financial instrument;
6. Name of the issuer;
7. Number of the market (trading) lots;
8. Unit price;
9. (New, 15.09.2006) Interest accrued from the date of the last interest payment till the date of settlement of the respective transaction (for trades in corporate or municipal bonds)
10. Total value of the transaction;
11. Commission fee payable to the Exchange for the transaction;
12. Total value of all transactions;
13. Total commission fee payable to the Exchange for all transactions executed by the member.

(2) Reports under par. (1) and under Art. 106 shall be submitted on hard copy vs. signature.

(3) Reports under par. (1) and under Art. 106 shall be submitted on soft copy or by electronic message through technology for coding and de-coding of data adopted by the Board.

(4) Reports under par. (1) and under Art. 106 shall be submitted to the Exchange members participating in the system for remote trading in a special and unique for each

member directory. The access to the relevant directory shall be allowed only to the relevant Exchange member.

(5) Non-acceptance of the reports under par. (1) and under Art. 106 shall not exempt the members from the obligation to settle transactions.

(6) (Amend. 29.05.2003, 17.05.2007) In compliance with Instruction 19-12002 and following the procedures of the CD's Rules and Regulations, the Exchange shall send to the Central Depository a report on the gross value of the daily executed transactions, which shall serve as an order for transfer of financial instruments and payment on transactions. The trades, subject of a filed application for cancellation within the terms and procedures of Art. 109a, shall be included in the report after issuing of a decision for rejection of the request for cancellation.

(7) Discrepancy between the information submitted to the members and the information submitted to the CD shall not be allowed.

(8) (New, 15.09.2006) With respect to trades in corporate or municipal bonds, the report as of par. (6) shall contain as unit price as of par. (1), item 8, the price per market lot plus the interest accrued from the date of the last interest payment till the date of the transaction settlement in BGN or in the BGN equal value according to the exchange rate of BNB.

(9) (New, 15.09.2006) With respect to trades in corporate or municipal bonds, whose settlement date occurs after the record date (the date of determination of the bondholders, who shall have the right on the next interest payment), but before the date of the very interest payment, the report as of par. (6) shall contain as unit price as of par. (1), item 8, the price per market lot plus the interest accrued from the date of the last interest payment till the date of the transaction settlement, reduced with the total amount of the very interest payment, in BGN or in the BGN equal value according to the exchange rate of BNB

#### **Additional Data**

**Art. 111.** Members shall be obligated to submit to the Central Depository additional data required for settlement of transactions in the way, contents and terms pursuant to the requirements of the CD's Rules and Regulations.

#### **Account Balances**

**Art. 112.** (Amend. 29.05.2003) (1) On the day "T+2" members shall be obligated to maintain amounts in their cash accounts for payments on settlement of financial instruments transactions, sufficient to meet the payment on a gross basis on all transactions, executed on the day "T", where the respective Exchange member has been a buyer.

(2) (Amend. 29.05.2003) On the day "T+2" members shall be obligated to provide amounts, in compliance with the CD's Rules and Regulations and the Instruction 19-12002, in their accounts pursuant to Art. 22 (1), item 2, sufficient to meet



the transfer of financial instruments on a net basis on all transactions, executed on the day “T”, where the respective Exchange member has been a buyer.

(3) Members shall be obligated to maintain a balance in their accounts for payments on liabilities to the Exchange, sufficient to meet the payments on those liabilities specified for each trading day.

### **Transaction Settlement**

**Art. 113.** The Exchange shall receive from the Central Depository a confirmation for registration of transactions, after which it shall indicate these transactions as settled.

### **Payments on Liabilities of Members to the Exchange**

**Art. 114.** The Exchange shall specify the amount of members’ liabilities for each trading day and shall charge the members’ accounts pursuant to Art. 100, item 3.

### **Time Schedule**

**Art. 115.** All operations for settlement of transactions shall be carried out according to a timetable co-ordinated with the Central Depository.

## **Section III Payment Guarantee**

**Art. 116.** The Exchange shall create and manage a Guarantee Fund (hereinafter called “the Fund”) in order to guarantee payments on transactions executed on the Exchange. The Fund shall be created with instalments made by members, as the Board shall determine the amount of the instalments.

### **Instalments to the Fund**

**Art. 117.** (Amend. 20.02.2006, 05.12.2007) (1) Every member shall deposit an initial instalment on amount of BGN 200 (two hundred).

(2) (Amend. 20.02.2006, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>11</sup> By the 10<sup>th</sup> day of each calendar month every member shall currently deposit in the Fund the amount of 0.1% (zero point one per cent) of the average value of all transactions executed by the respective member during the previous calendar month. The single-sided transactions and the trades, which only information in pursuance with Art. 51 (2) has been disclosed about, shall be excluded from these calculations. The average value of the transactions executed shall be the value of all

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<sup>11</sup> Effective by 01.07.2008: "(2) Up to the 10<sup>th</sup> day of each calendar month every member shall currently deposit in the Fund the amount equal to 0.1% (zero point one per cent) of the average value of all transactions executed by it during the previous calendar month. Single-sided, block and REPO trades as well as transactions in terms of registration agency shall be excluded from these calculations. The average value of the transactions executed shall be the value of all transactions for the previous calendar month divided by the number of the trading sessions in that period."

transactions for the previous calendar month divided by the number of the trading sessions in that period.

(3) Within 3 (three) working days following the end of each calendar month the Exchange shall inform in writing or by electronic message every member about the amount of its current instalment to the Fund.

(4) When the amount of the Fund becomes equal or greater than 1% (one per cent) of the value of the turnover of the Exchange realised in the previous year, members shall suspend paying their current instalments as of par. (2).

(5) If the amount of the Fund reaches a level less than 1% (one per cent) of the value of the turnover of the Exchange realised in the previous year, members shall resume paying their current instalments as of par. (2).

(6) Members' instalments to the Guarantee Fund shall only be in cash (in BGN) and shall not be refundable, including the case of membership termination.

### **Management of the Fund**

**Art. 118.** (1) The Fund's resources shall be maintained and managed in a separate account in a commercial bank determined by the Board.

(2) The Board shall determine a person responsible on the management of the Fund. Main principle of maintenance and managing the Fund shall be recognition and avoidance of risk. The Guarantee Fund's resources may be invested only in bank deposits and Government Securities.

### **Fund Using**

**Art. 119.** (1) The Fund's resources shall be used to cover liabilities among members on transactions executed on the Exchange after expiration of the terms for settlement of transactions.

(2) If a liability arisen from a transaction exceeds the total amount of the Fund, all members shall make additional equal instalments to cover the liability.

(3) Partial settlement of a liability on a transaction shall not be allowed.

**Art. 120.** (1) The Fund's resources shall be used only in case that the delay of payment of a transaction executed on the Exchange has been more than 10 (ten) days and by decision of the Board.

(2) In case of arising of liabilities on more than one transaction they shall be repaid in order of arising.

**Art. 121.** The repayment of a member's liabilities by the Fund shall be a reason for final termination of his membership with the Exchange.

**Art. 122.** (Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>12</sup> The Fund shall not guarantee trades in financial instruments admitted to trading, which have been executed out of the Exchange, no matter if information about them has been disclosed in pursuance with Art. 52 (2) or not.

**Art. 123.** If the amount of the Fund remaining after the repayment of a liability has fallen under 1% (one per cent) of the value of the turnover of the Exchange realised in the previous year, the Exchange shall inform its members to resume paying the instalments pursuant to Art. 117 (2).

#### **Section IV**

##### **Non-conformity of Members. Systematic Non-conformity**

**Art. 124.** (1) The Exchange shall follow for systematic non-conformity of the members each working day.

(2) In case of non-conformities pursuant to Art. 125 (1), items 2, 3 and 4, as well as in case of systematic non-conformity of members, the Board shall impose sanctions.

**Art. 125.** (Amend. 18.03.2003, 10.04.2007, 27.06.2007) (1) Non-conformity within the meaning of this section shall be apparent:

1. Upon bilateral or unilateral application for correction of errors and non-conformities under the procedures of Art. 107;
2. Upon failure of submission or submission of false or insufficient information and upon delay to submit the additional data under Art. 111, which has caused delay in the transaction settlement;
3. Upon not sufficient balance in the bank accounts and financial instruments accounts as well as upon any action or lack of action related to payment or transfer of financial instruments, which has caused delay in the transaction settlement;
4. Upon delay of payment of liabilities to the Exchange and of deposit instalments into the Guarantee Fund;
5. (New 18.03.2003) Upon delay in transactions settlement, for which an Exchange member or its client is to blame;
6. (New 10.04.2007, Amend. 27.06.2007) Upon application for cancellation of a trade in pursuance with Art. 109a.

#### **Part IV**

### **Terms and Procedures for Imposing Sanctions on Exchange Members and Brokers. Types of Sanctions. Exchange Arbitration**

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<sup>12</sup> Effective by 01.07.2008: "**Art. 122.** The Fund shall not guarantee block transactions and shall not repay liabilities on such transactions."

# **Chapter I**

## **Terms and Procedures for Imposing Sanctions on Exchange Members and Brokers**

### **Violations**

**Art. 126.** (Amend. 18.03.2003, 11.03.2005, 20.02.2006, 26.04.2006, 10.04.2007, 05.12.2007) The Board shall be entitled to impose sanctions on an Exchange member or on a participant in the market in the following cases:

1. (Amend. 11.03.2005, 26.04.2006, 05.12.2007) Violations against the provisions of the POSA, MFIA, MMAFIA and/or the statutory instruments regulating their implementation stated within the terms of Art. 222 of the POSA, Art. 128 of the MFIA or Art. 41 of the MMAFIA;
2. (Amend. 11.03.2005, Repealed, 20.02.2006);
3. Failure to perform a duty, arising from the membership agreement;
4. (Amend. 26.04.2006) Violation of the provisions of these Rules and Regulations and the Annexes thereto as well as upon failure to abide by the orders and decisions issued by the Board with reference to the exercise of its powers;
5. (Amend. 26.04.2006) Making a substantial misleading or false statement to the Exchange, related to an Exchange member, broker, issuer or issue of financial instruments or to the Exchange itself;
6. (Repealed, 20.02.2006, New, 26.04.2006) Fraud, related to financial instruments listed on the Exchange, committed by a broker and so stated within the lawful terms and procedures;
7. (Amend. 11.03.2005) Performing such actions that violate principles of conscientiousness, justice, equal treatment, fair competition and trade customs in exchange trading; or cause damage in any other way to the Exchange, the Exchange Members or to the issuers of financial instruments registered for trading on any Exchange market;
8. Actions to infringe the rights of the Exchange or constitute an obstacle for the Exchange to perform a duty;
9. Filing an application with false content or failure to disclose a fact in the application for membership (registration of a broker), or submission of a financial statement, report or any other document containing false data to the Exchange;
10. (Amend. 11.03.2005, Repealed 20.02.2006);
11. (Amend. 10.04.2007) Non-conformity as per Art.125 (1), items 2, 3 and 6;
12. Systematic non-conformity.

### **Proceedings for Imposing Sanctions**

**Art. 127** (Amend. 11.03.2005) (1) In compliance with the procedures of these Rules and Regulations, whenever a violation as of Art. 126 has been committed and reported by the Director of Surveillance, the Board shall consider all reasons and circumstances lead to the respective violation and having considered the case it shall impose one or more sanctions.

(2) (New, 11.03.2005) If anyone of the members of the Board of Directors appears to be interested party in regard of a sanction as of par. (1), he shall not participate in the voting of the respective sanction.

(3) (New, 11.03.2005) Interested parties as of the foregoing paragraph shall be:

1. Members of the management and supervisory bodies of the respective exchange member, procurators and employees, including brokers;
2. Persons, who held directly or indirectly not less than 25% of the votes of the General Meeting of the respective exchange member or control it;
3. Members of the management and supervisory bodies, procurators and employees, including brokers, of the counter party in a transaction or an intermediary of the respective exchange member;
4. Persons, who held directly or indirectly not less than 25% of the votes of the General Meeting of the counter party in a transaction or an intermediary of the respective exchange member or who have control;
5. Other persons, who directly or indirectly benefit from the imposing or not imposing of the respective sanction.

(4) The decision as of par. (1) shall be announced to the person within 3 (three) days following its taking and shall be published in the Exchange Bulletin.

(5) (Amend. 11.03.2005) The Board's decision shall come into force within 7 (seven) days following its receipt by the exchange member and shall be final except in the cases as of par. (6).

(6) (Amend. 11.03.2005) Within 7 (seven) days following the receipt of the notification for the decision of the Board, the party concerned shall be entitled to file a written objection against the sanction imposed.

(7) In the cases pursuant to the foregoing paragraph, the exchange member (the broker respectively) shall be allowed to review and make copies of the documents or of the electronic files owned by the Exchange, which have grounded the decision for imposing the sanction, excluding the statements or any other files internal for the Exchange and created by it to detect the respective violation.

(8) (Amend. 11.03.2005) All relevant documents and data to support the objections shall be enclosed to the objection as of par. (6).

(9) (Amend. 11.03.2005) The Board shall take a decision in regard of the objections at its first attendance meeting following the objection filing.

(10) (Amend. 11.03.2005) An authorised representative of the party concerned shall have the right to attend the Board's meeting, at which the objections will be considered.

(11) (Amend. 11.03.2005) The right pursuant to par. (10) shall be exercised only if it has been requested for at the moment of filing of the objection as of par. (6).

(12) (Amend. 11.03.2005) In the cases pursuant to par. (10) the Exchange shall inform the party concerned in writing about the relevant Board's meeting at least three days prior to the scheduled date and time.

(13) (New, 11.03.2005) With the decision as of par. (9) the Board shall be entitled to confirm or decrease the sanction imposed. Par. (4) shall apply respectively.

(14) (New, 11.03.2005) The Board's decision as of par. (9) shall be final and shall immediately come into force. The decision shall be published in the Exchange Bulletin.

### **Fast Proceedings**

**Art. 128** (Amend. 18.03.2003, 11.03.2005, 26.04.2006) (1) The Exchange shall be entitled to impose sanctions on members and brokers through the fast proceeding method in case of:

1. (Amend. 11.03.2005, Repealed, 26.04.2006);
2. (Amend. 11.03.2005) Systematic non-conformity;
3. The provisions of Art. 94 have been violated.

(2) The Board, the Commission respectively, shall authorise at their meetings the Executive Director to impose sanctions pursuant to par. (1).

(3) When imposing sanctions through the fast proceedings method, the provisions of Art. 127, paragraphs (2) through (12) shall apply respectively.

## **Chapter II Sanctions**

### **Types and Amount of Sanctions**

**Art. 129.** (Amend. 18.03.2003, 11.03.2005, 20.02.2006, 26.04.2006, 05.06.2006, 11.08.2006, 01.03.2007, 10.04.2007, 17.05.2007, 27.06.2007, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008) (1) After consultation with the Commission and following the procedures of the foregoing Chapter, the Board shall be entitled to oblige the respective person to undertake certain measures needful for correcting the committed violations as well as to impose one or more of the following sanctions:

1. Warning;
2. (Repealed, 20.02.2006);
3. Temporary suspension or final termination of a broker from exchange trading;
4. Temporary suspension or final termination of an Exchange member from exchange trading;
5. Fine.

(2) (Amend. 18.03.2003, 11.03.2005) Through the method of fast proceedings one or more of the following sanctions shall be imposed:

1. Warning;
2. Temporary suspension of a broker from exchange trading for not more than 3 (three) days or till the first meeting of the Board, at which the Board shall be obliged to pronounce as of par. (1);

3. Temporary suspension of an Exchange member from exchange trading for not more than 3 (three) days or till the first meeting of the Board, at which the Board shall be obliged to pronounce as of par. (1).

(3) (Repealed 18.03.2003, New, 26.04.2006) In the cases when the FSC imposes an administrative measure of compulsion pursuant to Art. 212 (1), item 4 or 9 of the POSA, the Exchange shall set the administrative measure of compulsion into implementation. The decision of the Board for setting the administrative measure of compulsion of the FSC into implementation shall be taken at its first meeting following the receipt of the FSC's decision (respectively of the notification) for the imposed administrative measure of compulsion.

(4) (Amend. 11.03.2005, 05.06.2006, 11.08.2006, 01.03.2007, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008) In case of violation of:

1. Art. 25 (3), Art. 39 (2), Art. 41, Art. 42, Art. 43 (1), Art. 107 (2), Art. 9 (2) of Annex 2, Art. 5 of Annex 8, Art. 6, Art. 5, item 2 of Annex 9, Art. 3 (3) of Annex 10, Art. 8 (6), item 2 of Annex 10, Art. 5 (6), item 2 of Annex 11 to these Rules and Regulations, a "fine" sanction on amount from BGN 100 to BGN 200 shall be imposed;
2. Art. 23, Art. 25 (2), Art. 36, Art. 37, Art. 38 (1), Art. 84, Art. 117 (1) and (2), Art. 8 (8), item 2 of Annex 2, Art. 4 (7), item 2 of Annex 8, Art. 4 (3) of Annex 12, Art. 5 (6) of Annex 12 to these Rules and Regulations, a "fine" sanction on amount from BGN 200 to BGN 500 shall be imposed;
3. Art. 25 (1) and (4), Art. 33 (1) and (2) and (5), Art. 38 (2), Art. 40, Art. 100, item 1, Art. 112, Art. 119 (2), Art. 1 (3) and (4) of Annex 1, Art. 3 (2) of Annex 11 to these Rules and Regulations, a "fine" sanction on amount from BGN 500 to BGN 1,000 shall be imposed;
4. (Amend. 11.08.2006, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>13</sup> Art. 33a, Art. 34, items 1, 3, 5, 8, 10 and 11, Art. 35 (1), Art. 44 (1) and (2), Art. 45, Art. 49, Art. 94 (5) and (12), Art. 149 (2), Art. 161 (1), item 3, Art. 1 (5) and (8) of Annex 1, Art. 6 (3) of Annex 6, Art. 7 (2) and (3) of Annex 6, Art. 4 (2), item 7 of Annex 7, Art. 5 (2) and (3) of Annex 12, Art. 6 (1) and (2) of Annex 12, Art. 7 of Annex 12, Art. 9 of Annex 12, Art. 10 of Annex 12 to these Rules and Regulations, a "fine" sanction on amount from BGN 1,000 to BGN 10,000 shall be imposed;
5. (Amend. 01.03.2007) Art. 34, item 12, Art. 46, Art. 46a, Art. 47, Art. 48, Art. 79 (4) and (8), Art. 89, Art. 135 (2), Art. 7 (3) of Annex 8, Art. 9 (3) of Annex 9, Art. 6 (3) and (8) of Annex 11, Art. 8 of Annex 12 to these Rules and Regulations, a "fine" sanction on amount from BGN 5,000 to BGN 50,000 and/or the sanction "temporary suspension for a period from 1 to 3 months" on the respective person shall be imposed;

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<sup>13</sup> Effective by 01.07.2008: "4. (Amend. 11.08.2006) Art. 33a, Art. 34, items 1, 3, 5, 8, 10 and 11, Art. 35 (1), Art. 44 (1) and (2), Art. 45, Art. 49, Art. 94 (5) and (12), Art. 149 (2), Art. 161 (1), items 1 and 3, Art. 1 (5) and (8) of Annex 1, Art. 6 (3) of Annex 6, Art. 7 (2) and (3) of Annex 6, Art. 4 (2), item 7 of Annex 7, Art. 5 (2) and (3) of Annex 12, Art. 6 (1) and (2) of Annex 12, Art. 7 of Annex 12, Art. 9 of Annex 12, Art. 10 of Annex 12 to these Rules and Regulations, a "fine" sanction on amount from BGN 1,000 to BGN 10,000 shall be imposed."

6. Art. 126, items 1, 3, third proposal of 4, 5, 6, 7, 8, 9 of these Rules and Regulations, a “fine” sanction on amount from BGN 1,000 to BGN 50,000 and/or the sanction “temporary suspension for a period from 1 to 6 months” on the respective person shall be imposed.

(5) (New, 11.03.2005, Amend. 05.06.2006, 10.04.2007, 17.05.2007, 27.06.2007)

1. (Amend. 10.04.2007) In case of a stated non-conformity as of Art. 125 (1), items 1-5, or systematic non-compliance as of §2, item 16 of the Supplementary Provisions, a “fine” sanction on amount from BGN 100 to BGN 500 shall be imposed;

2. (New, 10.04.2007, Amend. 17.05.2007, 27.06.2007) In case of a stated non-conformity as of Art. 125 (1), item 6, simultaneously with the Board's decision as per Art. 109a, by virtue of which the filed application has been considered favourably, a “fine” sanction on amount of BGN 10,000 shall be imposed.

(6) (New, 11.03.2005, Amend. 05.06.2006) In all cases of violation of these Rules and Regulations out of the range of the violations pursuant to par. (4) or (5), a “warning” or “fine” sanction on amount of BGN 100 shall be imposed

(7) (New, 11.03.2005, Repealed 05.06.2006)

(8) (New, 11.03.2005, Amend. 26.04.2006, 05.06.2006) In case of committed by an Exchange member and/or its broker more than 3 different violations of provisions of these Rules and Regulations as of par. (4), stated upon execution of one examination pursuant to Art. 79, the Board shall have its reasons to impose the sanction “final termination from Exchange trading” on the Exchange member or on the respective broker.

(9) (New, 11.03.2005, Amend. 05.06.2006) If a subsequent violation of a provision of these Rules and Regulations as of par. (4) has been stated within a year following the sanction imposed by the Board for violating the same provision, the Board shall impose a “fine” sanction, which shall be at least twice higher than the first one but not more than BGN 50,000 (fifty thousand), and/or the sanction “temporary suspension from Exchange trading for a period from 3 to 6 months” on the respective person.

(10) (New, 11.03.2005, Amend. 05.06.2006) If a violation pursuant to Art. 126 has been stated and within one-year period before its stating two or more sanctions have been enforced on the respective person within the procedures of these Rules and Regulations, the Board shall take a decision for final termination from Exchange trading. For the purpose of this paragraph, the “warning” sanctions shall be disregarded.

(11) (New, 11.03.2005) Provided, on the grounds of Art. 126, item 1, the Board has imposed the sanction “temporary suspension of a Member from Exchange trading”, the term of the sanction shall be till accomplishment of the administrative-penal proceedings through an enforced decision upon each violation stated.



(12) (New, 11.03.2005, Amend. 05.06.2006) The final termination of a Member from Exchange trading shall lead to termination of its Membership Agreement with the Exchange.

### **Chapter III Exchange Arbitration**

**Art. 130** (1) Claims against Exchange members related to the execution of stock market transactions shall be presented before the Exchange Arbitration Court.

(2) Arguing parties shall be entitled to file a complaint to a person authorised by the Board to be responsible on claims who shall co-operate for reaching an acceptable agreement between the parties.

(3) In case such an agreement cannot be reached, the matter shall be presented before the Exchange Arbitration Court and shall be considered pursuant to the terms and procedures of its Rules and Regulations.

(4) The Arbitration Court shall also be entitled to consider disputes different from those pursuant to par. (1) but provided for in its Rules and Regulations.

**Art. 131.** (Amend. 05.12.2007) Chairman of the Arbitration Court and his deputies shall be elected by the General Meeting of Shareholders of the Exchange for a 3-year mandate.

### **Part V Content, Terms and Procedures for Dissemination of Information by the Exchange**

**Art. 132.** (1) The Exchange shall issue an Exchange Bulletin after closing the session on the respective working day and within the technological time frame necessary for data processing.

(2) The Bulletin shall contain the following information:

1. Market information of the closed trading session, which shall comprise the following data about the issues of financial instruments:
  - Information about date and amount of the dividend distributed for the previous year – only for the Market of Equities;
  - Information about date and amount of a current payment of interest or principal - only for the Market of Bonds;
  - Open price (last close price) and the corresponding date;
  - Number of the traded market lots;
  - Information about the market lot of each type of financial instruments;
  - High, low, last and close (weighted average) prices, the percentage of change, as well as the best bids and offers for the trading session.

2. Information about any newly accepted members or brokers, terminated membership or brokers' licenses cancelled, as well as information about sanctions imposed on members or brokers within the terms and procedures of these Rules and Regulations;
3. Information about newly listed issues of financial instruments, as well as the relevant decisions for their suspension or termination from trading within the terms and procedures of these Rules and Regulations;
4. Information about the price index of the traded financial instruments;
5. Any other information within the respective terms and volume, which the Exchange is obligated to publish under these Rules and Regulations, the POSA and the statutory instruments regulating its implementation.

**Art. 133.** The Bulletin pursuant to Art. 132 (1) shall be public, freely accessible for all persons and shall be distributed at a price, defined in the Tariff pursuant to Art. 135 (1). The electronic access to the Bulletin shall be free of charge for Exchange members.

**Art. 134.** The Exchange may attach to the Bulletin an unofficial section where all kind of messages, articles, reports, statistical information and excerpts from the press having relevance to the stock market trade or the people engaged in it, could be published.

**Art. 135.** (1) The Board shall adopt a special Tariff of the fees collected by the Exchange for information services, which shall be exposed in a public and prominent place at the Exchange premises.

(2) The right on dissemination of information generated from the exchange trading shall be entitled only to people who have signed a contract with the Exchange for this special purpose.

## **Part VI**

### **Tariff of Fees for Services Provided on the Official Market**

(Amend. 06.12.2001, 22.01.2002, 05.02.2002, 08.11.2005, 20.02.2006)

#### **Fees for Services**

**Art. 136.** (Amend. 22.01.2002, 05.02.2002, 18.03.2003, 01.11.2004, 08.11.2005, 20.02.2006, 19.10.2006, 05.12.2006, 05.12.2007) (1) The following fees shall be paid to the Exchange:

1. (Repealed, 20.02.2006);
2. (Amend. 20.02.2006, 19.10.2006) Associated membership fee – BGN 5,000 (five thousand) per annum;
3. (Amend. 20.02.2006) Fee for maintenance of 1 (one) remote trading terminal – BGN 25 (twenty five) per calendar month;
4. (Amend. 20.02.2006, 05.12.2007) Transaction fees – shall be paid to the Exchange by both parties of the transaction and shall be defined as a percentage of the total value of the transaction as follows:
  - a) (Amend. 05.02.2002) For transactions in shares and depository receipts on shares:

- For transactions on amount up to BGN 25 million including – 0.1% - by each party of the transaction;
  - For transactions on amount over BGN 25 million but less than BGN 75 million including – BGN 25,000 plus 0.05% of the surplus over BGN 25 million - by each party of the transaction;
  - For transactions on amount over BGN 75 million – BGN 50,000 plus 0.01% of the surplus over BGN 75 million - by each party of the transaction;
    - b) For transactions in government securities - 0.005 %;
    - c) For transactions with corporate or municipal bonds and depository receipts on bonds - 0.01 %;
    - d) For transactions in other financial instruments - 0.03 %;
    - e) (New, 01.11.2004, Amend. 20.02.2006, 05.12.2006, Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>14</sup>;
    - f) (New, 05.12.2006, Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>15</sup>.
5. (Amend. 22.01.2002, 20.02.2006, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>16</sup> The fee for transactions executed on the Exchange through a tender offer for redemption of shares or through redemption of shares by their issuer shall be 0.02% of the total value of the transaction and shall be due only by the buying exchange member.
6. (Amend. 20.02.2006) Fees on listing of financial instruments:
- a) For issues of shares - **0.05%** of the issuing (nominal) value or the market value of the issue (the number of shares multiplied by the price of launching of the issue for trading), depending on which is higher but not more than BGN 20,000 (twenty thousand);
  - b) For issues of corporate or municipal bonds - **0.01%** of the nominal value of the issue but not more than BGN 20,000 (twenty thousand);
7. (Amend. 20.02.2006, 15.09.2006) Annual fee for maintenance of listing of financial instruments:
- a) (Amend. 15.09.2006) For issues of shares - **0.005%** of the market value of the issue (the number of shares multiplied by the open price on the respective day) but not more than BGN 2,000 (two thousand);
  - b) (Amend. 15.09.2006) For issues of corporate or municipal bonds - **0.001%** of the market value of the issue (the number of bonds multiplied by the open price on the respective day) but not more than BGN 2,000 (two thousand);
8. (Amend. 20.02.2006) Upon listing of a new issue of financial instruments, the issuer shall pay the fee on listing of the issue as well as the annual fee for maintenance of the listing.
9. (Amend. 20.02.2006) For each increase in the amount of a listed issue, the issuer shall pay the fee on listing and the annual fee for maintenance of the listing, calculated on the base of the value of the relevant increase in compliance with items 6 and 7;

<sup>14</sup> Effective by 01.07.2008: "e) (New, 01.11.2004, Amend. 20.02.2006, 05.12.2006) REPO transactions – 0.01 %;"

<sup>15</sup> Effective by 01.07.2008: "f) (New, 05.12.2006) In the cases pursuant to Art. 1 (7) of Annex 1, the highest fee due for a REPO transaction shall not exceed BGN 10,000."

<sup>16</sup> Effective by 01.07.2008: "5. (Amend. 22.01.2002, 20.02.2006) The fee for transactions executed through a tender offer for redemption of shares or through redemption of shares by their issuer shall be 0.02% of the total value of the transaction and shall be due only by the exchange member who is a buyer."

10. For financial instruments on the “Government Securities” segment of the Bond Market, IPO Market and Privatisation Market, no fee for listing nor annual fee for maintenance of the listing shall be paid;

11. (Repealed, 20.02.2006);

12. (Amend. 20.02.2006) The fees for information provided by the Exchange shall be defined in the Tariff pursuant to Art. 135 (1);

13. (New 18.03.2003, Amend. 20.02.2006) In case of delay in transaction settlement for which an Exchange member or its client or its contractor is to blame, the member shall owe to the Exchange a fee amounting to 0.1% of the value of each delayed transaction for each day of delay for the respective trade, but not less than BGN 5 (five) and not more than BGN 500 (five hundred) for each day of delay.

14. (New, 05.12.2007 to become effective since 01.07.2008) Fee for disclosure of information about trades executed out of a regulated market in financial instruments admitted to trading – BGN 7.00 (seven) per trade by each party.

(2) (New, 08.11.2005) The fees for services as of par. (1) do not include VAT, excluding these as of par. (1), item 4 “a”.

### **Non-Fulfilment of Obligations for Payment of Fees**

**Art. 137.** (Amend. 20.02.2006) (1) In case of delay in payment of fees, the payer shall be charged of interest on delay.

(2) (Amend. 20.02.2006) Non-fulfilment of obligations for payment of fees shall be a reason for imposing sanctions on members and for temporary suspension or final termination of financial instruments issues from trading, as well as a reason for termination of the access to the information disseminated by the Exchange.

### **Reimbursement of Paid Fees**

**Art. 138.** (Amend. 20.02.2006) Fee already paid shall be reimbursed completely or just in its non-due part only if there has been no obligation for its payment.

## **Part VII**

### **Rules for Organisation of Unofficial Market by the Exchange**

(Amend. 06.12.2001, 22.01.2002, 05.02.2002, 18.03.2003)

#### **Chapter I**

#### **General Conditions**

##### **Principles of Unofficial Market**

**Art. 139.** (1) On the Unofficial Market shall be traded financial instruments, which comply with the requirements of Art. 153 as well as:

- Their listing on the Official Market of the Exchange has not been requested or has been rejected; or
- Their listing on the Official Market of the Exchange has been terminated.

(2) Only investment intermediaries, entitled to trade on the Unofficial Market, shall execute transactions on the Unofficial Market.

(3) Transactions on the Unofficial Market shall be executed through a single system for remote trading (the System) in compliance with the provisions of Chapter II of this Part.

(4) The System ensures:

1. Equal access to the market information and equal conditions for participation in trading to all investment intermediaries;
2. Automated execution of financial instruments transactions;
3. Irrevocability of the transactions executed through the System;
4. Electronic connection to the clearing and settlement systems;
5. Immediate reporting of financial instruments transactions;
6. Immediate disclosure of orders and quotations entered or financial instruments transactions executed through the System;
7. Efficient control and analysis of the transactions executed and the orders & quotations entered into the System;
8. Trading opportunities for all investment intermediaries and possibilities for technical maintenance & improvement;
9. Contemporary protection of the data and of the access to the System;
10. Observance of any other legal provisions.

(5) Tender offer for redemption of shares of issues, registered on the Unofficial Market, may be executed in compliance with these Rules and Regulations.

## **Chapter II**

### **Rules for Trading on the Unofficial Market**

#### **Section I**

#### **Requirements to Investment Intermediaries on Transaction Execution on Unofficial Market**

**Art. 140.** (Amend. 20.02.2006, 26.04.2006, 09.02.2007, 05.12.2007) (1) Participants in trading on the Unofficial Market shall only be the persons as per Art. 18 (2) and (4).

(2) As participants in the trading on the Unofficial Market shall be admitted investment intermediaries compliant with the following requirements:

1. To be members of the CD or to have an agreement with a CD member;
2. To have an effective employment or service agreement with at least one broker.
3. To possess technical equipment and software, internal organisation and qualified personnel efficient to execute transactions on the Unofficial Market.

(3) (Amend. 09.02.2007, 05.12.2007) A foreign person from a Member State shall be admitted to trade on the Unofficial Market if compliant with the requirements of the foregoing paragraph, the MFIA, the Investment Promotion Act and all other

enactment regulating its activity in the Republic of Bulgaria as well as with the requirements of these Rules and Regulations.

(4) (Repealed, 26.04.2006).

(5) Admission to trading on the Unofficial Market shall be granted only after fulfilment of the terms and procedures as per Section II of this Part and payment of the first monthly fee per trading participant as per Section IX of this Part.

(6) Natural persons entitled to transact directly on the Unofficial Market on behalf of the participants on the Unofficial Market shall be brokers admitted to trading in compliance with the procedures of this Part.

(7) Exchange Members shall also be participants on the Unofficial Market. The provisions of this Section and of Section II of Chapter II of this Part shall not be applied to them.

**Art. 141.** The requirements related to the technical equipment and software, the internal organisation and the qualification of the personnel, which the investment intermediaries - participants in trading on the Unofficial Market have to meet, shall be defined by rules adopted by the Board of Directors.

## **Section II**

### **Conditions, Procedures and Terms for Registration of Investment Intermediaries as Participants on the Unofficial Market**

**Art. 142.** (Amend. 09.02.2007) For admission of participants to trading on the Unofficial Market the provisions of Art. 20, except for item 11 of par. (2) and item 7 of par. (3), shall apply.

**Art. 143.** The decision for registration of a participant on the Unofficial Market shall be taken in conformity with the procedures of Art. 21.

**Art. 144.** An applicant shall be considered registered as a participant in trading on the Unofficial Market after signing and enforcement of an agreement with the Exchange. Art. 22 shall apply respectively.

**Art. 145.** The Exchange shall keep a current register of the investment intermediaries - participants on the Unofficial Market in compliance with Art. 24.

**Art. 146.** For admission of brokers to the trading on the Unofficial Market, Art. 28 and 29, except for paragraphs (8) and (9) of Art. 29, shall apply respectively.

**Art. 147.** The Exchange shall keep a current register of brokers of the investment intermediaries - participants on the Unofficial Market in compliance with Art. 30.

**Section III**  
**Conditions, Procedures and Terms for a Temporary Suspension or Final Termination of Investment Intermediaries from Participation in Trading on the Unofficial Market**

**Temporary Suspension of an Investment Intermediary from Participation in Trading on the Unofficial Market**

**Art. 148.** (Amend. 26.04.2006, 05.06.2006) (1) The Board shall be entitled to suspend temporarily a participant from trading on the Unofficial Market in the cases and within the terms and procedures of Part IV, Chapters I and II of these Rules and Regulations respectively.

(2) (Repealed, 26.04.2006).

(3) (Repealed, 26.04.2006).

(4) (Repealed, 26.04.2006).

(5) (Repealed, 26.04.2006).

**Termination of a Participant's Registration on the Unofficial Market**

**Art. 149.** (Amend. 20.02.2006, 26.04.2006, 09.02.2007) (1) A participant's registration on the Unofficial Market shall be terminated:

1. If the participant does not comply with the provisions of this Part of these Rules and Regulations any more;

2. (Amend. 20.02.2006, 09.02.2007) Upon revocation of the license for performance of investment services and activities by the FSC, of the license by BNB or by the Competent Authority in the Member State where the broker has been licensed;

3. Upon false information submission or hiding facts in connection with the filed application for participation in the Unofficial Market, which has served as a reason for its registration;

4. (Amend. 20.02.2006, Repealed, 26.04.2006);

5. (Amend. 20.02.2006, Repealed, 26.04.2006);

6. Upon covering of liabilities of a participant at the expense of the Unofficial Market Guarantee Fund;

7. Upon a written request by a participant for termination of its agreement with the Exchange if filed three months in advance.

8. Upon systematic violation of these Rules and Regulation.

(2) No participant shall be allowed to terminate its registration pursuant to par. (1), item 7, without fulfilling its liabilities to the other participants and to the Exchange.

(3) Registration termination shall not entail repayment of the liabilities to the other participants or to the Exchange.

(4) If a participant on the Unofficial Market does not fulfil its liabilities to the Exchange and to the other participants, the liabilities shall be covered at the expense of

the Guarantee Fund of the Unofficial Market. Receivables of other participants shall have priority over receivables of the Exchange.

(5) The participant on the Unofficial Market shall be informed within 3 (three) days about the taken decision.

### **Procedures for Temporary Suspension or Final Termination of Broker from Trading**

**Art. 150.** (1) If a broker violates the provisions of this Part and/or the statements under Art. 5 (3), item 12 and par. (4), as well as in case of systematic non-conformity, the Board shall be entitled to take a decision for a temporary suspension or final termination of the broker from trading.

(2) A broker's access to trading shall be terminated without a decision of the Board in the following cases:

1. Upon termination of his employment or service agreement with the respective investment intermediary – participant on the Unofficial Market;
2. Upon validity expiry of his power of attorney for execution of financial instruments transactions or upon withdrawal of his power of attorney by the respective investment intermediary – participant on the Unofficial Market;
3. Upon revocation of the broker's license for conducting financial instruments transactions by the FSC.

(3) The Exchange shall publish in its Bulletin the decisions and the circumstances under the foregoing paragraphs.

**Art. 151.** The provisions pursuant to Art. 32 up to Art. 50 shall apply respectively to all participants on the Unofficial Market, their brokers and employees.

## **Section IV Procedures and Requirements for Trading through the System. Clearing and Settlement**

### **Terms and Procedures for Listing of Financial Instruments on Unofficial Market**

**Art. 152.** (Amend. 20.02.2006, 26.04.2006) (1) In respect to transactions on the Unofficial Market, Art. 51, paragraphs (1) and (2) shall apply.

(2) Issuer of financial instruments or an authorised by such an issuer investment intermediary, participant in the trading on the Unofficial Market, shall apply for listing on the Unofficial Market with the total amount of the issue of financial instruments.

(3) Issuer of financial instruments or an authorised by such an issuer investment intermediary, participant in the trading on the Unofficial Market, shall apply for listing on the Unofficial Market with each new issue of financial instruments as if it were the initial one.



(4) To register increase in the amount of an issue already listed on the Unofficial Market, the issuer or an authorised by the issuer investment intermediary, participant in the trading on the Unofficial Market, shall sign an Annex to the listing agreement with the Exchange.

(5) (Amend. 20.02.2006) Listing of financial instruments issued by foreign entities on the Unofficial Market shall be carried out only if the provisions of Chapter X of the POSA have been abided by.

**Art. 153.** (Amend. 20.02.2006, 26.04.2006, 15.09.2006, 24.10.2006) (1) Eligible for listing and trading on the Unofficial Market shall only be issues compliant with the following requirements:

1. To be dematerialised or duly taken out of circulation and registered at the Central Depository, or at any other depository institution, entitled by the law;
2. Their transfer is neither conditional, nor limited;
3. (Repealed, 20.02.2006);
4. (Amend. 20.02.2006) The issuer is not in the process of transformation;
5. (Amend. 20.02.2006) To comply with all provisions of the POSA regarding public offering of financial instruments and their trading on the Unofficial Market;
6. (Repealed, 20.02.2006).

(2) (Amend. 15.09.2006, 24.10.2006) Besides the requirements as of par. (1), debt securities issues shall meet the following additional conditions:

1. To entitle full rights for obtaining interests due;
2. To be payable on maturity;
3. (New, 15.09.2006) Accrued interest to be defined or definable on a daily basis;
4. (New, 15.09.2006, Amend. 24.10.2006) Interest payments and amortisation payments on the principal, if such provided, to be made on preliminarily fixed dates. If any of these dates occurs to be non-working day for the Central Depository, the respective payment shall be made on the following working one;
5. (New, 15.09.2006) Not to provide conditions on the payment of the interest nor of the principal due;
6. (New, 15.09.2006) Interest payments to be made once, twice, three, four, six or twelve times per annum;
7. (New, 15.09.2006) Number of months between two interest payments to be the same for the whole term of the debenture loan;
8. (New, 15.09.2006) To be denominated in Bulgarian levs (BGN) or in foreign currency, for which BNB announces an exchange rate every working day.

(3) (New, 20.02.2006, Amend. 26.04.2006) Issues of financial instruments within the meaning of the POSA, not specified above, shall meet the requirements listed below in addition to the ones pursuant to paragraphs (1) and (2), except for the cases defined within Annexes to these Rules and Regulations:

1. To entitle equal rights to their holders;
2. The issuer of financial instruments, an authorised investment intermediary or the Management Company shall be obligated to pay the fees due to the Exchange;

3. The issuer of financial instruments, an authorised investment intermediary or the Management Company shall be obligated to disclose information about the issue;
4. The issuer of financial instruments, an authorised investment intermediary or the Management Company shall submit the respective documents needful for listing.

**Art. 154.** (Amend. 20.02.2006, 26.04.2006, 19.05.2006, 05.12.2007) (1) For listing of financial instruments on Unofficial Market, the issuer or an authorised by the issuer investment intermediary - participant in trading on the Unofficial Market, or a third person, who wishes the financial instruments to be admitted to trading, shall submit a standard application form with the following attachments:

1. (Amend. 20.02.2006, 26.04.2006, 05.12.2007) Out of the cases as per Art. 79 (4) of the POSA, endorsed by the FSC or by the respective competent authority in the sending Member State prospectus for public offering and admission to trading on a regulated market (on hard and soft copies), as well as certified by the applicant copies of the documents, evidencing the fulfilment of the obligation as per Art 78 (1) of the POSA, of the decision for endorsement of the prospectus and of the announcement for the public offering of the financial instruments;

2. (Amend. 20.02.2006, 19.05.2006) Certified copy of the FSC's decision for effective entry into the registers as of Art. 30 (1), item 3 and/or 4 of the FSCA, unless it is a part of the decision as of item 1;

3. (Amend. 20.02.2006, 26.04.2006) Document issued by the Central Depository certifying that the issue has been registered there;

4. (Amend. 20.02.2006) Certified or signed with an universal electronic signature financial statement for the last quarter preceding the date of the application for listing (if the financial statement is a hard copy, a soft copy of it shall be presented in addition);

5. (Amend. 20.02.2006) Document certifying the ISIN code of the issue;

6. (New, 20.02.2006) Declaration about listing of financial instruments of the issuer on another regulated market, if any;

7. (New, 20.02.2006) Document certifying the payment of the listing fee as of the Tariff of fees for services provided on the Unofficial Market;

8. (New, 20.02.2006, Amend. 05.12.2007) Document certifying the number of the issuer as of the NACE classification, respectively a document certifying the industry (sector) definition of the issuer in the respective sending Member State.

9. (New, 05.12.2007) In the cases as per Art. 79 (4) of the POSA, certified copy of the documents as of Art. 79 (4), items 3-6, as well as of the announcement for the public offering of the financial instruments

(2) (Amend. 20.02.2006, 19.05.2006, Repealed, 05.12.2007)

1. (Repealed, 05.12.2007);

2. (Repealed, 05.12.2007);

3. (Amend. 19.05.2006, Repealed, 05.12.2007);

4. (Amend. 19.05.2006, Repealed, 05.12.2007).

(3) (Amend. 20.02.2006, 26.04.2006, Repealed, 05.12.2007).

(4) (Amend. 20.02.2006) For making a decision for listing, Art. 60 shall apply respectively.

(5) (New, 20.02.2006) The issuer or the authorised by the issuer investment intermediary - participant in the trading on the Unofficial Market, shall sign an agreement with the Exchange for listing of the respective issue after receipt of the notification about the Board's decision.

(6) (New, 20.02.2006) The issue shall be considered listed on the Unofficial Market upon announcement in the Exchange Bulletin about its first quotation date, which shall be defined by the Board after consideration of all circumstances and specific market conditions, but only after both signing the agreement as of par. (5) and payment of the listing fee pursuant to the Tariff of fees for services provided on the Unofficial Market.

(7) (New, 20.02.2006) For registration of increase in the amount of an issue already listed on the Unofficial Market, Art. 62a shall apply respectively.

(8) (New, 20.02.2006) Paragraphs (7), (8) and (9) of Art. 54 shall apply respectively.

#### **Suspension and Termination of Listing of Issues on Unofficial Market. Transfer of Issues to Registration Market**

**Art. 155.** (Amend. 05.12.2007) The Board shall be entitled to take a decision for suspension of the trading in an issue on the Unofficial Market upon failure of the issuer to disclose information or upon transformation of the issuing company and in compliance with Art. 91 of the MFIA. Paragraphs (2) through (6) of Art. 64 shall apply respectively.

**Art. 156.** (Amend. 20.02.2006, 05.12.2007) The Board shall be entitled to take a decision for final termination of the trading of an issue on the Unofficial Market if the issuer or the issue of financial instruments no longer complies with the requirements of the POSA and the statutory instruments regulating its implementation regarding the public offering and trading in financial instruments and within the terms of Art. 91 of the MFIA. Paragraphs (1a), (1b), (3) and (4) of Art. 65 of these Rules and Regulations shall apply respectively.

**Art. 156a.** (New, 20.02.2006, Amend. 24.03.2006, 26.04.2006, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>17</sup> (1) The Board shall take a decision to transfer an issue of shares from Official Market of Equities or from Unofficial Market of Equities "A" to Unofficial Market of Equities "B", if the average monthly value traded in that issue on the Exchange has been less than the equal

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<sup>17</sup> Effective by 01.07.2008: "Art. 156a (New, 20.02.2006, Amend. 24.03.2006, 26.04.2006) (1) The Board shall take a decision to transfer an issue of shares for trading from Official Market of Equities or from Unofficial Market of Equities "A" to Unofficial Market of Equities "B", if the average monthly value traded in that issue for the last 6 (six) months (excluding repo- and block trades) has been less than the equal value of BGN 4,000 (four thousand) or the average monthly number of trades executed for the last 6 (six) months has been less than 5 (five). These requirements shall not apply to collective investment schemes."

value of BGN 4,000 (four thousand) or the average monthly number of trades executed has been less than 5 (five) for the last 6 (six) months. These requirements shall not apply to collective investment schemes.

(2) (New, 20.02.2006, Amend. 26.04.2006) By the end of the first working day of each calendar month, the Exchange shall announce in the Exchange bulletin all issues as of par. (1), defined on the base of trading in the last 6 (six) calendar months. The decisions for following transfers of another issue or other issues to Unofficial Market of Equities “B” shall be taken at the first meeting of the Board after expiry of the 6 (six) months following the date of last taken decision for transfer.

(3) (New, 20.02.2006, Amend. 24.03.2006) Listing of an issue of shares directly on the Unofficial Market of Equities “B” shall be admitted only if so requested in the listing application, the issuer is not a collective investment scheme and the following conditions are met:

1. Number of shareholders of the issue is less than 200 (two hundred); and
2. The size of equity of the issuer is less than the equal value of BGN 200,000 (two hundred thousand).

(4) (New, 20.02.2006, Amend. 24.03.2006) An issue listed on the Unofficial Market of Equities “B” might be transferred to the Unofficial Market of Equities “A” upon application by its issuer or by an authorised by the issuer participant on the Unofficial Market, provided:

1. The average monthly value traded in this issue in the last 6 (six) months has been equal or greater than the equal value of BGN 4,000 (four thousand) and at least 30 (thirty) trades have been executed within the same period; or
2. The issuer has signed an agreement with a participant on the Unofficial Market pursuant to par. (6).

(5) (New, 20.02.2006, Amend. 24.03.2006) For transferring issues from Unofficial Market of Equities “A” to Unofficial Market of Equities “B” and vice versa, no fees shall be payable to the Exchange.

(6) (New, 20.02.2006) Issuers shall be entitled to sign an agreement with one or more participants on the Unofficial Market to provide minimum liquidity of the issue, but not lower than the liquidity as of par. (1), in compliance with the market-makers rules arranged within an Annex to these Rules and Regulations. In such cases, par. (1) shall not apply.

### **Rules for Trading through the System on Unofficial Market**

**Art. 157.** (1) The Exchange shall ensure for the participants on the Unofficial Market and their clients equal access to the market information and equal terms for participation in trading.

(2) Trading on the Unofficial Market shall be remote. The participation in trading sessions shall be accomplished through broker terminals (trading terminals), connected to the System.

(3) Terms of connecting a trading terminal to the System shall be defined by the Board in compulsory instructions and shall be part of or an annex to the agreement for participation on the Unofficial Market or of the membership agreement with the Exchange.

**Art. 158.** (Amend. 05.12.2007) (1) Trading session shall be the official working time during which the participants on the Unofficial Market shall be allowed to enter orders and to execute transactions on this market. Art. 86 (4) shall apply respectively.

(2) The Board shall ensure the lawful and proper conduct of the trading on the Unofficial Market as well as of the price quotation announcement.

(3) The Board shall prescribe the frequency and duration of the trading sessions on the Unofficial Market. At least one trading session per week shall be performed on the Unofficial Market.

(4) Information about the schedule and duration of the trading sessions on the Unofficial Market shall be published in the bulletin of the Unofficial Market not later than 10 (ten) days prior to the effective date of the Board's decision.

(5) The participants in each trading session on the Unofficial Market shall be represented in the System by brokers admitted in accordance with the procedures of these Rules and Regulations. Every broker shall identify in the way defined by the Board.

**Art. 159.** (1) The trading sessions on the Unofficial Market shall be performed through the algorithm of the System and shall be conducted by the System Co-ordinators such as the Director of Trading, the Speaker (Chairperson) of the session and other nominated employees of the Exchange.

(2) In respect to the responsibilities of the Director of Trading, Art. 73 shall apply respectively.

(3) In respect to the responsibilities of the System Co-ordinators, in particular of the Speaker of the trading sessions, Art. 74 and Art. 75 shall apply respectively.

**Art. 160.** (Amend. 20.02.2006, 24.03.2006, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008) (1) In respect to orders on the Unofficial Market, Art. 81 and Art. 82 shall apply respectively.

(2) (Amend. 20.02.2006, 24.03.2006, Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>18</sup>

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<sup>18</sup> Effective by 01.07.2008: "(2) (Amend. 20.02.2006, 24.03.2006) On the Unofficial Market, trades negotiated in advance out of this market or trades agreed via the communication resources of the System might be executed. Such transactions shall be accomplished through their registration by one of the parties and their confirmation by the counter party. Provisions of Art. 87, par. (6), (7) and (8) shall apply respectively."

**Art. 161.** (Amend. 20.02.2006, 24.03.2006, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008) In respect to the mechanism of trading on the Unofficial Market, Part III, Chapter I, Section III shall apply respectively with the following exceptions:

1. (Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>19</sup>
2. (Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>20</sup>
3. The allowable securities' price deviations on the Unofficial Market shall be +/- 30% in respect to the open price of the respective trading session.

(2) (New, 20.02.2006) Trades on the Unofficial Market might also be executed through a mechanism for trading, alternative to the one as of par. (1), but in cases and terms stipulated in special Annexes to these Rules and Regulations.

(3) (New, 20.02.2006, Repealed, 24.03.2006).

### **Clearing and Settlement**

**Art. 162.** (Amend. 29.05.2003) Accomplishment of financial instruments transactions executed on the Unofficial Market shall be carried out through the national clearing and settlement system, established by Bulgarian Stock Exchange-Sofia, Central Depository, Bankservice, Bulgarian National Bank and the commercial banks, where the participants have accounts for administrating of the financial instruments transactions under a special management regime in compliance with Instruction 19-12002.

**Art. 163.** (Amend. 20.02.2006, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008) In respect to settlement of transactions on the Unofficial Market, Chapter II of Part III shall apply respectively with the following exceptions:

1. The information pursuant to Art. 106 and Art. 110 shall be obtained only electronically;
2. Unofficial Market Guarantee Fund (UMGF) shall guarantee trading on the Unofficial Market. Section III of Chapter II shall apply respectively to the way of accumulation and utilisation of the UMGF, as well as the other regulations for diminishing the settlement risk, stipulated in these Rules and Regulations and the Annexes thereto, as wherever "members" shall be read "participants on the Unofficial Market" and wherever "turnover realised on the Exchange" shall be read "turnover realised on the Unofficial Market". The UMGF shall be accumulated and governed

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<sup>19</sup> Effective by 01.07.2008: "1. Trades in securities preliminarily agreed directly by the parties, out of the range of the trades as of Art. 87, par. (6), (7) and (8), might be registered in the System on this market only if at the moment of registration, their price has been higher than the highest price of any active at that moment bid-order and lower than the lowest price of any active at that moment ask-order for the respective issue of securities. This rule shall be considered fulfilled if, at the moment of the registration of a negotiated transaction, there have been no active orders in the System. Such trades shall be settled in compliance with these Rules and Regulations."

<sup>20</sup> Effective by 01.07.2008: "2. When calculating the weighted-average price of a certain security, which is based on all trades executed during the last session when the respective issue has been traded, the transactions as of item 1 shall be excluded, unless the Board has decided otherwise."

separately from the Official Market Guarantee Fund. It shall not be allowed the UMGF to cover settlement liabilities on transactions carried out on the Official Market and vice versa.

3. (Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>21</sup>

## **Section V Organisation of Control on Trading on the Unofficial Market**

**Art. 164.** (1) In respect to the organisation of control over trading on the Unofficial Market, Art. Art. 77 through 79 shall apply respectively.

(2) Art. 80 shall apply respectively to all participants on the Unofficial Market.

## **Section VI Conditions, Procedures and Terms for Persons Not Participating in Trading to Receive Direct Access to Quotations/Offers, Executed Transactions in Financial instruments and Other Market Information**

**Art. 165.** (1) The Exchange shall issue a Bulletin of the Unofficial Market after the end of each trading session on the same working day within the technological time needed for data processing.

(2) The Bulletin as of par. (1) shall contain the information under Art. 132 (2), as the information, specified in item 2 of the quoted paragraph shall regard the participants on the Unofficial Market and their brokers.

(3) Provisions of Art. Art. 133 through 135 shall apply respectively.

**Art. 166.** (1) If not participants in the Exchange trading, direct access (including real-time) to the quotations/offers, transactions in financial instruments and other market information generated by the Exchange shall be granted only to the persons, who have signed an agreement with the Exchange. The Board shall adopt rules to arrange the conditions, procedures and terms how to grant direct access to the quotations/offers, transactions in financial instruments and other market information in the trading system of the Unofficial Market to persons, who do not participate in trading.

(2) Par. (1) shall not apply in respect to information submitted to the FSC or other institutions specified by the law.

## **Section VII Procedure for Settling of Disputes Connected to Execution of Financial Instruments Transactions on the Unofficial Market**

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<sup>21</sup> Effective by 01.07.2008: "3. Trades preliminary agreed (negotiated) out of the Unofficial Market directly by the parties or transactions agreed via the communication resources of the System and registered (confirmed) in the System shall be settled in the same way as the other transactions."

**Art. 167.** In respect to settling of disputes related to execution and settlement of transactions in financial instruments on the Unofficial Market, the provisions of these Rules and Regulations for Exchange arbitration shall apply.

**Section VIII**  
**Terms and Procedures for Imposing Sanctions on the Participants on the Unofficial Market and Their Brokers**

**Art. 168.** The provisions of Part IV shall apply in respect to imposing sanctions on the participants on the Unofficial Market and their brokers.

**Section IX**  
**Tariff of Fees for Services on Unofficial Market**

**Art. 169.** (Amend. 22.01.2002, 05.02.2002, 28.01.2003, 18.03.2003, 01.11.2004, 08.11.2005, 20.02.2006, 05.12.2006, 05.12.2007) (1) The following fees for services on the Unofficial Market shall be paid to the Exchange:

1. Fee for maintenance of 1 (one) remote trading terminal (it shall not be due if the same has been paid by the Exchange members)	<b>BGN 25 (twenty five) per calendar month</b>
2. Transaction fees – paid to the Exchange by both sides of the trade and defined as a percentage of the transacted value as follows:	
<p>a) (Amend. 05.02.2002) Transactions with shares and depository receipts on shares:</p> <ul style="list-style-type: none"> <li>– For transactions on amount up to BGN 25 million inclusive</li> <li>– For transactions above BGN 25 million up to BGN 75 million inclusive -</li> <li>– For transactions above BGN 75 million -</li> </ul> <p>b) Transactions with corporate and municipal bonds, and with depository receipts on bonds -</p> <p>c) Transactions in other financial instruments -</p> <p>d) (New, 01.11.2004, Amend. 05.12.2006, Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>22</sup></p> <p>e) (New, 05.12.2006, Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>23</sup></p>	<p><b>By each side of the transaction – 0.1%;</b></p> <p><b>By each side of the transaction – BGN 25 thousand plus 0.05% on the rest above BGN 25 million;</b></p> <p><b>By each side of the transaction – BGN 50 thousand plus 0.01% on the rest above 75 million;</b></p> <p><b>0.01 %;</b></p> <p><b>0.03 %;</b></p>

<sup>22</sup> Effective by 01.07.2008: "d) (New, 01.11.2004, Amend. 05.12.2006) REPO transactions - 0.01 %;"



3. (Amend. 28.01.2003, Amend. 20.02.2006) Annual fees for maintenance of listing of issues of shares and issues of units of mutual funds -	<b>BGN 500 (five hundred) annually</b>
4. (New 28.01.2003, Amend. 20.02.2006) Annual fees for maintenance of listing of issues of bonds, issues of depository receipts or other rights related to shares or bonds -	<b>BGN 100 (a hundred) annually</b>
5. (New 18.03.2003) In case of delay in settlement of trades, for which an Exchange member (respectively a participant on the Unofficial Market) or its client or its contractor is to blame, the Exchange member (respectively the participant) owe to the Exchange the amount of -	<b>0.1% of the value of each delayed transaction for each day of delay for the respective trade, but not less than BGN 5 (five) and not more than BGN 500 (five hundred) for each day of delay</b>
6. (New, 05.12.2007 to become effective since 01.07.2008) Fee for disclosure of information about trades executed out of a regulated market in financial instruments admitted to trading –	<b>BGN 7.00 (seven) per trade by each party</b>

(2) (Amend. 22.01.2002, Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>24</sup> The Exchange fee for transactions, executed on the Exchange through a tender offer for redemption of shares or through redemption of shares by their issuer, shall be 0.02% of the transaction value and shall be due only by the participant – buyer.

(3) For financial instruments on the IPO Market and on the Privatisation Market no fees for maintenance of listing shall be paid.

(4) The Exchange fees on providing of information about the Unofficial Market shall be defined in the Tariff pursuant to Art. 135 (1).

(5) (New, 08.11.2005) The fees for services as of the foregoing paragraphs do not include VAT, excluding these as of par. (1), item 2 “a”.

### **Non-fulfilment Fee Payment Obligations**

**Art. 170.** (1) In case of delay in payment of fees, an interest for delay shall be due.

(2) Failure to fulfil an obligation for payment of fees shall be a reason for imposing sanctions on the participants on the Unofficial Market and for a temporary suspension or final termination of financial instruments issues from trading.

### **Reimbursement of Paid Fees**

<sup>23</sup> Effective by 01.07.2008: "e) (New, 05.12.2006) In cases pursuant to Art. 1 (7) of Annex 1, the highest fee due upon a REPO transaction shall not exceed BGN 10,000."

<sup>24</sup> Effective by 01.07.2008: "(2) (Amend. 22.01.2002) The Exchange fee for transactions, carried out through a tender offer for redemption of shares or through redemption of shares by their issuer, shall be 0.02% of the transaction value and shall be due only by the participant – buyer."

**Art. 171.** A paid fee shall be completely reimbursed or to the extent of the sum, which is not due, only if there has been no obligation for its payment.

## **Chapter III**

### **Disclosure of Information Regarding Unofficial Market**

#### **Information Disclosure by the Exchange**

**Art. 172.** The Exchange shall publish information in the Bulletin of the Unofficial Market and shall inform within 3 (three) working days the FSC about the decisions taken:

- For listing of financial instruments on the Unofficial Market;
- For admission of new participants on the Unofficial Market, as well as of new brokers;
- For temporary suspension or final termination from trading of participants on the Unofficial Market and brokers;
- For final termination of trading in financial instruments issues;
- For sanctions imposed: Information about the reasons for taking such decisions and respective objections, if any, shall be submitted to the FSC.

#### **Information Disclosure by Participants on the Unofficial Market**

**Art. 173.** Participants on the Unofficial Market shall be obligated to disclose information to the Exchange in the cases and time limits pursuant to Art. 25.

#### **Information Disclosure by Issuers about Listed Issues of Financial Instruments**

**Art. 174.** (Amend. 05.12.2007) For disclosure of information by issuers of issues admitted to trading on the Unofficial Market, Art. 63 shall apply respectively.

#### **Unofficial Market Registers**

**Art. 175.** There shall be current registers on the Unofficial Market about the participants on this market and their brokers, of the issuers and their issues, containing the information and compliant with the procedures for the registers provided by in these Rules and Regulations.

## **Supplementary Provisions**

§ 1. (Amend. 05.12.2007) Terms used but not defined in these Rules and Regulations shall be understood within the meaning used in the POSA, the MFIA, the MMAFIA and the statutory instruments regulating their implementation, respectively in the general commercial legislation and business practice.

§ 2. (Amend. 20.02.2006, 26.04.2006, 09.02.2007, 17.05.2007, 05.12.2007) Within the meaning of these Rules and Regulations:

1. **“Advertisement”** shall be material, published or prepared to be published in a newspaper, magazine or another periodical, radio, TV, telephone or magnetic record, video screen, signs or billboards, films, phone books and other public media.

2. **“Commercial Literature”** shall be any written material, distributed to clients or public accessible, which could not be defined as an “advertisement” under § 1. Commercial literature includes but is not limited to periodical and current research, market information and market resumes, official letters, texts for seminars and courses, photocopies or extract of other advertisements, business literature or publication.

3. **“Conflict of Interest”** shall occur when interests of an Exchange member arising from executed or from potential future transaction in financial instruments for own account contradict the Member’s obligations in respect to a client, as the fulfilment of the member’s interests will cause damage to the client. Conflict of interest shall also be present when the execution of one transaction for a client’s account will harm the interest of another Exchange member’s client.

4. (Amend. 20.02.2006) **“Issue of Financial Instruments”** shall be the total amount of financial instruments with one and the same ISIN code assigned in compliance with the international standard ISO 6166 “Securities and related financial instruments – International Securities Identification Numbering System (ISIN)”.

5. (Amend. 05.12.2007) **“Unofficial Market”** shall be the Unofficial Market within the meaning of Art. 90 (1) of the MFIA, organised by the Exchange since approved by the FSC.

6. **“Net Value of One Share”** shall be formed on the base of net assets (NA) of the issuer (NA/number of shares, which are forming the statutory capital of the company).

7. (Amend. 26.04.2006) **“Net Assets (Net Assets Value)”** shall be calculated as the assets as per the balance sheet of the company shall be reduced with the value of the current and non-current liabilities.

8. **“Minority Shareholder”** shall be a person with no obligation to reveal his/her share holdings under Art. 145 in connection with Art. 148 of the POSA.

9. **“Market (Trading) Lot”** shall be defined by the Board as a minimum amount of financial instruments of a certain issue, which could be object of a transaction on the Exchange.

10. **“Odd Lot”** shall be an amount of financial instruments smaller than the market (trading) lot.

11. **“Minimum Price Variation”** shall be the minimum change in the prices of bids and offers, allowed by these Rules and Regulations.

12. **“Method of Trading”** shall be the way of entering and placing (arranging) orders in the Exchange’s Trading System (the System), the circumstances when the System registers a transaction and the way of defining the prices for execution of transactions.

13. **“Clearing”** shall be the procedures for common matching of counter receivables of cash or financial instruments upon financial instrument transactions.

14. **“Settlement”** shall be the procedures for transfer of cash or financial instruments upon financial instrument transactions.

15. **“Errors and Non-conformities (Non-compliance)”** shall be cases when a broker has made a mistake when entering an order into the System.

16. **“Systematic Non-compliance (Non-conformity)”** shall be present when 3 (three) similar cases of non-compliance pursuant to Art. 125 within 3 (three) calendar months have been made.

17. **“Fast Proceeding”** shall be the imposing of sanctions by the Exchange’s Executive Director after consideration that a violation pursuant Art. 128 (1) has been committed.

18. **“Systematic Violation”** shall be present when the Board has imposed the sanction “temporary suspension of a member from trading” more than 3 (three) times upon one and the same person within one calendar year.

19. (Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>25</sup> **“Stock Market (Exchange) Transactions (Trades)”** shall be transactions executed by the trading system of the Exchange.

20. **“Market Price”** shall be the weighed-average price per financial instrument as of the last session on which transactions in financial instruments of the same issue have been executed on any of the Exchange markets including the Unofficial Market.

21. **“Price of Launching an Issue for Trading (First Quotation Price)”** shall be:

- Weighed average price per financial instrument of the issue as of the last session, on which trades in financial instruments of the same issue have been executed on any of the Exchange markets including the Unofficial Market, when the issue is transferred from one stock market to another; or

- Adopted by the Board first price of launching of the issue for trading, as requested and motivated by the respective applicant for listing of the financial instruments on any of the stock markets.

22. **“All-or-none” Type of Orders** shall be bids or offers for certain amount of financial instruments greater than the minimum market lot for trading, to be fulfilled not partially but in total only.

23. **“Single-sided Transaction”** shall be a transaction result of two matching orders entered by one and the same Exchange member.

24. (Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>26</sup>.

25. **“Corporate Financial instruments”** shall be financial instruments issued by joint stock companies.

26. **“Broker (Trading) Terminal”** shall be a computer terminal connected to the System through which brokers enter orders and execute transactions in financial instruments on the Exchange.

27. **“Technical Bearer (Soft Copy)”** shall be a device for transmission of electronic records or any other data electronically.

28. (New, 26.04.2006) **“Foreign person”** shall be:

- a) Legal entity, which has not been incorporated in the Republic of Bulgaria;
- b) Company, which is not a legal entity and has been incorporated abroad;
- c) Natural person – foreigner with permanent residence abroad.

29. (New, 09.02.2007) **“Local person”** shall be a legal entity seated in the country or a natural person with permanent residence in the country.

30. (New, 09.02.2007) **“Member State”** shall be a country, which is a Member of the European Union, or another country that belongs to the European Economic Area.

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<sup>25</sup> Effective by 01.07.2008: "19. **“Stock Market (Exchange) Transactions”** shall be transactions registered in the Exchange’s Trading System."

<sup>26</sup> Effective by 01.07.2008: "24. **“Block Transactions”** shall be transactions of large amounts of shares, previously negotiated (agreed) out of the Exchange pursuant to an Annex to these Rules and Regulations and registered in the Exchange’s Trading System."

31. (New, 17.05.2007) “**Undisputable error**” shall be a mistake made by a broker upon the entry of an order that has led to the execution of a trade but the counterparty in the trade does not dispute the availability of the mistake.

## **Transitional and Final Provisions**

(Amend. 06.12.2001)

§ 1. Amendments and supplements to these Rules and Regulations and to the Annexes thereto shall be adopted by the Board of Directors and become effective after their approval by the FSC.

§ 2. (Repealed 06.12.2001)

§ 3. (Repealed 06.12.2001)

§ 4. (Repealed 06.12.2001)

§ 5. (Repealed 06.12.2001)

§ 6. (Repealed 06.12.2001)

§ 6a. The Amendments to the Exchange Rules and Regulations adopted with a decision of the Board of Directors as of 01.11.2001 shall come into force 15 (fifteen) days after the FSC has issued an license for organisation of Unofficial Market of financial instruments in compliance with Art. 44 (3) of the POSA.

§ 6b. All issues registered for trading on the Free Market prior to the coming into effect of Part VII of these Rules and Regulations shall keep on trading on the Unofficial Market.

§ 6c. Within a six-month period following the coming into effect of Part VII of these Rules and Regulations the issuer of the issues pursuant to foregoing § (or authorised by them Exchange members) shall be obliged to sign with the Exchange the agreement under Art. 154 (3) and pay the annual fee for maintenance of listing. In case of non-fulfilment of the provisions of this §, the Exchange shall terminate the trading with the respective issues on the Unofficial Market.

§ 6d. Upon coming into force of Part VII of these Rules and Regulations, §2, §3, §4, §5 and §6 of the Transitional and Conclusive Provisions shall be Repealed.

§ 7. The Commission shall hold its first meeting not later than sixty (60) days following the date of the first regular General Meeting of the Exchange’s shareholders after these Rules and Regulations has come into effect. The Board shall start coordinating its decisions after the constitution of the Commission.

§ 8. (Repealed 06.12.2001)

**§ 9.** (New, 07.04.2005) Proceedings commenced before the enforcement of the Amendments to the BSE Rules and Regulations, adopted by the Board on 07.04.2005, shall continue in compliance with the new procedures.

**§ 10.** (New, 20.02.2006) Provisions of Art. 3 (2), of Art. 54, par. (1) through (6) and of Art. 55, excluding item 10 of par. (1) of Art. 54 and item 10 of par. (2) of Art. 54, shall become effective 3 (three) months after their publication in the Exchange bulletin. The publication shall be made after receipt of notification about their approval by the FSC.

**§ 11.** (New, 20.02.2006) Provisions of Art. 54 (1), item 10 and of Art. 54 (2), item 10, shall become effective 3 (three) months since announcement in the Exchange bulletin that a Corporate Governance Code applicable to the BSE Rules and Regulations has been issued/adopted by the Exchange.

**§ 12.** (New, 20.02.2006) Provisions of Art. 3 (4) and Art. 156a shall become effective 6 (six) months after their publication in the Exchange bulletin. The publication shall be made after receipt of notification about their approval by the FSC.

**§ 13.** (New, 20.02.2006) Companies, who have applied for listing on the Official Market by 31.12.2006, shall not due the fee pursuant to Art. 136 (1), item 6 "a".

**§ 14.** (New, 26.04.2006) Provisions of Art. 18 (4) shall become effective as from the date of enforcement of the Treaty of Accession of Republic of Bulgaria to the European Union.

**§ 15.** (New, 26.04.2006) The first decision pursuant to Art. 156a (2) shall be taken by the Board at its first meeting after the expiry of 6 (six) months following the date of approval of the amendments adopted at its meeting held on 26.04.2006.

**§ 16.** (New, 15.09.2006, 24.10.2006, 15.11.2006) Provisions of Art. 52 (2), items 3-8, Art. 153 (2), items 3-8, Art. 85, Art. 106, item 7, and Art. 110 (1), item 9 and (8) and (9) shall become effective on 01.01.2007.

**§ 17.** (New, 05.12.2007) (1) The provisions of Art. 51 (1) and (2), Art. 57a, Art. 86 (4), Art. 87 (7) and (8), Art. 93 (1), Art. 117 (2), Art. 122, Art. 129 (4), item 4, Art. 136 (1), items 5 and 14, Art. 156a (1), Art. 169 (1), item 6 and (2), Art. 2 (2) of Annex 12 and § 2, item 19 of the Supplementary Provisions, in the version adopted by the Board at its meeting dated 05.12.2007, shall become effective since 1st July 2008.

(2) The repeal of Art. 51 (3), Art. 91 (1), Art. 102 (3), Art. 136 (1), item 4, letters "e" and "f", Art. 160 (2), Art. 161, items 1 and 2, Art. 163, item 3, Art. 169 (1), item 2, letters "d" and "e", Annex 1, Art. 7 (2) and (3) of Annex 6 and § 2, item 24 of the Supplementary Provisions, in the version adopted by the Board at its meeting dated 05.12.2007, shall become effective since 1st July 2008.

(3) The amendments, adopted by the Board at its meeting dated 05.12.2007, except for the ones as of par. (1) and (2), shall become effective on the day following the expiry of a 14-day period as from the announcement of the decision of the Deputy-

Chair of the Financial Supervision Commission, Head of the Investment Activity Supervision Department, for approval of these amendments.

The present Rules and Regulations have been adopted by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 11.07.2000 and approved by the SSC with a Decision No 228-FB/18.07.2000 coming into effect on 01.09.2000.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 27.10.2000. The amendments have been approved by the SSC with a Decision No 571-FB/07.11.2000 and become effective as from 27.11.2000.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 26.06.2001. The amendments have been approved by the SSC with a Decision No 181-FB/04.07.2001 and become effective as from 16.07.2001.

Part VII of these Rules and Regulations has been consulted with ACB and BALII and adopted by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 23.02.2001.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 01.11.2001. The amendments have been approved by the SSC with a Decision No 358-FB/06.12.2001 and become effective as from 02.01.2002.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 22.01.2002. The amendments have been approved by the SSC with a Decision No 25-FB/06.02.2002 and become effective as from 07.02.2002.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 05.02.2002. The amendments have been approved by the SSC with a Decision No 31-FB/13.02.2002 and become effective as from 14.02.2002.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 18.06.2002. The amendments have been approved by the SSC with a Decision No 94-FB/26.06.2002 and become effective as from 01.09.2002.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 28.08.2002. The amendments have been approved by the SSC with a Decision No 172-FB/25.09.2002 and become effective as from 26.09.2002.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 12.12.2002. The amendments have been approved by the SSC with a Decision No 328-FB/18.12.2002 and become effective as from 19.12.2002.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 28.01.2003. The amendments have been approved by the SSC with a Decision No 69-FB/28.02.2003 and become effective as from 01.03.2003.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 18.03.2003.

The amendments have been approved by the FSC with a Decision No 14-FB/21.03.2003 and become effective as from 22.03.2003.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 22.04.2003. The amendments have been approved by the FSC with a Decision No 56-FB/07.05.2003 and become effective as from 08.05.2003.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 29.05.2003. The amendments have been approved by the FSC with a Decision No 97-FB/30.05.2003 and become effective as from 01.06.2003.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 24.06.2003. The amendments have been approved by the FSC with a Decision No 141-FB/02.07.2003 and become effective as from 14.07.2003.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 24.10.2003. The amendments have been approved by the FSC with a Decision No 518-FB/18.11.2003 and become effective as from 19.11.2003.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 11.11.2003. The amendments have been approved by the FSC with a Decision No 515-FB/13.11.2003 and become effective as from 14.11.2003.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 13.02.2004. The amendments have been approved by the FSC with a Decision No 110-FB/23.02.2004 and become effective as from 23.02.2004.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 09.03.2004. The amendments have been approved by the FSC with a Decision No 211-FB/17.03.2004 and become effective as from 18.03.2004.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 19.05.2004. The amendments have been approved by the FSC with a Decision No 402-FB/27.05.2004 and become effective as from 28.05.2004.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 29.06.2004. The amendments have been approved by the FSC with a Decision No 553-FB/12.07.2004 and become effective as from 13.07.2004.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on the meeting held on 01.11.2004. The amendments have been approved by the FSC with a Decision No 788-FB/09.11.2004 and become effective as from 10.11.2004.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 26.01.2005. The amendments have been approved by the FSC with a Decision No 32-FB/28.01.2005 and become effective as from 29.01.2005.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 11.03.2005 and 07.04.2005. The amendments have been approved by the FSC with a Decision No 267-FB/19.04.2005 and become effective as from 20.04.2005.



The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 08.11.2005. The amendments have been approved by the FSC with a Decision No 705-FB/17.11.2005 and become effective as from 22.11.2005.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 20.02.2006. The amendments have been approved by the FSC with a Decision No 164-FB/01.03.2006 and become effective as from 02.03.2006.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meetings held on 20.02.2006, 24.03.2006 and 26.04.2006. The amendments have been approved by the FSC with a Decision No 321-FB/04.05.2006 and become effective as from 05.05.2006.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 19.05.2006. The amendments have been approved by the FSC with a Decision No 349-FB/26.05.2006 and become effective as from 27.05.2006.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 05.06.2006. The amendments have been approved by the FSC with a Decision No 383-FB/12.06.2006 and become effective as from 13.06.2006.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 11.08.2006. The amendments have been approved by the FSC with a Decision No 718-FB/21.08.2006 and become effective as from 22.08.2006.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meetings held on 15.09.2006, 19.10.2006 and 24.10.2006. The amendments have been approved by the FSC with a Decision No 1073-FB/02.11.2006 and become effective as from 03.11.2006.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 15.11.2006. The amendments have been approved by the FSC with a Decision No 1134-FB/23.11.2006 and become effective as from 24.11.2006.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 05.12.2006. The amendments have been approved by the FSC with a Decision No 1202-FB/18.12.2006 and become effective as from 19.12.2006.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 09.02.2007. The amendments have been approved by the FSC with a Decision No 328-FB/20.02.2007 and become effective as from 21.02.2007.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 01.03.2007. The amendments have been approved by the FSC with a Decision No 424-FB/09.03.2007 and become effective as from 10.03.2007.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meetings held on 10.04.2007 and 17.05.2007. The amendments have been approved by the FSC with a Decision No 708-FB/28.05.2007 and become effective as from 29.05.2007.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 27.06.2007.

The amendments have been approved by the FSC with a Decision No 834-FB/09.07.2007 and become effective as from 10.07.2007.

The present Rules and Regulations have been amended by the Board of Directors of the Bulgarian Stock Exchange-Sofia on its meeting held on 05.12.2007. The amendments have been approved by the FSC with a Decision No 27-FB/07.01.2008 and become effective as from 29.01.2008.

# Annex 1

## Rules for Execution of Block Transactions on the Equity Markets

**Art. 1-8** (Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>27</sup>

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<sup>27</sup> Effective by 01.07.2008: " **Art. 1.** (Amend. 16.07.2001, 01.11.2004, 05.06.2006, 09.02.2007) (1) Transactions with large number of securities or securities representing a large part of the company's capital may be negotiated bilaterally between members out of the Exchange floor and out of the official hours for Exchange trading. Such a transaction shall be defined as block trading and shall be treated as a stock market transaction after its announcement on the Exchange.

(2) The transactions pursuant to par. (1) shall be executed on the grounds of a written agreement between the buyer and the seller or between the investment intermediaries authorised in a written form to represent them.

(3) The authorisation pursuant to the foregoing paragraph shall explicitly indicate that it concerns the execution of a block transaction on the Exchange. The authorisation could also be made through a contract agreement in accordance with the requirements of the Ordinance on the requirements concerning the activity of the investment intermediaries and in compliance with the provisions of these Rules.

(4) The buyer, respectively the seller, upon the agreement pursuant to par. (2) cannot be more than one person. Exception to this rule could be allowed only if the persons being a party to the agreement under par. (2) have submitted through their investment intermediary declarations on related persons in the terms of the Public Offering of Securities Act.

(5) (New 01.11.2004, Amend. 05.06.2006, 09.02.2007) Certified copy of the agreement as of par. (2) shall be submitted to the Exchange by the Exchange members, who have registered the transaction, by the end of the respective trading session.

(6) (New 01.11.2004, Amend. 05.06.2006) The Exchange shall disclose in its Bulletin the agreement as of par. (5), excluding the information about the respective fees and commission charges due by the parties.

(7) (New 01.11.2004) If the REPO-transaction agreement obviously provide for temporary transfer of shares related to financial security of programs and procedures for: issuance of depository receipts on shares (BDR, ADR, GDR), issuance of warrants or other instruments based on shares, the respective transaction fee due to the Exchange shall be formed in easy terms pursuant to the tariffs stipulated in these Rules and Regulations.

(8) (New 01.11.2004, Amend. 05.06.2006) The respective Exchange member, who has executed the REPO-transaction, shall be obligated to register the reverse trade within the term specified in the REPO-agreement.

**Art. 2.** Transactions pursuant to Art. 1 shall be executed only with shares of issues registered on the Equity Market of the Exchange or on the Unofficial Market.

**Art. 3.** (Amend. 16.07.2001) The minimum requirement to the volume of each block transaction shall be: the number of shares, object of the transaction, must represent at least 5% (five percent) of the total number of shares in the capital of their issuer.

**Art. 4.** (Amend. 16.07.2001) (1) There shall be no price deviation limits to block transactions. Negotiating the price of a block transaction, the members of the Exchange shall adhere to the principle of reaching a fair price.

(2) The prices of block transactions shall not be included in the calculation of the BSE indices, nor shall be taken into consideration in the formation of the representative Exchange price (open price of trading sessions).

**Art. 5** (Amend. 24.06.2003) (1) Transactions as of Art. 1 shall be registered with the Exchange since the two parties to transaction have filled in and submitted a special application form for block trading within the timeframe from 1:00 p.m. to 2:00 p.m. on the day of announcement of the transaction on the Exchange.

(2) The application form as of the foregoing paragraph shall contain the following information:

1. Name and code number of the member, who is a buyer in the transaction;
2. Name and code number of the buyer's broker;
3. Type of operation (for a client's account or for own account);
4. Signature of the buyer's broker;
5. Name and code number of the member, who is a seller in the transaction;
6. Name and code number of the seller's broker;
7. Type of operation (for a client's account or for own account);
8. Signature of the seller's broker;
9. Code of the issue, subject of the transaction;
10. Number of shares
11. Unit price;
12. And other data specified in these Rules and Regulations.

(3) The application form as of par. (1) might be filed electronically through a special module to the System.

**Art. 6.** (1) Transactions as of Art. 1 shall be irrevocable.

(2) Clearing and settlement of transactions as of Art. 1 shall be executed within the terms and procedures of these Rules and Regulations.

**Art. 7.** The Exchange shall not guarantee with its Guarantee Fund the transactions as of Art. 1. If the seller does not possess sufficient volume of securities, or the buyer does not have enough funds available in his account at the clearing bank, respectively at the clearing system, the transaction shall not be settled.

**Art. 8.** The Exchange shall publish a list of the transactions executed pursuant to Art.1 before the opening of the next trading session.

To all questions not arranged in this Annex the provisions of the Rules and Regulations shall apply."

## Annex 2

### **Rules for Listing of Issues, Execution and Settlement of Transactions on the Privatisation Market**

(Adopted by the Board of Directors with a decision No 15/18.06.2002, approved by the SSC with a decision No 94-FB/26.06.2002, into effect as from 01.09.2002; Amended with a decision of the Board of Directors No 20/28.08.2002, approved by the SSC with a decision No 172-FB/25.09.2002, into effect as from 26.09.2002; Amended with a decision of the Board of Directors No 22/24.06.2003, approved by the FSC with a decision No 141-FB/02.07.2003, into effect as from 03.07.2003; Amended with a decision of the Board of Directors No 8/26.04.2006, approved by the FSC with a decision No 321-FB/04.05.2006, into effect as from 05.05.2006; Amended with a decision of the Board of Directors No 7/01.03.2007, approved by the FSC with a decision No 424-FB/09.03.2007, into effect as from 10.03.2007)

**Art. 1.** (1) The execution and settlement of privatisation transactions through the Exchange System shall be carried out on a special “Privatisation Market” with the Exchange under the procedures, provided for in these Rules and Regulations.

(2) Buying of shares on the “Privatisation Market” through the Exchange System shall be executed in cash or compensation notes within the meaning of the CIA depending on the decision of the body under Art. 5 of the PPCA.

(3) For execution of transactions as of par. (2), the “Privatisation Market” shall be divided into “Privatisation Segment for Payment in Cash” and “Privatisation Segment for Payment in Compensation Instruments”.

(4) Offering of one and the same package of shares on the both segments at the same time shall not be allowed. On the “Privatisation Segment for Payment in Cash” auctions shall be conducted and only transactions paid in cash shall be executed. On the “Privatisation Segment for Payment in Compensation Instruments” auctions shall be conducted and only transactions paid in compensation notes shall be executed.

**Art. 2.** (Amend. 26.04.2006) (1) For listing of an issue on the “Privatisation Market” an application shall be filed with an attached certified copy of the agency agreement for sale of a state-owned or municipality-owned package of shares signed between the investment intermediary and the body pursuant to Art. 5 of the PPCA, an endorsed by the FSC prospectus for public offering of financial instruments as well as a certified by the applicant copy of the FSC’s decision for endorsement of the prospectus.

(2) Applicant for listing of an issue on the “Privatisation Market” shall be an investment intermediary – Exchange member, who has signed an intermediary agreement for sale of a state-owned or municipality-owned package of shares with the body pursuant to Art. 5 of the PPCA.

(3) Only issues listed on the Equity Market or admitted for trading on the Unofficial Market shall be registered on the “Privatisation Market”.

(4) Listing of issues on the “Privatisation Market” shall be carried out after a decision of the Board. The applicant shall be informed in writing about the Board’s decision.

(5) Transactions with only that part of the registered issue, which has been offered for privatisation as of the agreement pursuant to par. (1), shall be executed on the “Privatisation Market”

**Art. 3.** The relations between the applicant pursuant to Art. 2 (2) and the Exchange concerning listing of an issue on the “Privatisation Market” and execution and settlement of privatisation transactions shall be arranged in a contract.

**Art. 4.** (1) An issue shall be considered registered on the “Privatisation Market” only after:

1. signing of the contract pursuant to Art. 3; and
2. announcement in the Exchange Bulletin of the forthcoming public offering of shares owned by the State or by a municipality, which shall contain the following information:
  - name of the body pursuant to Art. 5 of the PPCA conducting the privatisation through the “public offering” method;
  - name of the Exchange member representing the body under Art. 5 of the PPCA;
  - name of the issuer, whose issue has been registered on the “Privatisation Market”;
  - name of the specific segment depending on the type of the sale offering (for payment in cash or in compensation instruments)
  - ISIN code of the registered issue;
  - exchange code of the registered issue;
  - number of the shares that shall be offered for privatisation and their percentage from the amount of the whole issue;
  - determined trading lot
  - minimum sale price per trading lot for conducting the offering
  - initial and last date of the offering.

(2) The initial date of the offering shall not be earlier than two working days following the announcement as of par. (1), item 2.

**Art. 5.** (1) The applicant pursuant to Art. 2 (2) shall be entitled to change the offering conditions for the sale of shares of a certain issue but abiding the conditions provided for in the contract between the applicant and the privatizing body pursuant to Art. 5 of the PPCA.

(2) The order for changing pursuant to par. (1) shall be submitted in writing and shall be signed by a person with representative power.

(3) In the cases pursuant to par. (1), on the day following the submission of the order for changing pursuant to par. (2), the Exchange shall publish in the Exchange Bulletin information about the new offering conditions consistent of the information under Art. 4 (1), item 2.

**Art. 6.** (1) Termination of listing of issues on the “Privatisation Market” shall be proceeded when:

1. the contract pursuant Art. 3 has been cancelled;
2. the whole part of the given issue registered on the “Privatisation Market” has been sold;
3. the trading with the issue on the Official or Unofficial Markets has been terminated.

(2) The termination of the listing shall be carried out with a decision of the Board excluding the cases pursuant to par. (1), item 2, when after selling all the shares of a given issue, its listing shall be considered terminated.

(3) An issue which listing has been terminated may be re-registered on the “Privatisation Market”.

(4) In the cases under par. (1), items 1 and 3, the Exchange shall publish in the Exchange Bulletin a notice for termination of the listing of the given issue on the “Privatisation Market”.

**Art. 7.** (1) Entering of the parameters of the sale offering pursuant to Art. 4 (1), item 2, on the “Privatisation Market” shall be executed by an Exchange officer and shall not be changed until:

1. the final date of the offering announced in the Exchange Bulletin; or
2. Changing the offering conditions under the procedures as of Art. 5; or
3. Termination of the listing of the respective issue on the “Privatisation Market”

(2) The parameters of the sale offering shall be defined in the contract pursuant to Art. 3 and in compliance with the provisions of Art. 8.

**Art. 8.** (Amend. 24.06.2003, 01.03.2007) (1) Execution of transactions on the “Privatisation Market” shall be carried out through a “Closed Auction” organised by the System. During each auction, the participants-buyers shall be entitled to see the parameters of their own orders only as well as the information about the parameters of the sale offering as per Art. 4. The specific type of the auction shall be adopted by the Board in compliance with the provisions of this Annex and these Rules and Regulations.

(2) (Amend. 24.06.2003) Timeframe for execution of the auction as of par. (1) shall be within the period from 10:00 a.m. to 11:00 a.m.

(3) The auctions under par. (1) shall be carried out as frequent as the trading sessions within the period of the sale offering under Art. 4 unless otherwise specified in the decision for privatisation by the body under Art. 5 of the PPCA.

(4) (Amend. 01.03.2007) “Bid” orders during each auction under par. (1) shall be entered only by brokers of Exchange members or of participants on the Unofficial Market and with a minimum price quotation variation with an allowance of two digits right to the decimal point. Entering of new “bid” orders, cancellation or changing

parameters of “bid” orders already entered shall be allowed within the timeframe under par. (2).

(5) At each auction as of par. (1) the following types of “bid” orders could be entered:

- limit orders – “bid” orders at a specified unit price for a specified quantity of trading lots which could be executed partially
- market orders – orders containing only value in BGN (total nominal value of compensation instruments in BGN) which could be executed totally or partially at the market price reached at the auction so that the total value of the trading lots in transactions with one market order shall not exceed the value of the order.

(6) Within the timeframe of each auction, the “bid” orders entered shall be arranged in accordance with the following priorities:

- limit orders – first by price and in case of equal prices – by the time of entering
- market orders - by the time of entering

(7) The priorities as of the foregoing paragraph for the limit orders shall be calculated separately from the priorities for the market orders.

(8) Additional conditions related to the limit orders:

1. The System shall not allow entering of a limit order at a unit price lower than the minimum sell price specified by the body under Art. 5 of the PPCA.
2. Entering of a limit order for quantity greater than the quantity of the sell offering at the respective auction shall be forbidden.
3. If after the expiry of the timeframe for auction conducting there are no limit orders entered, then an auction shall not be conducted.

(9) After the conclusion of each auction as of par. (1) the System shall offer one or several alternative prices as limit unit prices of the selling order. The lowest one shall be selected as a final unit price of the sell offering and shall be registered in the record of the Auction Committee under Art. 10.

(10) All actions pursuant to paragraphs (6)-(9), except definition of the final unit price of the sell offering, shall be executed automatically by the System in compliance with the specifications of the auction approved as of par. (12).

(11) The definition of the final unit price of the sale offering under par. (9) shall lead to generating of a report on the transactions executed by the System with the contents specified in these Rules and Regulations. The proportion between the limit orders and the market orders that are to be executed shall be automatically defined through the algorithm for calculation of the alternative limit unit prices of the sell order under par. (9), which is effective for the type of the auction adopted as of par. (12).

(12) The Board, abiding by the provisions of these Rules and Regulations, shall adopt the type of the auction under par. (1) and the decision shall contain a detailed description of its operation consistent of:

1. Timeframe of each auction including the time during which entering or changing of “bid” orders is allowed
2. Types of the “bid” orders allowed to be entered by the Exchange members, ways of entering, cancelling or changing the orders
3. Priorities for sorting the entered orders by the System
4. Method of price determination for execution of transactions and proportion between the different types of orders that are to be executed
5. Examples on the operation of the auction
6. Description of the consumer’s interface of the auction
7. Block-schemes and descriptions presenting specific algorithms for operation of the auction (from the moment of its starting till the moment of generating the report on the transactions executed upon the conclusion of the auction)
8. Other information decided by the Board.

(13) The Exchange shall be obligated to instruct brokers to operate with the auction and to grant them a manual thereof.

(14) After conclusion of the auction under par. (1), the quantity unsold of the sell offering shall be transferred for the next auction excluding the cases pursuant to Art. 7 (1). After conclusion of the auction under par. (1), the “bid” orders not fulfilled shall be deleted by the System.

**Art. 9.** (1) When specifying the offering parameters, entering “bid” orders and executing transactions on the “Privatisation Segment for Payment in Compensation Instruments”, the compensation instruments shall be used as means of payment and the nominal value in BGN of the respective compensation instrument shall be considered as price.

(2) When entering orders for buying of shares offered on the “Privatisation Segment for Payment in Compensation Instruments”, the type of the compensation instrument shall be specified.

**Art. 10.** (1) Auction Committee consistent of two representatives (officers) of the Exchange and one representative of the body under Art. 5 of the PPCA shall supervise the conducting of each auction on the “Privatisation Market” in compliance with these Rules and Regulations.

(2) The representatives of the Exchange in the Auction Committee shall be assigned by the Board while the representative of the body under Art. 5 of the PPCA shall be assigned by the authority of the respective body.

(3) Members of the Auction Committee could be assigned for a single auction or for a certain timeframe of conducting auctions. The members of the Auction Committee shall be dismissed or replaced in the sequence of their assignment.

(4) An auction on the “Privatisation Market” shall not be conducted when any member of an effective Auction Committee pursuant to the provisions of this Article is not available.



(5) The results from every single auction shall be registered in a separate Record in two identical copies – one for the Exchange and one for the body under Art. 5 of the PPCA, which shall be signed by the members of the Auction Committee. This Record shall contain the following minimum information:

- Date of the offering (auction)
- Name of the privatisation segment
- Name of the issuers whose financial instruments have been registered on the “Privatisation Market”
- ISIN code of the registered issues
- Exchange code of the registered issues
- Number of shares offered for privatisation
- Specified market lot for trading
- Minimum sell price per trading lot for each of the issues of the offering
- The alternative prices proposed by the System as limit unit prices of the sell order, as the final minimum unit price of the sell offering defined in compliance with the provisions of Art. 8 shall be pointed out
- Transactions executed as a result from the auction
- Information about any violations or non-conformities stated while conducting the auction
- Other information decided by the Board or by the body under Art. 5 of the PPCA.

(6) In case of a stated violation against the procedures (rules) for privatisation through the public offering method by an Exchange member, a participant on the Unofficial Market or any broker of theirs, the Board shall be entitled to impose a sanction pursuant to Art. 129 (1) of these Rules and Regulations.

**Art. 11.** Settlement of transactions on the “Privatisation Market”:

(1) Settlement of transactions on the “Privatisation Market” shall be carried out in accordance with the procedures provided for in these Rules and Regulations, the Rules and Regulation of the Central Depository and the PPCA.

(2) Transactions shall be considered settled with their registration by the System, whereas delivery versus payment obligations shall arise for both parties.

(3) For transactions executed on the “Privatisation Segment for Payment in Compensation Instruments”, the reports on the executed transactions as of Art. 110 of these Rules and Regulations shall contain information about the type of the compensation instrument used as means of payment for each transaction.

**Art. 12.** (1) The price of the service due to the Exchange for transactions on the “Privatisation Segment for Payment in Cash” shall be 0.2 % (zero point two percent) of the total value of the transaction and shall be due by both parties.

(2) The price of the service due to the Exchange for transactions on the “Privatisation Segment for Payment in Compensation Instruments” shall be 0.2 % (zero point two percent) of the total value of the transaction signified in the nominal value of the compensation instruments used as means of payment for the transaction, and shall be due only by the party representing the buyer.

(3) The prices of the services pursuant to paragraphs (1) and (2) shall be due and payable only in BGN (Bulgarian currency).

**Art. 13.** (1) Exchange members or participants on the Unofficial Market who intend to execute transactions as buyers on the “Privatisation Market” shall be obligated to comply to the provisions of Art. 7 (2) of the PPCA.

(2) Exchange members or participants on the Unofficial Market who have executed transactions as buyers on the “Privatisation Market” shall be obligated to present to the Privatisation Agency the declaration pursuant to Art. 7 (3) of the PPCA not later than the day of the transactions settlement with the Central Depository.

(3) Exchange members or participants on the Unofficial Market who intend to execute or have executed transactions on the “Privatisation Market” for the account of a client shall be obligated to require from the respective client to present both proofs for compliance with the provisions of Art. 7 (2) and the declaration under Art. 7 (3) of the PPCA.

(4) In the cases pursuant to par. (3), the Exchange member or the participant on the Unofficial Market shall be obligated to present the proofs for compliance with the provisions of Art. 7 (2) and the declaration under Art. 7 (3) of the PPCA received from the client not later than the day of the settlement of his transactions with the Central Depository.

For all questions not regulated with this Annex, the provisions of the Rules and Regulations, the POSA, the PPCA and the other normative by-laws regulating these relations shall apply.

## Annex 3

### Rules for Listing of Issues, Execution and Settlement of Transactions on the IPO Market

(Amended with a decision of the Board of Directors No 20/28.08.2002, approved by the SSC with a decision No 172-FB/25.09.2002, into effect as from 26.09.2002, amended with a decision of the Board of Directors No 42/05.12.2007, approved by the FSC with a decision No 27-FB/07.01.2008, into effect as from 29.01.2008)

**Art. 1.** Initial public offering of financial instruments on the Exchange shall be carried out only on the special Exchange market – “IPO Market”.

**Art. 2.** (1) Listing of financial instruments issues on the “IPO Market” shall be allowed only if the following conditions have been fulfilled:

1. Terms of the subscription, respectively of the initial offering in case of underwriting, shall provide for fully payment off of the issuing value or of the offering price;
2. If the subject of the initial public offering is shares, convertible bonds or warrants and their issuer has not been a public company as of the moment of the issuing, then the term under Art. 194 (1) of the Commercial Act, must have been expired;
3. An application form pursuant to the relevant procedures shall be filed and all requirements of this Annex and of these Rules and Regulations shall be abided by.

(2) (Repealed 28.08.2002)

(3) The issuer who applies for listing of its financial instruments on the “IPO Market” and who is not an Exchange member shall authorise an Exchange member to conduct the offering on its behalf.

(4) The member pursuant to the foregoing paragraph shall organise the offering in accordance with the procedures as of Art. 7.

#### Terms and Procedures for Listing

**Art. 3.** (1) For listing on the “IPO Market” an application form by an Exchange member duly authorised by the issuer (or by the issuer itself in case it is an Exchange member), shall be filed with the following documents attached:

1. All documents and data pursuant to Part II, Chapter I of the Rules and Regulations of the Exchange’s Official Market.
2. Documents proving the fulfilment of the requirements pursuant to Art. 2 (1), items 1 and 2 and Art. 2 (2).

(2) If the issuer has already registered an issue on the Official Market or on the Unofficial Market, the documents and data already submitted to the Exchange shall not be attached to the application form under the foregoing paragraph.

(3) The application for listing on the “IPO Market” shall also serve as an application for listing of the issue on the respective exchange market provided the issue has been successfully placed.

(4) The issue shall be considered registered on the “IPO Market” after a decision of the Board and after signing a listing agreement between the issuer and the Exchange prepared under the terms and procedures for listing of issues provided for in these Rules and Regulations.

(5) Information about listing of an issue on the “IPO Market”, the terms of the offering including the data pursuant to Art. 5 (3) shall be published in the Exchange Bulletin.

### **Termination of Listing**

**Art. 4.** (Amend. 05.12.2007) Listing of issues on the “IPO Market” shall be terminated in the following cases:

1. Expiration of the term for subscription or of the offering;
2. Sale of all financial instruments of the listed issue;
3. (Repealed 05.12.2007).

### **Execution and Settlement of Transactions (Subscription to Shares)**

**Art. 5.** (Amend. 05.12.2007) (1) Subscription of financial instruments on the “IPO Market” shall be carried out through a special module to the System of the Exchange.

(2) Entering of the offering parameters on the “IPO Market” shall be executed by an Exchange officer just before the trading session on the initial date of offering of the respective issue.

(3) (Amend. 05.12.2007) The offering parameters shall be defined in the listing agreement and shall contain the following minimum information:

1. Issuer’s name and data;
2. Name of the authorised exchange member;
3. Exchange code of the broker who shall enter the “offer” order;
4. Exchange code of the offered issue;
5. Number of financial instruments (lots) offered for subscription;
6. Market lot of the offered financial instruments (number of financial instruments in one lot);
7. Issuing value, respectively sell price, per one financial instrument;
8. (Amend. 05.12.2007) Initial date of the offering, which shall not be earlier than two working days after announcement as per Art. 3 (5);
9. Final date of the offering – if any determined.

(4) Once entered in the System, the “offer” order shall not be deleted until fulfilment of one of the conditions under Art. 4.

(5) Entering of “bid” orders for subscription of financial instruments shall be carried out only by Exchange members’ brokers and shall be possible only in the time frame of the normal trading session. Brokers shall not enter “offer” orders on the “IPO Market”.

(6) “Bid” orders entered into the System shall not be deleted.

(7) The System module for the “IPO Market” shall not accept entering of “bid” orders at a price different from the issuing price of the offered financial instruments, respectively of the sell price upon underwriting pursuant to Art. 5 (1), item 2 of the POSA, neither for quantity less than the minimal market lot.

(8) The System module for the “IPO Market” shall not accept entering of a second “offer” order for one and the same issue before fulfilling the whole quantity of the first order or deleting it.

(9) Execution of transactions on the “IPO Market” shall be carried out through the open auction principle where the seller shall specify a fixed price and the buyers shall compete in the time of entering the order. If not illegal, it shall be possible to conduct an open auction where the seller shall specify a minimum price and the buyers shall compete both in the price and in the time of entering the order.

(10) The System shall register a transaction immediately after a “bid” order has been entered till exhaustion of the offered quantity.

(11) Auctions shall take place with the time duration and frequency of the normal trading session of the Exchange.

(12) After auction’s conclusion the quantity unsold of the “offer” order shall be transferred for the next auction

(13) During each auction the System module for the “IPO Market” shall report on the “Brokers’ Terminal” screen the following information for each issue:

1. ordered “offer” quantity;
2. issuing price of one market lot;
3. remaining “offer” quantity;

(14) The information under par. (13), item 3 shall be updated on every entering of a “bid” offer.

(15) Besides the information under par. (13), the System module for the “IPO Market” shall grant each broker an access to information on the prices and the volumes of the financial instruments subscribed by him.

**Art. 5a.** If not illegal and if desired by an issuer, the subscription of financial instruments on the “IPO Market” could also be carried out through any of the special

closed auctions to the Exchange System which methods for execution of transactions have been adopted by the Board.

**Art. 6.** (1) Settlement of transactions on the “IPO Market” shall be carried out in accordance with the procedures of these Rules and Regulations.

(2) Transactions shall be considered executed with their registration by the System, whereas delivery versus payment obligations shall arise for both parties.

(3) The price for the service due to the Exchange for transactions on the “IPO Market” shall equal the fee on trading with the respective type of financial instruments in accordance with the Tariff of Fees on the Exchange Services.

**Art. 7.** (1) The Exchange together with the Central Depository shall establish a procedure for transfer of the subscribed, respectively bought financial instruments under Art. 5 of the POSA, as well as of the money paid.

(2) The procedure under par. (1) shall guarantee delivery versus payment and shall transfer the money into the issuer’s accumulation account that shall be blocked till termination of the offering. When the subject of the initial offering under Art. 5 is shares, the accumulation account shall not be unblocked before presentation of a Court Decision for incorporation of the capital increase into the register of commercial companies.

(3) The procedure under par. (1) shall provide for reimbursement of the money paid by the subscribers of financial instruments in case of a failure of the initial public offering.

**Art. 8.** Execution and settlement of transactions in government securities on the “IPO Market” shall be carried out in accordance with an Annex to these Rules and Regulations.

For all questions not regulated with these rules, the provisions of these Rules and Regulations, the POSA, the Commercial Act and other normative by-laws regulating such relations shall apply.

## Annex 4

### Rules for Tender Offering for Redemption of Shares through the Exchange

**Art. 1.** Tender offering for redemption of shares through the Exchange shall be carried out through a special module to the System.

**Art. 2.** (1) Registration of a tender offer for redemption of shares through the Exchange shall be carried out only if the following requirements have been fulfilled:

1. The conditions pursuant to Chapter XI, Section II of the POSA shall be met;
2. The issue of shares of the company, subject of a tender offer, shall be registered for trading on the Equity Market or on the Unofficial Market;
3. The tender offer shall not provide for conditions for share conversion;
4. The tender offer shall be carried out for a quantity representing all voting shares of the company, except these owned (directly or through related parties) by the person under par. (2).

(2) The person making the offer pursuant to par. (1), unless he is an Exchange member, shall be obligated to authorise an Exchange member to perform the offering on his behalf.

(3) Information of the tender offering for redemption of shares through the Exchange shall be published in the Exchange Bulletin within the term under Art. 154 (1) of the POSA, as well as in the cases pursuant to Art. 155 and Art. 157 of the POSA.

**Art. 3.** (1) Entering of the parameters of the tender offering for redemption (the “bid” order) under Art. 1 shall be carried out by an Exchange officer, on the grounds of an order signed by the broker of the Exchange member under Art. 2 (2), just before the trading session on the initial date of the tender offering for the respective issue.

(2) Once entered in the trading system the order of the tender offering for redemption (the “bid” order) under Art. 1 shall not be deleted unless in the following cases:

1. The term of the offering has expired;
2. The cases pursuant to Art. 155 of the POSA.

(3) Entering of “sell” orders for selling shares shall be performed only by the Exchange members’ brokers and shall be possible only within the time frame of the regular trading session. Exchange members’ brokers shall not be entitled to enter “bid” orders in the module for tender offering under Art. 1.

(4) The System module for tender offering pursuant to Art. 1 shall not allow entering of “sell” orders at a price different from the price of the tender offering for redemption (the “bid” offer).

(5) Execution of transactions upon tender offering under Art. 1 shall be based on the following principle: The buyer shall quote fixed price and quantity and sellers shall execute transactions depending on the time of entering their orders.

(6) The system shall register a transaction immediately after a “sell” order has been entered till exhaustion of the quantity of the tender offer for redemption.

(7) Tender offering shall be carried out with the duration and frequency of the regular trading session of the Exchange.

(8) After conclusion of the trading session, the quantity of the order of the tender offering for redemption (the “bid” order) not executed shall be transferred for the next trading session.

(9) During each session the System module for tender offering under Art. 1 shall report on the “Brokers’ terminal” screen the following information of every issue:

1. ordered quantity of the tender offering for redemption;
2. price per share of the tender offering for redemption;
3. remaining quantity of the tender offering for redemption;

(10) The information under par. (9), item 3 shall be updated upon each entering of a “sell” order.

(11) Besides the information pursuant to par. (9), the System module for tender offering under Art. 1 shall grant every broker an access to information of the prices and volumes of the transactions executed by him.

**Art. 4.** (1) Settlement of transactions upon tender offering pursuant to Art. 1 shall be carried out in accordance with the procedures of these Rules and Regulations.

(2) Transactions shall be considered executed with their registration by the System module for tender offering under Art. 1, whereas delivery versus payment obligations shall arise for both parties.

**Art. 5.** (1) The Exchange together with the Central Depository shall establish a procedure for transferring the shares and the money related to the tender offering under Art. 1.

(2) The procedure under par. (1) shall provide for reimbursement of the buyer’s money and of the sellers’ shares in case of withdrawal of the tender offering pursuant to Art. 155 (1) of the POSA.

For all questions not regulated with these rules, the provisions of these Rules and Regulations, the POSA, the Commerce Act and other normative by-laws regulating such relations shall apply.



## **Annex 5**

### **Rules for Listing of Issues, Execution and Settlement of Government Securities Transactions on the Exchange**

(Amended by the Board of Directors with decisions No 13/10.04.2007 and No 21/27.06.2007, approved by the Financial Supervision Commission with Decision No 834-FB/09.07.2007, effective since 10.07.2007)

#### **IPO Market of Government Securities**

**Art. 1.** (Repealed, 10.04.2007)

#### **Trading in Government Securities**

**Art. 2.** Trading in Government Securities on the Exchange shall be carried out only with issues recorded in registers of Exchange members – Primary dealers of Government Securities, or with Government Securities owned by Exchange members – Primary dealers of Government Securities.

**Art. 3.** (Amend. 10.04.2007/27.06.2007) Issues of Government Securities shall be considered listed for trading on the Market of Government Securities as from the date of their acquisition in pursuance with Art. 8 (7) of Ordinance No 5 on the grounds of list-applications, which the Exchange receives from its members – primary dealers of Government Securities.

**Art. 4.** (Amend. 10.04.2007) Trading in issues of Government Securities shall be terminated in the cases provided by in Ordinance No 5 or upon an order by BNB but not later than five working days before maturity.

**Art. 5.** (Amend. 10.04.2007, 27.06.2007) (1) Trades shall be executed through their registration in the System in result of matching counter orders and with the following special features:

1. Additional attribute to “sell” orders shall be the Exchange code of the primary dealer maintaining a register of the respective Government Securities or holding them for his own account;
2. (Repealed, 10.04.2007);
3. Transactions in Government Securities shall not be guaranteed by the Exchange’s Guarantee Fund and shall not be a part of the transactions serving as a base for calculation of the instalments paid by the members into the Guarantee Fund.

(2) (Amend. 10.04.2007, 27.06.2007) Transactions shall be considered executed with their registration by the System, whereas an obligation for their registration with the Government Securities Depository at BNB as per Art. 6 shall arise for both parties.

(3) (New, 10.04.2007) Transactions, which have been negotiated out of market or through the communication channels of the System, could also be executed on the Market of Government Securities. These shall be registered by one of the transacting parties and confirmed by the other.

**Art. 6.** (1) (Amend. 10.04.2007, 27.06.2007) The registration of the trades with the Government Securities Depository at BNB shall be executed in accordance with the procedures of Ordinance No 5 and in compliance with the terms approved by the Minister of Finance and by the Manager of BNB as per their joint letter No 91SM-0094/91-00-326/11.05.2006.

(2) (Amend. 10.04.2007, 27.06.2007) The Exchange System shall allow generating of a real-time report on the transactions in Government Securities to the parties in transaction. After the end of each trading session, the System shall report the transactions in Government Securities to the parties in transaction and to the primary dealer of the sellers of Government Securities.

1. (Repealed, 27.06.2007)
2. (Repealed, 27.06.2007)
3. (Repealed, 27.06.2007)
4. (Repealed, 27.06.2007)
5. (Repealed, 27.06.2007)
6. (Repealed, 27.06.2007)
7. (Repealed, 27.06.2007)
8. (Repealed, 27.06.2007)
9. (Repealed, 27.06.2007)
10. (Repealed, 27.06.2007).

**Art. 7.** The Exchange shall publish in its bulletin information about the transactions executed on the Market of Government Securities.

For all questions not regulated with these rules, the provisions of these Rules and Regulations, the POSA and other normative by-laws regulating such relations shall apply.

## Annex 6

### Rules for Trading in Compensation Instruments on the BSE-Sofia

(Adopted with a decision of the Board of Directors No 15/18.06.2002, approved by the SSC with a decision No 94-FB/26.06.2002, into effect as from 27.06.2002; Amended with a decision of the Board of Directors No 39/11.11.2003, approved by the FSC with a decision No 515-FB/13.11.2003, into effect as from 14.11.2003, Amended with a decision of the Board of Directors No 4205.12.2007, approved by the FSC with a decision No 27-FB/07.01.2008, into effect as from 29.01.2008)

**Art. 1.** This Annex shall regulate the terms and procedures for trading on the Exchange of the compensation instruments and investment vouchers pursuant to the Compensation Instruments Act (CIA) as well as the procedures for dissemination of information on the transactions executed with them.

**Art. 2.** The trading with compensation instruments and investment vouchers shall be carried out on the Unofficial Market on its specially created “Market of Compensation Instruments” Segment.

**Art. 3.** (1) Registration of compensation instruments and of investment vouchers for trading on the Exchange shall be implemented after a written notification by the Central Depository containing information of the type of the compensation instruments maintained with its Registry and of their nominal volume as well as of the nominal volume of the investment vouchers.

(2) The registration as of par. (1) shall be implemented under a decision of the Board but not earlier than 3 (three) working days following the announcement of the decision for registration in the Unofficial Market Bulletin.

(3) The Board’s decision for registration and the announcement in the Unofficial Market Bulletin shall contain the data of the notification under par. (1) as well as the exchange code assigned to each type of the compensation instruments as well as to the investment vouchers.

(4) In cases of increase or decrease in the amount of an issue of compensation instruments of a certain type or of the investment vouchers reported by the Central Depository, the BSE-Sofia shall immediately record the correction in its register of the compensation instruments and investment vouchers traded on the Exchange. The correction shall be implemented upon an order of the Director of Trading.

(5) The correction under par. (4) shall be announced in the Exchange Bulletin not later than the day of its implementation.

**Art. 4.** (1) Temporary suspension of trading with a certain type of compensation instruments or of investment vouchers on the stock exchange shall be possible provided the Exchange has received a written request by the Central Register of Compensation

Instruments or by the Central Depository containing the reasons for suspension and its term, abiding by the provisions of the CIA.

(2) Besides cases pursuant to par. (1), the Exchange shall be entitled to suspend, for not more than 3 (three) days, the trading with a certain type of compensation instruments or with investment vouchers under the procedures of these Rules and Regulations provided:

- Unreasonable substantial alteration in the price of the compensation instruments or of the investment vouchers has been registered; or
- Information related to trading or to using of compensation instruments or investment vouchers as means of payment, which could significantly influence the price of the compensation instruments or of the investment vouchers, is expected to be published but has not been disclosed to the public yet; or
- Any other circumstances provided for in these Rules and Regulations and applicable to compensation instruments and to investment vouchers.

(3) In the cases pursuant to par. (1), the Director of Trading shall immediately order a temporary suspension of trading with the relevant type of compensation instruments or with investment vouchers.

(4) Reasons and term of temporary trading suspension under par. (1) shall be immediately announced in the Exchange trading system and/or on the web-site of the Exchange. The same information shall be also published in the Unofficial Market Bulletin not later than the day of the temporary suspension.

**Art. 5.** (1) Trading with a certain type of compensation instruments or with investment vouchers shall be finally terminated after a written notification by the Central Depository of a forthcoming deletion of the issue from its Registry in the cases provided for in the effective legislation.

(2) In the cases as of par. (1), upon an order of the Director of Trading, information on the date of trading termination shall be announced in the Unofficial Market Bulletin. The date of trading termination shall not be later than 3 (three) working days before the date of deletion of the respective issue with the Central Depository.

(3) In cases of delay of the notification pursuant to par. (1), leading to impossibility to fix the date of trading termination under par. (2), the Director of Trading shall immediately order termination of the trading with the respective type of compensation instruments or with investment vouchers.

(4) In the cases pursuant to par. (3), information about termination of trading shall be immediately announced in the Exchange trading system and/or on the web-site of the Exchange. The same information shall be also published in the Unofficial Market Bulletin on the day of the termination.

**Art. 6.** (1) Execution and settlement of transactions with compensation instruments and investment vouchers on the Exchange shall be carried out under the procedures of these Rules and Regulations concerning transactions in financial

instruments on the Unofficial Market, the Central Depository's Rules and Regulations and the effective legislation related to transactions in dematerialised financial instruments on a regulated market.

(2) Exchange Members and participants on the Unofficial Market shall have all rights and obligations when trading with compensation instruments and investment vouchers such as when trading with financial instruments on the Unofficial Market.

(3) Allowable margins of deviations of prices of the compensation instruments and investment vouchers traded on the Unofficial Market shall be +/- 15% (fifteen per cent) in respect to the opening price of the trading session. Entering of orders and execution of transactions at prices beyond the allowable deviation margins shall not be accepted unless related to the first day of trading of a new-registered issue of compensation instruments or investment vouchers.

(4) Trading lot of compensation instruments and of investment vouchers shall be defined with a decision of the Board following the procedures of these Rules and Regulations.

**Art. 7.** (Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>28</sup> (1) When trading in compensation instruments or investment vouchers, Art. 51 (2) shall apply respectively.

(2) (Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>29</sup>

(3) (Repealed 05.12.2007 as the repeal shall become effective since 01.07.2008)<sup>30</sup>

**Art. 8.** Fee on execution of transactions with compensation instruments or investment vouchers on the Exchange shall equal to the fee pursuant to Art. 169 (1), item 2 "c".

To all questions not regulated with these rules, the provisions of these Rules and Regulations shall apply.

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<sup>28</sup> Effective by 01.07.2008: "(1) When trading with compensation instruments or investment vouchers, execution of block transactions shall be allowed under the procedures pursuant to Annex 1 excluding Art. 3 and Art. 4 of the Annex."

<sup>29</sup> Effective by 01.07.2008: "(2) Compensation instruments or investment vouchers object to a block transaction shall amount minimum to BGN 1,000,000 (one million) nominal value."

<sup>30</sup> Effective by 01.07.2008: "(3) To block transactions with compensation instruments, the margins of deviation of prices pursuant to Art. 6 (3) shall be relevant."

## Annex 7

### Rules for Registration and Trading in Rights upon Capital Increase of a Public Company

(Adopted with a decision of the Board of Directors No 20/28.08.2002, approved by the SSC with a decision No 172-FB/25.09.2002, into effect as from 26.09.2002; Amended with a decision of the Board of Directors No 17/29.05.2003, approved by the FSC with a decision No 97-FB/30.05.2003, into effect as from 01.06.2003; Amended with a decision of the Board of Directors No 22/24.06.2003, approved by the FSC with a decision No 141-FB/02.07.2003, into effect as from 03.07.2003; Amended with decisions of the Board of Directors No 4/20.02.2006 and No 8/26.04.2006, approved by the FSC with a decision No 321-FB/04.05.2006, into effect as from 05.05.2006; Amended with a decision of the Board of Directors No 42/05.12.2007, approved by the FSC with a decision No27-FB/07.01.2008, into effect as from 29.01.2008)

**Art. 1.** Present rules shall regulate terms and procedures for registration and trading on the Exchange of rights issued due to initiated proceedings for capital increase of a public company pursuant to Art. 112 – 112d of the POSA.

**Art. 2.** (Amend. 26.04.2006, 05.12.2007) (1) Rights pursuant to par. (1) of a public company shall be registered on the Exchange only if the Board has taken a decision to register the issue of shares of the company for trading on the Exchange, respectively to register its increase in compliance with Art. 51 (6) of these Rules and Regulations. The rights pursuant to par. (1) shall be registered for trading on the Exchange upon a decision of the Director of Trading.

(2) (Amend. 26.04.2006, 05.12.2007) To register an issue of rights in connection with a capital increase of a public company, the company shall file an application form with the following attachments:

1. (Amend. 26.04.2006, 05.12.2007) Copy of a prospectus for public offering and certified copies of the decision of the FSC or of the respective competent authority in the sending Member State for endorsement of the prospectus and of the announcement for the public offering as per Art. 92a (1) of the POSA;
2. (Repealed, 05.12.2007);
3. (Repealed, 05.12.2007).

(3) (Amend. 05.12.2007) Having received the documents as per par. (2), item 1, the Exchange shall immediately announce in its Bulletin the following minimum information:

1. Short notice about the forthcoming public offering containing information on:
  - Name of the public company
  - Exchange code of the issue of shares object of increase
  - Number of shares offered for subscription, their par and issuing value
  - Term for subscription of shares of the increase
  - Exchange code of the rights issued

- Number of the rights issued
  - Correlation between rights issued and one new share
  - Initial and final date for rights transferring
  - Initial and final date for trading with rights on the Exchange
  - Final date for trading with rights on the Exchange within the term for rights transferring
  - Date of the Auction pursuant to Art. 4
2. Final date for transactions with shares of the company on the Exchange in result of which the owner of the shares shall have the right to participate in the capital increase.

**Art. 3.** (Amend. 29.05.2003, Amend. 20.02.2006) (1) Trading with rights pursuant to par. (1) shall be performed on the Unofficial Market, “Unofficial Market of Other Dematerialised Securities within the meaning of the POSA” Segment, in compliance with the procedures of these Rules and Regulations.

(2) (Amend. 20.02.2006) Trading lot for trading in rights shall be 1 (one) right unless otherwise decided by the Board pursuant to Art. 83 (1) of these Rules and Regulations. Provisions of Art. 94 shall not apply to trading in rights.

(3) (Amend. 29.05.2003) Final date for trading with rights on the Exchange within the term for rights transferring pursuant to Art. 112b (4) of the POSA shall be 2 (two) working days prior to the final date for rights transferring.

(4) For the period from the final date for trading with rights on the Exchange under par. (3) to the date of the Auction pursuant to Art. 4, the trading with rights on the Exchange shall be temporarily suspended.

(5) Once the Auction pursuant to Art. 4 has been carried out, the registration of the respective issue of rights on the Exchange shall be considered terminated.

**Art. 4.** (Amend. 24.06.2003) (1) On the fifth working day following the final date for rights transferring, the Exchange shall organise a single auction pursuant to Art. 112b (7) of the POSA.

(2) (Amend. 24.06.2003) Method for conducting the auction pursuant to the foregoing paragraph shall be as follows:

1. Two working days prior to conducting of the Auction, the investment intermediary servicing the capital increase of the public company shall submit to the Exchange a written “sell” order (an order of the seller), containing the total number of the rights, which shall be offered for sale at the Action.
2. On the working day following the submission of the order pursuant to par. (1), the Exchange shall publish in its Bulletin information about the total number of the rights, which shall be offered for sale at the Action, and the date of the Auction.
3. An Exchange officer prior to the beginning of the Auction shall enter the order of the seller into the System. The order shall be valid “for the day” (one-day time to leave) and shall specify the total number of the rights that could be bought. The order could quote the opening price for the session

pursuant to Art. 93 (1) of these Rules and Regulations but that price shall be just tentative to the buyers.

4. Auction shall start at 9:30 a.m. and finish at 01:00 p.m.
5. During the Auction only limit “bid” orders valid “for the day” (one-day time to leave) shall be entered without any price deviation limitations.
6. Entering of orders of “all or nothing” type shall not be allowed.
7. Within the timeframe of the Auction, “bid” orders shall not be deleted neither altered unless otherwise allowed by the Director of Trading abiding by the procedures pursuant to Art. 107 (2) of these Rules and Regulations.
8. Entered “bid” orders shall be placed till the end of the Auction by “price” priority and if equal – by “time of entering” priority.
9. After conclusion of the Auction, the System shall register transactions between the seller and buyers according to the prices of the “bid” orders, starting from the “bid order” with the highest priority and after executing it – passing to the next placed “bid” order with highest priority and so on until:
  - Exhausting of the “sell” order; or
  - Exhausting of the “bid” orders entered.
10. All orders not executed at the Auction shall be deleted by the System after conclusion of the registration of transactions pursuant to the foregoing paragraph.

**Art. 5.** (1) (Repealed, 05.12.2007)

(2) (Repealed, 05.12.2007)

(3) (Repealed, 05.12.2007)

To all issues not regulated with these rules, the provisions of these Rules and Regulations shall apply.



## **Annex 8**

### **Rules for Technical Performance of Remote Public Auctions**

(Adopted with a decision of the Board of Directors No 35/24.10.2003, approved by the FSC with a decision No 518-FB/18.11.2003, into effect as from 19.11.2003, Amended with a decision of the Board of Directors No 7/01.03.2007, approved by the FSC with a decision No 424-FB/09.03.2007, into effect as from 10.03.2007)

#### **Conditions and Procedures for Registration**

**Art. 1.** (1) Technical performance of remote public auctions pursuant to Art. 3 (1), item 2 of the Ordinance on Auctions and Competitions through the System of the Exchange shall be carried out on the grounds of the contract under Art. 2 following the procedures of these Rules and Regulations.

(2) For the purposes of par. (1), a “Remote Public Auction” Segment shall be created to the “Privatisation Market”.

**Art. 2.** (1) The Privatisation Agency shall assign the actions upon the technical performance of remote public auctions through a contract on the Exchange. On the grounds of this contract, the Privatisation Agency shall apply for performance of remote public auctions, in a written form, not later than 6 working days prior to the beginning of each auction. The application form shall contain the following minimum information on each remote public auction:

1. Name of the company, which units shall be registered on the “Remote Public Auction” Segment
2. Number of units that shall be offered for privatisation as well as their percentage of the total number of units in the capital of the company
3. Specified trading lot
4. Initial offering price per trading lot
5. Type of means of payment, which shall be permitted at the respective auction
6. Initial and final date of the auction
7. Date, prior to which no orders at price lower than the initial one shall be accepted
8. Other information decided by the Privatisation Agency to be announced to the public.

(2) The Exchange shall define the Exchange code of each company.

(3) The Exchange shall publish in its Official Bulletin the information pursuant to par. (1), items 1-7 and to par. (2), as well as instructions on access to the information under par. (1), item 8, not later than 5 working days before the beginning of each auction.

(4) The Exchange shall publish the information under par. (1), item 8, on its Internet site within the term pursuant to par. (3).

(5) If, by the conclusion of the auction on the date pursuant to par. (1), item 7, any units of the capital of the respective company have not been sold, then the initial price per trading lot shall be reduced by 50% as from the next working day.

(6) The Exchange, by announcement in the Official Bulletin or in another appropriate way, including its Internet site, shall notify its Members and participants on the Unofficial Market of the new conditions of the offering price pursuant to par. (5), not later than two hours prior to the beginning of the auction.

**Art. 3.** (1) Registration of companies on the “Remote Public Auction” Segment shall be performed upon an order of the Director of Trading after:

- Contract as of Art. 2 (1) has been signed
- Application form as of Art. 2 (1) has been filed
- Announcements as of Art. 2, par. (3) and (4) have been published.

(2) Auction parameters for each company shall be entered by an Exchange officer and shall not be changed until:

1. Changing the offering price pursuant to Art. 2 (5); or
2. Termination of the registration of the company on the “Remote Public Auction” Segment.

### **Technical Implementation**

**Art. 4.** (Amend. 01.03.2007) (1) Ranking of participants in a remote public auction shall be carried out through a “Mixed Closed Auction” organised by the System and adopted by the Board. During each auction, participating buyers shall be entitled to see the parameters of their own orders only and to have the information on the offering parameters pursuant to Art. 2 (1), items 1-7 and to Art. 2 (2).

(2) Timeframe for conducting the auction as of par. (1) shall be within the period from 01:00 p.m. to 02:00 p.m.

(3) Remote public auctions, respectively auctions as of par. (1), shall be carried out with “each exchange trading session” frequency till the final date of the remote public auction pursuant to Art. 2 including.

(4) (Amend. 01.03.2007) “Bid” orders during each auction under par. (1) shall be entered only by brokers of Exchange members or of participants on the Unofficial Market and with a minimum price quotation variation with an allowance of two digits right to the decimal point. Entering of new “bid” orders, cancellation or changing parameters of “bid” orders already entered shall be allowed within the timeframe under par. (2).

(5) During each auction as of par. (1), only limit orders, presenting “bid” orders at a specified unit price for a specified quantity of trading lots that could be executed partially, shall be entered.

(6) Within the timeframe of each auction as of par. (1), all limit orders entered into the System shall be classified by “price” priority first and in case of equal prices – by “time of entering” priority.

(7) Additional conditions related to limit orders:

1. The System shall not permit entering of limit orders at a unit price lower than the minimum price of the offering defined by the Privatisation Agency.
2. Entering of a limit order for quantity greater than the quantity of the offering for sale at the respective auction shall be forbidden.
3. If after expiry of the timeframe as of par. (2) for conducting the auction there are no limit orders entered, then auction shall not be carried out.

(8) After conclusion of each auction as of par. (1), the System shall offer one or a few alternative prices as limit unit prices of the order of the offering. The lowest one of the alternatives offered by the System shall be always selected as a final unit price of the offering.

(9) The Exchange shall keep a Record on the results of every single auction containing the information pursuant to Art. 19 (1), items 1-9 of the Ordinance on Auctions and Competitions as well as the final unit price for sale of each company. The Record shall be prepared in two identical copies – one for the Privatisation Agency and one for the Exchange, and shall be signed by the Executive Director of the Exchange.

(10) All actions pursuant to paragraphs (6)-(8), except selection of the final unit price of the sale offering, shall be executed automatically by the System.

(11) Selection of a final unit price of the sale offering as of par. (8) shall allow generating of a report on the participants classified. Classification of the orders shall be executed on the grounds of their priorities pursuant to par. (6).

(12) After conclusion of the auction under par. (1), the quantity unsold of the sale offering shall be transferred for the next auction excluding the cases pursuant to Art. 6 (1). After conclusion of the auction under par. (1), the “bid” orders not fulfilled shall be deleted by the System.

**Art. 5.** When entering orders for buying shares offered on the “Remote Public Auction” Segment, the type of the payment instrument shall be specified. A price entered in a non-cash payment instrument shall present the nominal value of the payment instrument per trading lot.

**Art. 6.** (1) Registration of a commercial company on the “Remote Public Auction” Segment shall be terminated upon:

1. Termination of the contract pursuant to Art. 2 (1)
2. Written order by the Privatisation Agency
3. Sale of all units registered on the “Remote Public Auction” Segment.

(2) A company, which registration has been once terminated, could be registered again on the “Remote Public Auction” Segment.

## **Settlement of Transactions**

**Art. 7.** (1) After conclusion of each auction, the Exchange shall send to the Central Depository a report on the payment liabilities of all participants classified at the auction.

(2) After conclusion of each auction, the Exchange shall send to the Privatisation Agency a report on the participants classified at the auction as an attachment to the Record pursuant to Art. 4 (9).

(3) All Exchange members and participants on the Unofficial Market, classified as buyers at the respective auctions, shall be obligated to execute all actions necessary for successful settlement of the transactions.

(4) Settlement of transactions on the “Remote Public Auction” Segment shall be carried out in accordance with the procedures provided for in the Ordinance on Auctions and Competitions.

(5) The Exchange shall not charge Exchange members and participants on the Unofficial Market for their performance in remote public auctions carried out by the Exchange.

**Art. 8.** (1) Exchange members or participants on the Unofficial Market, who intend to execute transactions as buyers on the “Remote Public Auction” Segment, shall be obligated to comply with the provisions of Art. 7 (2) of the PPCA.

(2) Exchange members or participants on the Unofficial Market, who have been classified as buyers on the “Remote Public Auction” Segment, shall be obligated to present to the Privatisation Agency the declaration pursuant to Art. 7 (3) of the PPCA not later than the day of the transactions settlement with the Central Depository.

(3) Exchange members or participants on the Unofficial Market, who intend to execute or have executed transactions on the “Remote Public Auction” Segment for the account of a client, shall be obligated to require from the respective client to present both proofs for compliance with the provisions of Art. 7 (2) and the declaration under Art. 7 (3) of the PPCA.

(4) In the cases pursuant to par. (3), the Exchange member or the participant on the Unofficial Market shall be obligated to present the proofs for compliance with the provisions of Art. 7 (2) and the declaration under Art. 7 (3) of the PPCA received from the client not later than the day of the settlement of his transactions with the Central Depository.

**Art. 9.** In case of violation against procedures (rules) for privatisation through a remote public auction by an Exchange member, participant on the Unofficial Market or by their broker, the Board shall be entitled to impose a sanction pursuant to Art. 129 (1) of these Rules and Regulations.

For all questions not regulated with this Annex, the provisions of these Rules and Regulations, POSA, PPCA, CIA and the other normative by-laws regulating these relations shall apply.

## Annex 9

### Rules for Organisation and Performance of Centralised Public Auctions

(Adopted with a decision of the Board of Directors No 39/11.11.2003, approved by the FSC with a decision No 515-FB/13.11.2003, into effect as from 14.11.2003; Amended with a decision of the Board of Directors No 7/01.03.2007, approved by the FSC with a decision No 424-FB/09.03.2007, into effect as from 10.03.2007)

#### Conditions and Procedures for Registration and Termination of Registration

**Art. 1.** (1) Organisation and performance of centralised public auctions (CPA), pursuant to Chapter XV of the Ordinance on Conditions and Procedures for Organisation and Performance of Centralised Public Auctions for Selling Shares Owned by the State (hereinafter CPAO), through the System of the Exchange, shall be carried out on the grounds of the contract under Art. 2 following the procedures of these Rules.

(2) For the purposes of par. (1), a “Centralised Public Auction” Segment shall be created to the “Privatisation Market”.

**Art. 2.** (1) The Privatisation Agency shall assign the actions upon the technical performance of CPA pursuant to Chapter XV of the CPAO through a contract on the Exchange. On the grounds of this contract and the announcement under Art. 45b (1) of the CPAO, the Privatisation Agency shall apply for performance of CPA, in a written form, not later than 5 working days prior to their initial date. The application form shall contain the following minimum information on each company, which shares shall be offered for sale at CPA:

1. Initial and final date of the offering of shares for sale at CPA
2. Name of the company, which shares shall be offered including their Bulstat and Tax Number
3. Capital amount and total number of shares
4. Amount of the State shareholdings in the capital
5. Whether the company is public or not
6. Number of shares that shall be offered for sale as well as their percentage of the total number of shares of the company
7. Type of shares (materialised, dematerialised)
8. Minimum offering price per share (if any determined)
9. Other information decided by the Privatisation Agency.

(2) The Exchange shall define the Exchange code of each company.

(3) The Exchange shall publish in its Official Bulletin the information pursuant to paragraphs (1) and (2) not later than the working day following the day of its submission.

(4) The Exchange shall publish information prospectuses pursuant to Art. 45f (1) of the CPAO in its Official Bulletin or on its Internet site not later than the end of the first working day following the day of receiving the prospectuses from the Privatisation Agency.

**Art. 3.** (1) Registration of companies on the “Centralised Public Auction” Segment shall be performed upon an order of the Director of Trading after:

- Contract as of Art. 2 (1) has been signed
- Application form as of Art. 2 (1) has been filed
- Announcement as of Art. 2 (3) has been published.

(2) Registration of a company on the “Centralised Public Auction” Segment shall be terminated upon:

4. Termination of the contract pursuant to Art. 2 (1)
5. Sale of all shares offered for privatisation of the respective company.

(3) A company, which registration has been once terminated, could be registered again on the “Centralised Public Auction” Segment.

**Art. 4.** Auction parameters for each company shall be entered by an Exchange officer and shall not be changed till termination of the registration of the company on the “Centralised Public Auction” Segment.

### **Technical Implementation**

**Art. 5.** (Amend. 01.03.2007) (1) A centralised public auction shall be performed through closed auctions, organised by the Stock Exchange every working day within the timeframe pursuant to par. (3), from the beginning of the term for CPA till the expiry of this term or till the exhaustion of the quantity of shares offered at the auction.

(2) Classification of participants in CPA shall be carried out through a “Mixed Closed Auction” organised by the System and adopted by the Board. During each auction, participants-buyers shall be entitled to see the parameters of their own orders only and to have the information on the parameters of the CPA pursuant to Art. 2 (1).

(3) Timeframe for conducting the auction as of par. (1) shall be within the period from 09:30 a.m. to 11:00 a.m.

(4) (Amend. 01.03.2007) “Bid” orders during each auction under par. (1) shall be entered only by brokers of Exchange members or of participants on the Unofficial Market and with a minimum price quotation variation with an allowance of two digits right to the decimal point. Entering of new “bid” orders, cancellation or changing parameters of “bid” orders already entered shall be allowed within the timeframe under par. (3).

**Art. 6.** (1) When entering “bid” orders at the auction of CPA, the type of the payment instrument shall be specified. Investment vouchers and compensation instruments shall serve as payment instruments of “bid” orders at CPA.

(2) At each auction of CPA, the following types of “bid” orders shall be allowed to enter:

- Limit orders – orders for buying at a specified unit price (nominal value in BGN of investment vouchers or of compensation instruments) and for a certain quantity of trading lots that could be partially executed.
- Market orders – orders, containing total nominal value in BGN of investment vouchers or of compensation instruments, which could be executed in full or partially at the market price determined by the auction so that the total value of the trading lots in the transactions with one market order shall not surmount the value of the order.
- Unit price of each limit order and total value of each market order shall not relate to more than one payment instrument (investment vouchers, compensation notes, housing compensation notes or registered compensation vouchers).

(3) Within the timeframe for conducting each auction of CPA, all orders entered into the System shall be classified by the following priorities:

- Limit orders - by “price” priority first and in case of equal prices – by “time of entering” priority.
- Market orders - by “time of entering” priority.

(4) Priorities for limit orders and for market orders pursuant to the foregoing paragraph shall be calculated separately.

(5) Additional conditions related to limit orders:

1. The System shall not allow entering of limit orders at a unit price lower than the minimum offering price if any determined.
2. Entering of a limit order for quantity greater than the quantity of the offering for sale at the respective auction shall be forbidden.
3. If after expiry of the timeframe for conducting the auction of CPA there are no limit orders entered, then auction shall not be carried out.

(6) After conclusion of each auction of CPA, the System shall offer one or a few alternative prices as limit unit prices of the order of the offering for sale. The lowest one of the alternatives offered by the System shall be always selected as a final unit price of the offering for sale.

(7) Selection of a final unit price of the sale offering as of par. (6) shall allow generating of a report on the participants classified. Classification of the orders shall be executed on the grounds of their priorities pursuant to par. (3).

(8) After conclusion of an auction of CPA, the quantity unsold of the sale offering shall be transferred for the next auction excluding the cases of registration termination. After conclusion of an auction of CPA, the “bid” orders not fulfilled shall be deleted by the System.

### **Settlement of Transactions**

**Art. 7.** (1) Settlement of transactions on the “Centralised Public Auction” Segment shall be carried out in accordance with the procedures provided for in Chapter XV of the CPAO.

(2) Transactions shall be considered executed with their registration by the System whereas an obligation for their settlement shall arise for both parties.

(3) When transactions executed on the “Centralised Public Auction” Segment concerned, reports pursuant to Art. 110 of the BSE Rules and Regulations shall contain also information about the type of instrument that has served as payment instrument for each transaction.

**Art. 8.** (1) Auction Committee pursuant to Art. 45e of the CPAO shall prepare an individual Record on the results of each auction in two identical copies – one for the Privatisation Agency and one for the Exchange. This Record shall be signed by the members of the Auction Committee and shall contain the following minimum information:

1. Date of the offering (auction)
2. Name of the segment, on which the CPA has been carried out
3. Names of the companies, which shares have been offered for privatisation
4. Exchange codes of the companies
5. Number of shares offered for privatisation
6. Minimum offering price (if any determined) per share for each issue offered for privatisation
7. Buyers classified as a result of the auction; price and quantity of shares that they are obligated to buy; as well as unique exchange number of each transaction registered at the performed auction
8. Information about violations and non-conformities stated in the course of the auction performance
9. Other information defined in the contract as of Art. 2.

**Art. 9.** (1) After conclusion of each auction, the Exchange shall send to the Central Depository a report on the payment liabilities of all participants classified at the auction following the procedures of these Rules and Regulations.

(2) Report pursuant to the foregoing paragraph shall serve as:

1. Order on behalf of the Privatisation Agency to the Central Depository to execute payments pursuant to Art. 45c (8) of the CPAO
2. Order on behalf of the Privatisation Agency for transferring shares in the cases pursuant to Art. 45c (8), item 1 of the CPAO.

(3) All Exchange members and participants on the Unofficial Market, classified as buyers at the respective auction, shall be obligated to execute all actions necessary for successful settlement of the transactions.

**Art. 10.** (1) Exchange members or participants on the Unofficial Market, who intend to execute transactions as buyers on the “Centralised Public Auction” Segment, shall be obligated to comply with the provisions of Art. 7 (2) of the PPCA.



(2) Exchange members or participants on the Unofficial Market, who have been classified as buyers at CPA, shall be obligated to present to the Privatisation Agency the declaration pursuant to Art. 7 (3) of the PPCA not later than the day of the transactions settlement.

(3) Exchange members or participants on the Unofficial Market, who intend to execute or have executed transactions at CPA for the account of a client, shall be obligated to require from the respective client to present both proofs for compliance with the provisions of Art. 7 (2) and the declaration under Art. 7 (3) of the PPCA.

(4) In the cases pursuant to par. (3), the Exchange member or the participant on the Unofficial Market shall be obligated to present the proofs for compliance with the provisions of Art. 7 (2) and the declaration under Art. 7 (3) of the PPCA received from the client not later than the day of the settlement of his transactions.

**Art. 11.** In case of violation against procedures (rules) for privatisation through CPA by an Exchange member, participant on the Unofficial Market or their broker, the Board shall be entitled to impose a sanction pursuant to Art. 129 (1) of these Rules and Regulations.

For all questions not regulated with this Annex, the provisions of these Rules and Regulations, CPAO, POSA, PPCA, CIA and the other normative by-laws regulating these relations shall apply.

## **Annex 10**

### **Rules for Performance of Initial Sale by Underwriter and Trading in Rights in Terms of Initial Increase of the Capital of a Special Investment Purpose Company**

(Adopted with a decision of the Board of Directors No 4/13.02.2004, approved by the FSC with a decision No 110-FB/23.02.2004, into effect as from 24.02.2004; Amended with a decision of the Board of Directors No 7/01.03.2007, approved by the FSC with a decision No 424-FB/09.03.2007, into effect as from 10.03.2007)

#### **General Terms and Legislative Grounds**

**Art. 1.** These Rules have been worked out on the grounds of Art. 13 of the Special Investment Purpose Companies Act (SIPCA) promulgated in the State Gazette, issue 46 /20.05.2003, with reference to the provisions of Art. 5 (1), item 2 and Art. 6 of the POSA.

**Art. 2.** These Rules shall settle the procedures for registration and initial sale of rights by an Exchange Member or a Participant on the Unofficial Market – an underwriter of the issue pursuant to a contract with the issuer (hereinafter, the “Underwriter”), as well as the procedures for registration and trading of rights in the cases of initial increase of the capital of a special investment purpose company (SIPC).

#### **Procedures for registration and initial sale by an underwriter of an issue of rights of SIPC**

**Art. 3 (1)** Initial sale of rights by an underwriter of an issue pursuant to Art. 2 shall be carried out on the IPO Market.

(2) In the cases pursuant to the foregoing paragraph, the provisions of Annex 3 to these Rules and Regulations shall not be applied.

(3) To register the issue of rights for initial sale, their underwriter shall send notification to the Exchange not later than 11:00 p.m. on the third working day before the initial date of rights offering.

**Art. 4 (1)** In order for registration of the issue of rights and performance of the sale pursuant to Art. 2, the notification as of Art. 3 (3) shall specify:

1. Basic data about the initial increase in the capital of SIPC as well as the issue of the State Gazette (No/date), in which the announcement of the increase has been promulgated
2. Initial date of offering of the rights
3. Final date of the offering
4. Information about the number of the rights offered.

(2) The initial date and the final date of the offering pursuant to the foregoing paragraph shall coincide with the initial and respectively the final date of the trading with rights as of Art. 10.

**Art. 5** (1) Not later than 2 (two) working days before the initial date of the rights offering, the Exchange shall publish in its bulletin the following information:

1. Name of the SIPC – issuer
2. Number of shares offered for subscription, their nominal and issuing value
3. Term for subscription to shares of the increase
4. Name of the underwriter performing the initial sale of rights
5. The Exchange code of the rights issued on the IPO Market
6. Number of the rights issued
7. Correlation between the rights issued and one new share
8. Initial date and final date of the offering for initial sale of rights on the Exchange.

(2) Registration of rights on the IPO Market shall be carried out upon an order of the Director of Trading after the announcement pursuant to the foregoing paragraph.

**Art. 6.** Offering for initial sale by an underwriter of an issue pursuant to Art. 2 shall be performed following the principle of a market order, i.e. transactions shall be executed at the price of the bid offers at the auction as of Art. 8.

**Art. 7.** The Exchange shall terminate the registration of an issue of rights on the IPO Market upon:

1. Sale of the whole amount of the rights offered
2. Performance of the auction pursuant to Art. 8 on the day coinciding the final date of the offering.

**Art. 8.** (Amend. 01.03.2007) (1) Offering of rights of a SIPC for initial sale by an underwriter shall be carried out through a “Closed Mixed Auction” organised by the System and adopted by the Board. During each auction, the Exchange members-buyers shall be entitled to see the parameters of their own bid orders only and to handle with information about the parameters of the offering.

(2) The auction pursuant to par. (1) shall be carried out within the timeframe from 09:30 a.m. to 11:00 a.m. The auction shall be performed at each trading session till termination of the registration of rights as of Art. 7.

(3) (Amend. 01.03.2007) “Bid” orders during each auction under par. (1) shall be entered only by brokers of Exchange members or of participants on the Unofficial Market and with a minimum price quotation variation with an allowance of two digits right to the decimal point. Entering of new “bid” orders, cancellation or changing parameters of “bid” orders already entered shall be allowed within the timeframe under par. (2).

(4) Only limit orders or market orders shall be entered at the auctions pursuant to par. (1). Limit orders shall be orders for buying of a certain number of rights at a specified unit price, which could be partially executed. Market orders shall be orders for

buying of a number of rights at the average-weighted price of all executable orders so that their total value shall not surmount the value preliminarily specified.

(5) Within the timeframe for conducting each auction as of par. (1), all limit orders entered into the System shall be classified by “price” priority first and in case of equal prices – by “time of entering” priority. Market orders shall be classified by “time” priority – orders entered earlier into the System shall be placed by priority.

(6) Additional conditions related to limit orders:

4. The System shall not admit entering of limit orders at a unit price lower than BGN 0.01.
5. Entering of a limit order for quantity greater than the quantity of the offering for sale at the respective auction shall be forbidden.
6. If after expiry of the timeframe for conducting the auction pursuant to par. (2) there are no limit orders entered, then auction shall not be carried out.

(7) After conclusion of each as of par. (1), the System following the algorithm of the Mixed Closed Auction shall offer one or a few alternative prices as a low limit of the price of the limit orders. The lowest price of all the alternatives offered by the System shall be always selected to be such a low limit.

(8) The Exchange shall report the results from each auction to the parties of the transactions and shall publish the results in its bulletin.

(9) Auctions pursuant to par. (1) shall be performed automatically by the System excluding the selection of low limit of price for the limit orders, which shall be executed.

(10) Selection of the low limit of price for the limit orders, which shall be executed, shall be performed by the Speaker of the session in compliance with the provisions of par. (7). The selection shall entitle automated generating of the report on the transactions executed at the auction by the System. Orders shall be placed and executed upon the priorities pursuant to par. (5) and the algorithm of the Closed Mixed Auction adopted by the Board.

(11) After conclusion of an auction pursuant to par. (1), the quantity unsold of the sale offering shall be transferred for the next auction excluding the cases pursuant to Art. 7. After conclusion of an auction as of par. (1), the “bid” orders not fulfilled shall be deleted by the System.

#### **Procedures for registration and trading with rights in cases of initial increase of the capital of a SIPC**

**Art. 9.** (1) To register an issue of rights for trading in cases of initial increase of the capital of a SIPC, the company shall file to the Exchange a notification containing:

1. Basic data about the initial increase in the capital of the SIPC as well as the issue of the State Gazette (No/date), in which the announcement of the increase has been promulgated
2. Initial date for transferring the rights

3. Final date for transferring the rights
4. Information about the number of the rights offered.

(2) Notification pursuant to the foregoing paragraph shall be filed not later than 11:00 a.m. on the third working day before the initial date for transferring the rights.

**Art. 10** (1) Not later than 2 (two) working days before the initial date for transferring the rights, the Exchange shall publish in its bulletin the following information:

1. Name of the SIPC – issuer
2. Number of shares offered for subscription, their nominal and issuing value
3. Term for subscription to shares of the increase
4. The Exchange code of the rights issued
5. Number of the rights issued
6. Initial date and final date for transferring of the rights
7. Initial date and final date for trading with the rights on the Exchange
8. Name of the underwriter authorised to administer the capital increase

(2) The initial date for transferring the rights shall coincide the initial date for trading with rights. The final date for trading with rights on the Exchange shall be 2 (two) working days before the final date for transferring the rights.

(3) In case of prolongation of the terms for transferring of rights and subscription to shares of the increase, not later than 3 (three) working days before the final date for trading with rights, the SIPC or the underwriter shall notify the Exchange of the new terms specified. Right after receipt of the notification, the Exchange shall publish the new terms.

(4) Registration of rights for trading shall be carried out upon an order of the Director of Trading after the announcement pursuant to par. (1).

**Art. 11.** Trading with issue of rights of initial increase in the capital of a SIPC shall be terminated upon:

- Expiration of the term for trading with rights
- Subscription to all shares of the increase before the final date for trading with rights. In this case the termination shall be executed after notification by the company or by the underwriter.

**Art. 12.** When trading with rights of initial increase in the capital of a SIPC, the auction pursuant to Art. 4 (1) of Annex 7 to these Rules and Regulations shall not be carried out.

**Art. 13.** For all questions not regulated within Art. Art. 9-12, the provisions of Annex 7 to these Rules and Regulations shall apply.

For all questions not settled with this Annex, the provisions of these Rules and Regulations shall apply.



## Annex 11

### Rules for Performance of Public Offering of Large Volumes of Shares

(Adopted with a decision of the Board of Directors No 13/19.05.2004, approved by the FSC with a decision No 402-FB/27.05.2004, into effect as from 28.05.2004; Amended with a decision of the Board of Directors No 7/01.03.2007, approved by the FSC with a decision No 424-FB/09.03.2007, into effect as from 10.03.2007)

**Art. 1.** (Amend. 01.03.2007) (1) This Annex has been worked out on the grounds of Art. 87 (5) in connection with Art. 161 of the BSE Rules and Regulations and shall apply to issues listed on the Markets of Equities and of Depository Receipts on Shares (hereinafter referred to them all as “shares”) organised by the Exchange in its capacity of an organiser of the Official and Unofficial Markets.

(2) Transactions upon large sell orders could be executed through offering at the “Mixed Closed Auction” organised by the System and adopted by the Board as well as within the terms and procedures of these Rules.

(3) (New, 01.03.2007) Transactions upon large sell orders could also be executed through offering at the “Open Auction” organised by the System and within the terms and procedures of these Rules

**Art. 2.** Large order within the meaning of these Rules shall be a limit order relating to sale of shares provided the value of the order (number of shares multiplied by the unit price per trading lot in the order) is not less than BGN 200,000 (two hundred thousand).

**Art. 3.** (1) For performance of an auction as per Art. 1 (2), an Exchange Member or a participant on the Unofficial Market shall file an application to the Exchange whereas the order as per Art. 2 shall have the following minimum contents:

1. Exchange code of the issue
2. Exchange code of the broker of the applicant, who shall perform the offering
3. Specified trading lot of the offering (the number of shares in one lot) – the seller shall be entitled to specify the trading lot to be divisible by the amount of the securities offered, including equal to the whole amount offered
4. Number of trading lots, subject to the order
5. Limit price per trading lot (unit price)
6. Validity term of the order – the exact number of trading sessions shall be specified
7. Mark whether the order is entered for the account of a client or for own account of the applicant.

(2) The contents of the order as per the foregoing paragraph shall be mandatory included in the contract for order between the investment intermediary and its client if the offering is performed for the account of the client.

(3) The limit price pursuant to par. (1) shall not be restricted. If this price reflects substantial deviation from the current open price, the Exchange shall be entitled to ask the client of the investment intermediary for a written certification that he has been informed of the current market conditions and price of shares of the respective issue. The Exchange could also ask for a certified copy of the client's order, which has been the reason for the offering performed.

(4) Upon an order of the Director of Trading, within one working day as from the application receipt or as from the client's declaration receipt in cases pursuant to par. (3), the Exchange shall publish in its bulletin information about the upcoming offering, relevant order parameters and both initial and final dates of the offering. The information shall also contain the exchange code assigned to the issue for the purpose of performance of auctions pursuant to these Rules.

(5) The initial date of the offering shall be three working days following the date of publication pursuant to the foregoing paragraph. The final date of the offering shall be the day of performance of the last trading session of the specified number as per Art. 3 (1), item 6.

**Art. 4.** Auctions pursuant to Art. 1 (2) shall be performed every working day within the term of the offering or until the whole amount of offered shares has been sold.

**Art. 5.** (Amend. 01.03.2007) (1) During each auction as per Art. 1 (2), the Exchange Members and the participants on the Unofficial Market – buyers shall be entitled to see the parameters of their own orders only and to dispose at information about the offering parameters.

(2) The timeframe for performance of an auction as per par. (1) shall be within the period from 9:30 a.m. to 11:00 a.m.

(3) (Amend. 01.03.2007) "Bid" orders during each auction under par. (1) shall be entered only by brokers of Exchange members or of participants on the Unofficial Market and with a minimum price quotation variation with an allowance of two digits right to the decimal point. Entering of new "bid" orders, cancellation or changing parameters of "bid" orders already entered shall be allowed within the timeframe under par. (2).

(4) At each auction pursuant to par. (1), the following types of "bid" orders shall be allowed to enter:

- Limit orders – orders for buying at a specified unit price and for a certain number of trading lots that could be partially executed.
- Market orders – orders for buying such a number of trading lots at the average-weighted price of the realizable limit orders, so that the total value of these lots shall not surmount a value preliminarily specified. In case of a trading lot specified to equal the offering amount of the order, market orders shall not be entered.

(5) Within the timeframe for performance of each auction as per par. (1), the orders entered into the System shall be ranked by the following priorities:



- Limit orders - by “price” priority first and in case of equal prices – by “time of entering” priority.
- Market orders - by “time of entering” priority in favour of the orders entered earlier into the System.

(6) Additional conditions relating limit orders:

1. The System shall not allow entering of limit orders at a unit price lower than BGN 0.01
2. Entering of a limit order for amount larger than the amount of the offering for sale at the respective auction shall be forbidden
3. If after expiry of the timeframe for conducting of auction pursuant to par. (1) there are no limit orders entered, then auction shall not be carried out.

(7) After conclusion of each auction pursuant to par. (1), following the algorithm of the Mixed Closed Auction, the System shall offer one or a few alternative prices as a low limit of the price of the limit orders, which shall be fulfilled at the respective auction. The lowest one of the alternative prices offered by the System shall be always selected to be such a low limit.

(8) The Exchange shall report the results from each auction to the parties in transactions and shall publish these results in its Bulletin.

(9) Auctions pursuant to par. (1) shall be automated performed by the System, excluding the selection of the low limit of the price of the limit orders, which shall be fulfilled.

(10) The selection of the low limit of the price of the limit orders, which shall be fulfilled, shall be performed by the Speaker of the session pursuant to par. (7) and shall allow automated generating of a report on the transactions executed at the auction by the System. Classification of the orders and their fulfilment shall be performed on the grounds of their priorities pursuant to par. (5) following the algorithm of the Mixed Closed Auction adopted by the Board.

(11) After conclusion of an auction as per par. (1), the unsold amount of the sale offering shall be transferred for the next auction. After conclusion of an auction as per par. (1), the “bid” orders not fulfilled shall be deleted by the System.

**Art. 6** (New, 01.03.2007) (1) For performance of an auction as per Art. 1 (3), an Exchange Member or a participant on the Unofficial Market shall file to the Exchange an application, containing the auction parameters, including the total amount of shares offered for sale, the term of the auction (not longer than five consecutive Exchange sessions) as well as the low (minimum) price of the “bid” orders to be entered and the amount of shares to be offered on the first day of the auction. Art. 3 and Art. 4 of this Annex shall apply respectively.

(2) During the auction as per Art. 1 (3), the Exchange Members and the participants on the Unofficial Market – buyers shall be entitled to see the parameters of all entered orders.

(3) During each auction under par. (1), only brokers of Exchange Members or of participants on the Unofficial Market shall be entitled to enter “bid” orders. Once entered, the “bid” orders shall not be deleted nor changed, unless to increase the “bid” price of an entered order or with permission of the Director of Trading and within the terms and procedures of Art. 107 (2) of the BSE Rules and Regulations.

(4) At each auction under par. (1), only limit “bid” orders valid “for the day” (with one-day time to leave) shall be entered. Art. 94 and Art. 161 (1), item 3 of these Rules and Regulations shall not apply. Limit orders shall be orders for purchase at a specified unit price and for a certain number of trading lots that could be partially executed. Art. 5 (5) and (6) of this Annex shall apply respectively.

(5) The timeframe for entry of orders shall be within the period from 1:00 p.m. to 2:00 p.m.

(6) All entered “bid” orders shall be ranked by the System by “price” priority first and in case of equal prices – by “time” priority. Within the timeframe from 2:00 p.m. to 3:00 p.m. the seller shall enter counter “ask” orders to accept all entered “bid” orders, which price is higher than the price satisfactory to him. These orders could be officially entered by the Exchange in case of a written request by the seller specifying their right parameters.

(7) After conclusion of an auction as per par. (1), the “bid” orders not fulfilled shall be deleted by the System. The Exchange shall report the results from each auction to the parties in transactions.

(8) By 4:00 p.m. the applicant as per par. (1) shall notify the Exchange in writing about the low (minimum) price of the “bid” orders to be entered and the amount of shares (within the limits of the total announced and unsold amount) to be offered on the next day of the auction. By the end of the day the Exchange shall publish in its bulletin this information along with information about the results of the performed daily auction.

For all questions not settled with this Annex, the provisions of these Rules and Regulations shall apply.

## Annex 12

### Rules for Margin Purchases and Short Sales

(Adopted with a decision of the Board of Directors No 20.02.2006, approved by the FSC with a decision No 321-FB /04.05.2006, into effect as from 05.05.2006; Amended with a decision of the Board of Directors No 42/05.12.2007, approved by the FSC with a decision No 27-FB /07.01.2008, into effect as from 29.01.2008)

**Art. 1.** This Annex has been prepared on the grounds of Art. 9 (1) and Art. 34 (5) of Ordinance 16 of the FSC dated 07.07.2004 for the conditions and the order for implementing margin purchases, short sales and loan of securities and shall relate to issues listed on the Official or Unofficial Markets.

**Art. 2.** (Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008) (1) Margin purchases and short sales shall be implemented in securities, traded on the Official or Unofficial Markets, such as shares, bonds or depository receipts on shares or bonds, which during the last 20 sessions on the regulated market have met the following requirements simultaneously:

1. Volumes of these securities have been transacted during at least 15 sessions on the respective market;
2. The average daily volume of the securities transacted has not been less than 10,000 securities;
3. The volumes of these securities transacted by any one of the investment intermediaries, for own account and for account of its clients, have not exceeded 20 per cent of the total volumes of securities of the respective issue transacted on the respective market during that period.

(2) (Amend. 05.12.2007 as the amendment shall become effective since 01.07.2008)<sup>31</sup> The volumes as per par. (1), items 2 and 3, shall include only the financial instruments, subject of transactions executed in pursuance with Art. 51 (1).

(3) The number of sessions as of par. (1), item 1 shall not include the sessions, during which the respective security has been suspended from trading in compliance with the procedures of these Rules and Regulations.

(4) The requirement of par. 1, item 3 shall not refer to investment intermediary, who has acted as a market maker of the respective issue of securities.

**Art. 3.** (1) Daily after the end of each trading session, the Exchange shall announce in its official bulletin and in the Trading System the securities, which meet the requirements as of Art. 2 (1) and thus could be subject to margin purchases and short sales during the next trading session.

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<sup>31</sup> Effective by 01.07.2008: "(2) The volumes as of par. (1), items 2 and 3, shall not include the securities, subject to block or other trades, which are just registered in the Trading System."

(2) Trades in result of margin purchases or short sales executed before the time the respective security has become non-compliant with the requirements as of Art. 2 (1) shall be settled pursuant to the general terms and procedures.

(3) If a security becomes non-compliant with the requirements as of Art. 2 (1), as from the next trading session it shall not be a subject to margin purchases and short sales anymore.

(4) Short positions, which have been opened in result of short sales, shall be closed to the general terms and procedures of these Rules and Regulations for execution of transactions.

### **Terms and Procedures for Margin Purchases**

**Art. 4.** (1) Margin purchases shall be executed within the terms and procedures of Ordinance 16 of the FSC dated 07.07.2004 for the conditions and the order for implementing margin purchases, short sales and loan of securities and in compliance with the provisions of these Rules and Regulations.

(2) To execute margin purchases for the account of a client, brokers shall enter into the Trading System bid orders as of Art. 81 of these Rules and Regulations.

(3) When executing margin purchases, compiling of orders with analogous requisites but of different clients shall not be admitted.

### **Terms and Procedures for Short Sales**

**Art. 5.** (1) Short sales shall be executed within the terms and procedures of Ordinance 16 of the FSC dated 07.07.2004 for the conditions and the order for implementing margin purchases, short sales and loan of securities and in compliance with the provisions of these Rules and Regulations.

(2) Brokers shall be obliged to enter their orders for short sales only with prices:

1. Higher than the price of the last trade executed in the respective securities, announced through the Trading System, as well as higher than the open price for the current trading session; or
2. Equal to the price of the last trade executed but higher than the last different price of an executed trade, announced through the Trading System, as well as higher than the open price for the current trading session.

(3) If prior to the moment of entry of a short sale order no trades with the respective security have been executed, the price of the short sale order shall have to be higher than the open price for the current trading session only.

(4) Short sales orders with "Good till cancelled" time to leave shall not be entered into the Trading System.

(5) The Board of Directors of the BSE-Sofia shall be entitled to take a decision about official deletion by the Exchange of all valid short sale orders with prices lower

or equal to the open price for the next trading session after its calculation. The Board's decision shall not relieve brokers from their duty pursuant to par. (4).

(6) When executing short sales, compiling of orders with analogous requisites but of different clients shall not be admitted.

### **Specific Requirements to Short Sales**

**Art. 6.** (1) Exchange members shall enter short sale orders for own or client's account, only if they shall be able to deliver the securities, subject to the order. A short sale order shall be marked as such upon its entry in the Trading System of the Exchange.

(2) Total amount of all opened short positions in certain security of any Exchange member, including those of its clients, shall not exceed 10 per cent of the volume traded by the member in the respective security during the last 60 trading sessions.

**Art. 7.** Exchange members, excluding commercial banks, shall not execute margin purchases and short sales in securities, if they have violated Ordinance 6 of the FSC for the capital adequacy and liquidity of investment intermediaries and the breach not removed, nor the approved by the FSC recovery program accomplished yet.

**Art. 8.** Exchange members shall not enter orders for margin purchases or short sales, in result of which the provisions of Ordinance 16 for minimum maintaining collateral would be violated.

**Art. 9.** Exchange members shall not enter orders for short sales in certain security if they have already executed short sales in this security and the respective trades are not settled within the regular settlement cycle because of their fault.

**Art. 10.** Exchange members shall not enter orders for sale of securities, which could not be subject to short sale and which they do not hold in account at the Central Depository at the time of entry of the order, neither if they intend to acquire the necessary securities afterwards to close the short position, nor if they have acquired such securities but the respective trades are not settled.

**Art. 11.** After closing each trading session, the Exchange shall announce all short sales executed within the session timeframe as well as the total volume of each issue, subject to short sales.

**Art. 12.** (1) (Repealed, 05.06.2006).

(2) (Repealed, 05.06.2006).

For all questions not regulated with this Annex, the provisions of these Rules and Regulations shall apply.

## Annex 13

### Rules for Registration and Performance of Activity as Market-Maker

(Adopted with a decision of the Board of Directors No 21 /15.09.2006, amended with a decision of the Board of Directors No 25 /24.10.2006, approved by the FSC with a decision No1073-FB /02.11.2006, into effect as from 03.11.2006; amended with a decision of the Board of Directors No 42/05.12.2007, approved by the FSC with a decision No 27-FB /07.01.2008, into effect as from 29.01.2008)

#### Definition

**Art. 1.** (Amend. 24.10.2006) (1) Market-maker shall be an Exchange member or a participant on the Unofficial Market, who has committed oneself to the obligation to provide minimum liquidity through continuous announcement of quotations for an issue of shares or bonds, listed on the Exchange, in compliance with the provisions of these Rules and Regulations and this Annex.

(2) (Amend. 24.10.2006) In respect of securities listed on the Official Market, and in case of a transfer of securities from Unofficial 'B' to Unofficial 'A' Market, the activity as a market-maker shall be performed on the grounds of a written contract with their issuer.

(3) Quotation shall be a limited ask- or bid-order as per Art. 81 (1), item 1 of these Rules and Regulations, with time-to-leave as per Art. 81 (3), item 1 or 2, entered on behalf and for the account of the market-maker.

(4) (Amend. 24.10.2006) An issue listed for trading might have more than one market-maker.

**Art. 2.** (Amend. 24.10.2006, 05.12.2007) The market-maker shall be compliant all the time with the following requirements:

1. To be admitted to trade on the respective market, on which the securities, subject to its activity as market-maker, are listed or shall be listed;
2. (Amend. 24.10.2006, 05.12.2007) To have been licensed to perform investment services and activities as per Art. 5 (2), items 3 and 6 of the MFIA;
3. To have signed a contract with the issuer of securities, that shall be subject to its activity as market-maker, for a term not shorter than a year following the registration moment in the cases as of Art. 1 (2);
4. (Amend. 24.10.2006) Not to have committed a repeat violation of a provision of these Rules and Regulations as per Art. 129 (4) within one year following the sanction imposed by the Board for breach of the same provision;
5. (Amend. 24.10.2006) To have no compulsory measure imposed as per Art. 212 (1) of the POSA or as per Art. 129 (1) of these Rules and Regulations,

such that leads to impossibility for execution of trades in securities for own account;

6. To have no sanction as of Art. 129 (1), item 4, imposed for the last 3 (three) years.

**Art. 3.** In the cases as of Art. 1 (2), the contract between the issuing company and the applicant to perform activity as market-maker shall be signed for one-year term at least and shall contain the following minimum requisites:

1. Issue, in respect of which the applicant shall perform activity as market-maker;
2. Minimum volume to be traded throughout each session;
3. Minimum value to be traded throughout each session;
4. Minimum volume of the quotations, if such agreed;
5. Remuneration to the market-maker, size and terms of payment, if such payment agreed;
6. Obligation of the market-maker to observe these Rules;
7. Initial date for performance of activity as market-maker;
8. Other conditions in addition to the requirements of these Rules;
9. Conditions for earlier termination.

### **Registration for performance of activity as market-maker**

**Art. 4.** (Amend. 24.10.2006) (1) To be entitled to perform activity as market-maker, the Exchange member or participant in trading on the Unofficial Market shall submit a sample application with the following attachments:

1. Certified copy of the contract with the issuer of securities in the cases as of Art. 1 (2);
2. Financial balance sheet as of the last day of the month, preceding the day of the application submission;
3. Declaration about compliance with the requirement as of Art. 2, item 4;
4. Data about the broker, who shall enter the quotations on behalf and for the account of the market-maker.

(2) The Board, on the grounds of the submitted application and the documents enclosed, shall find the extent, to which the requirements for performance of activity as market-maker have been abided by. If the submitted data and documents are incomplete or additional information or proof of data validity are needed, the Board shall send to the applicant a notice about the imperfections and inconsistencies stated or about the additional data and documents requested.

(3) The Board shall pronounce within two weeks following the application submission but when additional data and documents have been requested – following their submission.

(4) (Amend. 24.10.2006) The Board shall refuse registration to the applicant for market-maker if:

1. The Board has stated that the application or its attachments contain inaccurate, misleading or false information;

2. (Amend. 24.10.2006) The Board has stated that the issue does not meet the criteria and requirements for listing on the respective market stipulated in these Rules and Regulations. In this case the application for performance of activity as market-maker shall be considered along with the application for listing of the issue on the respective market;
3. The contract between the securities issuer and the applicant contains clauses, which contradict the provisions of the effective legislation, of these Rules and Regulations and/or this Annex.

(5) The refusal of the Board of as of par. (4) shall be grounded in writing and shall be published in the Exchange bulletin.

(6) In the cases as of par. (5), the applicant shall not be entitled to submit a second application for performance of activity as market-maker within a year following the refusal decision of the Board.

(7) Provided the requirements as of par. (1) have been met, the Board shall take a decision for registration of the applicant as a market-maker.

(8) The applicant shall be notified in writing about the decision as of par. (5), respectively as of par. (7), within a day.

(9) (Amend. 24.10.2006) The decision of the Board of as of par. (7) as well as the information below shall be published in the Exchange bulletin:

1. Name of the market-maker;
2. BSE code, name of issuer and market, on which the issue shall be quoted;
3. (Amend. 24.10.2006) Maximum size of the deviation in percentage between the prices of the "bid" and "ask" quotations (spread);
4. Trading lot, subject to the quotation;
5. Term of the contract between the securities issuer and the market-maker, if any.

#### **Termination of the registration of a market-maker**

**Art. 5.** (Amend. 05.12.2007) (1) The Exchange, upon a decision of the Executive Director, shall terminate the registration of a market-maker to perform such activity in the following cases:

1. Upon expiry of the term or termination of the contract as per Art. 3;
2. (Amend. 05.12.2007) Upon revocation of the license of the market-maker as per Art. 6 (1) or (2) of the MFIA or upon a change in its range leading to impossibility for dealing as per Art. 5 (2), item 3 of the MFIA;
3. Upon termination of the membership agreement;
4. Upon imposing of the sanction as per Art. 129 (1), item 4;
5. Upon withdrawal of the powers delegated to the broker as per Art. 4 (1), item 4 to execute transactions on behalf of the market-maker, when the market-maker has no signed agreement with another broker.

(2) The Exchange, upon a decision of the Board, shall be entitled to terminate the registration of a market-maker upon a violation of the provisions of this Annex.



(3) The Exchange shall publish the decision as of par. (1), respectively as of par. (2), in the Exchange bulletin and shall notify the market-maker within a day.

(4) Except for the cases as of par. (1), item 5, upon withdrawal of the powers delegated to the broker as per Art. 4 (1), item 4 to execute transactions on behalf of the market-maker, the market maker shall immediately notify the Exchange of another broker, who shall enter the quotations.

### **Performance of activity as market-maker**

**Art. 6.** (Amend. 24.10.2006) A market-maker shall start its activity as such as from the date specified in the contract, if any, with the issuer but not earlier than the date of decision of the Board as per Art. 4 (7).

**Art. 7.** (Amend. 24.10.2006) (1) The intermediaries performing activity as market-makers shall have the right:

1. To define the volume of the "bid" and "ask" quotations, regardless of the minimum volume and value to be traded per session, unless otherwise agreed in the contract with the issuer of securities;
2. To update the price and volume of its quotations at any moment;
3. Not to announce quotations or to announce just a "bid" or just an "ask" quotation since the minimum required volume or value of trading has been reached within the timeframe of the compulsory period or out of the compulsory period for quotations announcement;
4. Not to announce quotations after resumption of the trading session within the non-compulsory period when the session has been temporarily suspended during the compulsory period. Art. 8, item 6 shall apply respectively;
5. To fulfil orders and execute trades of own clients versus other own clients or versus other investment intermediaries if the prices of these orders occur within the spread of their quotations.
6. To suspend temporarily the quotations of an issue within up to 3 (three) sessions after presentation of a detailed grounding and respective permission of the Executive Director.

(2) (New, 24.10.2006) In the cases as of item 6 of par. (1), the grounding shall be presented at least two working days before the requested date for suspension of the quotations announcement.

(3) (New, 24.10.2006) The Executive Director shall pronounce within one working day following the receipt of the grounding as per item 6 of par. (1).

(4) (New, 24.10.2006) The Exchange shall publish the reasons of the market-maker and the decision of the Executive Director as per item 6 of par. (1) in the Exchange bulletin regardless of the fact if it allows for the suspension of the quotations announcement or not.

(5) (New, 24.10.2006) Having received the permission as per item 6 of par. (1), the market-maker shall not have the right to announce quotations before expiry of the permitted term of suspension.

**Art. 8.** The intermediaries performing activity as market-makers shall be obligated:

1. To announce continuously "ask" and "bid" quotations of the securities, in respect of which they perform activity as market-makers, in such way that guarantees the reaching of the minimum daily volume and value of trading if the quotations are matched;
2. To announce continuously "ask" and "bid" quotations of the securities, in respect of which they perform activity as market-makers, at any moment of the compulsory period on the respective market until the minimum required daily volume and value of trading are reached, excluding the cases as of Art. 7, item 4. Art. 47 of these Rules and Regulations shall not apply;
3. At any moment to have only one "ask" and/or "bid" quotation active in the System;
4. In the cases as of Art. 7, item 2, the entry of a new "ask" or "bid" quotation to be made within 2 (two) minutes following the withdrawal of the previous one;
5. At any moment the spread between their "bid" and "ask" quotations not to exceed the limit as per as per. Art. 9;
6. If a quotation is announced after the minimum required daily volume and value of trading have been reached within the compulsory period or out of the compulsory period, to fulfil a counter order under the same conditions as if it were entered within the regular time for quotation announcement or before reaching the minimum required volume;
7. To announce continuously quotations till the end of the non-compulsory period, provided once they have withdrawn their quotations after the end of the compulsory period or after reaching the minimum required daily volume and value of trading per session but afterwards have announced quotations again in the non-compulsory period;
8. If the volume of an entered quotation is less than the minimum daily volume of trading as per Art. 10 (2), after its exhaustion in result of a trade or trades, to enter a new "ask" or "bid" quotation within 2 (two) minutes following the execution of the trade or trades, unless the minimum daily volume and value of trading as per Art. 10 are reached or the non-compulsory period starts running.

**Art. 9.** (Amend. 24.10.2006) (1) The maximum size of the spread of the market-maker's quotations shall not be greater than 5% regarding issues of shares and 1% regarding issues of bonds, unless smaller size agreed.

(2) (New, 24.10.2006) The spread shall be calculated to the following formula:

$$\text{Spread} = \frac{A - B}{\frac{A + B}{2}} * 100 (\%)$$

Where:

A shall be the price of the "ask" quotation, and

**B** shall be the price of the "bid" quotation.

**Art. 10.** (Amend. 24.10.2006) (1) Market-makers shall look for reaching the levels of the minimum daily volume and value of trading.

(2) (Amend. 24.10.2006) The minimum daily volume of trading regarding shares listed on the Official Market shall equal the volume as per Art. 54 (1), item 7 or Art. 54 (2), item 7 of these Rules and Regulations divided by the number of trading sessions in the current calendar month, unless greater volume agreed.

(3) (Amend. 24.10.2006) The minimum daily value of trading regarding shares listed on the Official Market shall equal the value as per Art. 54 (1), item 6 or Art. 54 (2), item 6 of these Rules and Regulations, or the value as of Art. 156a (4), item 1 regarding shares listed on the Unofficial Market "A", divided by the number of trading sessions in the current calendar month, unless greater value agreed.

(4) If in respect of a certain security, more than one market-maker has been registered, the volume and value as of paragraphs (2) and (3) shall be distributed evenly among all of them, unless otherwise provided in the contracts with the issuer of securities.

(5) The trades as of Art. 7, item 5 shall not be taken into consideration when defining if the minimum daily volume and value of trading have been reached.

**Art. 11.** (1) The compulsory period for market-maker's quoting shall be till expiry of two hours as from the beginning of the session on the respective market.

(2) The non-compulsory period shall start at the end of the compulsory period and shall continue till the end of the trading session on the respective market.

**Art. 12.** (Amend. 24.10.2006) Except for the trades as of Art. 7, item 5, the market-makers shall pay for their activity as market-makers double-lower transaction fees than the ones as per Art. 136 (1), item 4, letters "a" and "c", respectively as per Art. 169 (1), item 2, letters "a" and "b".

For all questions not regulated with this Annex, the provisions of these Rules and Regulations shall apply.