

Regulation No. 5

on the Terms and Procedure for Acquisition, Redemption and Trade in Government Securities

(Issued by the Ministry of Finance and the Governor of the Bulgarian National Bank on 12 December 2002; published in the State Gazette, issue 119 of 27 December 2002; amended, issue 67 of 2003, issue 101 of 2004)

Chapter One

General Provisions

Article 1. (1) (former wording of Article 1; State Gazette, issue 67 of 2003) This Regulation shall establish the terms and procedure for acquisition, redemption and trade in book-entry government securities, issued by the Minister of Finance, hereinafter referred to as ‘government securities.’

(2) (new; State Gazette, issue 67 of 2003) Book-entry government securities shall be government securities which are not issued in a physical form but exist in the form of accounting and/or electronic entries in program systems certifying the ownership over these government securities.

Article 2. (1) Book-entry government securities shall be issued by a decision of the Minister of Finance.

(2) (amended; State Gazette, issue 67 of 2003) Book-entry government securities may be:

1. ‘short-term government securities’ – with a redemption term of up to one year inclusive;
2. ‘medium-term government securities’ – with a redemption term from one to five years inclusive;
3. ‘long-term government securities’ – with a redemption term of over five years.

(3) Book-entry government securities may yield income in the form of discount from the nominal value and/or interest.

(4) Term transactions or transactions in government securities other than those provided for in this Regulation shall be conducted upon a written permission of the Minister of Finance and the Governor of the Bulgarian National Bank (BNB).

(5) The Bulgarian National Bank shall:

1. organize the activities in relation to the sale of government securities on behalf and for the account of the government and publish information thereof according to a contract signed with the Minister of Finance;

2. adopt a tariff on the fees and commissions charged on government securities transactions in the primary and secondary markets upon coordination with the Ministry of Finance;

3. establish and maintain the Computerized Book-entry System for Registration of and Trade in Government Securities (CBSRTGS);

4. (new; State Gazette, issue 67 of 2003) establish and maintain a computerized book-entry system of government securities settlement accounts.

(6) All book-entry government securities issued by the Minister of Finance shall be registered in CBSRTGS by the BNB as an official depository of the government.

(7) Participants in CBSRTGS shall be:

1. primary dealers of government securities;
2. commercial banks–nonprimary dealers of which the BNB keeps registers under Article 2, para. 8;
3. the Ministry of Finance;
4. the Reserve Security Fund of which the BNB keeps registers under Article 2, para. 9.

(8) Registers of commercial banks–nonprimary dealers shall be kept by the BNB or by primary dealers. The Bulgarian National Bank shall keep registers under the following conditions:

1. commercial banks–nonprimary dealers shall send an application in writing for opening registers in the BNB and shall confirm that government securities held by them in primary dealers' registers will be transferred and kept only in BNB registers; the application shall be sent to the BNB, Fiscal Services Department, and to the primary dealer keeping the register under Article 14, para. 1; government securities held by commercial banks–nonprimary dealers shall be confirmed in writing at the BNB by the primary dealer keeping the register under Article 14, para. 1 within three working days after receipt of the application;

2. commercial banks–nonprimary dealers may not acquire government securities in the primary market through direct participation in the auctions held by the BNB, as well as purchase and sale with individuals and companies and issue certificates of government securities ownership.

3. the Bulgarian National Bank shall *ex officio* effect payments on government securities acquired by commercial banks–nonprimary dealers in the primary market through a primary dealer selected by them by debiting directly their current account with the BNB with the total amount of government securities acquired by them;

4. the Bulgarian National Bank shall enter in the registers maintained for commercial banks–nonprimary dealers government securities acquired under the previous item and transactions concluded under Article 10.

(9) The Bulgarian National Bank shall keep the register of the Reserve Security Fund established under Article 11 of Regulation No. 3 of 2002 of the BNB on Non-cash Payments and the National Payment System (State Gazette, issue 75 of 2002;

amended, issue 92 of 2002) under the following conditions:

1. register of government securities shall be opened on the basis of a written request addressed to the Fiscal Services Department signed by the persons authorized by the Management Board of the Fund;

2. (amended; State Gazette, issue 67 of 2003) only transactions under Article 9, para. 1, items 2 and 3 without a flow on the current accounts concluded by the Fund in the secondary market under Article 10 shall be entered in the registers;

3. repurchase of government securities in repo agreements under the previous item shall be effected upon a written notification of the Fund operator to the Fiscal Services Department.

(10) All transactions concluded under this Regulation with a flow on the current accounts shall be based on the 'delivery versus payment' principle.

Article 2a. (new; State Gazette, issue 67 of 2003) The Bulgarian National Bank shall register all book-entry government securities on individual accounts reporting the government securities owned by the bidders, and on accounts reporting total government securities owned by primary dealers' customers who in turn shall keep individual accounts of government securities for their customers.

Chapter Two

Acquisition of Government Securities in the Primary Market

Article 3. (1) Government securities shall be acquired in the primary market through auctions organized by the BNB.

(2) The Bulgarian National Bank shall conduct government securities auctions on Monday. By a decision of the Minister of Finance, the BNB may organize auctions on the other days of the week.

(3) When the day specified under para. 2 is not a working day, the auction shall be conducted on the following working day.

(4) By a decision of the Minister of Finance, the BNB may organize extraordinary auctions, in which only the primary dealers specified in the decision are allowed to participate. After the receipt of the notification of the Ministry of Finance, the BNB shall inform primary dealers on the terms of the extraordinary auction.

(5) Government securities may also be acquired by other means as determined by the Minister of Finance in accordance with the effective legislation.

Article 4. (1) (amended; State Gazette, issue 101 of 2004) Only primary dealers may participate in the auctions.

(2) An application in writing for a primary dealer shall be filed with the commission. Primary dealers shall be selected according to preannounced requirements adopted by the Minister of Finance and the Governor of the BNB.

(3) (amended; State Gazette, issue 101 of 2004) Primary dealers may participate

in the auctions with competitive and noncompetitive bids using sample forms according to the respective appendices to this Regulation.

(4) Primary dealers may participate with competitive bids on behalf and for the account both of themselves and their customers.

(5) Primary dealers shall participate with noncompetitive bids on their own behalf but for the account of their customers which are not banks or nonbank financial institutions having a permission to conduct transactions under Article 54 of the Law on Public Offering of Government Securities.

(6) The auctions under Article 3, paras. 1 and 4 shall be conducted by a commission as determined by the head of the Fiscal Services Department at the BNB, which consists of three permanent and three reserve members.

Article 4a. (new; State Gazette, issue 101 of 2004) (1) Primary dealers may also participate in the auctions under Article 3 with bids for replacing government securities held by them and repurchased without a definite term under Article 31, para. 1.

(2) Bids for participation shall be competitive and shall be made under Article 6, paras. 1 and 2.

(3) The total nominal value of any bid shall be equal to the total nominal value of the bid for repurchase by replacement under Article 31, para. 1.

Article 5. (amended; State Gazette, issue 67 of 2003, former text of Article 5, amended; issue 101 of 2004) Within three working days prior to each auction, the BNB shall notify the primary dealers, based on the information received from the Ministry of Finance, of the issue number of government securities, the offered quantity, the currency of the issue, the currency servicing the issue, the interest rate for the respective period if they are interest-bearing, the dates of redemption of interest and the nominal value, the change, as the case may be, in the proportion of government securities offered for competitive and noncompetitive bids, the change, as the case may be, in the maximum quantity of government securities which a participant with competitive bids may acquire (including when he participates on his own behalf but for the account of his customers), as well as the terms for redemption of government securities should they be different from those under Article 8, para. 2.

(2) (new; State Gazette, issue 101 of 2004) The proportion between competitive and noncompetitive bids offered shall be 95 percent to five percent of the total amount offered.

(3) (new; State Gazette, issue 101 of 2004) The maximum quantity of government securities which a participant may acquire (including when he participates on his own behalf but for the account of his customers) with competitive bids shall be:

1. for short-term government securities – 15 percent of the quantity earmarked for sale through competitive bids;

2. for medium-term government securities – 35 percent of the quantity earmarked for sale through competitive bids;

3. for long-term government securities – 50 percent of the quantity earmarked for sale through competitive bids.

(4) (new; State Gazette, issue 101 of 2004) The Minister of Finance may determine proportions other than those specified under paras. 2 and 3 upon submission of the information under Article 5, para. 1.

Article 6. (1) (amended; State Gazette, issue 101 of 2004) Primary dealers shall tender their bidding applications for participation in an auction in the time limits determined jointly by the Ministry of Finance and the BNB. The bids shall be sent to the BNB Fiscal Services Department. An entry check shall be immediately carried out of bids received, including a check for compliance with the format set in the appendices, a check of key words identifying the respective requisites, and a check of the date and time of receipt. Where an error has been found, a message shall be sent to the primary dealer. The applications tendered may be changed by primary dealers until expiry of the deadline for their receipt. After that they shall be considered irrevocable. Only the last message received shall be deemed valid.

(2) (amended; State Gazette, issue 67 of 2003, amended; issue 101 of 2004) The bidding application shall be drawn up in accordance with the sample forms in Appendices 1, 2, 19 and 21, and shall contain the following requisites:

1. bidder's current account with the BNB;
2. number of the issue of government securities the bid is made for, and in the cases under Article 4a, para. 1, also the number of the government securities issue to be repurchased by replacement under Article 31, para. 1;
3. nominal value of the bid (in figures);
4. price/yield at which the bidder is ready to acquire government securities, expressed as a percentage of 100 units nominal value with two digits after the decimal point (in figures).

(3) (new; State Gazette, issue 101 of 2004) Provided the bid is made for the account of a primary dealer's customer, in addition to the requisites under para. 2, it shall contain data about the customer for whose account the bid is made: for physical persons – the full name and identity number; for legal entities and sole proprietors – the company name and the identification code under the BULSTAT register; for foreign persons – the information under Article 15, para. 2, item 4, 'b' or § 2 of the Additional Provisions.

(4) (amended; State Gazette, issue 67 of 2003; former para. 3, amended; State Gazette, issue 101 of 2004) Noncompetitive bids will specify no price and yield. It shall be determined pursuant to Article 8, para. 4, item 2. The total nominal value of one noncompetitive bid shall be at least BGN 50 and shall be a multiple of BGN 1 (for government securities issued in another currency: at least 50 and a multiple of 1). The total amount of noncompetitive bids tendered by one primary dealer may not exceed the amount determined under Article 5. Provided this term is not observed, the bids of the respective primary dealer shall not be admitted to the auction.

(5) (amended; State Gazette, issue 67 of 2003; former para. 4, amended; State Gazette, issue 101 of 2004) A bidder shall be eligible to tender up to thirty competitive bids per auction, including bids on his own behalf but for the account of his customers. The total nominal value of a competitive bid shall be not less than BGN 1000 and shall be a multiple of BGN 1 (for government securities issued in another currency: not less than 1000 and a multiple of 1).

(6) (former para. 5; State Gazette, issue 101 of 2004) Bids received under para. 1 shall be kept in a manner which ensures the secrecy of the bids until the auction is conducted.

Article 7. (1) (amended; State Gazette, issue 101 of 2004) On the day of the auction the commission under Article 4, para. 6, hereinafter referred to as ‘the commission,’ shall verify the submitted bids and shall not allow those not complying with the requirements of this Regulation to participate in the auction.

(2) The commission shall grade the bids of primary dealers approved for the auction as follows:

1. (amended; State Gazette, issue 101 of 2004) noncompetitive bids – provided the total amount of the filed noncompetitive bids exceeds the quantity of government securities under Article 5, all bids received are distributed on a proportional principle upon attainment of the limit as specified in Article 5. Provided the total amount of the filed noncompetitive bids is less than the quantity under Article 5, the remainder shall be distributed among the competitive bids;

2. (amended; State Gazette, issue 101 of 2004) competitive bids – in a descending order according to the price tendered by the bidders or in an ascending order according to the yield tendered by the bidders within the maximum quantity of government securities which one participant may acquire under Article 5. Should there be bids of one and the same price, which is the minimum price set by the Ministry of Finance, or should there be bids of one and the same yield which is the maximum yield set by the Ministry of Finance, the bids shall be graded on a proportional principle through a coefficient formed as a ratio between the quantity remaining for distribution and the sum of these bids upon attainment of the quantity offered by the Ministry of Finance for competitive bids under Article 5. When calculating the coefficient, the sum of competitive bids approved and those participating in the proportional principle distribution may not exceed the maximum quantity which one participant may acquire under Article 5. Where the total amount of the filed competitive bids is less than the quantity as determined under Article 5, the remainder shall be distributed among the noncompetitive bids;

3. (amended; State Gazette, issue 67 of 2003) bids approved on a proportional principle are rounded off so that the nominal value shall be a multiple of BGN 1 (for government securities issued in another currency: a multiple of 1). In case of remainder after rounding off, it is distributed as follows: provided the issue remains underbid, the remainder is added to the first classified bid but shall not exceed the

quantity determined for one participant (if the limit is reached, the sum is added gradually to the next bids classified according to time); in cases of overbidding the issue, the remainder is deducted from the last bid classified according to time.

(3) (amended; State Gazette, issue 101 of 2004) The Minister of Finance may decide on nonadmission of a particular primary dealer with competitive bids or particular competitive bids to participate in the auction, or on rejection of all or approval of particular competitive bids. Classified bids shall be approved by the Minister of Finance and sent to the BNB.

(4) Based on the classified bids and the approval by the Minister of Finance, a report on the results of the conducted auction shall be drawn up by the commission and signed by all its members.

(5) The commission shall notify all bidders about the results of the auction in the time limits as determined jointly by the Ministry of Finance and the BNB.

(6) The unsold quantity of the issues offered for sale in the primary market at several auctions for which the Ministry of Finance has not approved the whole quantity offered at a particular auction shall be offered at the last auction announced for the relevant issue. Provided the whole offered quantity is not approved at the last auction, the announced total quantity of the issue shall be decreased by the unsold quantity. This procedure shall apply to the cases where the whole offered quantity at a particular auction is not sold due to the insufficient total amount of primary dealers' competitive and noncompetitive bids.

Article 8. (1) Primary dealers whose bids have been approved, including when they participate in the auction with bids on their own behalf but for the account of their customers, are obliged to provide on the issue date the required funds for the payment of the government securities acquired by them in their current accounts with the BNB in accordance with the time limits as determined jointly by the Ministry of Finance and the BNB.

(2) (new; State Gazette, issue 101 of 2004) The requirements of para. 1 shall also apply to approved bids filed under Article 4a, para. 1. In this case the required funds which primary dealers are obliged to provide in their current accounts with the BNB shall be the positive difference between the amount they shall have to pay for the government securities acquired by them and the amount that the Ministry of Finance shall have to pay for government securities repurchased by replacement under Article 31, para. 1.

(3) (former para. 2; amended, State Gazette, issue 101 of 2004) The BNB shall *ex officio* debit the current accounts of the primary dealers whose bids have been approved with the amount of the government securities acquired by them against payment, whereas for those acquired by replacement also with the amount calculated under para. 2, on the second working day after the date of the auction. By a decision of the Minister of Finance, payment may be effected in other time limits preannounced in the terms of the auction.

(4) (former para. 3; State Gazette, issue 101 of 2004) Should the primary dealers whose bids have been approved have not the required funds on their current accounts on the date of the issue to pay for the government securities, the BNB shall not effect the payment, respectively register the government securities, and the Fiscal Services Department shall notify in writing the Ministry of Finance. In such cases the commission under Article 4, para. 1 may review their status as primary dealers.

(5) (former para. 4; State Gazette, issue 101 of 2004) The government securities acquired at the auction shall be paid for as follows:

1. (amended; State Gazette, issue 101 of 2004) for competitive bids – at the price tendered in the bid; in the cases where the auction is based on yield, at the price corresponding to the yield tendered in the bid;

2. (amended; State Gazette, issue 101 of 2004) for noncompetitive bids – at the average-weighted price, and, in the cases where the auction is based on yield, at the price corresponding to the average-weighted yield of the approved competitive bids.

(6) (amended; State Gazette, issue 67 of 2003; former para. 5; issue 101 of 2004) The date of effecting the settlement on the current accounts and accounts reporting government securities shall be considered to be the date of acquisition of the government securities.

(7) (amended; State Gazette, issue 67 of 2003; former para. 6, issue 101 of 2004) On the date of the issue the BNB, Fiscal Services Department, after closing the settlement on the current accounts and on the accounts reporting government securities, shall enter in its registers the government securities acquired by each bidder and all his customers. The Bulgarian National Bank shall maintain registers of the participants in CBSRTGS.

(8) (former para. 7; State Gazette, issue 101 of 2004) The following information shall be entered in the registers under para. 6:

1. number of issue;
2. date of issue;
3. current account number of the participants in CBSRTGS with the BNB;
4. nominal value of the government securities held;
5. purchase price;
6. total amount of the government securities held as of a particular date.

(9) (former para. 8; State Gazette, issue 101 of 2004) The Bulgarian National Bank shall keep a complete subregister of the foreign persons – primary dealers' customers, in which information under Article 15, para. 2, item 4, 'b' and § 2 of the Additional Provisions is recorded.

(10) (former para. 9; State Gazette, issue 101 of 2004) In case of a purchase of government securities with a competitive or noncompetitive bid, the customer for whose account the primary dealer participates in the auction has not paid the

government securities within three working days after the issue date, the primary dealer shall notify the BNB in writing thereof. The government securities shall be acquired by the primary dealer which shall be entered in the register by the BNB under Article 8, para. 6.

Chapter Three

Acquisition of Government Securities in the Secondary Market

Article 9. (1) (former wording of Article 9; State Gazette, issue 67 of 2003) Transactions made in the secondary market and entered in the registers under Article 8, para. 6 shall be as follows:

1. purchase and sale of government securities;
2. transfer of government securities without a flow on the current accounts with the BNB;
3. transfer of government securities based on repurchase agreements with preset term, hereinafter referred to as repo agreements, which may be made both with or without a flow on the current accounts with the BNB.

(2) (new; State Gazette, issue 67 of 2003) Transactions under para. 1 shall be entered in the registers under Article 8, para. 6 after closing the settlement on the current accounts and/or on the accounts reporting government securities.

Section I

Transactions in Government Securities between Primary Dealers

Article 10. (1) Registration of secondary market transactions shall be effected on the basis of applications in writing both from the acquirer and the transferor, addressed to the BNB, Fiscal Services Department. The applications shall be considered irrevocable.

(2) Applications under para. 1 shall be drawn up according to a sample form (Appendix 3), and shall contain the following requisites:

1. name of transferor's firm;
2. number of transferor's current account with the BNB;
3. name of acquirer's firm;
4. number of acquirer's current account with the BNB;
5. number of the issue of government securities being transacted;
6. total nominal value of transferred government securities (in figures and in words) which shall be at least BGN 1 and shall be a multiple of BGN 0.01 (in the case of government securities denominated in foreign currency: at least 1 and a multiple of 0.01);

7. price (written in figures and in words) at which the government securities are transferred (acquired);
8. maturity of the issue being transacted;
9. value date;
10. value date of repurchase (repo agreements);
11. full name and position of the persons who have signed the application.

(3) In the cases where applications under para. 1 refer to a transfer of government securities without a flow on the current accounts with the BNB of the transferor and acquirer, there shall be an inscription ‘without a flow on the current accounts with the BNB’ in the space for the price in the application under para. 2.

(4) Applications under para. 1 shall be sent to the BNB and shall be processed within the time limits as established by the Ministry of Finance and the BNB.

Article 11. (1) Upon receipt of the applications under Article 10, para. 1, the BNB shall check the consistency of the data in the applications.

(2) Where the data in the applications is consistent, the BNB shall check the registers under Article 8, para. 6 as to whether the transferor owns the government securities that are the subject of the transaction and whether the said securities are blocked. The same check-up shall also be made on the value date of the repurchase.

(3) Should it find that the provisions of paras. 1 and 2 are not fulfilled, the BNB, Fiscal Services Department, shall refuse to register the transaction forthwith advising the parties in writing of the reasons for the refusal.

(4) Should it find that the provisions of paras. 1 and 2 are fulfilled, the BNB shall *ex officio* debit the acquirer’s account and credit the transferor’s account with an amount equal to the price specified in the application of the transaction, and shall record in the registers pursuant to Article 8, para. 6 the flow of government securities at the value date as stated in the applications. In the cases under Article 10, para. 3, no settlement operations shall be effected on the acquirer’s and transferor’s accounts, and only the flow of government securities shall be recorded in the register.

(5) Should it find that the acquirer does not have the required funds on his current account with the BNB at the close of the working day, the BNB shall refuse to effect the settlement, respectively to register the transaction, and the Fiscal Services Department shall advise in writing the parties concerned about the reasons for its refusal.

Article 12. (1) At the request of the primary dealers, the BNB shall provide them with a statement from the registers under Article 8, para. 6, stating the amount and flow of the government securities held by them.

(2) At the request of any foreign person – primary dealer’s customer, the BNB shall transmit confirmation of the registration of the government securities in the name of the said person, pursuant to the subregister kept under Article 8, para. 8.

(3) At the request of the BNB, primary dealers shall send statements from the registers kept by them, as well as other information at the request of the BNB.

Article 13. Registration of transactions in government securities that are the subject of this Section shall close in the time limits as provided for under § 4 of the Additional Provisions.

Section II

Transactions in Government Securities between Primary Dealers and Nonprimary Dealers

Article 14. (1) A primary dealer shall keep registers of the government securities owned by his customers – nonprimary dealers. Transactions closed under Article 9 between a primary dealer and a nonprimary dealer, as well as those between nonprimary dealers shall be entered in the said registers.

(2) Registers under para. 1 shall contain the following requisites:

1. number of issue;
2. date of issue;
3. current account number of the nonprimary dealer;
4. nominal value of the government securities held;
5. purchase price;
6. total amount of the government securities owned as of a particular date;
7. date of acquisition (transfer) of the government securities;
8. value date of the repurchase agreement (sale), provided there is such an agreement.

(3) Transactions between nonprimary dealers shall be entered in the register kept by the primary dealer on the basis of applications filed by the parties to the transaction and sent in writing. Applications shall contain the requisites under para. 2. Applications shall be considered irrevocable.

(4) Transactions between a primary dealer and a nonprimary dealer shall be entered in the register under para. 1 on the basis of an application filed by a nonprimary dealer and sent in writing.

(5) Where transactions under paras. 3 and 4 are closed, no certificate shall be issued. At the request of a nonprimary dealer, the primary dealer shall provide him with statements from the registers under para. 1, stating the amount and flow of the government securities held by the said nonprimary dealer.

(6) Primary dealers shall advise the BNB, Fiscal Services Department, no later than the close of the working day of the issue number, value date and the total nominal value of the government securities transferred to nonprimary dealers, respectively repurchased prior to maturity of the securities (Appendices 4 and 5). In case the transferor own government securities, subject of the transaction, the Bulgarian National Bank shall enter in the registers under Article 8, para. 6 changes

made thereof, stating the total nominal value of the government securities transferred or acquired by an individual primary dealer. Where the transaction is not registered, the BNB shall immediately notify the primary dealer of the reasons for its refusal. Transactions entered in the registers shall be considered irrevocable.

(7) Where government securities are transferred by a nonprimary dealer to a primary dealer, the primary dealer shall send an application to effect the transaction (Appendix 6) addressed to the BNB and to the primary dealer keeping record of the transferor. The application shall be considered irrevocable.

(8) Should any nonprimary dealer transfer government securities thereby held from the register kept by one primary dealer to the register held by another primary dealer, the latter primary dealer shall transmit an application to effect the transaction (Appendix 7) addressed to the BNB and to the primary dealer who keeps a register of the nonprimary dealer. The application shall be considered irrevocable.

(9) Should a nonprimary dealer transfer government securities thereby held to another nonprimary dealer wherefor the register is kept under Article 14, para. 1 by a primary dealer other than the transferor of the government securities, the latter nonprimary dealer shall transmit an application to effect the transaction (Appendix 8) addressed to the BNB and to the primary dealer who keeps a register for the transferor. The application shall be considered irrevocable.

(10) In the cases of transactions under Articles 7, 8 and 9, the primary dealer keeping a register for the transferor shall, within the time limits as established by the Ministry of Finance and the BNB, notify the BNB whether the government securities specified in the application are registered in the name of the transferor and whether the said securities are blocked. At the receipt of the notification that the government securities are registered in the name of the transferor and are not blocked, the BNB shall record the transaction in the registers thereby kept and shall transmit confirmation to the primary dealers participating in the transaction before the close of the working day. Otherwise, no transaction shall be effected, and the BNB shall notify the primary dealers about the reasons for its refusal.

(11) The total nominal value of the government securities transferred under paras. 3, 4, 7, 8 and 9 shall be at least BGN 1 and shall be a multiple of BGN 0.01 (in the case of government securities denominated in foreign currencies: at least 1, a multiple of 0.01).

(12) (amended; State Gazette, issue 101 of 2004) Where the transactions under Article 14, para. 6 are connected with transactions concluded under Chapter Three, notifications shall be sent to the BNB in the time limits as determined jointly by the Ministry of Finance and the BNB.

(13) Transactions under paras. 3, 4, 7, 8 and 9 shall be terminated within the time limits provided for under § 4 of the Additional Provisions.

Section III

Transactions in Government Securities between Primary Dealers and Physical Persons and Legal Entities

Article 15. (1) (amended; State Gazette, issue 67 of 2003) Primary dealers may transfer government securities to physical persons and legal entities, issuing a registered certificate which in addition to Article 1, para. 2 certifies the ownership over the government securities acquired. The certificate shall be issued in duplicate, an original and a copy; the original of the certificate shall be given to the acquirer and the copy of the certificate shall be kept by the primary dealer within five years after the maturity date of the government securities.

(2) The certificate under para. 1 shall be drawn up on a special paper, size 21/15, according to the sample in Appendix 9, and shall contain:

1. inscription 'certificate';
2. certificate number;
3. issuer of the certificate;
4. information about the acquirer:
 - a) for Bulgarian citizens – the full name and identity number;
 - b) for nonresidents – the full name, type, series and number of the identity document, as well as the country of issue;
 - c) for a legal entity or a sole proprietor – the company name and identification code according to the BULSTAT register;
5. number of the issue of government securities which are the subject of the transaction;
6. total nominal value of the government securities held (in figures and in words);
7. interest rate on the government securities;
8. dates of interest payments;
9. maturity of the government securities;
10. space for noting down interest paid (on the reverse of the certificate);
11. date and place of issuance of the certificate;
12. signature and seal of the issuer.

(3) Primary dealers of government securities having a contract with the Ministry of Finance for sale of government securities to investors (physical persons) shall issue to the acquirer a registered certificate on a special paper, size 21/16, according to the sample of Appendix 9A, which shall in addition to the information under items 1–12 (excluding data under item 4, 'c') of para. 2 contain the following requisites:

1. inscription 'Ministry of Finance of the Republic of Bulgaria';
2. type of government securities;
3. date of issue;

4. repurchase terms and conditions.

(4) Should government securities acquired under para. 1 be transferred by physical persons or legal entities to the certificate issuer prior to the maturity date, the certificate shall be stamped 'paid up,' signed by the official, sealed by the issuer, and the original shall be returned to the said person. The issuer shall enter in the register under Article 17 all changes made.

(5) All stamps, signatures and seals under this Regulation shall be put both on the original and the copy of the certificate.

Article 16. (1) The total nominal value of the government securities transferred under Article 15 shall be at least BGN 1 and shall be a multiple of BGN 0.01 (in the case of government securities denominated in foreign currency: at least 1, a multiple of 0.01).

(2) Transactions under Article 15 shall be terminated within the term provided for in § 4 of the Additional Provisions.

Article 17. Any primary dealer shall keep a register of certificate holders where data under Article 15, para. 2, items 2, 4–9, 11, interest paid by the Ministry of Finance, government securities installments with redemption schedule shall be entered, as well as:

1. for Bulgarian citizens – series, number and date of issue of the identity document and the issuing body, home address;
2. for a legal entity or a sole proprietor – residence and headquarters' address, number and date of the company file under which the registration is made, court of registration.

Article 18. (1) Primary dealers shall notify the BNB, Fiscal Services Department, no later than the following working day of the issue number, total nominal value and the value date of the government securities transferred to physical persons and legal entities, respectively repurchased by them prior to maturity of the securities (Appendices 10 and 11). Where transactions with foreign persons are made, notifications shall contain furthermore data under Article 15, para. 2, item 4, 'b,' and § 2 of the Additional Provisions. The notifications shall be considered irrevocable.

(2) Primary dealers of government securities having a contract with the Ministry of Finance for sale of government securities to investors (physical persons) shall notify the BNB, Fiscal Services Department in the time limits, as set in the contract and jointly by the Ministry of Finance and the BNB, of the conducted government securities transactions as follows:

1. for government securities sold by them – the number of issue, total nominal value, the selling price and the average selling price per BGN 100 nominal value; where transactions with foreign persons are made, notifications shall contain furthermore data under Article 15, para. 2, item 4, 'b' (Appendix 10A);

2. for government securities repurchased by them – date of repurchase transaction; the number of issue, total nominal value, the purchasing price and the purchasing price per BGN 100 nominal value; where transactions with foreign persons are made, notifications shall contain furthermore data under Article 15, para. 2, item 4, ‘b’, (Appendix 11A);

(3) (amended; State Gazette, issue 101 of 2004) Where the transactions under Article 15, paras. 1 and 4 are related to the transactions under Chapter Three, notifications shall be sent to the BNB in the time limits as established jointly by the Ministry of Finance and the BNB.

(4) The Bulgarian National Bank shall enter in the registers under Article 8, para. 6 the changes made and the total nominal value of the government securities transferred (repurchased) by any primary dealer to physical persons and legal entities. Where the transaction is not registered, the BNB shall immediately notify the primary dealer of the reasons for its refusal.

Article 19. (1) Physical persons and legal entities may transfer the acquired government securities to other persons. The transfer shall be effected in the presence of the two parties to the transaction, who shall sign a declaration for the transfer of ownership rights in three copies according to the sample in Appendix 12.

(2) Transactions concerning the transfer of government securities to physical persons or legal entities shall be entered in the register under Article 17, and transactions concerning the transfer of government securities to nonprimary dealers in the register under Article 14, para. 1, to be effective before the certificate issuer.

(3) Where government securities are transferred to physical persons or legal entities, the issuer shall issue a new certificate to the acquirer of government securities under Article 15, paras. 1 and 2 (para. 3) upon submission of the original of the certificate issued to the transferor, and if only part of the securities is to be transferred – a new certificate shall be issued to the transferor for the remainder; the original of the former certificate shall be stamped ‘invalid’, sealed, and returned to the transferor.

Article 20. (1) Where the government securities are transferred by physical persons or legal entities to a primary dealer other than the certificate issuer, the latter shall send to the BNB and to the certificate issuer a request to effect the transaction (Appendix 13). The request shall be considered irrevocable.

(2) Should physical persons or legal entities transfer government securities thereby held from the register kept by one primary dealer to the register kept by another primary dealer, the latter primary dealer shall send a request to effect the transaction (Appendix 14) addressed to the BNB and to the primary dealer, issuer of the certificate. The request shall be considered irrevocable.

(3) Should physical persons or legal entities transfer government securities thereby held to another person whose register is kept by a primary dealer other than the transferor, the latter primary dealer shall send a request to effect the transaction

(Appendix 15) addressed to the BNB and to the primary dealer, the issuer of the certificate. The request shall be considered irrevocable.

(4) In the cases of transactions under paras. 1, 2 and 3, the issuer of the certificate is obliged within the time limits as established jointly by the Ministry of Finance and the BNB to send a notification to the BNB whether the government securities specified in the application are recorded in the name of the transferor in the register under Article 17 and whether the said securities are blocked (in the case of a foreign person: also a copy of the transfer order of government securities).

(5) Upon receipt of the notification stating that the government securities are registered on behalf of the transferor and are not blocked, the BNB shall enter in the registers and shall send a confirmation on the same working day as follows: for transactions under para. 1 – to the certificate issuer and to the acquirer; for transactions under para. 2 – to the certificate issuer and to the primary dealer to whom the register is transferred under Article 17; for transactions under para. 3 – to the primary dealers keeping a register of the transferor and the acquirer. Where the transaction is not registered, the BNB shall immediately notify the primary dealer of the reasons for its refusal.

(6) Following the receipt of the confirmation under para. 5, the certificate issuer shall enter the change in the register under Article 17, and the primary dealer – the acquirer (or keeping a register of the acquirer) shall stamp ‘invalid,’ seal the original of the certificate and return it to the transferor.

(7) Transactions under Article 20 shall be terminated within the time limits provided for in § 4 of the Additional Provisions.

Section Four

Transactions in Government Securities between Nonprimary Dealers and Physical Persons or Legal Entities

Article 21. (1) Nonprimary dealers may transfer government securities to physical persons and legal entities without issuing a registered certificate.

(2) Where transactions in government securities are concluded between nonprimary dealers, on the one hand, and physical persons and legal entities, on the other, the primary dealer keeping registers under Article 14, para. 1 and Article 17 shall send a notification to the BNB, Fiscal Services Department in accordance with Appendix 16 of the transfer of government securities from nonprimary dealers or physical persons and legal entities.

(3) Should the registers of the participants in the transaction be kept by different primary dealers, the primary dealer keeping a register of the acquirer shall send a notification to the BNB, Fiscal Services Department, and to the primary dealer keeping a register of the transferor (Appendix 17). In this case, the primary dealer keeping a register of the transferor is obliged, in the time limits as established jointly by the Ministry of Finance and the BNB, to send a notification in writing to

the BNB, Fiscal Services Department, whether the government securities specified in the application are recorded in the name of the transferor in the register under Article 14, para. 1, or under Article 17, and whether the said government securities are blocked.

(4) Upon receipt of the notification under para. 3, that the government securities are registered in the name of the transferor and are not blocked, the BNB shall enter the transaction in the registers and shall send a confirmation to the primary dealers keeping registers of the transferor and the acquirer on the same working day. Where the transaction is not registered, the BNB shall immediately notify the primary dealers of the reasons for its refusal.

(5) Upon receipt of the confirmation under para. 4, transactions of government securities transfer to physical persons or legal entities shall be recorded in the register under Article 17, and transactions of government securities transfer to nonprimary dealers – in the register under Article 14, para. 1. Provided the acquirer is a physical person or a legal entity, the primary dealer keeping a register under Article 17 shall issue a registered certificate in accordance with Article 15, para. 2.

(6) Provided the acquirer is a nonprimary dealer and the transferor is a physical person or a legal entity, the primary dealer keeping a register under Article 14, para. 1 or Article 17 shall furthermore apply the requirements of Articles 19 and 20.

(7) Transactions under Article 21 shall be terminated within the time limits provided for in § 4 of the Additional Provisions.

Article 22. The stock exchanges shall adopt rules for trading in government securities, which shall be coordinated with the Ministry of Finance and the Bulgarian National Bank.

Chapter Four

Pledge of Government Securities

Article 23. (1) Pledge of government securities issued by the Minister of Finance shall be made pursuant to the Law on the Special Pledges. Upon registration thereof government securities shall be blocked.

(2) Any person keeping a register of government securities under this Regulation shall create a register wherein circumstances of the government securities pledged shall be entered.

(3) If upon applying for a pledge registration the person keeping the register of government securities establishes that the pledger does not own the government securities specified in the application, the said registration shall be refused.

Article 24. (1) Upon maturity of interest and principal payments, the pledge shall be transferred onto claims on pledged government securities. Foreclosure of the claims on the pledged government securities shall be executed pursuant to the Law on the Special Pledges.

(2) The manner of interest and principal payments on the pledged government securities shall be established by virtue of a trilateral contract concluded between the person keeping the register of government securities, the pledger and the creditor pledgee. The trilateral contract shall be signed together with the application for the pledge registration thereof.

Article 25. Registration of application for a pledge of government securities and changes thereof shall be discontinued two working days prior to the maturity of the respective issue of governments securities or interest payments thereon.

Article 26. (1) Disposition transactions in the pledged government securities may be conducted by the pledger solely with the consent of the creditor pledgee.

(2) Consent to conduct disposition transactions in pledged government securities shall be deemed given by the creditor pledgee upon filing an application for unblocking thereof to the person keeping the register of government securities.

(3) Upon filing an application for blocking of the pledged government securities filed by the creditor pledgee to the person keeping the register of government securities, disposition with the said government securities by the pledger shall be discontinued.

(4) (amended; State Gazette, issue 67 of 2003) Blocking and unblocking of government securities shall be recorded in the government securities registers under this Regulation after closing the settlement on the accounts reporting government securities.

Article 27. Blocking and unblocking operations may be furthermore effected beyond the cases of government securities pledge within the term provided for in § 4 of the Additional Provisions.

Chapter Five

Redemption of Government Securities and Interest Thereon

Article 28. (1) (amended; State Gazette, issue 101 of 2004) The Ministry of Finance shall provide the necessary funds for the redemption of the government securities and interest thereon in an account opened with the BNB not later than one working day prior to redemption dates thereof.

(2) (amended; State Gazette, issue 101 of 2004) Payments on government securities (the nominal value, principal and/or interest, *etc.*) shall be effected on the dates specified in the terms and conditions of the respective issue.

(3) (new; State Gazette, issue 101 of 2004) Where the date under para. 2 is not a working day, the payment shall be effected on the next working day.

(4) (former para. 3; State Gazette, issue 101 of 2004) At the maturity of the respective issue of government securities or interest payments thereon, the BNB, on the basis of the registers under Article 8, para. 6, shall establish the amount of the government securities entered on behalf of primary dealers in the Computerized

Book-Entry System for Registration of and Trade in Government Securities and shall transfer the funds necessary for the redemption of the government securities held by them and their customers within the term set jointly by the Ministry of Finance and the BNB.

(5) (former para. 4; State Gazette, issue 101 of 2004) Primary dealers shall repay interest and the nominal value of the government securities transferred to physical persons or legal entities upon submission of the originals of the certificates which they have issued. Repayment of interest shall be certified by a signature of the official who has effected the payment, and by the seal of the primary dealer on the space specified in the certificate, with an indication of the date of payment and the amount of interest paid. Upon repayment of the nominal value, the original of the certificate shall be stamped 'paid up,' signed by the official who has effected the payment, sealed by the primary dealer, and returned to the customer.

(6) (former para. 5; State Gazette, issue 101 of 2004) Primary dealers shall repay interest and the nominal value of the government securities transferred to nonprimary dealers on the basis of the registers under Article 14, para. 1 with value date at maturity (interest payment).

(7) (former para. 6; State Gazette, issue 101 of 2004) Upon repayment of government securities installments with redemption schedule, the primary dealer shall issue a new certificate for the unpaid nominal value to the acquirer; the original certificate shall be stamped 'invalid.' Repayment of the installment shall be entered in the register under Article 17, and the register under Article 14, para. 1.

Article 29. (1) At the maturity of the respective issue of government securities or interest payments thereon, the BNB shall not transfer to the account of the primary dealer funds necessary for the repayment of the government securities under Article 28, paras. 4 and 5, where:

1. a decision to revoke the primary dealer's license to make bank transactions or transactions in government securities has been made;

2. the Bulgarian National Bank has found the primary dealer insolvent, and has petitioned the Court to declare him bankrupt under the Law on Banks;

3. a petition for institution of bankruptcy proceedings under the Law on Commerce has been filed against the primary dealer;

4. a decision for the primary dealer's dissolution as a legal entity has been made;

5. there is information of a delay or inability to fulfill his obligations under Article 28, paras. 4 and 5; in this case the transfer shall not be effected, provided there is a justified proposition by the Ministry of Finance;

6. a measure under Article 65, para. 2, item 14 of the Law on Banks has been enforced.

(2) The Ministry of Finance in coordination with the BNB shall determine the primary dealer who will effect payments on government securities and interest thereon to customers of the primary dealer under para. 1. The Bulgarian National

Bank shall enter in the registers under Article 8, para. 6 the transfer of the said government securities in the name of the primary dealer as determined, and shall transfer the funds necessary to effect payments under Article 28, para. 3. No later than five working days upon request by the Ministry of Finance the primary dealer under para. 1 must submit to the Ministry of Finance a statement from the registers under Article 14, para. 1 and Article 17 and the copies of the certificates as issued, which shall be given to the respective primary dealer.

(3) Primary dealers in respect whereof Article 29, para. 1 has been applied, shall return the unused certificates of government securities holding to the Ministry of Finance within five working days.

Article 30. (1) In case the original of the registered certificate is lost, the holder shall notify in writing the certificate issuer who shall issue a duplicate under Article 15, paras. 1 and 2 (para. 3), declare null and void the originally issued certificate which shall be noted down in the register under Article 17, and the copy of the certificate shall be stamped 'invalid'.

(2) Payment of government securities and interest thereon shall be effected on the basis of the duplicate as issued and the register under Article 17.

Chapter Six

Repurchase of Government Securities prior to Maturity

Article 31. (1) (amended; State Gazette, issue 63 of 2003, issue 101 of 2004) Repurchase of government securities with or without a definite term prior to maturity shall be effected by a decision of the Minister of Finance at the auctions held by the BNB by replacing them with government securities of a new issue, and/or by redemption of the nominal value and interest thereon.

(2) Repurchase auctions shall be held by the commission under Article 4, para. 6.

(3) (amended; State Gazette, issue 67 of 2003, issue 101 of 2004) Bids for participation in the auctions shall be competitive. Only primary dealers holding government securities from the issues announced for buyback, may participate in the auctions.

(4) (amended; State Gazette, issue 101 of 2004) Primary dealers may participate with competitive bids on their own behalf but for the account of their customers, provided the repurchase is effected by repayment of the nominal value and interest thereon.

Article 31a. (new; State Gazette, issue 101 of 2004) (1) The repurchase of government securities with or without fixed term prior to maturity may be effected in other manners determined by the Minister of Finance in accordance with the effective legislation.

(2) By a decision of the Minister of Finance only primary dealers specified in the decision, holding government securities from the issues announced for buyback, may participate in the repurchase under para. 1.

Article 32. (amended; State Gazette, issue 67 of 2003, issue 101 of 2004) Within three working days prior to each buyback auction, the BNB shall notify the primary dealers, based on the information received from the Ministry of Finance, of the terms under which the repurchase will be effected. By a decision of the Minister of Finance, the BNB may notify the primary dealers of the information received from the Ministry of Finance in another than the said time limit.

Article 33. (1) (amended; State Gazette, issue 101 of 2004) Primary dealers shall tender their bidding applications for participation in a buyback auction in the time limits as established jointly by the Ministry of Finance and the BNB. Bids shall be sent to the BNB Fiscal Services Department. An entry check shall be immediately carried out of bids received, including a check for compliance with the format set in the appendices, a check of key words identifying the respective requisites, and a check of the date and time of receipt. Where an error has been found, a message shall be sent to the primary dealer. The applications tendered may be changed by primary dealers until expiry of the deadline for their receipt. After that they shall be considered irrevocable. Only the last message received shall be deemed valid.

(2) (amended; State Gazette, issue 67 of 2003, amended; issue 101 of 2004) The bidding application shall be drawn up according to the sample forms in Appendices 18, 20, 21 and 22 and shall contain the following requisites:

1. bidder's current account with the BNB;
2. number of the issue, announced for repurchase;
3. total nominal value of the government securities bid for repurchase (in figures);
4. price/yield/annual interest rate at which the bidder expects the government securities to be repurchased, expressed as a percentage of BGN 100 nominal value with two digits after the decimal point (in figures);

(3) (new; State Gazette, issue 101 of 2004) Where the bid is made on the account of the primary dealer's customer, in addition to requisites under para. 2 it shall contain information about the customer on the account of whom the bid is made:

- a) for physical persons – the full name and the identity number (for nonresidents – information pursuant to Article 15, para. 2, item 4, 'b');
- b) for legal entities – the company name, identification code under the BULSTAT register (for legal entities registered abroad – information pursuant to § 2 of the Additional Provisions);

(4) (new; State Gazette, issue 101 of 2004) In cases of repurchase of government securities by replacement, in addition to requisites under para. 2 the bid shall contain the number of issue by which the replacement is made.

(5) (new; State Gazette, issue 101 of 2004) In cases of repurchase of government securities with a definite term against payment, in addition to requisites under para. 2 the bid shall contain the auction date and the term of repurchase in days.

(6) (former para. 3; amended; State Gazette, issue 101 of 2004) A bidder shall be eligible to tender up to 30 competitive bids per a buyback auction, including bids on his own behalf but for the account of his customers.

(7) (former para. 4; State Gazette, issue 101 of 2004) The total nominal value of a bid shall be not less than BGN 1 and shall be a multiple of BGN 0.01 (in the case of government securities denominated in foreign currency: at least 1, a multiple of 0.01).

(8) (former para. 5; State Gazette, issue 101 of 2004) Bids received under para. 1 shall be kept in a manner which ensures the secrecy of the bids until the buyback auction is conducted.

Article 34. (amended; State Gazette, issue 67 of 2003; amended; issue 101 of 2004) (1) On the auction day the commission shall carry out a check and shall not admit to the auction the bids which do not comply with the requirements of this regulation.

(2) The commission shall grade the primary dealers' bids approved for the buyback auction in an ascending order according to the price tendered by the bidders or in a descending order according to the tendered annual interest rate or yield.

(3) Should there be bids of one and the same price, which is the maximum price, or an annual interest rate or yield which is the minimum interest rate or yield set by the Ministry of Finance, the bids shall be graded proportionally to the quantity remaining for distribution upon attainment of the Ministry of Finance offer pursuant to Article 32 and in compliance with the procedure provided for in Article 7, para. 2, item 2. Classified bids shall be approved by the Minister of Finance and shall be sent to the BNB.

(4) Should there be bids for repurchase of government securities by replacement with a new issue, bids shall be classified only if the applications for acquisition of government securities of the new issues have been approved.

(5) The Minister of Finance may not admit to the buyback auction a particular bidder with competitive bids or particular competitive bids and may reject or respectively approve particular bids. Classified bids shall be approved by the Minister of Finance and shall be sent to the BNB.

(6) Based on the classified bids and the approval of the Minister of Finance, a report on the results of the conducted auction shall be drawn up by the commission and signed by all its members.

(7) The commission shall notify all bidders about the results of the auction in the time limits as established jointly by the Ministry of Finance and the BNB.

(8) Bidders in the buyback auction, whose bids have been approved, shall receive government securities of the new issue under preset terms.

(9) In case of a repurchase by replacement, the BNB shall enter in its registers the repurchased government securities, as well as the acquired government securities of the new issue by each bidder after closing the settlement on the current accounts and/or on the accounts reporting government securities.

Article 35. (1) (amended; State Gazette, issue 67 of 2003, former text of Article 35, issue 101 of 2004) Settlement operations between the successful bidders in the buyback auction and the Ministry of Finance shall be effected by the Bulgarian National Bank *ex officio* according to the terms determined by the Ministry of Finance.

(2) (new; State Gazette, issue 101 of 2004) In case of repurchase by replacement the BNB shall effect operations under Article 1 by crediting/debiting the accounts of the bidders in the repurchase auction and of the Ministry of Finance with the balance between the total value of government securities acquired by the bidders from the new issue and the total amount of repurchased government securities by the Ministry of Finance.

Additional Provisions

§ 1. If the legislative acts which establish the archival activities do not provide otherwise, primary dealers shall maintain the registers under Article 14, para. 1 and Article 17 of this Regulation at least five years after closing thereof.

§ 2. In completing the documents included in the appendices to this Regulation, the legal entities registered abroad shall state data concerning only their registration – the company name, headquarters, the number and date of registration, the register where they have been entered, *etc.*

§ 3. Within the meaning of this Regulation:

1. (new; State Gazette, issue 101 of 2004) ‘primary dealers’ shall be both commercial banks and nonblank financial institutions within the meaning of Article 54 of the Law on the Public Offering of Government Securities which are licensed to conduct investment intermediacy in government securities by the commission and under Regulation No. 15 on the control over transactions in book-entry government securities (State Gazette, issue 119 of 2002).

2. (former item 1, amended; State Gazette, issue 101 of 2004) ‘nonprimary dealers’ shall be commercial banks and nonbank financial institutions under Article 54 of the Law on Public Offering of Securities which are not licensed to conduct investment intermediacy in government securities by the commission under Regulation No. 15 on the Control over Transactions in Book-entry Government Securities;

3. (former item 2, amended; State Gazette, issue 101 of 2004) ‘delivery versus payment’ is the simultaneous transfer of the funds from the buyer to the seller, and of government securities *vice versa*: from the seller to the buyer;

4. (new; State Gazette, issue 67 of 2003; former item 3, State Gazette, issue 101 of 2004) ‘blocking’ shall be a prohibition against disposition of government securities;

5. (new; State Gazette, issue 67 of 2003; former item 3, State Gazette, issue 101 of 2004) ‘unblocking’ shall be invalidation of the prohibition against disposition of government securities.

§ 4. Applications, information and notifications to make government securities

transactions under Chapters Three and Four shall be accepted until 11.00 a.m. on the working day preceding the maturity of the respective government securities issue or the interest payments on it. Where applications, information and notifications are filed at the BNB after the set time limit and/or no sufficient funds are available on the acquirer's current account with the BNB until 12.00 a.m. on the working day preceding the maturity, the BNB, Fiscal Services Department shall not effect the settlement, correspondingly shall not register the transaction, and shall notify in writing the parties of the reasons for its refusal. For foreign currency-denominated government securities on which payments are effected in foreign currency, transactions under Chapters Three and Four shall be discontinued two working days prior to the maturity of the government securities issue or interest payments on it.

§ 5. (amended; State Gazette, issue 67 of 2003; amended; issue 101 of 2004) Bids, applications, information and notifications to make government securities transactions in the primary and secondary markets, as well as BNB notifications and confirmations addressed to market participants may be sent by S.W.I.F.T., by telex and by other technical facilities in which the universal electronic signature is applied other than those specified in this Regulation after the primary dealers have been advised by the Ministry of Finance and the BNB in writing of the technical ability to do this.

§ 6. Should there be any changes in the procedure for issuance of book-entry government securities and secondary market transactions therein, the Ministry of Finance and the BNB reserve the right to demand confirmations from the primary dealers to observe the procedure prescribed by this Regulation, as well as the criteria for evaluation and selection of government securities primary dealers.

§ 7. Primary dealers of government securities which have been approved by the commission under Article 4, para. 1, including those which have concluded a contract with the Ministry of Finance for the sale of government securities targeted at investors – physical persons, shall be issued certificates under Article 15, para. 2 and/or para. 3 by the Ministry of Finance.

§ 8. The Minister of Finance may conduct transactions under Article 9.

Transitional and Final Provisions

§ 9. This Regulation is issued in accordance with Article 36, para. 1 of the Law on the Government Debt and repeals Regulation No. 5 of 1998 on the Terms and Procedure for Issuance, Acquisition and Redemption of Book-entry Government Securities (State Gazette, issue 89 of 1998; amended, issues 43 and 106 of 1999, issue 8 of 2000).

§ 10. Primary dealers which have not been approved by the commission under Article 4, para. 1 shall, within five working days after enforcement of the decision, submit to the Ministry of Finance unused certificates, statements from the registers under Article 14, para. 1 and Article 17 and copies of the certificates issued, which

shall be subsequently transmitted by the Ministry of Finance to a selected primary dealer.

§ 11. Government securities denominated in levs and foreign currency with a total nominal value multiple of 0.01 shall be kept at BNB registers under Article 8, para. 6 and by primary dealers under Article 14, para. 1 and Article 17.

§ 12. (1) Registered certificates of government securities ownership issued before 5 July 1999 shall be issued in redenominated total nominal value at their first submission to the primary dealer, the certificate's issuer.

(2) After 5 July 1999 the use of government securities in privatization under the terms of CM Decree No. 221 of 1995 (State Gazette, issue 105 of 1995) and for repayment of the obligations to the government arising under the Law on Settlement of Nonperforming Credits Negotiated prior to 31 December 1990 and CM Decree No. 22 of 1995 (State Gazette, issue 12 of 1995) shall be accompanied by certificates issued in redenominated total nominal value.

§ 13. (new; State Gazette, issue 101 of 2004) The Minister of Finance and the BNB give methodological instructions on the enactment of this Regulation.

Appendix 1 to Article 6, para. 2
(amended; State Gazette, issue 101 of 2004)

**COMPETITIVE BID ON ONE'S OWN ACCOUNT FOR PARTICIPATION IN
AN AUCTION FOR SALE AGAINST PAYMENT**

Current account of the participant with the BNB	<i>1000010001</i>
No. of the issue for which the auction is held	<i>BG1234567890</i>
Nominal value	<i>1,300,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>101,46/5,20</i>
Nominal value	<i>3,000,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>98,48/7,20</i>
Nominal value	<i>1,000,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>98,46/7,21</i>

Appendix 2 to Article 6, para. 2
(amended; State Gazette, issue 101 of 2004)

**NONCOMPETITIVE BID FOR PARTICIPATION IN AN AUCTION FOR
SALE AGAINST PAYMENT**

Current account of the participant with the BNB	<i>1000010001</i>
No. of the issue for which the auction is held	<i>BG1234567890</i>
Nominal value	<i>1,300,000,</i>
Customer's data	<i>physical person</i> <i>5303125633</i> <i>Ivan Pavlov Ivanov</i>
Nominal value	<i>5,000,000,</i>
Customer's data	<i>legal entity</i> <i>999999999</i> <i>Company "AAAAA"</i>
Nominal value	<i>5,000,000,</i>
Customer's data	<i>foreign person</i> <i>(investor)</i> <i>222222222</i> <i>"SSSSSSS"</i> <i>Data under Art. 15, para.2,</i> <i>item 4(b) or § 2 of the</i> <i>Additional Provisions</i>

Appendix 3
to Article 10, para. 2

To
the Bulgarian National Bank
Fiscal Services Department

APPLICATION FOR TRANSACTION

Value date of the transaction	15/10/95
Issue No.	BG3010096005
Transferor	Commercial Bank 'A'
Current account of the transferor with the BNB	1000010244
Acquirer	Commercial Bank 'C'
Current account of the acquirer with the BNB	1000010100
Nominal value	10,000,000 (ten million levs)
Price	9,320,210 (nine million three hundred and twenty thousand two hundred and ten levs)
Value date of the repo transaction	25/12/95
Issue No.	BG3010096005
Transferor	Commercial Bank 'C'
Current account of the transferor with the BNB	1000010100
Acquirer	Commercial Bank 'A'
Current account of the acquirer with the BNB	1000010244
Nominal value	10,000,000 (ten million levs)
Price	9,803,150 (nine million eight hundred and three thousand one hundred and fifty levs)
Maturity of the issue	25/10/95
Signature	Signature (Name and position of the authorized officials)

Appendix 4
to Article 14, para. 6

To
the Bulgarian National Bank
Fiscal Services Department

**INFORMATION ABOUT TRANSACTIONS
UNDER ARTICLE 14, PARA. 6**

Value date of the transaction	15/10/95
Primary dealer – transferor	Commercial Bank ‘A’
Current account with the BNB	1000010100
1. Issue No.	BG3010096005
Nominal value	10,000,000 (ten million levs)
Acquirer	Commercial Bank ‘B’
Value date of the repurchase	18/10/95
(To be filled in if preliminary agreed upon)	
2. Issue No.	BG3010096005
Nominal value	20,000,000 (twenty million levs)
Acquirer	Commercial Bank ‘C’
Value date of the repurchase	18/10/95
(To be filled in if preliminary agreed upon)	
Signature	Signature (Name and position of the authorized officials)

Appendix 5
to Article 14, para. 6

To
the Bulgarian National Bank
Fiscal Services Department

**INFORMATION ABOUT TRANSACTIONS
UNDER ARTICLE 14, PARA. 6**

Value date of the transaction	15/10/95
Primary dealer – acquirer	Commercial Bank ‘A’
Current account with the BNB	1000010100
1. Issue No.	BG3010096005
Nominal value	10,000,000 (ten million levs)
Transferor	Commercial Bank ‘B’
Value date of the reverse sale	18/10/95
(To be filled in if preliminary agreed upon)	
2. Issue No.	BG3010096005
Nominal value	20,000,000 (twenty million levs)
Transferor	Commercial Bank ‘C’
Value date of the reverse sale	
(To be filled in if preliminary agreed upon)	
Signature	Signature
	(Name and position of the authorized officials)

Appendix 6
to Article 14, para. 7

To
the Bulgarian National Bank
Fiscal Services Department
To
Commercial Bank 'A'

**INFORMATION ABOUT TRANSACTIONS
UNDER ARTICLE 14, PARA. 7**

Value date of the transaction	15/10/95
Issue No.	BG3010096005
Nominal value	10,000,000 (ten million levs)
Primary dealer keeping register under Art. 14, para. 1	Commercial Bank 'A'
Current account with the BNB	1000010244
Customer	Commercial Bank 'B'
Primary dealer – acquirer	Commercial Bank 'C'
Current account of the acquirer with the BNB	1000010100
Signature	Signature (Name and position of the authorized officials)

Appendix 7
to Article 14, para. 8

To
the Bulgarian National Bank
Fiscal Services Department
To
Commercial Bank 'A'

**INFORMATION ABOUT TRANSACTIONS
UNDER ARTICLE 14, PARA. 8**

Value date of the transaction	15/10/95
Issue No.	BG3010096005
Nominal value	10,000,000 (ten million levs)
Primary dealer keeping register under Art. 14, para. 1	Commercial Bank 'A'
Current account with the BNB	1000010244
Customer	Commercial Bank 'B'
Primary dealer to whom the register under Art. 14, para. 1 is transferred	Commercial Bank 'C'
Current account with the BNB	1000010100
Signature	Signature (Name and position of the authorized officials)

Appendix 8
to Article 14, para. 9

To
the Bulgarian National Bank
Fiscal Services Department
To
Commercial Bank 'A'

**INFORMATION ABOUT TRANSACTIONS
UNDER ARTICLE 14, PARA. 9**

Value date of the transaction	15/10/95
Issue No.	BG3010096005
Nominal value	10,000,000 (ten million levs)
Primary dealer keeping register under Article 14, para. 1 of the transferor	Commercial Bank 'A'
Current account with the BNB Customer	1000010244 Commercial Bank 'B'
Primary dealer to whom the register under Article 14, para. 1 is transferred	Commercial Bank 'C'
Current account with the BNB Customer	1000010100 Commercial Bank 'D'
Signature	Signature (Name and position of the authorized officials)

Appendix 9
to Article 15, para. 2

CERTIFICATE No.
of government securities holding

..... (data about the acquirer under Article 15, para. 2, item 4 of Regulation No. 5)	
government securities, issue No. (issue No. and date)
maturity (date)
with nominal value BGN (in figures)
 (in words)
at interest rate (interest rate on government securities, fixed, floating)
dates of interest payments	
..... (date and place of issue) (signature and seal of the issuer)

Reverse side of the certificate

Space for noting down interest paid

Appendix 9A
to Article 15, para. 3

**MINISTRY OF FINANCE OF
THE REPUBLIC OF BULGARIA**

**C E R T I F I C A T E No.
of government securities holding**

..... (government securities type)		
..... (data about the acquirer)		
..... (issue No.) (issue date) (maturity date)
..... (government securities nominal value – in figures, in words, currency)		
..... (interest rate on government securities)		
..... (dates of interest payments)		
..... (repurchase terms)		
..... (certificate issuer)		
..... (date and place of issue) (signature and seal of the issuer)	

Reverse side of the certificate

Space for noting down interest paid

Appendix 10
to Article 18, para. 1

To
the Bulgarian National Bank
Fiscal Services Department

**INFORMATION ABOUT TRANSACTIONS
UNDER ARTICLE 15, PARA. 1**

Value date of the transaction	15/10/95
Issuer of the certificate	Commercial Bank 'A'
Current account with the BNB	1000010100
Information under Article 15, para. 2, item 4, 'b' and § 2 of the Additional Provisions (To be filled in for transactions with nonresidents)	
1. Issue No.	BG3010096005
Nominal value	10,000,000 (ten million levs)
Value date of the repurchase (Fill in if preliminary agreed upon)	25/10/95
2. Issue No.	BG3010096005
Nominal value	20,000,000 (twenty million levs)
Value date of the repurchase (To be filled in if preliminary agreed upon)	18/10/95
Signature	Signature (Name and position of the authorized officials)

Appendix 10A
to Article 18, para. 2, item 1

To
the Bulgarian National Bank
Fiscal Services Department

**INFORMATION ABOUT TRANSACTIONS
UNDER ARTICLE 18, PARA. 2, ITEM 1**
on the Sales of Government Securities to Physical Persons
Effected between 29 April 1998 and 12 May 1998

Issuer of the certificates	Commercial Bank 'A'
Current account with the BNB	1000010100
Information under Article 15, para. 2, item 4, 'b' (To be filled in for transactions with nonresidents)	
1. Issue No.	BG2210098112
Date of issue	29.04.1998
Maturity of issue	26.04.2000
Nominal value (BGN)	19,765,000.00
Purchasing price (BGN)	20,561,529.50
Average purchasing price per BGN 100 nominal value	104.03
2. Issue No.	BG3174998005
Signature	Signature (Name and position of the authorized officials)

Appendix 11
to Article 18, para. 1

To
the Bulgarian National Bank
Fiscal Services Department

**INFORMATION ABOUT TRANSACTIONS
UNDER ARTICLE 15, PARA. 4**

Value date of the transaction	15/10/95
Issuer of the certificate	Commercial Bank 'A'
Current account with the BNB	1000010100
Information under Article 15, para. 2, item 4, 'b' and § 2 of the Additional Provisions (To be filled in for transactions with nonresidents)	
1. Issue No.	BG3010096005
Nominal value	10,000,000 (ten million levs)
Value date of the reverse sale (To be filled in if preliminary agreed upon)	18/10/95
2. Issue No.	BG3010096005
Nominal value	20,000,000 (twenty million levs)
Value date of the reverse sale (To be filled in if preliminary agreed upon)	29/10/95
Signature	Signature (Name and position of the authorized officials)

Appendix 11A
to Article 18, para. 2, item 2

To
the Bulgarian National Bank
Fiscal Services Department

**INFORMATION ABOUT TRANSACTIONS
UNDER ARTICLE 18, PARA. 2, ITEM 2
on Government Securities Bought by Physical Persons**

Issuer of the certificate	Commercial Bank 'A'
Current account with the BNB	1000010100
Date of repurchase	29.10.1998
Information under Article 15, para. 2, item 4, 'b'	
(To be filled in for transactions with nonresidents)	
1. Issue No.	BG2210098112
Date of issue	29.04.1998
Maturity of issue	26.04.2000
Nominal value (BGN)	19,765,000.00
Purchasing price (BGN)	20,561,529.50
Purchasing price per BGN 100 nominal value	104.03
2. Issue No.	BG3175098006

Signature

Signature

(Name and position of
the authorized officials)

Appendix 12
to Article 19, para. 1

**DECLARATION ON TRANSFER OF GOVERNMENT
SECURITIES OWNERSHIP**

I,.....
(full name)
identity card, series.....№....., issued on by, identity
number (No. of the identity card), on behalf and for the
account of
.....*
(company and identification code under BULSTAT)
hereby declare that I have transferred to
(full name)
identity card, series..... №, issued on..... by, identity
number (No. of the identity card), on behalf and for
the account of
.....*
(company and identification code under BULSTAT)
the ownership on government securities of issue No. /
....., in the amount of
(date of issue)
..... total nominal value.
(in figures and in words)
Certificate No.

.....
(date)

Transferor:
(signature)

Acquirer:
(signature)

* To be filled in for legal entities only.

Appendix 13
to Article 20, para. 1

To
the Bulgarian National Bank
Fiscal Services Department
To
Commercial Bank 'A'

**NOTIFICATION OF GOVERNMENT SECURITIES
TRANSFER UNDER ARTICLE 20, PARA. 1**

Value date of the transaction	15/10/95
Issue No.	BG3010096005
Nominal value	10,000,000 (ten million levs)
Issuer of the certificate	Commercial Bank 'A'
Current account of the issuer with the BNB	1000010244
Customer, certificate number	Vasil Petrov Petrov Identity number 4412056666 Certificate No. 2345
Acquirer	Commercial Bank 'C'
Current account of the acquirer with the BNB	1000010100
Signature	Signature (Name and position of the authorized officials)

Appendix 14
to Article 20, para. 2

To
the Bulgarian National Bank
Fiscal Services Department
To
Commercial Bank 'A'

**NOTIFICATION OF GOVERNMENT SECURITIES
TRANSFER UNDER ARTICLE 20, PARA. 2**

Value date of the transaction	15/10/95
Issue No.	BG3010096005
Nominal value	10,000,000 (ten million levs)
Primary dealer keeping register under Article 17	Commercial Bank 'A'
Current account with the BNB	1000010244
Customer, certificate number	Vasil Petrov Petrov Identity number 4412056666 Certificate No. 2345
Primary dealer to whom the register under Article 17 is transferred	Commercial Bank 'C'
Current account with the BNB	1000010100
Signature	Signature (Name and position of the authorized officials)

Appendix 15
to Article 20, para. 3

To
the Bulgarian National Bank
Fiscal Services Department
To
Commercial Bank 'A'

**NOTIFICATION OF GOVERNMENT SECURITIES
TRANSFER UNDER ARTICLE 20, PARA. 3**

Value date of the transaction	15/10/95
Issue No.	BG3010096005
Nominal value	10,000,000 (ten million levs)
Primary dealer keeping register under Article 17 of the transferor	Commercial Bank 'A'
Current account with the BNB	1000010244
Customer, certificate number	Vasil Petrov Petrov Identity number 4412056666 Certificate No. 2345
Primary dealer keeping register under Article 17 of the acquirer	Commercial Bank 'C'
Current account with the BNB	1000010100
Customer, certificate number	Kiril Petrov Ivanov Identity number 4110153110 Certificate No. 5610
Signature	Signature (Name and position of the authorized officials)

Appendix 16
to Article 21, para. 2

To
the Bulgarian National Bank
Fiscal Services Department

**INFORMATION ABOUT TRANSACTIONS
UNDER ARTICLE 21, PARA. 2**

Value date of the transaction	15/10/95
Issue No.	BG3010096005
Nominal value	10,000,000 (ten million levs)
Primary dealer keeping register under Art. 14, para. 1 and Art. 17	Commercial Bank 'A'
Current account with the BNB	1000010244
Transferor	Commercial Bank 'B'
Acquirer	Vasil Petrov Petrov Identity number 4412056666 Certificate No. 2345
Signature	Signature (Name and position of the authorized officials)

Appendix 17
to Article 21, para. 3

To
the Bulgarian National Bank
Fiscal Services Department
To
Commercia Bank 'A'

**INFORMATION ABOUT TRANSACTIONS
UNDER ARTICLE 21, PARA. 3**

Value date of the transaction	15/10/95
Issue No.	BG3010096005
Nominal value	10,000,000 (ten million levs)
Primary dealer keeping register of the transferor	Commercial Bank 'A'
Current account with the BNB	1000010244
Transferor	Commercial Bank 'B'
Primary dealer keeping register of the acquirer	Commercial Bank 'C'
Current account with the BNB	1000010100
Acquirer	Vasil Petrov Petrov Identity number 4412056666 Certificate No. 2345
Signature	Signature (Name and position of the authorized officials)

Appendix 18 to Article 33, para. 2
(amended; State Gazette, issue 101 of 2004)

**COMPETITIVE BID ON ONE'S OWN ACCOUNT FOR PARTICIPATION
IN A BUYBACK AUCTION WITHOUT A DEFINITE TERM AGAINST
PAYMENT**

Current account of the participant with the BNB	<i>1000010001</i>
No. of the issue for which the auction is held	<i>BG1234567890</i>
Nominal value	<i>1,300,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>101,46/5,20</i>
Nominal value	<i>2,000,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>98,48/7,20</i>

Appendix 19 to Article 6, para. 2
(new; State Gazette, issue 101 of 2004)

COMPETITIVE BID ON A CUSTOMER'S ACCOUNT FOR PARTICIPATION IN AN AUCTION FOR SALE AGAINST PAYMENT

Current account of the participant with the BNB	<i>1000010001</i>
No. of the issue for which the auction is held	<i>BG1234567890</i>
Nominal value	<i>1,300,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>101,46/5,20</i>
Customer's data	<i>physical person 5303125633 Ivan Pavlov Ivanov</i>
Nominal value	<i>3,000,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>98,48/7,20</i>
Customer's data	<i>legal entity 999999999 Company "AAAAA"</i>
Nominal value	<i>3,000,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>98,98/6,20</i>
Customer's data	<i>financial institution (nonprimary dealer) 111111111 Commercial bank "BBBBB"</i>
Nominal value	<i>3,000,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>99,49/5,01</i>
Customer's data	<i>foreign person (investor) 222222222 "SSSSSS" Data under Art. 15, para.2, item4(b) or § 2 of the Additional Provisions</i>

Appendix 20 to Article 33, para. 2
(new; State Gazette, issue 101 of 2004)

**COMPETITIVE BID ON A CUSTOMER'S ACCOUNT FOR
PARTICIPATION IN A BUYBACK AUCTION WITHOUT A DEFINITE
TERM AGAINST PAYMENT**

Current account of the participant with the BNB	<i>1000010001</i>
No. of the issue for which the auction is held	<i>BG1234567890</i>
Nominal value	<i>1,300,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>101,46/5,20</i>
Customer's data	<i>physical person 5303125633 Ivan Pavlov Ivanov</i>
Nominal value	<i>2,000,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>98,48/7,20</i>
Customer's data	<i>legal entity 999999999 Company "AAAAA"</i>
Nominal value	<i>2,000,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>98,99/6,20</i>
Customer's data	<i>financial institution (nonprimary dealer) 111111111 Commercial bank "BBBBBB"</i>
Nominal value	<i>4,000,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>99,48/7,20</i>
Customer's data	<i>foreign person (investor) 222222222 "SSSSSSS" Data under Art. 15, para.2, item4(b) or § 2 of the Additional Provisions</i>

Appendix 21 to Article 6, para. 2, Article 33, para. 2
(new; State Gazette, issue 101 of 2004)

**COMPETITIVE BID ON ONE'S OWN ACCOUNT FOR PARTICIPATION
IN A BUYBACK AUCTION WITHOUT A DEFINITE TERM/ACQUISITION
BY REPLACEMENT**

Current account of the participant with the BNB	<i>1000010001</i>
No. of the issue for which the auction is held	<i>BG1234567890</i>
No. of the issue to be replaced with	<i>BG9876543210</i>
Nominal value	<i>1,300,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>101,46/5,20</i>
Nominal value	<i>2,000,000,</i>
Price/yield per 100 units nominal value of the issue for which the auction is held	<i>98,48/7,20</i>

Appendix 22 to Article 33, para. 2
(new; State Gazette, issue 101 of 2004)

COMPETITIVE BID ON ONE'S OWN ACCOUNT FOR PARTICIPATION IN A BUYBACK AUCTION AGAINST PAYMENT WITH A DEFINITE TERM (REPO AUCTION)

Current account of the participant with the BNB	<i>1000010001</i>
Issue No.	<i>BG1234567890</i>
Auction date	<i>20040109</i>
Buyback term, days	<i>1</i>
Nominal value	<i>1,300,000,</i>
Annual interest rate	<i>5,20</i>
Nominal value	<i>2,000,000,</i>
Annual interest rate	<i>5,25</i>