

# **BULGARIAN STOCK EXCHANGE**



BULGARIAN  
STOCK EXCHANGE

## **RULES AND REGULATIONS**

### **PART VIII**

#### **CONFLICT OF INTEREST RULES**

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## **Chapter One GENERAL PROVISIONS**

**Article 1. (1)** These Conflict of Interest Rules form part of the Rules and Regulations of the Exchange and lay down the measures and procedures for unequivocal identification and prevention of possible adverse effects on the operations on the regulated market or on its members or participants resulting from conflicts between the interest of the market operator, and of the regulated market accordingly, persons holding qualifying holdings in the market operator, and in the regulated market accordingly, on the one part, and the sustainable operation of the regulated market, on the other part, and in particular adverse effects that may hinder the proper performance of functions delegated to the regulated market by the FSC.

**(2)** Conflicts of interest other than those described in paragraph 1 above shall be treated as provided for in the document governing the activity of entities that are parties to such conflicts.

**Article 2.** Parties to conflicts of interest are the Exchange and persons holding qualifying holdings in its capital.

## **Chapter Two IDENTIFICATION OF ADVERSE EFFECTS**

**Article 3.** Adverse effects on the operations of the Exchange, its members and participants on the regulated market shall be those that violate or may potentially impede the implementation of the operational principles of the Exchange, such as ensuring equal conditions for access to and participation in financial instruments trading, equal access to market information, application of uniform rules for trading on the Exchange, conclusion and execution of transactions in financial instruments, and full transparency on how prices of traded financial instruments are determined.

**Article 4. (1)** Possible conflicts of interest that may give rise to adverse effects shall include, without limitation:

- (a) establishment of contractual relationships between the Exchange and persons holding qualifying holdings in its capital that substantially diverge from the market conditions;
- (b) establishment of relationships that result in inequality vis-à-vis Exchange members or other market participants;
- (c) establishment of relationships that are in conflict with the principles of and rules for the operation of the regulated market.

**(2)** In addition to the abovementioned conflicts of interest, other forms of conflicts of interest may also exist.

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**Article 5.** Conflicts of interest and their potential adverse effects shall be identified through mandatory disclosure of information by the relevant parties concerning any potential or existing conflict between their interests and the interests of the Exchange in ensuring its sustainable operation and proper performance of functions delegated to it by the FSC.

**Article 6.** The Exchange, acting through its Compliance Directorate, shall perform regular checks to identify possible conflicts of interest, and shall analyse their potential adverse effects.

**Article 7.** The Exchange, acting on its own initiative, shall also address potential conflicts of interest and their potential adverse effects on the basis of alerts and reports submitted to it by Exchange members, market participants or other parties, and in response to media publications.

**Article 8.** Persons holding qualifying holdings in the capital of the Exchange shall be required to disclose in writing to the Exchange any commercial, financial or other interest of theirs that affects or is contrary to the interests of the Exchange in ensuring its sustainable operation and proper performance of functions delegated to it by the FSC, and their potential adverse effects.

**Article 9.** Regardless of disclosure of information under the preceding Article, the Exchange, acting through its Compliance Directorate, shall exercise ongoing control to identify any persons holding qualifying holdings in its capital and any potential conflicts between their interests and those of the Exchange, on the one hand, and the interests of ensuring the sustainable operation of the regulated market and proper performance of its functions, on the other hand, and also to identify any potential adverse effects of such conflicts.

### **Chapter Three**

#### **MEASURES TO PREVENT ADVERSE EFFECTS**

**Article 10.** Based on analyses and opinions of the Compliance Directorate regarding potential occurrence of adverse effects due to conflicts of interest, the Board shall decide what specific measures have to be taken in each particular case so that to prevent such adverse effects.

**Article 11.** Any measures applied by the Board must be appropriate to the circumstances of each particular case, and they may include adoption of binding decisions for performance of or refraining from particular actions or revocation of or modification to previous actions, provided however that the Board's decisions may not prejudice the rights afforded by the existing legislation to the parties concerned.

#### **ADDITIONAL PROVISIONS**

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**§ 1.** The terms used in these Rules, but not defined herein, shall have the meanings assigned to them in the POSA, the MFIA, the IMAMAFIA and their implementation regulations, or in the general commercial legislation or commercial practice.

**§ 2.** Terms and abbreviations used in these Rules:

1. 'The Exchange' means Bulgarian Stock Exchange - Sofia AD, or the regulated market organised by Bulgarian Stock Exchange - Sofia AD accordingly.
2. 'FSC' means the Financial Supervision Commission.
3. 'The Board' means the Board of Directors of Bulgarian Stock Exchange - Sofia AD.
4. 'Persons holding qualifying holdings in the Exchange' are persons holding 10% (ten percent) or more than 10% (ten percent) in the capital of the Exchange.
5. 'Compliance Directorate' means the Compliance Directorate of Bulgarian Stock Exchange - Sofia AD.
6. 'POSA' means the Public Offering of Securities Act.
7. 'MFIA' means the Markets in Financial Instruments Act.
8. "IMAMAFIA" means the Implementation of Measures against Market Abuse of Financial Instruments Act.

#### **TRANSITIONAL AND FINAL PROVISIONS**

**§ 1.** These Rules shall take effect as of 24 June 2019.

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