

BULGARIAN STOCK EXCHANGE



BULGARIAN
STOCK EXCHANGE

RULES AND REGULATIONS

PART V SURVEILLANCE RULES

Chapter One GENERAL PROVISIONS

Article 1. These Surveillance Rules form part of the Rules and Regulations of the Exchange and govern the surveillance exercised by the Exchange of the trading in financial instruments on the markets organised by the Exchange.

Article 2. These Rules are intended to create conditions for the development of a fair, transparent and efficient market in financial instruments and prevention and detection of market abuse.

Chapter Two RULES OF CONDUCT

Section One CLIENT RELATIONS

Article 3. (1) Exchange members shall be required to execute client orders immediately, honestly and accurately, including observance of the order in which identical orders to trade are queued.

(2) When entering a client's order in the Trading System, the broker may not divert from the order, unless such diversion is obviously in the interest of the client.

Article 4. (1) When providing investment services and performing investment activities for the account of clients, Exchange members shall be required to act honestly, fairly, in conformity with the highest professional standards, and in accordance with the best interests of their clients.

(2) Whenever so requested, Exchange members shall make the Rules and Regulations of the Exchange available to their clients.

Article 5. Each Exchange member shall treat its clients on an equal footing.

Article 6. For trading in financial instruments, the clients of an Exchange member must submit orders containing at least the elements set out in Delegated Regulation 2017/580.

Article 7. (1) When accepting an order, the Exchange member shall require the client or its representative, as the case may be, to state whether or not:

1. Such client or representative is in possession of any inside information concerning the financial instruments specified in the order or concerning their issuer if the financial instruments specified in the order or those underlying the financial instruments specified in the order are traded on a regulated market;

2. The financial instruments specified in a sell or swap order are blocked at the depository institution they are kept in, and whether they are subject to any pledge or attachment;
3. The trade intended by such order is a cover-up sale or purchase of financial instruments.

(2) An Exchange member may not execute a client's order to trade, if the client or the client's representative accordingly refuses to submit the declaration referred to in paragraph 1, or it has been declared that the client or its representative possesses inside information, or the client or its representative declares that the transaction subject to the order to trade constitutes a concealed purchase or sale of financial instruments, or the financial instruments are blocked.

Article 8. (1) An Exchange member may not:

1. Perform transactions for clients' account in a volume or at a frequency, at prices or with a definite counterparty which may be reasonably presumed to be performed exclusively in the interest of the Exchange member;
2. Buy for its own account any financial instruments for which a client thereof has given an order to buy, and to sell the said instruments to the said client at a price higher than the price at which the member bought the said instruments;
3. Perform, for its own or for another's account, any actions involving the client's money or financial instruments for which the member has not been authorised by the client;
4. Sell, for its own or for another's account, any financial instruments that are not the ownership of the investment intermediary or its client, except under the terms and conditions of Ordinance No. 38 and Section Thirteen of Chapter Three of the Trading Rules;
5. Participate in the performance of concealed purchases or sales of financial instruments;
6. Receive benefit, whether in whole or in part, if the Exchange member has concluded and executed the transaction under terms that are more favourable than those established by the client;
7. Perform activity in any other manner which jeopardises the interests of the member's clients or the integrity of the market in financial instruments.

(2) The prohibition referred to in point 1 of paragraph 1 shall not apply to any transactions for the performance of which the client, acting on its own initiative, has given explicit directions.

(3) The prohibition referred to in point 2 of paragraph 1 shall also apply to the members of the management or supervision bodies of the Exchange member, who direct the activity of the said member, as well as to all persons who work for the said member under a contract, and to any associated persons thereof.

(4) Each Exchange member shall enter in a dedicated register any orders received from its clients in the sequence such orders are received.

(5) Each Exchange member shall execute "personal transactions", within the meaning of Article 28 of

Delegated Regulation (EU) 2017/565, under the conditions laid down in Article 29 of Delegated Regulation (EU) 2017/565.

(6) The requirement of the foregoing paragraph shall not apply to private trades that meet the conditions laid down in Article 29 of Delegated Regulation (EU) 2017/565.

(7) Members and members' employees shall be prohibited from entering orders into the System in a sequence other than that in which the said orders are entered in the register of client instructions, or in a manner not in conformity with the order execution policy.

(8) Members and their employees may not enter in or delete from the System any orders, unless they have received instructions to do so from their clients, save if the contract with the client authorises them to manage the client's portfolio without specific instructions.

Section Two MANIPULATION OF MARKET IN FINANCIAL INSTRUMENTS

Article 9. (1) Exchange members and their employees, senior management officers and clients shall be subject to the prohibition of market manipulation, in accordance with Article 15 of Regulation No 596/2014 on market abuse.

(2) Market manipulation shall include the actions defined in Article 12, paragraph 1 of Regulation No 596/2014 on market abuse, namely:

1. Entering into a transaction, placing an order to trade or any other behaviour which:

(a) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument; or

(b) secures, or is likely to secure, the price of one or several financial instruments at an abnormal or artificial level;

2. Entering into a transaction, placing an order to trade or any other activity or behaviour which affects or is likely to affect the price of one or several financial instruments, which employs a fictitious device or any other form of deception or contrivance;

3. Disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, or secures, or is likely to secure, the price of one or several financial instruments at an abnormal or artificial level, including the dissemination of rumours, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading;

4. Transmitting false or misleading information or providing false or misleading inputs in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was false or misleading, or any other behaviour which manipulates the calculation of a benchmark;

5. Other actions specified in Annex 1 to Regulation No 596/2014 on market abuse and further clarified in Annex II to Commission Delegated Regulation 2016/522 supplementing Regulation (EU) No 596/2014.

Article 10. No manipulation of the market in financial instruments shall exist where the person who executes a transaction or places an order to trade finds that the reasons for so doing are legitimate and that the execution of the transaction or placement of the order complies with the market practices recognised by the FSC.

Article 11. (1) Exchange members and their employees, senior management officers and clients may not perform manipulative actions and transactions.

(2) Manipulative actions and transactions shall include the behaviour described in Article 12, paragraph 2 of Regulation No 596/2014 on market abuse, namely:

6. the conduct by a person, or persons acting in collaboration, to secure a dominant position over the supply of or demand for a financial instrument, which has, or is likely to have, the effect of fixing, directly or indirectly, purchase or sale prices or creates, or is likely to create, other unfair trading conditions;

7. the buying or selling of financial instruments, at the opening or closing of the market, which has or is likely to have the effect of misleading investors acting on the basis of the prices displayed, including the opening or closing prices;

8. the placing of orders to a trading venue, including any cancellation or modification thereof, by any available means of trading, including by electronic means, such as algorithmic and high-frequency trading strategies, and which has one of the effects referred to in Article 9, paragraph 2, by:

(a) disrupting or delaying the functioning of the trading system of the trading venue or being likely to do so;

(b) making it more difficult for other persons to identify genuine orders on the trading system of the trading venue or being likely to do so, including by entering orders which result in the overloading or destabilisation of the order book; or

(c) creating or being likely to create a false or misleading signal about the supply of, or demand for, or price of, a financial instrument, in particular by entering orders to initiate or exacerbate a trend;

9. the taking advantage of occasional or regular access to the traditional or electronic media by voicing an opinion about a financial instrument (or indirectly about its issuer) while having previously taken positions on that financial instrument, and profiting subsequently from the impact of the opinions voiced on the price of that instrument, without having simultaneously disclosed that conflict of interest to the public in a proper and effective way.

(9) Each Exchange member must immediately report to the Exchange any trades in financial instruments where the member has reasonable doubts that such trades may involve inside trading or manipulation of the financial instruments market, taking into account the indicators described in Articles 8 and 12 of Regulation No 596/2014 on market abuse and Annex I thereto, and further clarified in Annex II to Commission Delegated Regulation 2016/522 supplementing Regulation (EU) No 596/2014.

(10) The report referred to in the previous paragraph must contain the following details:

1. details of the person submitting the report and the capacity in which it is acting (for its own or for another's account);
2. description of the order/trade, their type, price, volume and other specifics available to the Exchange member;
3. the reasons for suspecting that the order/trade may violate the provisions of Regulation No. 596/2014 on market abuse and of any implementing regulations;
4. the persons for whose account the trade is executed, and the other persons involved in the trade, or the methods for their identification if such persons are not known;
5. any other information and evidence within the meaning of Article 7, paragraph 2, letter 'e' of Delegated Regulation 2016/957 supplementing Regulation (EU) No 596/2014.

(11) Where the information referred to in the previous paragraph is not available at the time of submitting the report, the report shall at least contain the reasons for suspecting that the order/trade may violate the provisions of Regulation No 596/2014 on market abuse and of any implementing regulations. The other details referred to in paragraph 4 shall be submitted to the Exchange as soon as they become known.

(12) The report referred to in paragraph 3 may be submitted by email or telephone. If the report is made by telephone, the reporting person shall immediately provide the Exchange in writing with the information referred to in paragraph 4.

(13) The person making the report as per paragraph 3, as well as the other persons working under employment or service contracts for the Exchange member may not inform the persons for whose account the trade has been executed that such a report has been submitted, save in the cases specified in the law. Compliance with the obligation under the previous sentence may not entail any liability if the reporting person has acted in good faith.

(14) The Exchange shall keep in confidence the identity of the reporting person if such disclosure may cause damage to that person.

Article 12. No manipulation of the market of financial instruments shall exist where an Exchange member, whether individually or jointly with its clients, is authorised by the issuer or by another offeror to execute transactions for the purchase of financial instruments in order to stabilise their prices, provided that the following conditions are cumulatively met:

1. the stabilisation concerns the prices of financial instruments that are newly admitted to trading, if so provided for in a public offering prospectus approved by the FSC;
 2. the stabilisation is for a period not exceeding thirty (30) calendar days from the start of trading in the financial instruments concerned, and the price of the transactions is not higher than the entry price;
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3. the Exchange member authorised to perform the stabilisation notifies the Exchange and the FSC in advance of this authorisation, of the financial instruments concerned, the purpose, the initial and final dates, as well as that the stabilisation may at any time be suspended or not performed at all;
4. until the end of the fifth business day, the Exchange member submits a report to the Exchange on the stabilisation transactions concluded by the said member during the five-day period, specifying the number and the price of the financial instruments subject to the transactions;
5. within five (5) business days after the final date of the stabilisation period, the Exchange member submits a report to the Exchange and the FSC specifying whether any stabilisation transactions have been executed, the dates of the first and last transactions, as well as the price range of the transactions and the daily volume of financial instruments for each day on which such transactions were concluded.

Section Three INSIDE INFORMATION

Article 13. (1) Members and their employees, senior management officers and clients shall be prohibited from entering orders and from concluding transactions in financial instruments when they have information about a forthcoming package transaction in financial instruments of the same issue that has not been made public and may have a significant effect on the price.

(2) The prohibition under paragraph 1 shall also apply to transactions in derivative financial instruments, whose prices depend on the price of the financial instruments subject to a package transaction.

(3) A package transaction shall be a transaction in a minimum ten thousand (10,000) financial instruments or in financial instruments at a market value of EUR 5,000 (five thousand) or more, regardless of the exchange market.

Article 14. (1) The prohibition against insider dealing described in Article 14 of Regulation No 596/2014 on market abuse shall apply to Exchange members and their employees, senior management officers and clients.

(2) For transactions in financial instruments on the Exchange, members and their employees shall require from their clients to declare whether such clients hold inside information within the meaning of Article 7 of Regulation No 596/2014 on market abuse.

Chapter Three EXAMINATIONS

Article 15. (1) The Exchange shall conduct regular and extraordinary examinations of its members with regard to orders and transactions they enter and execute respectively via the trading systems on the Exchange, and to their obligations arising from these Rules, including by constant surveillance of trading

during trading sessions.

(2) During and after the end of any Exchange session, the Exchange shall conduct an examination of the transactions concluded during the session for the purpose of detecting any violations of the legal requirements and of the Rules and Regulations of the Exchange, or any cases of market abuse of financial instruments. The Exchange shall use an electronic surveillance platform capable of monitoring orders, trades and related messages, as well as tracking past transactions, including such generated at high frequency and transmitted with low latency, for which suspicions of market abuse may arise.

(3) Where necessary, the Exchange may review its members' internal risk control systems with regard to their clients having direct market access or sponsored access.

(4) Examinations under paragraph 1 shall be made on the basis of an order issued by the Chief Executive Officer. The order shall designate and authorise employees and shall specify the deadline to conduct the examination.

(5) During examinations, evidence shall be collected and copies of documents, data and written explanations shall be required in connection with the subject of the examination which the members and their employees shall be required to submit immediately. Upon request, members shall also provide originals of documents for the purpose of verification.

(6) Exchange members and their employees shall provide full access to their premises and records and shall fully assist the persons conducting the examination with regard to its specific subject.

(7) Any refusal to produce originals or copies of documents or data shall be reasoned by the Exchange member in writing within the time limit for producing such documents.

(8) The refusal to produce data or documents and the reasons for the refusal shall be reported in writing by the Compliance Director to the Chief Executive Officer of the Exchange.

(9) The Chief Executive Officer shall rule on the refusal, either accepting or rejecting the reasons of the Exchange member subject to examination.

(10) In case the decision of the Chief Executive Officer under paragraph 9 rejects the reasons for the refusal, the Exchange member subject to examination shall be obliged to produce the required data and documents immediately.

Article 16. (1) For the purpose of finding facts and circumstances during the surveillance, the Exchange may require originals and copies of documents, data and written explanations from members and their employees with regard to the transactions executed by them through the trading systems on the

Exchange and to their obligations arising from these Rules. Upon verification, the originals shall be returned. Paragraphs 4 through 8 of Article 15 shall apply mutatis mutandis.

(2) After the assessment of the required documents and in case sufficient grounds are in place, the Exchange may initiate an examination under Article 15, paragraph 1.

Article 17. (1) Examinations under paragraphs 1 and 2 of Article 15 shall be concluded by a statement of findings, which shall be drawn up in two identical copies, shall be signed by the Exchange employees authorised by the order referred to in Article 15 (3), and one of the copies shall be provided to the Exchange member subject to examination. The representatives of the Exchange member shall receive and sign the statement at the office of the Exchange. In case of disagreement with the findings, the Exchange member shall submit a reasoned objection in writing within five (5) business days after the date of receipt of the statement.

(2) Where a violation of the Rules and Regulation is detected, the Exchange shall institute proceedings for imposing a sanction. The proceedings shall be instituted on the basis of a report by the Compliance Director after the expiry of the time limit for objection referred to in paragraph 1. The statement of findings, any objections received thereto, the opinion of the Exchange regarding the merits of such objections, the Board's decision for imposing a sanction, together all collected documents regarding the violations found, shall be submitted to the FSC within three (3) business days following the adoption of the Board's decision for imposing a sanction.

(3) Where a violation of the POSA, the MFIA or Regulation No 596/2014 on market abuse, or of the statutory instruments on their application is detected, the Exchange shall notify the FSC accordingly within seven (7) business days after the date of receipt of the objections or after the deadline for submission of any objections. The notification of the Exchange shall contain the statement of findings, any objections received thereto, the opinion of the Exchange regarding the merits of such objections, and all collected documents regarding the violations found.

(4) Where suspicions of a violation of the Measures against Money Laundering Act or of the tax legislation arise, the Exchange shall notify the competent State authority.

Article 18. (1) The Exchange may require from the Exchange members, and such members shall be obliged to provide, any other information as may be necessary for the purposes of surveillance of such members' activity in connection with the transactions executed by them through the trading systems of the Exchange, in order to identify violations of the provisions of the MFIA, Regulation No 596/2014 on market abuse or of the statutory instruments on their application, or the Rules and Regulations of the Exchange.

(2) The Exchange may require at any time to be provided with the name, duties and other information

on the persons engaged in trading in financial instruments in connection with the control exercised by the Exchange over compliance with the Rules and Regulations.

Chapter Four

CONDITIONS AND PROCEDURE FOR IMPOSING SANCTIONS

Article 19. (1) The Board, on the basis of a report by the Compliance Director, may impose the sanction under point 6 of Article 22 (1) on a member's client having sponsored access, when it is not certain that any further access will be in compliance with the Rules and Regulations of the Exchange.

(2) In the cases referred to in paragraph 1, the Chief Executive Officer may make a decision on suspension of a client's sponsored access to the System for a period of up to three (3) business days. A decision on suspension of access under paragraph 1 limited to one (1) business day may also be made by the Compliance Director.

(3) A decision under the preceding paragraphs shall take effect immediately, regardless of any appeal.

(4) If, upon the expiry of the period of suspension of the sponsored access, the grounds for the respective decision are still valid, the authority that has made the original decision may adopt another decision extending the period. Paragraphs 1 through 3 shall apply mutatis mutandis.

Article 20. The Board may impose a sanction on an Exchange member or a broker for:

- 1.** a violation of the provisions of the Rules and Regulations, or non-compliance with the orders and decisions of the Board issued in connection with the exercise of the powers thereof;
- 2.** a misleading or false statement made by an Exchange member or a broker;
- 3.** a fraud regarding financial instruments admitted to trading on the Exchange, that has been committed by employees, procurators, or members of a management or supervision body of a broker, and has been ascertained according to the procedure provided by law;
- 4.** performance of any actions that are incompatible with the principles of good faith, fairness, non-discrimination, fair competition in exchange trading, or are otherwise detrimental to the Exchange, the Exchange members or the issuers of issues listed on any of the Exchange markets;
- 5.** any actions limiting the rights of the Exchange or hindering the discharge of its duties.

Article 21. (1) In accordance with the procedures provided for in the Rules, upon detection of a violation and after a report by the Compliance Director regarding the reasons and circumstances which led to such violations, the Board shall consider the circumstances of the case and shall impose one or multiple sanctions.

(2) Any members of the Board, who are interested parties, shall not participate in the consideration and voting on the sanctions.

(3) The following shall be interested parties for the purposes of the previous paragraph:

- 1.** members of the management or supervision bodies of the Exchange member concerned, procurators and employees, including brokers;
- 2.** persons who hold, whether directly or indirectly, qualifying holdings within the meaning of the MFIA in the General Meeting of the Exchange member concerned or who control the said member;
- 3.** the members of the management or supervision bodies, procurators and employees, including brokers of a counterparty to a transaction or an intermediary of the Exchange member;
- 4.** persons who hold, whether directly or indirectly, at least 25% (twenty-five per cent) of the votes in the General Meeting of a counterparty to a transaction or an intermediary of the Exchange member concerned, or who possess control;
- 5.** other persons, who directly or indirectly benefit the imposition or non-imposition of the sanction.

(4) The decision under paragraph 1 shall be published and communicated to the person within 1 (one) business day after its adoption.

(5) The decision of the Board shall take effect 5 (five) business days after its receipt and shall be final, except in the cases referred to in paragraph 6.

(6) Within 5 (five) business days after the receipt of the notification of the Board's decision, the party concerned may lodge a written objection to the sanction imposed.

(7) In the cases referred to in the previous paragraph, the party concerned shall be entitled to review and make copies of the documents or electronic records owned by the Exchange which served as grounds for imposing the sanction, save for opinions or other internal documents of the Exchange prepared by the Exchange in connection with the detection of the violation.

(8) Documents and data supporting the oppositions made shall be attached to the objection.

(9) The Board shall rule on the oppositions in a decision at its first meeting held after the receipt of the objection.

(10) An authorised representative or a legal representative of the party concerned shall be entitled to attend the Board's meeting at which its objections are to be considered.

(11) The right under paragraph 10 shall be exercised if a request to this effect was made at the time of the lodgement of the objection.

(12) In the cases referred to in paragraph 10, the Exchange shall notify the party concerned in writing of the relevant Board's meeting at least three (3) business days before the day of the meeting.

(13) By the decision under paragraph 9, the Board may confirm, reduce or repeal the sanction imposed. Paragraph 4 shall apply mutatis mutandis.

(14) The Exchange shall publish the Board's decision under paragraph 9 and shall inform the party concerned. The decision shall be final and shall take effect immediately.

Article 22. (1) By the decision under Article 20, the Board shall impose any of the following sanctions:

1. warning;
2. order to take specific measures required for elimination of the violations committed;
3. suspension or exclusion of a broker from Exchange trading;
4. suspension or exclusion of an Exchange member from Exchange trading;
5. fine;
6. suspension or termination of sponsored access of Exchange member's client;
7. suspension or exclusion of a market maker.

(2) The sanction of 'fine' may not exceed EUR 25 000 (twenty five thousand).

(3) The period of suspension referred to in paragraph 1 may not exceed six (6) months.

Article 23. (1) In summary proceedings, the Exchange may impose sanctions on Exchange members for violation of point 1 of Article 80 of the Trading Rules and Article 20 (2) of the Rules for the Registration and Trading in Government Securities..

(2) The Board shall authorise the Chief Executive Officer to impose the sanctions referred to in paragraph 1.

(3) When sanctions are imposed in summary proceedings, Article 17 (1) shall not apply. Paragraphs 4 through 14 of Article 20 shall apply mutatis mutandis.

Article 24. (1) The following sanctions shall be imposed for the following violations:

1. a fine of at least EUR 50 (fifty), but not exceeding EUR 100 (one hundred): for any violation of Article 18 (1) of these Rules;
2. a fine of at least EUR 250 (two hundred fifty), but not exceeding EUR 500 (five hundred): for any violation of Article 4 (2) and Article 8 (8) of these Rules.

(2) The following sanctions shall be imposed for the following violations:

1. a fine of at least EUR 100 (one hundred), but not exceeding EUR 250 (two hundred fifty): for any violation of Article 38 (4) and Article 41 (4) of the Membership Rules;
 2. a fine of at least EUR 250 (two hundred fifty), but not exceeding EUR 500 (five hundred): for any
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violation of Article 47 (4) and (5), Article 48 (2) and Article 87 (1) of the Trading Rules;

3. a fine of at least EUR 500 (five hundred), but not exceeding EUR 5,000 (five thousand): for any violation of Article 61 (1), (3), (4), (5) and (6) and Article 62, (1), (2) and (3) of the Trading Rules;

4. warning, or suspension or exclusion of a market maker for the relevant issue: for any violation of Article 32 (2) of the Membership Rules;

5. a fine of at least EUR 250 (two hundred fifty), but not exceeding EUR 500 (five hundred): for any violation of item 2 of Article 35 (4) of the Membership Rules;;

6. a fine of at least EUR 250 (two hundred fifty), but not exceeding EUR 500 (five hundred): for any violation of Article 11 (6) of the Membership Rules.

(3) Any violation of item 1 of Article 80 of the Trading Rules and Article 20 (2) of the Rules for the Registration and Trading in Government Securities, which has led to a delay in the settlement of a transaction for more than one (1) business day after the regular settlement cycle, shall be punishable by a fine of 0.1% (zero point one per cent) of the value of the transaction concerned, however at least EUR 3 (three), but not exceeding EUR 250 (two hundred fifty) for each day of delay..

(4) Where systematic violations of these Rules have been committed and/or allowed to be committed, the Board may impose the sanction of 'exclusion from Exchange trading' on the Exchange member or on the broker accordingly.

(5) In case of a repeated violation of a provision of the Rules and Regulations within one year after the imposition of a sanction for a violation of the same provision, the Board shall impose a fine of the double amount of the fine for the first violation and, respectively, 'suspension' for a period of the double duration of the suspension for the first violation. Article 21 (2) and (3) shall apply mutatis mutandis.

ADDITIONAL PROVISIONS

§ 1. The terms used in these Rules, but not defined herein, shall have the meanings assigned to them in Regulation (EU) No 596/2014 on market abuse, Directive 2014/65/EU on markets in financial instruments, the POSA, the MFIA, and their respective implementation regulations, or in the general commercial legislation or commercial practice.

§ 2. For the purposes of these Rules:

1. 'Advertisement' shall be a material published or intended to be published in a newspaper, magazine or another periodical, radio, television, telephone or tape recording, video screen, signs or billboards, films, telephone directories, or any other public media.

2. 'Conflict of interest' shall be a situation, which occurs in connection with the provision of investment and/or ancillary services by an Exchange member and may prejudice the interest of a client.

3. 'Systematic violation' shall be in place where more than three violations of the Rules and Regulations

by an Exchange member and/or a broker are detected within a year.

4. 'Clearing' shall be the procedures for determination of the receivables and obligations of each of the Exchange members and the mutual offsetting of the said receivables and obligations in connection with concluded transactions in financial instruments.

5. 'Settlement' shall be the procedures for fulfilment of the obligations to transfer cash and/or financial instruments in connection with transactions and their registration on an account with a depository institution.

6. 'Depository institution' shall be the Central Depository or another depository of financial instruments, designated in compliance with the requirements of Articles 187 and 188 of the MFIA.

7. 'Clearing house' shall be the Central Depository or another institution performing clearing functions, designated in compliance with the requirements of Article 187 and 188 of the MFIA.

8. 'Cross transaction' shall be a transaction in which the Exchange member who is the buyer and the Exchange member who is the seller are the same person.

9. 'Benchmark' means any published rate, index or figure that is publicly available or is published and is from time to time or regularly determined, either by applying a formula or on the basis of the value of one or more underlying assets or prices, including estimated prices, actual or estimated interest rates or other values or surveys. on the basis of which the amount due under a financial instrument or the amount of a financial instrument, as defined in Article 3, paragraph 1, point 29 of Regulation No 596/2014 on market abuse.

§ 3. Terms and abbreviations used in these Rules:

1. 'The Exchange' means Bulgarian Stock Exchange AD, or the regulated market organised by Bulgarian Stock Exchange AD accordingly.

2. 'The Board' means the Board of Directors of Bulgarian Stock Exchange AD.

3. 'Chief Executive Officer' means the Chief Executive Officer of Bulgarian Stock Exchange AD.

4. 'Compliance Director' means the Director of the Compliance Directorate at Bulgarian Stock Exchange AD.

5. 'The System' means the electronic trading system through which Exchange trading is implemented.

6. 'BNB' means the Bulgarian National Bank.

7. 'FSC' means the Financial Supervision Commission.

8. 'MFIA' means the Market in Financial Instruments Act.

9. 'POSA' means the Public Offering of Securities Act.

10. 'Ordinance No 50' means FSC Ordinance No 50 of 30 March 2022 on the Capital Adequacy and Liquidity of Investment Intermediaries and the Exercise of Supervision over their Compliance.

11. 'Ordinance No 38' means FSC Ordinance No 38 of 21 May 2020 on the Requirements for the Activity of Investment Intermediaries.

12. 'Regulation No 596/2014' means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

13. ‘Directive 2014/65’ means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

14. ‘Delegated Regulation 2016/522’ means Commission Delegated Regulation (EU) 2016/522 of 17 December 2015 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards an exemption for certain third countries public bodies and central banks, the indicators of market manipulation, the disclosure thresholds, the competent authority for notifications of delays, the permission for trading during closed periods and types of notifiable managers’ transactions.

15. ‘Delegated Regulation 2016/957’ means Commission Delegated Regulation (EU) 2016/957 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the appropriate arrangements, systems and procedures as well as notification templates to be used for preventing, detecting and reporting abusive practices or suspicious orders or transactions.

16. ‘Delegated Regulation (EU) 2017/580’ means Commission Delegated Regulation (EU) 2017/580 of 24 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the maintenance of relevant data relating to orders in financial instruments.

17. ‘Delegated Regulation (EU) 2017/565’ means Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment intermediaries and defined terms for the purposes of that Directive.

TRANSITIONAL AND FINAL PROVISIONS

§ 1. These Rules shall take effect as of June 16th 2025.
