

Measures Against Money Laundering Act

Promulgated State Gazette No. 85/24.07.1998, amended and supplemented, SG No. 1/2.01.2001, amended, SG No. 102/27.11.2001, effective 1.01.2002, amended and supplemented, 31/4.04.2003, amended, SG No. 103/23.12.2005, effective 1.01.2006, SG No. 105/29.12.2005, effective 1.01.2006, No. 30/11.04.2006, effective 12.07.2006, amended and supplemented, SG No. 54/4.07.2006, amended, SG No. 59/21.07.2006, effective on the day of entry into force of the EU Treaty of Accession of the Republic of Bulgaria, SG No. 82/10.10.2006

*Note: An update of the English text of this Act is being prepared following the amendments in SG No. 96/28.11.2006, effective 1.01.2007, SG No. 108/29.12.2006, effective 1.01.2007

Text in Bulgarian: Закон за мерките срещу изпирането на пари

Chapter One

GENERAL PROVISIONS

Article 1

(Amended, SG No. 1/2001, No. 54/2006)

This Act shall regulate preventive measures against using the financial system for money laundering purposes, as well as organisation and control over such measures.

Article 2

(Amended, SG No. 1/2001, No. 54/2006)

(1) Under this Act, money laundering shall be:

1. any transformation or transfer of property acquired through or in connection with any criminal activity or participation therein in order to conceal the unlawful origin of such property, or abetting a person participating in such an activity in order to avoid the legal implications of their actions;
2. concealing the nature, origin, location, allocation, movement or rights related to property acquired through criminal activity or participation therein;
3. acquisition, possession, or use of property, with the knowledge at the time of receiving, that it has been acquired through criminal activity or participation therein;
4. participation in any activity under Items 1-3, association for the purpose of performing such activity, attempt to perform such activity, as well as abetting, inciting, facilitating performing of such activity or its concealment.

(2) Money laundering shall also be the case when the activity, through which the property under Paragraph 1 has been acquired, has been performed in a European Union member state, or another country not falling under the jurisdiction of the Republic of Bulgaria.

Article 3

(1) (Amended, SG No. 54/2006) The measures for prevention against using the financial system for money laundering purposes shall be:

1. identification of clients and verifying their identification;
2. identification of the client's actual legal-person owner, and taking relevant measures to verify its identification in a way providing enough grounds for the person under Paragraphs 2 and 3 to accept the actual owner as being established;
3. collection of information from the client regarding the purpose and the nature of the relationship, which has been established or is to be established with the client;
4. ongoing monitoring of all established commercial or professional relations and verification of all transactions performed within such relations to determine the extent, to which these comply with the available information on the client, its commercial activity and risk profile, including clarification of the funds' origin in all cases under the law;
5. disclosure of information on any doubtful transactions and clients.

(2) The measures under Article 1 shall be mandatory for:

1. (Amended, SG No. 1/2001, 31/2003, No. 59/2006) The Bulgarian National Bank, credit institutions carrying on activity within the territory of the Republic of Bulgaria, financial houses, exchange bureaus and the persons providing services for funds transfer from the country abroad or vice versa, acting on their behalf on behalf of other persons;
2. (Supplemented, SG No. 31/2003, amended, SG No. 103/2005, No. 54/2006) Insurers, re-insurers, and insurance agents, headquartered in the Republic of Bulgaria; insurers, re-insurers, and insurance agents from an European Union Member State or a state - party to the Agreement on Establishment of the European Economic Area, which engage in operations on the territory of the Republic of Bulgaria; insurers and re-insurers, headquartered in states, other than those indicated, licensed by the Commission for Financial Supervision, to conduct operations in the Republic of Bulgaria through a branch; insurance agents, headquartered in states, other than those indicated, listed in a Commission for Financial Supervision registry;
3. (Amended and supplemented, SG No. 1/2001, amended, SG No. 54/2006) Mutual investment schemes, investment intermediaries and management companies;

4. (New, SG No. 1/2001, amended, SG No. 54/2006) Retirement security companies;
5. (Renumbered from Item 4, amended, SG No. 1/2001) Privatisation authorities;
6. (Renumbered from Item 5, amended, SG No. 1/2001) Persons who organise the awarding of public procurement orders;
7. (Renumbered from Item 6, SG No. 1/2001) Persons who organise and conduct gambling games;
8. (Renumbered from Item 7, SG No. 1/2001) Legal persons which have employee mutual aid funds;
9. (Renumbered from Item 8, SG No. 1/2001) Persons lending cash against a pledge of chattels;
10. (Renumbered from Item 9, SG No. 1/2001) Postal offices accepting or receiving money or other valuables;
11. (Renumbered from Item 10, SG No. 1/2001) Notaries public;
12. (Renumbered from Item 11, SG No. 1/2001, amended and supplemented, SG No. 31/2003) Exchanges, exchange brokers and persons organising unlisted securities markets;
13. (Renumbered from Item 12, SG No. 1/2001) Leasing entities;
14. (Renumbered from Item 13, amended, SG No. 1/2001) State and municipal authorities executing concession agreements;
15. (Renumbered from Item 14, SG No. 1/2001) Political parties;
16. (Renumbered from Item 15, SG No. 1/2001) Trade unions and professional organisations;
17. (Renumbered from Item 16, amended, SG No. 1/2001) Non-for-profit legal entities;
18. (Renumbered from Item 17, amended, SG No. 1/2001) Certified public accountants and specialised auditor enterprises;
19. (Renumbered from Item 18, SG No. 1/2001, amended, SG No. 105/2005) National Revenue Agency authorities;
20. (Amended, SG No. 1/2001) Customs authorities;
21. (New, SG No. 1/2001; Amended, SG No. 31/2003) Merchants selling automobiles by occupation, where a payment was made in cash and the value exceeded BGN 30,000 or its equivalent in a foreign currency;
22. (New, SG No. 1/2001) Sports organisations;
23. (New, SG No. 1/2001) The Central Depository;
24. (New, SG No. 1/2001; Amended, SG No. 31/2003) Persons dealing by occupation in high-value objects such as precious metals, gems, objects of art, artefacts of historical, archaeological, numismatic, ethnographic, artistic or antique collector's value and rock specimen, and any persons organising auctions for the sale of such objects where a payment was made in cash and the value exceeded BGN 30,000 or its equivalent in a foreign currency;
25. (New, SG No. 1/2001) Merchants dealing in arms, petrol and petrochemical products;
26. (New, SG No. 1/2001; Amended, SG No. 31/2003) Persons providing, by occupation, advice in taxation matters;
27. (New, SG No. 1/2001) Wholesale traders.
28. (New, SG No. 31/2003) Persons providing, by occupation, advice in legal matters, where they:
 - a) Participate in the planning or performance of a client deal or transaction concerning:
 - aa) Purchase or sale of a real property or transfer of a merchant's business;
 - bb) Management of cash, securities, or other financial assets;
 - cc) Opening or operating a bank account or a securities account;
 - dd) Raising funds to incorporate a merchant, increase the capital of a company, extend a loan or for any form of raising funds for the business operations of such merchant;
 - ee) (Supplemented, SG No. 54/2006) Incorporate, organise operations or management of a company or another legal person, an off-shore company, a company managed under a trust arrangement or any other such entity;
 - ff) (New, SG No. 54/2006) Fiduciary property management;
 - b) Act for the account or on behalf of their client in any financial or real property transaction;
29. (New, SG No. 31/2003) Persons providing real property intermediation by occupation;
30. (New, SG No. 54/2006) Persons, whose occupation is to provide:
 - a) management address, correspondence address, or office for the purpose of legal person registration;
 - b) legal person, off-shore company, fiduciary management company or similar entity registration services;
 - c) fiduciary management services for property or person under letter b).
- (3) Measures under paragraph (1) shall be mandatory for the persons under paragraph (2) also when they have been declared bankrupt and in liquidation.
- (4) (Supplemented, SG No. 31/2003) Measures under paragraph (1) shall apply also to branches of persons under paragraphs (2) and (3) registered abroad, and to branches registered in this country held by foreign persons falling within the scope of those described in paragraphs (2) and (3).
- (5) (New, SG No. 31/2003, repealed, SG No. 54/2006) .
- (6) (New, SG No. 31/2003, amended, SG No. 54/2006) Persons, referred to in Paragraph (2), Item (28), shall not be obliged to disclose under this Act any information obtained by them during or in relation to any court or preliminary

proceedings, which are pending, about to be open, or are closed, as well as any information related to establishing a client's legal status.

(7) (New, SG No. 54/2006) All measures under Paragraph 1 shall be mandatory for all persons under Paragraph 2, Item 24, also in cases when more than one transactions are performed, which individually do not exceed BGN 30 000 or the equivalent in foreign currency thereof, but when the circumstances of the performance thereof provide grounds to assume that these transactions are related.

Article 3a

(New, SG No. 31/2003)

(1) The authorities for supervision of the activities of persons referred to in Article 3, paragraphs (2) and (3) shall be under the obligation to provide information to the Financial Intelligence Agency where, in the performance of their supervision activities, they should establish any performance of a transaction or deal related to a suspected money laundering or failure to meet the obligation prescribed in Article 11a.

(2) The examinations performed by the authorities referred to in paragraph (1) shall also include a check for the compliance of examinees with the requirements of this Act. Where a violation is established, the supervision authorities shall inform the Financial Intelligence Agency thereof by sending it an abstract from the relevant part of the memorandum of findings.

(3) (New, SG No. 54/2006) The Financial Intelligence Agency and the supervisory authorities may exchange classified information for the purpose of their legally established functions.

Article 3b

(New, SG No. 54/2006)

(1) Banks, registered on the territory of the Republic of Bulgaria, and foreign banks, performing activities on the territory of the country through a branch, shall not enter in any partner (banking) relations with banks in jurisdictions, where they do not have a physical presence, and do not belong to a regulated financial group.

(2) Banks, registered on the territory of the Republic of Bulgaria, and foreign banks, performing activities on the territory of the country through a branch, shall not enter into any partner relations with banks outside the country, which allow their accounts to be used by banks in jurisdictions, where they do not have physical presence, and do not belong to a regulated financial group.

Article 3c

(New, SG No. 54/2006)

(1) Persons under Article 3, Paragraph 2 and 3 shall ensure application of all measures under this Act and all statutory acts related to its application by its branches and affiliates, where they have majority interest, abroad to the extent made possible by the relevant foreign legislation.

(2) If the legislation in the foreign country does not allow or if it restricts application of any measures under Paragraph 1, persons under Article 3, Paragraphs 2 and 3 shall notify the Financial Intelligence Agency and the respective supervisory authority.

(3) Branches and affiliates, where persons under Article 3, Paragraphs 2 and 3, have majority interests abroad, shall not be obliged to notify the Financial Intelligence Agency under Articles 11 and 11a.

Chapter Two

IDENTIFICATION OF CLIENTS; COLLECTION, STORAGE AND DISCLOSURE OF INFORMATION

Section I

Identification of Clients

Article 4

(Supplemented, SG No. 1/2001, amended, SG No. 31/2003)

(1) (Amended, SG No. 54/2006) The persons under Article 3, Paragraphs 2 and 3, shall be bound to identify their clients when business or professional relations are established, including when opening an account, and when executing a transaction or concluding a deal of a value exceeding BGN 30,000 or its equivalent in foreign currency, and persons referred to in Article 3, Paragraphs 2, Items 1-4, 9-11, 13 and 28, shall also be bound to do so in case of any cash transaction exceeding BGN 10,000 or its equivalent in foreign currency. Opening and maintenance of an anonymous account or an account under a dummy name shall not be allowed.

(2) Paragraph (1) shall also apply to cases of effecting more than one transaction or deal which separately does not exceed BGN 30,000 or its equivalent in a foreign currency, or BGN 10,000 or its equivalent in a foreign currency, respectively, but available data suggest that such transactions or deals are related.

(3) (Supplemented, SG No. 54/2006) The persons under Article 3, Paragraph (2), Item (7), shall be bound to identify their clients following the procedure set out in Article 72, Paragraph (2) of the Gambling Act, as well as upon executing any transaction or concluding a deal exceeding BGN 6,000 or its equivalent in foreign currency.

(4) (Amended, SG No. 54/2006) In cases, when person under Article 3, Paragraphs 2 and 3 is not able to identify the

client as required by this Act and the statutory acts on its application, as well as upon failure to submit a statement under Paragraph 7, this person shall decline to execute the transaction or to enter into any commercial or professional relations, including opening an account. If the person under Article 3, Paragraphs 2 and 3 is not able to identify the client in cases of already established commercial or professional relations, this person shall terminate said relations. In such cases, the person under Article 3, Paragraph 2 and 3 shall decide whether to notify the Financial Intelligence Agency under Article 11. This provision shall not apply to persons under Article 3, Paragraph 2, Item 28 under the terms of Article 3, Paragraph 6.

(5) (Amended, SG No. 54/2006) In establishing commercial or professional relations or effecting a transaction or deal by an electronic statement, electronic document or electronic signature, or any other form where the client is not present, the persons referred to in Article 3, paragraphs (2) and (3) shall be under the obligation to undertake appropriate measures to verify the client's identification data. Such measures may consist of checking the documents made available, requiring additional documents, confirmation of identification by person, other than those referred to in Article 3, paragraphs (2) and (3) or by a person under the obligation to apply anti-money laundering measures in an EU member country, or the introduction of a requirement for the first payment involved in the transaction or deal to be made using an account set up in the client's name with a Bulgarian bank, a branch of a foreign bank that has received permission (licence) from the Bulgarian National Bank to operate in Bulgaria through a branch, or with a bank from an EU member country.

(6) The measures referred to in paragraph (5) shall be incorporated in the internal rules referred to in Article 16.

(7) Persons effecting a transaction or deal via or with a person referred to in Article 3, paragraphs (2) and (3) at a value exceeding BGN 30,000 or its equivalent in foreign currency or, respectively, exceeding BGN 10,000 or its equivalent in foreign currency where payment is made in cash, shall be bound to require the declaration prior to effecting such transaction or deal.

(8) The format for the declaration referred to in paragraph (7) and under Article 6, paragraph (5), Item (3), the terms and procedure for filing, as well as the terms and procedure for exception from the declaration requirement shall be regulated in the rules for implementing this Act.

(9) No identification under paragraph (1) is to be made and no declaration under paragraph (7) is to be filed where the client is a Bulgarian bank, a branch of a foreign bank that has received permission (licence) from the Bulgarian National Bank to operate in Bulgaria through a branch, or with a bank from an EU member country, or a bank from a country named in a list as endorsed under a joint order issued by the Minister of Finance and the Governor of the Bulgarian National Bank.

(10) The list referred to in paragraph (9) shall include countries the legislation of which provides for requirements consistent with the requirements under this Act. The list shall be promulgated in the State Gazette.

(11) (Amended, SG No. 54/2006) In cases where, because of the nature of the transaction or deal, its value cannot be determined as of the time it is effected, the person referred to in Article 3, paragraphs (2) and (3) shall be bound to identify their client at such time when the value of such transaction or deal is determined if such value exceeds BGN 30,000 or its equivalent in foreign currency or, respectively, exceeds BGN 10,000 or its equivalent in foreign currency where payment is made in cash. This case does not exclude the identification obligation when establishing commercial or professional relations.

(12) (Amended, SG No. 103/2005) Persons referred to in Article 3, paragraph (2), Item (2) shall identify their clients when executing an insurance contract under Section I of Annex 1 of the Insurance Code, where the per annum gross amount of periodic premiums or instalments under such insurance contract is BGN 2,000 or more, or the premium or instalment under such insurance contract is a one-time payment and amounts to BGN 5,000 or more.

(13) Persons referred to in Article 3, paragraphs (2) and (3) shall be under the obligation to identify their clients also outside the cases referred to in paragraphs (1) through (12) where a suspicion of money laundering has arisen.

(14) (New, SG No. 54/2006) Persons under Article 3, Paragraphs 2 and 3 shall identify and verify the identifications of their clients, when a suspicion in the client's identification data arises, or when they have been notified on any change thereof.

(15) (New, SG No. 54/2006) The verification of the client's identification data and the real owners shall be conducted before or during establishing commercial or professional relations, account opening or executing a transaction under Paragraph 1, 2, or 3. The rules on application of this Act may provide an exception to this rule.

(16) (New, SG No. 54/2006) Persons under Article 3, Paragraph 2 and 3 may apply, depending on the potential risk assessment, simplified or extended measures under Article 3, Paragraph 1 under terms and procedure, established by the rules on application of this Act.

Article 5

(Amended, SG No. 1/2001)

(1) (Amended, SG No. 54/2006) Persons under Article 3, Paragraph 2 and 3 shall establish whether their client acts on its own behalf and at its own expense or on behalf and at the expense of a third party. Where a transaction or deal is effected through a representative, the persons under Article 3, paragraphs (2) and (3), shall be bound to request evidence for the representative powers and to identify the representative and the person represented.

(2) (Amended, SG No. 54/2006) Where a transaction or deal is effected on behalf and at the expense of a third party

without proxy, the persons under Article 3, paragraphs (2) and (3) shall be bound to identify such third party, on whose behalf the transaction has been executed, and the person executing the transaction.

(3) (New, SG No. 31/2003) In case of a suspicion that the person effecting the transaction or deal is not acting in their own name and for their own account, persons referred to in Article 3, paragraphs (2) and (3) must make the notification referred to in Article 11 and undertake proper measures to collect information for identifying the person in whose benefit such transaction or deal is actually being effected. Such measures shall be specified in the rules for implementing this Act.

Article 5a

(New, SG No. 54/2006, effective 5.10.2006)

(1) Persons under Article 3, Paragraphs 2 and 3 shall apply extended measures in relation to clients who are currently holding or have previously held a high government position in the Republic of Bulgaria or a foreign country, as well as any clients, who are persons related to them.

(2) The Council of Ministers shall set forth the terms and procedure for application of Paragraph 1.

Article 6

(1) (Amended, SG No. 54/2006) Identification of clients and verification of identification thereof shall be done as follows:

1. (Supplemented, SG No. 1/2001) In the case of legal persons - by presentation of official statement certifying their current status issued by the respective register, and where such person is not subject to registration - by presentation of a certified copy of the document of incorporation and registration of the name, domicile, address and the representative;

2. In the case of natural persons - by presentation of identity document and registration of its type, number and issuer, as well as the name, address, unified civil registry number, and in addition, for natural persons having the qualifications of a sole proprietor, by presentation of the documents under Item (1).

(2) (Repealed, SG No. 105/2005, new, SG No. 54/2006) Persons under Article 3, Paragraphs 2 and 3 shall identify the natural persons, who are actual owners of a legal-entity client, as well as take action to verify their identification, depending on the client type and the risk level resulting from establishing the client relationships and/or executing transactions with client of such type. Upon lack of any other possibility, identification may be carried out through a statement, signed by the legal person's legal representative of agent. The terms and procedure to identify and verify the identification, the terms and procedure for release from the identification obligation, as well as the form and the procedure to submit the statement, shall be set forth in the rules on the application of this Act.

(3) (New, SG No. 1/2001, amended, SG No. 31/2003) A photocopy shall be made of the documents referred to in Paragraph (1), Items (1) and (2), except where the date contained therein are shown precisely in other documents issued by the person referred to in Article 3, paragraphs (2) and (3) and are kept under the terms specified in Article 8.

(4) (New, SG No. 1/2001) In cases where an activity is subject to licensing, permission or registration, persons effecting deals or transactions in relation to such activity shall present a copy of the respective license, permit or certificate of registration;

(5) (Renumbered from Paragraph 3, amended, SG No. 1/2001, No. 31/2003) The persons under Article 3, paragraph (2), Items (1), (2), (3), (4), (5), (6), (7), (10), (12), (14), (18), (19) and (20) shall set up special offices, which shall:

1. Collect, process, store and disclose information about the specific transactions or deals;

2. Collect evidence of the ownership of the property subject to transfer;

3. (Amended, SG No. 1/2001) Require information about the origin of cash funds or valuables that are the subject of the transaction or deal; the origin of such funds shall be certified by a declaration;

4. Collect information about their clients and maintain accurate and detailed documentation about their transactions involving cash funds or valuables;

5. (Amended, SG No. 1/2001) In the event of a suspicion of money laundering, present the information collected as per Items (1), (2), (3) and (4) to the Financial Intelligence Agency under the procedure set in Article 11.

(6) (Amended, SG No. 1/2001) The persons under Article 3, Paragraph (2), Items (1), (2), (3), (4), (5), (6), (7), (10), (12), (14), (18), (19) and (20) shall perform the obligations personally, where it is not possible to set up a special office.

(7) (Amended, SG No. 1/2001, No. 31/2003) All persons under Article 3, paragraphs (2) and (3) shall perform their obligations under this Act, whether they set up a special office or not.

Section II

Collection of Information

Article 7

(1) Where a suspicion for money laundering arises, the persons under Article 3, paragraphs (2) and (3), shall be bound to collect information about the material components and the size of the transaction or deal, the respective documents and other identification data.

(2) (Amended, SG No. 54/2006) The data collected for the purposes of this Act shall be documented and stored in a

way providing access to the Financial Intelligence Agency, the relevant supervisory authorities, and the auditors.

Article 7a

(New, SG No. 54/2006, effective 5.10.2006)

(1) Persons under Article 3, Paragraphs 2 and 3 shall place under special monitoring their commercial or professional relations, and transactions involving persons from countries, which do not apply or apply fully the international standards against money laundering.

(2) When the transaction under Paragraph 1 has no logical economic explanation or readily visible grounds, persons under Article 3, Paragraph 2 and 3 shall collect to the extent possible additional information on any circumstances related to the transaction, as well as its purpose.

(3) Countries, which do not apply or apply fully international standards against money laundering, shall be specified in a list, approved by the Minister of Finance. Any measures against such countries shall be set forth in the rules on application of this Act.

Section III

Storage of Information

Article 8

(Amended, SG No. 1/2001)

In the cases under Articles 4- 7, the persons under Article 3, paragraphs (2) and (3), shall be bound to keep the documents and data about clients and about transactions or deals for a period of 5 years following their completion. For clients, the period shall commence from the beginning of the calendar year following the year of terminating the relationship, and for deals and transactions it shall commence from the beginning of the calendar year following the year of effecting the latter.

Article 9

(Amended, SG No. 1/2001)

The data and documents under Article 8 shall be provided to the Financial Intelligence Agency upon request, in the original or a transcript certified ex officio. The procedure, time and regular periods for that shall be established in the implementation rules of the Act.

Section IV

Disclosure of Information

Article 10

(Amended and supplemented, SG No. 1/2001, amended, SG No. 31/2003)

(1) The Financial Intelligence Agency shall be an administration reporting to the Minister of Finance which shall obtain, store, investigate, analyse and disclose information obtained under the terms and procedure specified in this Act.

(2) The Agency referred to under paragraph (1) shall be a legal person financed by the public budget and domiciled in Sofia.

(3) The structure, organisation of operation and the number of staff of the Agency shall be ruled by Statutes adopted by the Council of Ministers.

(4) The Financial Intelligence Agency shall be represented and directed by a director who shall be appointed by the Minister of Finance, in agreement with the Prime Minister, for a period of 5 years without any limitation as to the number of reappointments.

(5) The person eligible for appointment as the Agency's Director must

1. Hold a master's degree in law or economics and have at least 5 years of experience in the respective field,
2. Not have been convicted with a sentence that has come into effect for a premeditated crime of a public nature;
3. Not be a sole proprietor, an unlimited partner in a company, a manager or executive member of a company, agent or procurator.

4. Not have been declared bankrupt as a sole proprietor or an unlimited partner in a company;

5. Not have been a member of a managing or supervisory body of a company or, respectively, a co-operative, that has been terminated due to bankruptcy in the last two years preceding the date of appointment, if there are unsatisfied creditors.

(6) The Agency's Director may not engage in any other activity for a pay except for teaching or research, or as a member of an international organization in connection with the activity of the Agency.

(7) Circumstances referred to in Paragraph (5), Items (3), (4) and (5), and in paragraph (6) shall be certified in a statement of declaration.

(8) The Agency's Director may be released prematurely by the Minister of Finance, in agreement with the Prime Minister, prior to the expiry of the term specified in paragraph (1):

1. Upon the former's written resignation;
2. In the case of an objective impossibility to perform his duties that has continued for more than 6 months;
3. In case of a sentence that has come into effect for a premeditated crime of a public nature or if deprived in a court

process of the right to hold the respective position;

4. In case of a severe or systemic violation of this Act or the relevant implementation legislation.

(9) The Minister of Finance shall assign a deputy minister of finance who shall perform the functions of a chief inspector of financial intelligence envisaged in this Act or in another piece of legislation.

(10) The Chief Financial Intelligence Inspector may at any time conduct an inspection or assign an inspector from the Ministry of Finance to inspect the activity of the Financial Intelligence Agency and to request a report from the Agency's Director. The Director must provide the report within the time period specified by the Chief Financial Intelligence Inspector.

(11) The Chief Financial Intelligence Inspector may not make any decisions or provide guidelines on issues within the competence of the Director of the Financial Intelligence Agency or directly affecting the performance of its functions.

(12) The Minister of Finance shall approve the annual report on the activity of the Financial Intelligence Agency which shall be prepared by the Agency's Director.

(13) (Supplemented, SG No. 54/2006) The Financial Intelligence Agency may make use as external experts representatives of the Bulgarian National Bank, the Commission for Financial Supervision, the Ministry of the Interior, the Ministry of Justice, the judiciary and other experts.

(14) (Supplemented, SG No. 54/2006) Interaction between Financial Intelligence Agency and the Bulgarian National Bank, the Commission for Financial Supervision, the security and public order services, the National Investigation Office and the Prosecution Office shall be regulated by Instructions issued by the Minister of Finance and, respectively, the Governor of the Bulgarian National Bank, the Minister of the Interior, the Minister of Defence, the Director of the National Investigation Office and the Chief Prosecutor.

(15) Interaction between the Financial Intelligence Agency and the administrative units under the Minister of Finance shall be maintained following a procedure established by the Minister of Finance.

Article 11

(1) (Amended and supplemented, SG No. 1/2001) Where money laundering has been suspected, the persons under Article 3, paragraphs (2) and (3), shall be bound to notify the Financial Intelligence Agency immediately prior to the completion of the transaction or deal while delaying its execution within the allowable time as per the regulations dealing with the respective type of activity.

(2) (Amended, SG No. 1/2001) In case a delay in the transaction or deal is objectively impossible, the person under Article 3, paragraphs (2) and (3) shall notify the Financial Intelligence Agency immediately after its completion.

(3) (New, SG No. 1/2001) Notification of the Agency may be done also by personnel of the persons under Article 3, paragraphs (2) and (3) that are not responsible for enforcing anti-money laundering measures. The Agency shall protect the anonymity of such personnel.

(4) (New, SG No. 54/2006) The Financial Intelligence Agency shall provide the person under Article 3, Paragraph 2 and 3, and under Article 3a information, related to the notification made thereby. The decision on the volume of information, which has to be returned for each particular notification case, shall be taken by the Agency director.

Article 11a

(New, SG No. 31/2003- effective 01.01.2004)

(1) Persons referred to in Article 3, paragraphs (2) and (3) shall notify the Financial Intelligence Agency of any payment in cash at a value exceeding BGN 30,000 or its equivalent in foreign currency made by or to any of their clients.

(2) The Financial Intelligence Agency shall keep a register of payments referred to in paragraph (1). The register may only be used for the purposes of counteracting money laundering.

(3) The procedure and time terms for the provision of the information referred to in paragraph (1) shall be determined in the rules for implementing this Act.

Article 11b

(New, SG No. 31/2003)

(1) The Customs Agency shall provide the Financial Intelligence Agency with the information about trade credits involved in export and import, about financial leasing between domestic and foreign persons and about the export and import of Bulgarian Leva and foreign currency in cash, which information is being collected under the terms and procedure of the Currency Act.

(2) The procedure for the provision of the information referred to in paragraph (1) shall be determined by the Minister of Finance.

Article 11c

(New, SG No. 31/2003)

(1) The Financial Intelligence Agency and the security and public order services shall exchange classified information related to the functions as established by law that they perform. The decision concerning the volume of information that ought to be provided for each individual case shall be made by the Agency's Director, or the Director of the security and public order service, respectively.

(2) The procedure for the exchange of information, and to the methods of its protection shall be determined in the joint

instructions referred to in Article 10, paragraph (14).

Article 12

(Amended, SG No. 1/2001)

(1) (Amended, SG No. 54/2006) In cases under Articles 11 and 18, the Minister of Finance may, upon a proposal by the Director of the Financial Intelligence Agency, put a stay, by an order in writing, on a certain transaction or deal for a period of up to 3 business days as of the day following the issuance of the order. If no preventive measure, impoundment or injunction are imposed within that period, the person under Article 3, paragraphs (2) and (3), shall be free to execute the transaction or deal.

(2) The Financial Intelligence Agency shall notify the Prosecutor's Office immediately of the stay on the transaction or deal, providing the relevant information while protecting the anonymity of the person under Article 3, paragraphs (2) and (3) that has made the notification under Article 11 or 18.

(3) The prosecutor may impose a preventive measure or file a request with the relevant court to impose an impoundment or injunction. The court ought to adjudicate on the request within 24 hours of its submission.

(4) (Supplemented, SG No. 31/2003, amended, SG No. 54/2006) When, in the course of investigation and analysis of any information obtained under this Act, the suspicion in money laundering has not been cleared, the Financial Intelligence Agency shall disclose this information to the prosecutor's office or to the relevant security and public order service, while preserving the anonymity of the person under Article 3, Paragraphs 2 and 3, and under Article 3a, and of its employees, making the notification under Articles 11 or 18.

Article 13

(Amended, SG No. 1/2001)

(1) (Amended, SG No. 31/2003) In case of notification under Article 11 or 18, the Intelligence Agency may request information about suspicious transactions, deals or clients from the persons under Article 3, paragraphs (2) and (3), with the exception of the Bulgarian National Bank, the banks and banks headquartered abroad that have received permission (licence) from the Bulgarian National Bank to operate in Bulgaria through a branch. The information requested shall be provided within the time period set by the Agency.

(2) (Amended and supplemented, SG No. 31/2003, amended, SG No. 54/2006) In case of written notification under Article 11 or 18 by a person under Article 3, paragraph (2) and in the case of a request for information under Article 22, the Intelligence Agency may request information about suspicious transactions, deals or clients from the Bulgarian National Bank, the banks and banks headquartered abroad that have received permission (licence) from the Bulgarian National Bank to operate in Bulgaria through a branch. The information requested shall be provided within the time period set by the Agency.

(3) The Financial Intelligence Agency may request information under the terms of Paragraph (1) from state and municipal authorities, which information cannot be denied. The information requested shall be provided within the time period set by the Agency.

(4) In setting the time period under paragraphs (1) through (3), the Agency shall take into consideration the volume and contents of the information requested.

(5) (Amended, SG No. 31/2003) For analysis purposes, the Intelligence Agency shall receive from the Bulgarian National Bank information gathered under Article 7 of the Currency Act.

(6) The Financial Intelligence Agency shall be entitled to access, free of charge, to information registers set up and maintained with public budget funds.

(7) The provision of information under paragraphs (1) through (6) may not be refused or restricted due to considerations of official, banking or commercial secrecy.

Article 14

(1) (Amended and supplemented, SG No. 1/2001, supplemented, SG No. 31/2003, previous Article 14, SG No. 54/2006) The persons under Article 3, paragraphs (2) and (3), persons who manage and represent them, and their personnel may not notify their client or any third party of the disclosure of the information in the cases under Articles 9, 11, 11a, 13, 17 and 18.

(2) (New, SG No. 54/2006) The information disclosure ban under Paragraph 1 shall not apply to the relevant supervisory authority under Article 3a.

Article 15

(1) (Amended, SG No. 1/2001, No. 31/2003, previous Article 15, SG No. 54/2006) Disclosure of information in the cases specified under Articles 9, 11, 11a, 13, 17 and 18 shall not result in any liability for violation of other laws or a contract.

(2) (New, SG No. 54/2006) Under the terms of Paragraph 1, no liability shall arise also in cases, when it has been established that no crime has been committed, and the transactions have been legal.

Section V

Protection of Information

(New, SG No. 1/2001)

Article 15a

(New, SG No. 1/2001)

(1) (Amended, SG No. 31/2003) The Financial Intelligence Agency may use information constituting of official, banking or commercial secrets, and protected private information obtained under the terms and following the procedure set in Articles 9, 11, 11a, 13, 17 and 18 solely for the purposes of this Act.

(2) (Amended, SG No. 31/2003) Officers of the Financial Intelligence Agency, the chief financial intelligence inspector, inspectors assigned an inspection under Article 10, paragraph (10), and the experts under Article 10, paragraph (13), shall not disclose or use to their own benefit or to the benefit of any persons related to themselves any information or facts constituting of official, banking or commercial secrets that they have become aware of in the performance of their office.

(3) (Amended, SG No. 31/2003) Officers of the Agency, the chief financial intelligence inspector, inspectors assigned an inspection under Article 10, paragraph (10), and the experts under Article 10, paragraph (13), shall sign confidentiality protection agreements for secrets referred to under Paragraph (2).

(4) (Amended, SG No. 31/2003) The provision set in paragraph (2) shall also apply to cases where the said persons are not in office or the execution of the task for which they had been assigned under Article 10, paragraphs (10) and (13) has been completed.

Chapter Three

INTERNAL ORGANISATION AND CONTROL

Article 16

(1) (Amended, SG No. 1/2001, No. 31/2003) The persons under Article 3, paragraphs (2) and (3), shall be bound to adopt, within 4 months following their registration, internal rules for the control and prevention of money laundering, which shall be approved by the Director of the Financial Intelligence Agency.

(2) (Supplemented, SG No. 54/2006) The internal rules under paragraph (1) shall establish clear criteria for detecting suspicious transactions or deals and clients, the procedure for personnel training and the use of technical means for the prevention and detection of money laundering, as well as a system for internal control over the implementation of all measures under this Act.

(3) (New, SG No. 1/2001) The internal rules under Paragraph (1) shall be submitted to the Director of the Financial Intelligence Agency for endorsement within 14 days of their adoption.

(4) (New, SG No. 31/2003) Professional organisations or associations of the persons referred to in Article (3), paragraphs (2) and (3), in agreement with the Financial Intelligence Agency, may adopt uniform internal rules for money laundering control and prevention to which rules the members of such organisations and associations may subscribe within the time period set in paragraph (1) by means of a statement of declaration. Such uniform internal rules and statements of declaration shall be sent to the Financial Intelligence Agency within the time period set in paragraph (3).

Article 17

(1) (Amended, SG No. 1/2001) Control for the enforcement of this Act shall be exercised by the Minister of Finance and the Director of the Financial Intelligence Agency.

(2) (New, SG No. 1/2001) The control bodies of the Financial Intelligence Agency shall make site inspections of the persons under Article 3, paragraphs (2) and (3) on the enforcement of money laundering prevention and detection measures, and in the case of suspected money laundering.

(3) (New, SG No. 1/2001) The control bodies of the Financial Intelligence Agency shall be those of its officials as assigned by the Agency's Director.

(4) (New, SG No. 1/2001) Inspections under paragraph (1) may be conducted jointly with the authorities for which a special law delegates the exercise of supervision of the persons under Article 3, paragraphs (2) and (3).

(5) (New, SG No. 1/2001) Inspections shall be conducted on the basis of a written order issued by the Minister of Finance or the Director of the Financial Intelligence Agency, stating the goals, time period and place of the inspection, the person inspected and the names and positions of inspectors.

(6) (New, SG No. 1/2001) The persons under Article 3, paragraphs (2) and (3), the central and local government authorities and their personnel shall be obliged to co-operate with the control bodies of the Financial Intelligence Agency in the execution of their duties.

(7) (New, SG No. 1/2001) In conducting site inspections, control bodies under paragraph (3) shall be entitled to free access to office premises of the persons under Article 3, paragraphs (2) and (3), and to request documents and gather information relevant to the execution of the task assigned to them.

Article 17a

(New, SG No. 1/2001)

(1) The Minister of Finance shall, upon a nomination by the Director of the Financial Intelligence Agency, determine the officers who have the right to additional compensation for working within the system of Financial Intelligence, and the

individual amount of such compensation for each officer.

(2) The funds under Paragraph (1) shall be determined at 25 per cent of the annual total amount of salary expenditure under the budget of the Financial Intelligence Agency for the respective year and shall be included in the State Budget Act for that year.

(3) Thirty per cent of all funds collected from penalties imposed under this Act shall be remitted as revenue to the budget of the Financial Intelligence Agency and be used for capital investment in improving facilities and equipment, for training and for participation in international events.

(4) The procedure for estimating and spending the funds under paragraph (3) shall be laid down in a Regulation of the Minister of Finance.

(5) Officers of the Agency must be covered by insurance against accident and by life insurance policies.

Article 18

(Amended and supplemented, SG No. 1/2001, amended, SG No. 54/2006)

The Financial Intelligence Agency may receive information on suspicion for money laundering, apart from the persons under Article 3, Paragraphs 2 and 3, also from government authorities and through international exchange.

Article 19

(Amended, SG No. 54/2006)

(1) Should a person under Article 3, Paragraph 2 fail to fulfil its obligations under this Act, the Minister of Finance may order such a person to take specific measures as necessary to eliminate the violations or revoke the licence issued thereto, if issued by him, or order the licence to be deleted from the registry for the relevant activity, if there is a registration regime.

(2) The issuing authority for the licence of a person under Article 3, Paragraph 2 may revoke the licence issued acting at its discretion or upon proposal by the Minister of Finance made under Paragraph 1.

Article 20

(Amended, SG No. 30/2006, No. 54/2006)

The acts under Article 19 may be appealed pursuant to the Administrative Procedure Code.

Chapter Four

INTERNATIONAL CO-OPERATION

Article 21

(Amended, SG No. 1/2001, repealed, SG No. 54/2006)

Article 22

(Amended, SG No. 1/2001)

(1) (Amended, SG No. 31/2003, supplemented, SG No. 54/2006) The Financial Intelligence Agency shall, at its own initiative and in the case of requests for information, exchange information on cases involving suspected money laundering with the respective international authorities, European Union authorities, and with authorities of other states on the basis of international treaties and reciprocity.

(2) (New, SG No. 31/2003) The Agency's Director shall execute, amend and terminate international treaties concerning the exchange of information on cases related to a suspected money laundering, under the terms and following the procedures set out in the International Treaties of the Republic of Bulgaria Act.

Chapter Five

ADMINISTRATIVE AND PENAL PROVISIONS

Article 23

(1) (Amended, SG No. 1/2001, No. 31/2003) A person who commits a violation or allows commitment of violation pursuant to Articles 4, 5, 6, 7, 8, 9, 13, 15a, and Article 17, paragraphs (6) and (7) or refuses to cooperate, provide documents or information or ensure access as referred to in Article 17, paragraph (7) shall be punished by fine of BGN 500 to BGN 10,000, unless such an offence constitutes a crime.

(2) (Amended, SG No. 31/2003, amended, SG No. 54/2006) A person who commits a violation or allows commitment of violation pursuant to Articles 11, 11a and 14, shall be punished by fine of BGN 5,000 to BGN 20,000, if the offence does not constitute a crime.

(3) (Amended, SG No. 1/2001) A person who commits, or allows another to commit a violation pursuant to Article 16 shall be punished by fine of BGN 200 to BGN 2,000.

(4) (Amended, SG No. 54/2006) Where a violations under paragraphs (1), (2) and (3) has been committed by a sole proprietor or a legal person, financial sanctions shall be imposed to the amount of BGN 2,000 to BGN 50,000.

(5) (New, SG No. 54/2006) If a person commits or allows a violation under this Act or the statutory acts on its application to be committed, outside of cases under Paragraphs 1-4, shall be imposed a fine of BGN 500 to BGN 2,000.

(6) (New, SG No. 54/2006) When the violation under Paragraph 5 has been committed by a sole proprietor or a legal person, financial sanction to the amount of BGN 1,000 to BGN 5,000 shall be imposed.

Article 24

(1) (Amended, SG No. 1/2001, supplemented, SG No. 54/2006) Statements of ascertainment of violation shall be

drawn up by the control authorities of the Financial Intelligence Agency, whereas penal orders shall be issued by the Minister of Finance or an official appointed thereby.

(2) The preparation of statements, the issuance, appeal and execution of penal orders shall be done pursuant to the procedure specified in the Administrative Violations and Penalties Act.

ADDITIONAL PROVISION

§ 1. In the meaning of this Act,

1. (Amended, SG No. 54/2006) "Commercial or professional relation" shall be any relation, associated with the occupation of the institutions and persons bound under this Act, and assumed to have an element of continuity by the moment the relation is established.

2. (Amended, SG No. 54/2006) "Regulated financial group" shall be any financial group, which is subject to effective consolidated supervision;

3. (Repealed, SG No. 54/2006) .

4. (New, SG No. 31/2003) "Security services" shall be the National Intelligence Service, the National Security Service with the Ministry of the Interior, the Protection of Communication Means Directorate with the Ministry of the Interior, and the Military Police and Military Counterintelligence Security Service with the Ministry of Defence.

5. (New, SG No. 31/2003, amended, SG No. 82/2006) "Public order services" shall be the National Police Service with the Ministry of the Interior.

6. (New, SG No. 31/2003) "A supervision authority" shall be a government authority empowered by law or another piece of legislation to exercise overall control over the activity of a person referred to in Article 3, paragraphs (2) and (3).

TRANSITIONAL AND CONCLUDING PROVISIONS

§ 2. This Act shall repeal the Measures Against Money Laundering Act (SG, No. 48/1996).

§ 3. The persons under Article 3, paragraphs (2) and (3), shall be bound to submit to the Financial Intelligence Agency, within 3 months following the coming of this Act into force, any available information related to money laundering.

§ 4. The persons under Article 3, Paragraph (2), Items (1), (2), (3), (4), (5), (9), (11), (13) and (18) shall be bound to bring their organisation and activities in compliance with the requirements of this Act and to submit their internal rules under Article 16 to the Minister of Finance, within 5 months following the coming of this Act into force.

§ 5. In Article 10 of the Administrative Violations and Penalties Act (Promulgated, SG No. 92/1969, amended, SG No. 54/1978, No. 28/1982, Nos. 28 & 101/1983, No. 89/1986, No. 24/1987, No. 97/1990, No. 105/1991, No. 59/1992, No. 102/1995, Nos. 12 & 110/1996, and Nos. 11, 15 & 59/1998), after the words "persons concealing", a comma shall be placed, and the phrase "as well as allowing" shall be added.

§ 6. The implementation of this Act shall be hereby assigned to the Council of Ministers, which shall adopt Rules for its implementation within two months of the effective date of this Act. This Act was passed by the 38th National Assembly on 9 July 1998 and the State Seal was affixed thereto.

ACT ON THE AMENDMENT AND SUPPLEMENT

TO THE MEASURES AGAINST MONEY LAUNDERING ACT

Promulgated State Gazette No. 31/04.04.2003

TRANSITIONAL AND CONCLUDING PROVISIONS

§ 20. (1) Persons referred to in Article 3, paragraphs (2) and (3) for which the obligation to apply measures against money laundering has arisen prior to the adoption of this Act shall bring their internal rules referred to in Article 16 into compliance with the requirements of the Act and send them to the Financial Intelligence Agency within 4 months following the coming into force of this Act.

(2) Persons referred to in Article 3, paragraphs (2) and (3) for which the obligation to apply measures against money laundering has arisen pursuant to this Act shall adopt their internal rules under Article 16 and send them to the Financial Intelligence Agency within the time terms referred to in paragraph (1).

§ 28. (1) All assets, liabilities, records and any other rights and obligations of the Financial Intelligence Bureau Agency shall be taken over by the Financial Intelligence Agency.

(2) Grandfathered legal relations of employment and service shall not be terminated, and Article 123 of the Labour Code shall apply accordingly.

Lev Re-denomination Act

Promulgated, State Gazette No.

20/5.03.1999, amended, SG No. 65/20.07.1999 (effective 5.07.1999).

TRANSITIONAL AND FINAL PROVISIONS

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§ 4. (1) (Amended, SG No. 65/1999) Upon the entry of this Act into force, all figures expressed in old lev terms as indicated in the laws which will have entered into force prior to the 5th day of July 1999 shall be replaced by figures expressed in new lev terms, reduced by a factor of 1,000. The replacement of all figures expressed in old lev terms, reduced by a factor of 1,000, shall furthermore apply to all laws passed prior to the 5th day of July 1999 which have

entered or will enter into force after the 5th day of July 1999.

(2) The authorities, which have adopted or issued any acts of subordinate legislation which will have entered into force prior to the 5th day of July 1999 and which contain figures expressed in lev terms, shall amend the said acts to bring them in conformity with this Act so that the amendments apply as from the date of entry of this Act into force.

.....
§ 7. This Act shall enter into force on the 5th day of July 1999.

ACT ON THE AMENDMENT AND SUPPLEMENT
TO THE MEASURES AGAINST MONEY LAUNDERING ACT
(SG No. 54/2006)
FINAL PROVISIONS

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§ 29. § 8 and § 11 provisions shall become effective three months after the Act's promulgation in State Gazette.